

2014/15

ANNUAL REPORT

Volume I



MOPANI DISTRICT
MUNICIPALITY

Preface

CONTENTS

CONTENTS	2
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY	7
COMPONENT A: MAYOR’S FOREWORD	7
COMPONENT B: EXECUTIVE SUMMARY	9
1.1. MUNICIPAL MANAGER’S OVERVIEW	9
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	10
1.3. SERVICE DELIVERY OVERVIEW	16
1.4. FINANCIAL HEALTH OVERVIEW	18
1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW	20
1.6. AUDITOR GENERAL REPORT	21
1.7. STATUTORY ANNUAL REPORT PROCESS.....	22
CHAPTER 2 – GOVERNANCE	24
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....	24
2.1 POLITICAL GOVERNANCE	28
2.2 ADMINISTRATIVE GOVERNANCE	31
COMPONENT B: INTERGOVERNMENTAL RELATIONS	32
2.3 INTERGOVERNMENTAL RELATIONS	32
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	33
2.4 PUBLIC MEETINGS.....	35
2.5 IDP PARTICIPATION AND ALIGNMENT	36
COMPONENT D: CORPORATE GOVERNANCE	37
2.6 RISK MANAGEMENT	37
2.7 ANTI-CORRUPTION AND FRAUD.....	41
2.8 SUPPLY CHAIN MANAGEMENT	42
2.9 BY-LAWS	42
2.10 WEBSITES	42
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....	43
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (annual PERFORMANCE REPORT PART I)	44

Preface

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD	44
COMPONENT A: BASIC SERVICES	101
3.1. WATER PROVISION	102
3.2. WASTE WATER (SANITATION) PROVISION	107
3.3. ELECTRICITY	111
3.4. WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)	113
3.5. HOUSING	114
3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT	114
COMPONENT B: ROAD TRANSPORT	116
3.7. ROADS	117
3.8. TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)	119
3.9. WASTE WATER (STORMWATER DRAINAGE)	120
COMPONENT C: PLANNING AND DEVELOPMENT	120
3.10. PLANNING	121
3.11. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)	124
COMPONENT D: COMMUNITY & SOCIAL SERVICES	127
3.12. LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)	128
3.13. CEMETORIES AND CREMATORIALS	128
3.14. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	129
COMPONENT E: ENVIRONMENTAL PROTECTION	130
3.15. POLLUTION CONTROL	130
3.16. BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)	132
COMPONENT F: HEALTH	133
3.17. CLINICS	134
3.18. AMBULANCE SERVICES	134
3.19. HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION	134
COMPONENT G: SECURITY AND SAFETY	135

Preface

3.20 POLICE	136
3.21 FIRE	136
3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)	139
COMPONENT H: SPORT AND RECREATION.....	142
3.23 SPORT AND RECREATION.....	142
COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES	143
3.24 EXECUTIVE AND COUNCIL	143
3.25 BUDGET AND TREASURY	145
3.26 HUMAN RESOURCE SERVICES.....	148
3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES	150
3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES	152
COMPONENT J: MISCELLANEOUS	154
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE	155
(PERFORMANCE REPORT PART II).....	155
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL.....	155
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES.....	155
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE	159
4.2 POLICIES.....	159
4.3 INJURIES, SICKNESS AND SUSPENSIONS	160
4.4 PERFORMANCE REWARDS.....	162
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE	162
4.5 SKILLS DEVELOPMENT AND TRAINING	162
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE.....	167
CHAPTER 5 – FINANCIAL PERFORMANCE	167
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	168
5.1 STATEMENTS OF FINANCIAL PERFORMANCE	168
Source Table a4RP	168
5.2 GRANTS	171

Preface

5.3 ASSET MANAGEMENT	174
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS	176
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	179
5.5 CAPITAL EXPENDITURE	179
5.6 SOURCES OF FINANCE	179
5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS	180
5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW	181
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS	183
5.9 CASH FLOW	183
5.10 BORROWING AND INVESTMENTS	186
5.11 PUBLIC PRIVATE PARTNERSHIPS	186
COMPONENT D: OTHER FINANCIAL MATTERS	186
5.12 SUPPLY CHAIN MANAGEMENT	186
5.13 GRAP COMPLIANCE	186
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS	188
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year -1	188
6.1 AUDITOR GENERAL REPORTS Year -1 (Previous year)	188
COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)	192
6.2 AUDITOR GENERAL REPORT YEAR 0	192
GLOSSARY	220
APPENDICES	223
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	223
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES	226
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE	227
APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY	228
APPENDIX E – WARD REPORTING	230
APPENDIX F – WARD INFORMATION	230
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0	230

Preface

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	232
APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE	232
APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS	232
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE	232
APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE	232
APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE	233
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	234
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES	234
APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME.....	234
APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME	236
APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0	238
APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0	240
APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS.....	240
APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION	240
APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	240
APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	240
VOLUME II: ANNUAL FINANCIAL STATEMENTS	241

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



Since its establishment in 2000, Mopani District Municipality has proved beyond any reasonable doubt that it is a bandwagon for developmental local government.

Mopani District Municipality has brought material benefits to its residents through service delivery processes. Major strides have taken place as regards to provision of water and sanitation. In the main, jobs were created and the local economy was able to grow as people were getting services.

However, a lot still needs to be done. The remaining pockets of poverty will continue to recede through integrated and overarching planning and delivery of services. Improving the lives of the previously disadvantaged and marginalized will remain a priority. Service delivery will continue to happen in a sustainable way. The **VISION** of the Mopani District Municipality is:

“To be the Food Basket of Southern Africa and the Tourism Destination of Choice”

The meaning of this Vision is:

“Mopani District as a whole will create a favourable environment to ensure that out of the whole of Southern Africa, the Mopani District will supply the largest part of food (fruit, vegetables, nuts, meat [mainly game] produce and products) to the local, national and international market. This will create extra-ordinary economic growth for the whole district, emanating in the improvement of the quality of life of all citizens and also enabling the local municipalities to be financially viable and to provide quality services. Due to the diverse vegetation within the District, ranging from sub-tropical, tropical to bush-veld, as well as the fact that it falls within the gateway to the Kruger National Park and Mozambique, it creates the ideal opportunity to promote the District as the tourist growth point in the Limpopo Province”

Being driven by this vision, the development priorities, objectives and strategies were set, to ensure the impact of development within our communities. The Mopani District Municipality has analysed the National and Provincial Strategic Direction and intent as developed by different forums and have ensured that we align our strategic intent therewith, specifically related to National Outcomes, Outcome 9 outputs, National Development Plan, Limpopo Economic Growth and Development Plan of 2009, Local Government Turn-around Strategy, Medium Term Strategic Framework, CoGTA Strategic Priorities and are implementing the following Strategic Objectives and Outcomes relevant to Mopani District Municipality:

Strategic Objectives	Outcomes
▶ Improve community well-being	▶ Quality life
▶ Grow the economy	▶ Sustainable district economy
▶ Become financially viable	▶ Prosperous institution
▶ Plan for the future	▶ Sustainable livelihoods for future generations
▶ Manage through information	▶ Informed decision making
▶ Develop and maintain infrastructure	▶ Adequate and appropriate infrastructure for

Chapter 1

Strategic Objectives	Outcomes
	access to basic services
▶ Provide clean and safe water	▶ Sustainable livelihoods
▶ Coordination of public transport systems	▶ Good working relations in public transport system for competitive economy
▶ Democratic and accountable organisation	▶ Effective and Efficient Institution
▶ Development of entrepreneurial and intellectual capability	▶ Improved performance

Through a number of programmes that the District has, for example through IDP Representative forum, Mayoral Imbizos, IGFs, different summits, corporate interest groups, etc., I have been able to “hear from the ground” with confidence. That has assisted in the review of community and stakeholder needs, reprioritisation of developmental objectives and seeking better ways to implement programmes to achieve key objectives and measuring municipal performance. The municipality has set its focus on addressing the needs of, particularly, the rural poor, in order to graduate them from the prejudices of poverty into “better life for all”. It has identified its key priority issues, objectives, strategies, programmes and projects to respond to the institutional and socio-economic challenges facing the district.

Public Participation and awareness has once again been engaged in through the local municipalities’ IDP Representative Forum meetings. Local municipalities also involved ward committees in conducting ward surveys in the respective local municipalities.

The District municipality is investing the highest proportion of its budget on basic services which are mainly targeted on rural communities, i.e. portable water and sanitation.

Mopani has started to make in-roads to rural communities with refuse removal services by Local Municipalities, Ba-Phalaborwa Municipality, Greater Tzaneen Municipality and Greater Letaba Municipality. To make economic impact to areas where previously disadvantaged communities have concentrated, growth points have been identified in those areas. Ndhambi is a typical rural area identified a District growth point in Greater Giyani Municipality while Mokwakwaila, also deep rural, is the growth point for Greater Letaba Municipality. Again, to further turn the previous situation around, Greater Giyani municipality is identified nationally for a pilot project in Comprehensive Rural Development program, launched on 17 August 2009.

A plaza shopping centre has been established at Tickyline. It has brought economic activities and decent jobs closer to people’s place of residence, thus transforming the legacy of the past. A number of roads have been established and paved to increase rural access which allows economic activities to take place in those areas.

In order to strengthen impact, strategic developmental corridors have been identified where investors and any value adding organ of state, parastatal, etc. could put their resources. The corridors are also supporting the District growth nodes.

On behalf of our dedicated Council, I hereby acknowledge with appreciation the efforts, commitment, contribution and patience of our councillors, traditional leaders, communities, stakeholders, administrative staff and the representatives of national and provincial government in ensuring that we produce a reviewed IDP that advances the plan of government in a developmental local government.

(Signed by :) _____

C Nkakareng Rakgoale

Executive Mayor

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

Acting Municipal Manager from December 2015

MR M.R SEKONYA



the Kruger National Park through Ba-Phalaborwa and Greater Giyani.

The Mopani District Council has distinct roles, powers and functions to those of the local municipalities. Amongst these is the role of coordinating and supporting services across the three spheres of government.

The Mopani District Municipality is committed to a continuation of the drive towards the alleviation of poverty over the short term and the elimination of endemic poverty over the longer term and takes forward the charge for upliftment of our communities.

As such we retain the commitment to being (1) easily accessible to all members of the community and (2) strategic, developmentally orientated planning as envisaged in the legislation, policy framework and guidelines, without becoming a futile exercise focused primarily on ensuring compliance.

Subsequent to the recent initiative by the Presidency to align the National Spatial Development Perspective (NSDP), the Provincial Employment, Growth and Development Plan (PEGDP), Mopani District Municipality has aligned its Strategic Objectives and Outcomes to these initiatives and priorities for 2012-2013.

The IDP of the municipality is aligned with the budget and the performance management system. This implies that any service and/or programme that was implemented by the municipality was informed by the set targets against the targeted outcomes, the allocated budget resources and the performance targets as set by Council in consultation with the communities. The report will provide a feedback on the strategic performance as per the IDP, National General KPI's and the SDBIP. The municipality has also continued measuring organisational performance. The organisational scorecard (Higher and Lower SDBIP) measured almost 800 indicators, projects and processes and achieved a score of 2.43(81.16%). Organisational performance was slightly below target, it is a decline by 13% from the previous financial year. In total, Mopani District Municipality (MDM) has 10 objectives to be measured. Two objectives achieved target with the highest scores in Plan for the future and Effective coordination of public transport systems and the other strategic objectives were the others were below target that is Improve community well-being; Manage through information; Provide clean and safe water; Democratic and accountable organization; Develop and maintain infrastructure; Develop entrepreneurial capability; Become financially viable and Grow the Economy.

On the service delivery, it must be stated that the priority area for the district is water services so therefore majority of the service delivery projects that were implemented are water related inclusive of

Chapter 1

rural household sanitation and sewerage infrastructure projects. In total, 195 villages received water from the bulk water supply infrastructure. Overall, 84% of households have access to basic water. The total Municipal area Blue drop rating was at 79.21%. The Green Drop Status was at 36.85.

The District had gone through each and every project and process that was planned for implementation in 2014/15 and checked performance to date. Most of the projects did not reach the set target due to a number of factors, in the main being financial constraints.

On the conservation of power and water within the municipal offices, it must be highlighted that there is still more work that we need to do. The conservation of power is taking place whereby a notice issued to all staff to switch off power points when not in use is being implemented. These will be continued even in the future given the fact that we also plan to introduce new energy saving projects which will also qualify as green projects.

One of the areas that our municipality has not done very well is Sanitation Infrastructure and Services with 89% of households that have access to basic sanitation during the 13/14 financial year which is a decline from the previous financial year. The cause factors for this are the continued unplanned extension of rural settlements within the local municipalities.

It is worth noting that Council has considered the impact of the global economic crisis and as a result have resorted to using our municipal facilities that can accommodate about seventy people for meetings such as the disaster management centre and the auditorium.

The 2014-2015 year has indeed ushered in a new wave of thinking within the district municipality particularly when it comes to service delivery. It must be indicated that with a population of over a million and households that are predominantly rural, it remains a challenge to ensure that all household receive at least basic level of services. Being the Water Services Authority, Mopani is taking this challenge seriously and making it the priority with regards to allocation of funding and resources hence the Council even resolved to collect revenue at a fixed rate in villages where there is sustainable provision of water.

The devolution of power and functions, specifically regarding Water Services remain a challenge due to the vastness of the municipal area, the rural nature thereof and the shortage of bulk water and the role clarification amongst role players. Considerable efforts have been embarked upon at the end of the period under review whereby an in depth analysis of the Water Services function led to measurement of services, including each of the satellite offices. It is pre-empted that this endeavor will take us forward during the next financial year to iron out the majority (if not all) of the challenges being experienced.

It is our wishes that in the near future we will bring more improvement in those areas that are still a challenge but also continue to maintain excellent performance where the municipality has done very well. Despite all the institutional challenges the municipality experienced in the previous years, it remain stable and resolute in the quest to be amongst the best municipalities.

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Mopani District Municipality was established in 2000 in terms of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipal offices of the district are situated in the government complex in Giyani in the Greater Giyani Municipality. The District Disaster Management centre is built in Tzaneen town and is in full use including Fire services.

Chapter 1

Municipal Functions

The powers and functions of the Mopani District Municipality, tabled in terms of sections 83 and 84 of the Municipal Structures Act, 1998, the Limpopo Provincial Notice No. 309 of 2000, Government Gazette No. 615 of 1st October 2000 and Notice no 356, Gaz. No. 1195 of 14th October 2005, are as follows:

- (a) Integrated Development Planning for the district municipality as a whole, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated developments plans on those local municipalities.
- (b) Bulk supply of water that affects a significant proportion of municipalities in the district.
- (c) Bulk supply of electricity that affects a significant proportion of municipalities in the district.
- (d) Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district.
- (e) Solid waste disposal sites serving the area of the district municipality as a whole.
- (f) Municipal roads which form integral part of a road transport system for the area of the district municipality as a whole.
- (g) Regulation of passenger transport services.
- (h) Municipal Airport serving the area of the district municipality as a whole.
- (i) Municipal Health Services serving the area of the district municipality as a whole.
- (j) Fire Fighting services serving the area of the district municipality as a whole.
- (k) The establishment conducts and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole.
- (l) The establishment, conduct and control of cemeteries and crematoria serving the area of the district municipality as a whole.
- (m) Promotion of local Tourism for the area of the district municipality as a whole.
- (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- (o) The receipt, allocation and if applicable, the distribution of grants made to the district municipality
- (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

It should be noted that the division of powers and functions between the district municipality and local municipalities were adjusted by the MEC for Local Government and Housing in terms of sections 16 and 85 of the Municipal Structures Act, 1998 and published in the Provincial Gazette No. 878, dated 07 March 2003.

The following District municipal powers and functions were thus transferred to Local Municipalities:

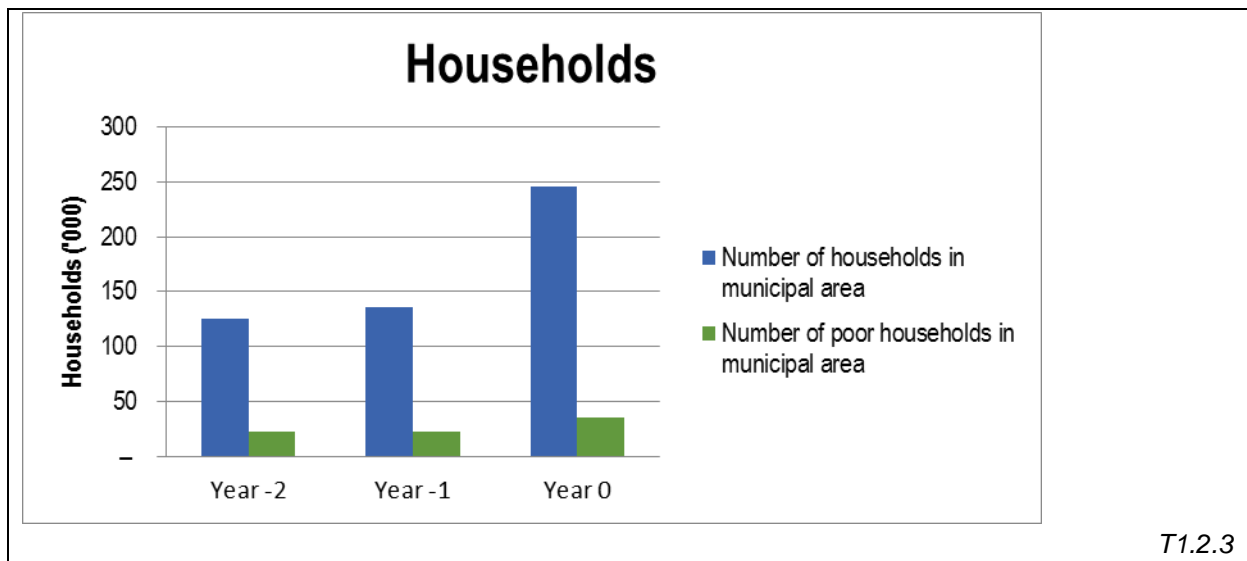
- Solid waste disposal;
- Municipal roads which form an integral part of a road transport system of the municipal area;
- The establishment, conduct and control of cemeteries and crematoria serving the municipal area;
- Promotion of local tourism for the municipal area;
- Municipal works relating to any of the above functions or any other functions assigned to the local municipality.
- **NB: The District has not yet taken over on the Municipal Airports function. Study has been commissioned for that.**

T 1.2.1

Chapter 1

Population Details									
Age	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	59,508	54,117	113,625	59,508	54,117	113,625	69,381	69,379	138,760
Age: 5 - 9	67,455	62,576	130,031	67,455	62,576	130,031	57,589	58,160	115,749
Age: 10 - 19	138,750	143,807	282,557	138,750	143,807	282,557	124,410	120,182	244,592
Age: 20 - 29	83,343	93,447	176,790	83,343	93,447	176,790	96,846	106,670	203,516
Age: 30 - 39	58,485	71,977	130,462	58,485	71,977	130,462	55,074	76,330	131,404
Age: 40 - 49	36,292	57,474	93,766	36,292	57,474	93,766	39,715	61,682	101,397
Age: 50 - 59	25,861	34,207	60,068	25,861	34,207	60,068	28,323	41,855	70,178
Age: 60 - 69	17,016	26,422	43,438	17,016	26,422	43,438	17,922	25,925	43,847
Age: 70+	10,237	27,585	37,822	10,237	27,585	37,822	12,322	30,747	43,069
Source: Statistics SA (Statssa 2011 Census)									T 1.2.2

Source: 15/16 IDP

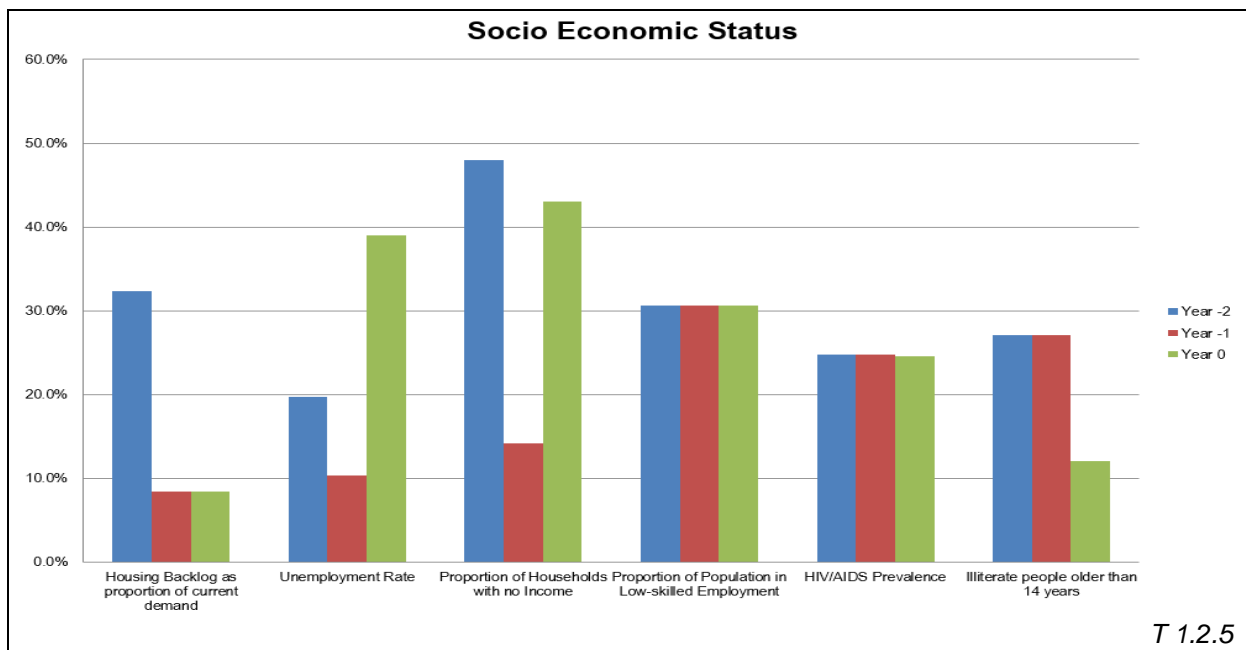


Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	32.3%	19.7%	48.0%	30.6%	24.8%	27.1%
Year -1	8.4%	10.4%	14.2%	30.6%	24.8%	27.1%
Year 0	8.4%	39.0%	43.0%	30.6%	24.6%	12.0%

Chapter 1

T 1.2.4

Source: Census 2011, StatsSA; IDP Department



Overview of Neighbourhoods within Mopani District Municipality		
Settlement Type	Households	Population
Towns & Townships		
LIM331: Greater Giyani	8,097	25,643
LIM332: Greater Letaba	4,791	12,124
LIM333: Greater Tzaneen	14,227	40,570
LIM334: Ba-Phalaborwa	18,994	76,824
LIM335: Maruleng	1,187	2,182
Sub-Total	47,296	157,343
Rural settlements		
LIM331: Greater Giyani	55,451	218,576
LIM332: Greater Letaba	53,470	200,578
LIM333: Greater Tzaneen	94,699	349,528
LIM334: Ba-Phalaborwa	22,121	73,811
LIM335: Maruleng	23,283	92,673
Sub-Total	249,024	935,166
Informal settlements		
Farming		
LIM331: Greater Giyani		
LIM332: Greater Letaba		
LIM333: Greater Tzaneen		
LIM334: Ba-Phalaborwa		
LIM335: Maruleng		

Chapter 1

Sub-Total	0.00	
Total	296,320.00	1,092,509.00
T 1.2.6		

Source: Census 2011, 14/15 APR, 14/15 IDP, IDP Department

Natural Resources	
Major Natural Resource	Relevance to Community
Marula Fruit	Job creation through collection of fruit by community members and supply to Amarula producers
Mopani worms	Source of food
Tourism	Job creation and economic growth
Agriculture	Job creation. Food Source
Mining	Job creation and economic growth
T 1.2.7	

Source: 14/15 IDP

COMMENT ON BACKGROUND DATA:

The reconciled total population of the Mopani District Municipality has increased from 1 068 569 (Stats SA CS 2007) to 1 092 507 (Stats SA Census 2011). Out of the entire district population, 81% reside in rural areas, 14% in urban areas and 5% stay on farms. The population densities vary from municipality to another, but the average is 23 people/ ha. It shows that people are sparsely populated with sufficient land around them. The problem of land shortage for economic development is perpetrated by the vast land occupied for dwelling purposes, leaving little for economic growth. Portion of Kruger National park is mainly occupied by animals with very few people employed.

The average ratio male to female in Mopani District Municipality as a whole is 46% to 54% and the tendencies and trends are still prevalent. The age and gender structure is by and large influenced by levels of fertility, mortality and migration. These factors are also influenced by socio-economic circumstances such as education, level of affluence (income) and location. In almost all local municipalities there are more females than males. This is most significant in Greater Giyani and Greater Letaba municipalities which are primarily rural/ non-urban in nature. The scenario could be attributed to low levels of education and affluence in these municipalities, exacerbated by men seeking jobs elsewhere. Ba-Phalaborwa has comparable balance in numbers between females and males, however with more males than females at working age categories. That is ascribed to young men employed in the mining sector at Phalaborwa and Gravelotte. The Kruger National Park also has more males than females and that could be attributed to more men ready for field rangers' jobs than women, with the ratio men: women being 63%: 27%.

The other dimension is that the current highest population number exists in the age category 15 - 19 years whereas in the previous years the highest was in the category 10 – 14 years. These are school-going people who need support for them to be employable in the economic sectors. There is also

Chapter 1

proportional balance between boys and girls from age zero to 20. Ages 20 and above show females out-numbering males significantly. Further analysis of the demographics indicates that 49,4% of the residents are still at a young age (0-19 years). Population numbers decrease with age increase, i.e. the older generation is less than the young one.

It is also notable that population size of Mopani has grown steadily by 3% since the year 2000 to 2011, with absolute pick up in 2005 when Maruleng and part of Kruger National Park (KNP) got incorporated into Mopani. Redetermination of municipal boundaries in 2008 has not made significant change in this trend since it affected only nature conservation area, Kruger National Park. High population growth itself is a threat to the economic growth in terms of scarcity of prime land space. Since the main source of population growth is birth rate and emigration, programmes geared at combating children pregnancies, women empowerment and those dealing with illegal emigration should be strengthened. As per the Census 2011, the overall population size of Mopani District stands at 1,092,507.

People in the Mopani district are employed in the following sectors: Farming, Industry, Mining, Trade, Government, Transport, Tourism, Manufacturing, Construction and Energy. The Government Sector is the largest employer in the district e.g. 39% of the employed in Greater Giyani work for government. The second largest employer in Mopani district is the farming sector with 25,9% of the employed people. This is however, not the case when considering the municipalities separately with the mining sector employing the second largest portion of the Ba-Phalaborwa population (19,5%). Greater Giyani has the highest level of unemployment with 47% of the population not being employed. The number of people unemployed as a percentage of the total employable population of the District (287,405) is 39%. It is however important to note that of the unemployed people in the district, approximately 60% are women.

Income from employment determines the overall living standards of people and also the household's affordability levels. These levels should be taken into account when setting service level targets. The majority of people in the district (at least 81%) live in rural areas and most of these rural residents are poor. Income in rural areas is constrained by the rural economy that is unable to provide people with remunerative jobs or self-employment opportunities. A notable percentage of people in the district have no income. It should, however, be taken into account that these figures reflect the total population and not only the potentially economically active portion of the population. Economically inactive people, such as, children and pensioners are also included. It is disturbing to note that, even for the labour force alone, 89.1% of the population in the Greater Giyani Municipality earns less than R800 per month. The situation is worse in Greater Letaba where 92.2% of the earning population earn less than R800 per month, while the situation is much better in Ba-Phalaborwa with only 75% of the labour force earning less than R800 per month. This can be attributed to the high level of urbanization in Ba-Phalaborwa and the presence of mines.

Mopani is also endowed with natural resources such as marula fruits which produce many products in the processing value chain. The name Mopani is loud enough to indicate our wealth in mopani worms, the most nutritious food which is good for health. The provincial economic development study of 2000, identified tourism, agriculture, mining and trade and manufacturing as sectors with a potential for growth in the Mopani district. Agriculture is one sector that yields much products, excelling in tomatoes that are exported throughout the world. Other sectors in Mopani are the red and white meat production. Mopani also boasts of the pool of cost effective labour to work in labour intensive programmes such as agriculture and EPWP. The challenge may be skilling them for better production.

Chapter 1

The Mopani District also enjoys the beneficiation economic programmes of Kruger National Park where citizens get jobs to conquer poverty. The district also has comparative advantages in agriculture, manufacturing and trade. Hereunder is an analysis of the district economy.

Source: MDM IDP 14/15

T 1.2.8

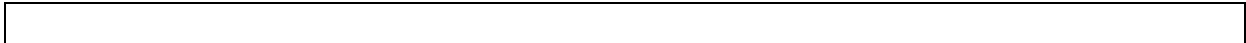
1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The success of local economic development is tied to the provision of basic and other types of infrastructure services to the people. All services under analysis in this section are located in a specific locality (as per SDF) and have potential to boost socio-economic development (as per LED). Infrastructure analysis focuses on the status quo regarding water supply, sanitation facilities, energy, housing provision, roads and public transport, waste management and telecommunications – all of which underpin socio-economic development and determine a people's quality of life. The provision of adequate municipal infrastructure remains a challenge throughout the district.

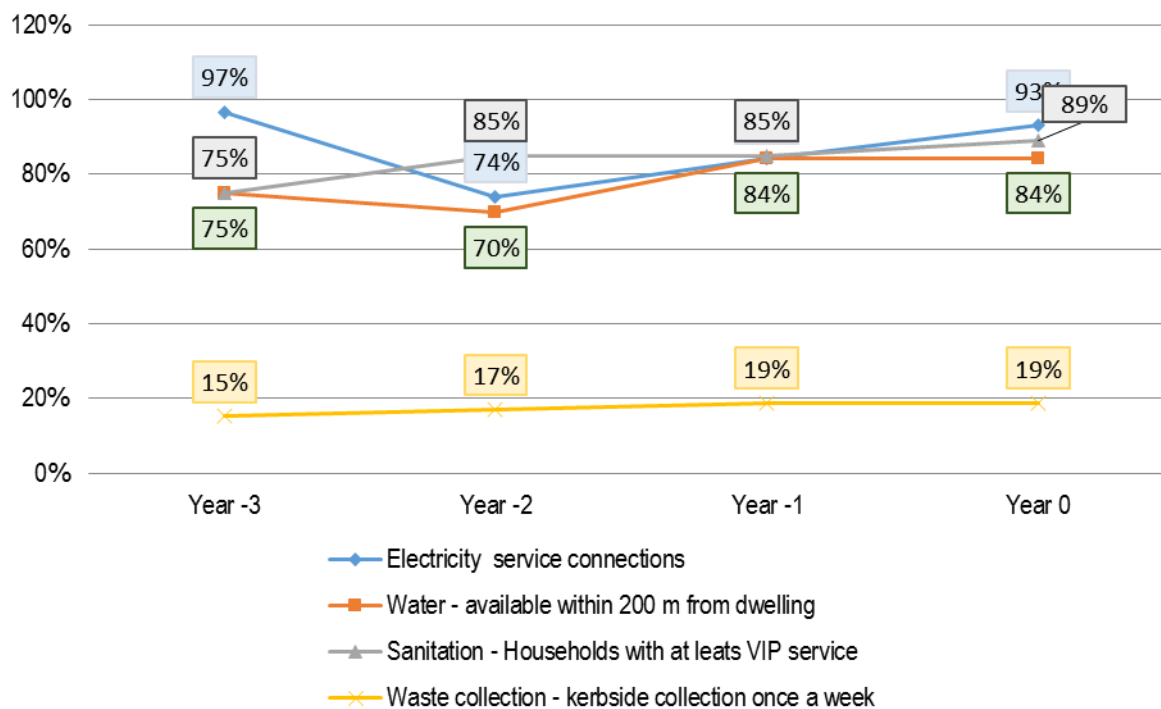
T 1.3.1

The following graph depicts the provision of basic services to households within the Mopani District:



Chapter 1

Proportion of households with access to basic services



T 1.3.2

Source: STATSSA, Census 2011 & Road Management System (RAL), Municipal information

COMMENT ON ACCESS TO BASIC SERVICES:

Electricity Service Connections are showing an increase of 9% over the previous financial year and water connection is at 84%. Sanitation services are showing an increase of 4% while waste collection is still a challenge with 19% of households having access to refuse removal.

Indigent households per municipality are as follows:

Local Municipality	Total Households		Indigent Households		Percentage	
	2001	2011	2001	2011	2001	2011
Greater Tzaneen	89832	108926	28552	35215	31,8%	32%
Greater Giyani	57538	63548	21007	26994	36,5%	42%
Greater Letaba	59539	58261	27324	22595	46,25%	39%
Maruleng	24589	24470	8249	9194	33,5%	38%
Ba-Phalaborwa	33791	41115	11744	11776	34,8%	29%
Total Mopani DM	265289	296320	96876	105774	36,5%	36%

(Source: Census 2011, StatsSA)

Chapter 1

Service Delivery:

In terms of service delivery, the municipality is the Water service Authority and has the obligation to ensure sustainable water service provision within its jurisdiction in terms of the Water Services Act. The majority of the projects that are implemented for service delivery are for water while the others largely depend on the financial strength of the municipality.

Other services that the municipality is required to render include fires services, disaster management and environmental management.

Water Service Provision:

The municipality has appointed the local municipalities within its jurisdiction as the water service providers and also entered into an agreement with Lepelle Northern Water Board on the provision of bulk water in Ba-Phalaborwa Municipality and part of Greater Tzaneen Municipality. According to the agreements with the local municipalities, they are responsible for providing water to the end users, collect revenue, and implement credit control and billing so that they can report on the transactions monthly to the district. In the process of providing water, the municipalities must invoice the district on all expenses incurred so that the district is able to reimburse them out of the revenue for water.

On the bulk agreement with Lepelle Northern Water Board, the district has purchased water, paid for it as per the agreement and made it available for the locals affected to sell to its consumers. The non-payment of the revenue on water collected by the locals over to the district has affected the cash flow of the district. The municipality is working closely with the local municipality to collect the debt on water so that both the outstanding money for the district and the debt owed by the local municipalities to Lepelle Northern Water Board is serviced. A debt repayment agreement has been signed jointly by the district and the local municipality with Lepelle Northern Water Board.

Source: 14/15 MDM IDP

T 1.3.3

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

In terms of the audited results, the municipality received total revenue of R 853,417.475 in the 2014/15 financial year as compared to R 1,165,068,602 in the 2013/14 financial year which is a decrease of 27%. The total expenditure for the 2014/15 financial is at R 832,326,885 against R1, 164,295,573 in 2013/14 which represents a decrease in expenditure of 29%. The municipality largely depends on grants but currently a revenue enhancement strategy is being developed to consider other possible revenue generating mechanisms. We hope and believe that the final product will yield the desired goals.

Chapter 1

Financial Overview: Year 0				R' 000
Details	Original budget	Adjustment Budget	Actual	
Income:				
Grants	1 223 603	610 967	672 387	
Taxes, Levies and tariffs	318 973	218 605	158 810	
Other	5 920	24 557	22 220	
Sub Total	1 548 496	854 129	853 417	
Less: Expenditure			832 504	
Net Total*	1 548 496	854 129	20 913	
* Note: surplus/(defecit)				T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	30%
Repairs & Maintenance	11%
Finance Charges & Impairment	0%
T 1.4.3	

COMMENT ON OPERATING RATIOS

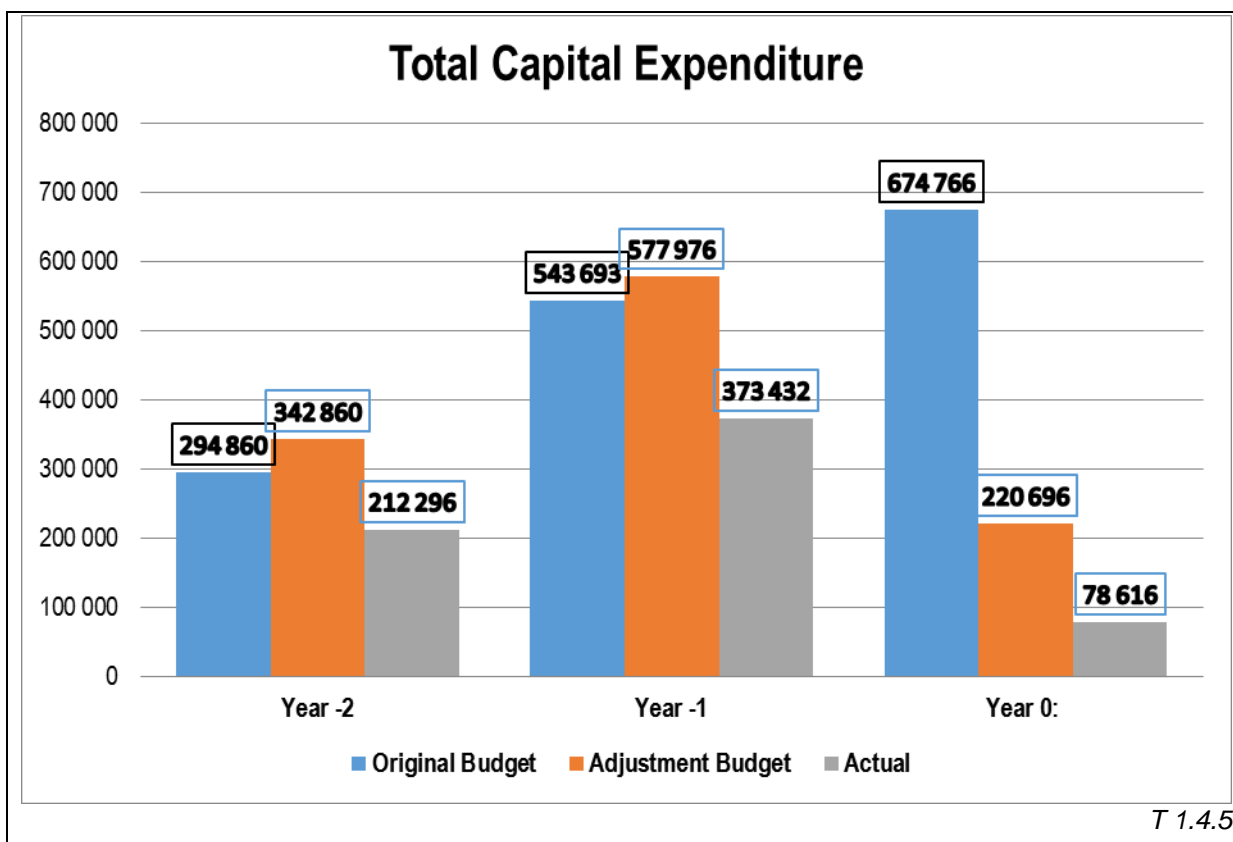
The norm is that employee costs is expected to not be more than approximately 30% of the total operating expenditure. The ratio in this regard for Mopani District Municipality for the year under review stands at 30% which is within the norm. The expected ratio of Repairs and Maintenance should be in the region of about 20%, whereas the ratio for the municipality is 11% for the year under review. The ratio for Finance Charges and Impairment against expenditure is also expected to be about 10%, whereas the ratio for the municipality is at 0% for the year under review.

Source: Previous year actuals as per AR 13/14; Current year as per BTO

Total Capital Expenditure: Year -2 to Year 0				R'000
Detail	Year -2	Year -1	Year 0:	
Original Budget	294 860	543 693	674 766	
Adjustment Budget	342 860	577 976	220 696	
Actual	212 296	373 432	78 616	
				T 1.4.4

Source: 13/14 June MBRR A5 CAPEX, A1Sum

Chapter 1



COMMENT ON CAPITAL EXPENDITURE

During the period in review, the municipality wanted to implement 26 infrastructure projects (MIG) and 18 were implemented 10 Capital projects. Expenditure on Capital budget was R 78,616 million out of the budget of R 220,696 million. Capital expenditure was R294, 816 million less than the previous year.

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

The total approved posts of the municipality are 1 618 for which 714 posts were filled during the reporting period and 767 posts remained vacant. The water services directorate has the highest vacancies at 593 due to the increasing number of retirements, death cases and resignations. For the period in review, a total of 43 employees have gone on retirement, 15 passed on, 12 resigned, two (2) were dismissed after disciplinary processes and 1 the contract expired. The total number of Councillors for the municipality is 51 and two (5) Councillors terminated their services 1 in October, 3 in September and 2 in December 2014 .

During the period in review, the municipality appointed two new directors to fill the vacant positions that existed at on senior management level. The position of Director in the Office of the Executive Mayor was vacant since the departure of the occupant who joined another government department. The Director Water Services position became vacant as a result of the decision by Council to dismiss

Chapter 1

the incumbent due to fraudulent qualifications; the matter is now in the hands of the Courts for recovery of the money paid by the municipality as salary.

The municipality still had to fill the positions of Director Corporate Services and the Chief Financial Officer. Our Chief Financial Officer. The position was advertised several times but we could not get the right candidates until IN June 2014 wherein six candidates have been shortlisted. In terms of the other positions, the municipality received a Court Order instituted by SAMWU on the differences that existed on the approach to fill vacancies within the municipality. The matter was then resolved at the Local Labour Forum and we are now awaiting implementation of the decisions agreed.

A total of 150 staff members have accumulated leave days of 865 day and more contrary to several memos issued to all staff to arrange with their supervisors to take leave. It must be noted that there are instances wherein the supervisor has withdrawn leave applications informed by work pressure. The plan of the municipality is to configure a maximum of 48 days on the system where in anyone with more than 48 days will automatically forfeit them.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

The Municipality received a disclaimer audit opinion from the Auditor General for 14/15. The issues related to the following:

- ▶ Consumer debtors
- ▶ Receivables from exchange transactions
- ▶ Revenue
- ▶ Property plant and equipment
- ▶ Inventory
- ▶ Consumer deposits
- ▶ Expenditure
- ▶ Debt impairment
- ▶ Irregular expenditure
- ▶ Commitments
- ▶ Cash flow statement
- ▶ Distribution losses Unauthorised expenditure
- ▶ Significant uncertainties
- ▶ Restatement of corresponding figures
- ▶ Financial sustainability
- ▶ Withdrawal from the audit engagement
- ▶ Unaudited supplementary schedules
- ▶ Unaudited disclosure notes
- ▶ Usefulness of reported performance information

Chapter 1

- ▶ Reliability of reported performance information
- ▶ Unaudited supplementary information
- ▶ Annual financial statements, performance and annual reports
- ▶ Audit committee
- ▶ Procurement and contract management
- ▶ Expenditure management
- ▶ Budget management
- ▶ Consequence management
- ▶ Revenue management
- ▶ Asset management
- ▶ Liability management

T 1.6.1

1.7. STATUTORY ANNUAL REPORT PROCESS

No .	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	

Chapter 1

14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
T 1.7.1		

COMMENT ON THE ANNUAL REPORT PROCESS:

The Annual Report content will assist municipal councillors, municipalities, municipal entities, residents, oversight institutions and other users of Annual Reports with information and progress made on service delivery. It must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The contents will also assist with the annual audits.

These reports should be used as a decision making tool by the municipalities.

Every municipality and municipal entity must prepare an annual performance report which must form part of the Annual Report for each financial year in accordance with the Municipal Systems Act 2000 (MSA) section 46, and the Municipal Finance Management Act 2003 (MFMA) section 121.

The purpose of the Annual Report is:

- ▶ to provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- ▶ to provide a report on performance in service delivery and budget implementation for the financial year;
- ▶ to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity; and
- ▶ to reduce the additional reporting requirements that will otherwise arise from Government Departments, monitoring agencies and financial institutions.

The annual report is thus a back-ward looking document to inform strategic planning and budgeting for the following year.

T 1.7.1.1

Chapter 3

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

The Mopani District Council comprises of the political and administrative components responsible for decision-making and implementation. The Executive Mayor, the Speaker and the Chief Whip head the political component of the municipality. Mopani District Council has since 2006/7 been made up of 44 Councillors, of which 9 are members of the Mayoral Committee. From 2011 the Council has increased to 51 members. The ANC has been in majority since the establishment of the District (year 2000) and it has stood as the ruling party to-date. It is worth noting that although there are other minority opposition parties in the Council, Mopani has since maintained and enjoyed political stability. There are 30 Traditional Authorities in Mopani District and each of the Local municipalities has at least one representative of Traditional leaders in the District Council. The representatives are seven in number, constituting 16% of the entire District Council.

The overall executive and legislative authority vests with the Council which takes all major decisions of the Municipality. The Council has the necessary capacity to exercise all powers assigned to it in terms of the Constitution as well as relevant national and provincial legislation and can take any action within this framework.

The Municipality has approved and (partially) implemented its Delegations System – “Delegation of Authority and Accountability By-Law” – that seeks to decentralize and democratize decision-making within the institution, and improve the pace at which services are delivered to the community. This is intended to maximize administrative and operational efficiency and provide for adequate checks and balances. In line with the delegations system, some decision-making powers have been cascaded from Council to the Executive Mayor, Mayoral Committee, its Portfolio Committees and the full-time Councillors. Other powers have been delegated to the Municipal Manager and Directors. Some of the powers are yet to be cascaded to middle management in the institution, pending PMS being dealt with first. The proper application of the delegation system will fast-track the pace of service delivery and improve time management within the institution.

Internal audit's role is primarily one of providing independent assurance over the internal controls of the council. It contributes to quality services to our communities in terms of providing checks and balances in the services rendered.

The Municipality established the in-house Internal Audit unit in December 2008. The unit is thus far staffed with seven officials out of 8 posts. With the assistance of the Internal audit the below audit opinions were achieved

Audit Committee Report

Chapter 3

AUDIT COMMITTEE ANNUAL REPORT 2014/15

We are pleased to present our report for the financial year ended 30 June 2015.

Audit Committee Responsibility

The Audit Committee reports that it has partially complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. It should be noted that for the year under review there was no Audit Committee up until the appointment of new Audit Committee with effect from 1st of April 2015. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

Audit Committee members and attendance

The Audit Committee, consisting of independent outside members listed below is supposed to meet at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. From the 1st of April 2015 the Audit Committee managed to fulfil its obligations.

Name of Member	Number of meetings attended
Dr HN Manzini (Chairperson)	2
Mr TG Nevhutalo	2
Ms FJ Mudau	2
Mr HG Hlomane	2
Adv. SST Khulong	2

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the municipality revealed certain weaknesses, which were then raised with the municipality.

There was no improvement in the system of internal control of the municipality to reduce qualification or adverse issues of previous year. There were several deficiencies in the system of internal control and or deviations that were reported by the internal auditors and the Auditor-General. In certain instances, the matters reported previously have not been fully and satisfactorily addressed. During the year under review there was no consistent monitoring of action plans and progress.

Chapter 3

In-Year Management and Monthly/Quarterly Report

The Audit Committee is not satisfied with quality of monthly and quarterly reporting system to Council as required by the Municipal Finance Management Act (MFMA)..

Performance Management

The Audit Committee reviewed functionality of the performance management system and it appears not to be fully functional, however there is a room for improvement in so far as achievement of planned targets is concerned.

Risk Management

The Audit Committee is of the opinion that municipality's risk management is effective, and the municipality did implement a comprehensive risk management strategy and related policies.

Compliance with laws and regulations

Some non-compliance with the enabling laws and regulations were revealed by Internal Audit and Auditor General. There is, however, a room for improvement in so far as establishing an effective system for monitoring compliance with laws and regulations is concerned as evident from the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

Evaluation of Financial Statements

The Audit Committee has;

- reviewed and discussed the annual financial statements prepared by the municipality before submission to the Auditor-General South Africa for audit,
- noted that there were no changes significant in accounting policies and practices,
- reviewed the municipality's compliance with applicable accounting framework (GRAP), legal and regulatory provisions.

The Audit Committee concurs and accepts the conclusion of Auditor General on the Annual Financial Statement and is of an opinion that the Annual financial Statements be accepted and read together with the report of the Auditor General

Chapter 3


Evaluation of draft Performance Report

The Audit Committee

- reviewed and discussed the draft annual performance report prepared by the municipality before submission to the Auditor-General South Africa for audit.
- Reviewed the reasons provided by management for material deviations from the planned targets.
- Reviewed the proposed remedial actions provided by management to address the issues of non-achievement of targets.
- The Audit Committee concurs and accepts the conclusion of the Auditor General on the Annual Performance Report and is of an opinion that the Annual Performance Report be accepted and read together with the Report of Auditor General

Conclusion

The Audit Committee wishes to acknowledge the cooperation and commitment of the Council, management and staff of the municipality. The observed stability in terms of the political and administrative leadership of the municipality will contribute to the improvements of what has been report above. We would also like to thank the Executive Mayor for her support, Councillors, senior management for their efforts and internal audit for their contribution.


HM Manzini (Dr)
Chairperson of the Audit Committee
Mopani District Municipality

Chapter 3

The internal audit unit had a staff component of eight with only three vacant positions that still need to be filled. The filling of these positions has a huge influence on the performance of the unit particularly on the planned projects. The unit planned to conduct 28 projects for which 25 were conducted for the 14/15 financial year, that is the Information Technology Audit, Risk based Audit and Performance Audit and 2 Adhoc Audits

Municipal Public Accounts Committee:

The Municipal Public Accounts Committee (MPAC), heard evidence on and considered the contents of the Annual Report and the Report of the Auditor-General on the 2013/2014 annual financial statements of the municipality. The Committee noted the disclaimer audit opinion, highlighted areas which required urgent attention of the Accounting Officer and Council.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Mopani District Council has further established Portfolio Committees in terms of Municipal Structures Act 117 of 1998. These committees recommend policy issues to Council via Mayoral committee. They serve as interface engine rooms between the political and administrative structures of Council. It is in these committees where policy issues are debated thoroughly prior to their submission to the Mayoral Committee that, in turn, consider and forward them to Council for adoption. Through Portfolio Committees, Councillors are able to give political direction to the administrative component on the programmes of Council, Portfolio Heads (Councillors) are also responsible for different Clusters, e.g. Economic, Social and Infrastructure and Governance and Administration.

Portfolio Committees and Cluster are depicted underneath:

Name of Committee	Support Department	Cluster
Finance	Finance Directorate	Governance and Admin
Governance & Admin.	Corporate Services	Governance and Admin
Social Services	Community Services	Social and Infrastructure
Strategy, Planning & IDP	Planning & Development	Economic Development
Roads and Transport	Technical Directorate	Social and Infrastructure
Water and Sanitation	Technical Services	Social and Infrastructure
Energy	Technical Directorate	Social and Infrastructure

Chapter 3

The municipality has a total of seven Portfolio Committees and their meetings are conducted on monthly basis prior to the Mayoral Committee meetings. The attendance in the Portfolio Committee meetings became a serious challenge after the municipality received a circular which explained the need to avoid having members of the Municipal Public Accounts Committee (MPAC) also sitting in different portfolios.

POLITICAL STRUCTURE



EXECUTIVE MAYOR

Cllr Nkakareng Rakgoale



SPEAKER

Cllr W. Sedibeng



CHIEF WHIP:

Cllr O J Mushwana

MAYORAL COMMITTEE:

Cllr M.R. Mametja (Economic Development, Housing and Spatial Planning)
Cllr M.N Makhurupetsi-Malatji (Budget and Treasury)
Cllr T. P Ramarembela (Corporate and Shared Services)
Cllr M. Sibiya (Social Services)
Cllr A Ngobeni (Sports, Arts and Culture)
Cllr D.L Ndove (Water Services)
Cllr C. Nkuna (Agriculture)
Cllr S.H. Moshobane (Infrastructure)
Cllr C. Hlatswayo (Public Transport and Roads)

T 2.1.1

A total of nine Mayoral Committee meetings were held and the attendance by members of the Mayoral Committee stood at 100% except in instances where written applications of absence were received.

Chapter 3

Mayoral Committee and Council	
Area	Detail
Finance	Assist Council in the allocation of resources for service delivery and ensuring accountability and transparency
Governance	Support Council with Human Resources and General administration in terms of coordination of Council programmes
Roads and Public Transport	Provision of road infrastructure and coordination of public transport activities
Water and Sanitation	Ensures that the community have access to clean water and sanitation services
Energy	Assist in the coordination of electricity distribution and any other form of energy
Planning and Development	Assist in the coordination of the development of the IDP, economic development and planning in general
Social Services	Ensures the provision of fire services to communities, coordination of all the social services including HIV / AIDS
Speaker	
Section 37 of Municipal Systems Act	Presides at meetings of Council;
	Ensure that Council meets once quarterly;
	Maintain order during Council meetings;
	And to ensure that Council meetings are conducted in accordance with the Rules of order
Full time Councillors	
	Ensuring that Portfolio Committee meetings are held monthly
	To serve as a communication link between the Executive Mayor and municipal Councillors in the district;
	Assisting the Executive Mayor in coordinating the activities of developing strategic plan for the Municipality
Municipal Manager	
Section 55 of the Municipal Systems Act	Formation and development of an economic, effective, efficient and accountable administration
	Management of the municipal administration
	Implementation of the municipal Integrated Development Plan and monitoring progress
	Management of the provision of services to the local communities in a suitable and equitable manner

COUNCILLORS

The District Council has designated all nine chairpersons of Portfolio committees, the Speaker and the Chief Whip to serve Council on full-time basis. The deployment to full-time service of Council is intended to ensure that Council is “hands-on and politically focused” in influencing and impacting on activities of the administration. This is based on the understanding that the electorates are elected public representatives to govern on behalf of and together with the public. But for effective governance, Councillors would timeously require technical advice from the appointed officials who are responsible for co-initiating programmes (together with Councillors in the Portfolio Committees) and implementing Council resolutions. Hence, it has become essential that these Councillors should provide effective leadership.

Chapter 3

T 2.1.2

2.2 ADMINISTRATIVE GOVERNANCE

The top administrative structure for Mopani District Municipality during 14/15 was as follows:

TOP ADMINISTRATIVE STRUCTURE

TIER 1

MR M.T MAAKE

**(ACTING MUNICIPAL MANAGER: MR N.A
NGOEPE) February 2015-November 2015**

TIERS 2 AND 3

**CHIEF FINANCIAL OFFICER -
VACANT**

**DIRECTOR: CORPORATE SERVICES -
VACANT**

**DIRECTOR: OFFICE OF THE EXECUTIVE
MAYOR
MR N. P. LEBEPE**

**DIRECTOR: PLANNING AND
DEVELOPMENT
MR M. S TSEBE**

**DIRECTOR: ENGINEERING SERVICES
MR M. C. MACHUBENE**

**DIRECTOR: WATER SERVICES
MR T. RALULIMI**

**DIRECTOR: COMMUNITY SERVICES
MR D.D. XITHLANGU**

TIERS 3

**MANAGER INTERNAL AUDIT
MR M.F. MPAHLELE**

**MANAGER PMU
MR V.MABUNDA
LEGAL MANAGER- Vacant
MR M.J.MAFA (Acting)**

T2.2.2

Chapter 3

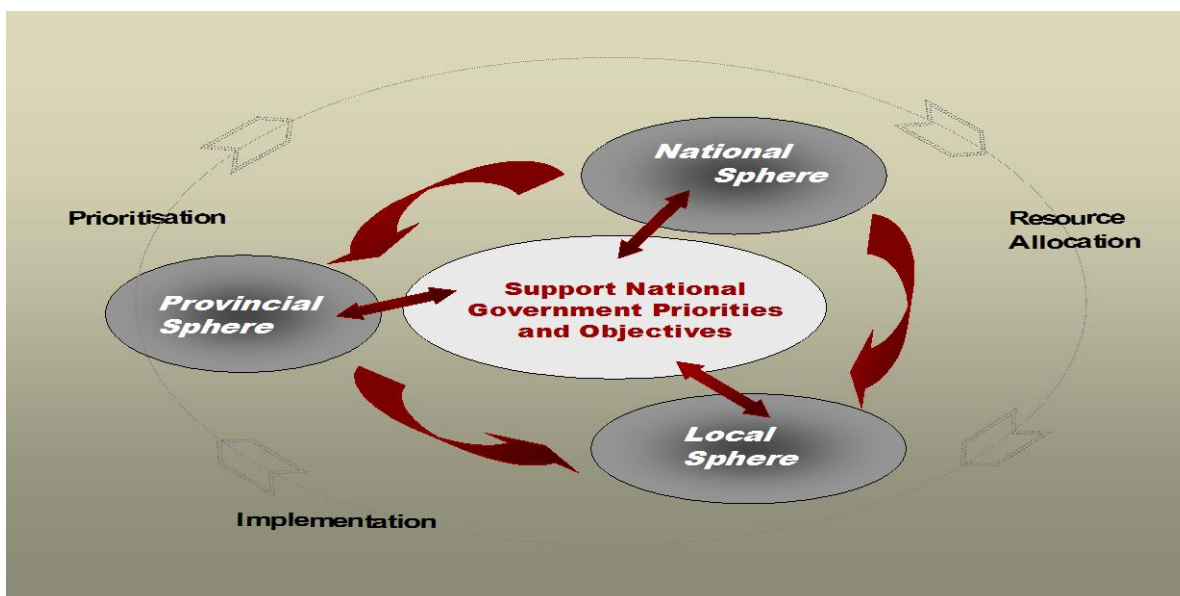
Management Committee:

The management committee is led by the Accounting Officer and sits for meetings to consider the strategic activities of the municipality. Since July 2014, there were 12 management meetings that have been held plus the strategic planning session and the Management Lekgotla which is convened every January to conduct a mid-year performance assessment of the municipality.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Mopani District Municipality is responsible for facilitating inter-governmental relations within its area of jurisdiction. In line with the Intergovernmental Relations Framework Act, MDM has taken it upon itself to improve intergovernmental engagements to ensure that proper inter-governmental planning guides public, private and donor investment in the district.



The district municipality is the convener of the District Manager's Forum “a key forum for strategic alignment, coordination and integration” that serves as an inter-governmental structure where the Sector Departmental Managers in the district meet with their municipal counterparts.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

The relationship between the district municipality, the local municipalities and sector departments in Mopani is improving. There are also inter-municipal structures (i.e. District Intergovernmental Forum,

Chapter 3

Speakers' Forum and District Managers' Forum) that discuss and resolve issues cutting across all municipalities and sector departments.

There are, however, grey areas in how the hierarchical inter-municipal and inter-governmental structures should cross feed into each other's programmes and be measured in terms of performance. For example, it is still a challenge for MDM to hold any sector department accountable for the non-implementation of projects which are included in the IDP document.

The following are "political" and non-political inter-governmental structures that facilitate inter-governmental relations within the province, between the district, province and local municipalities:

Key Inter-Governmental Structures		
Intergovernmental structures	Participants	Responsibility
Premier's Intergovernmental Forum [Premier/Mayors' Forum]	Premier, Mayors, Heads of Departments and Municipal Managers	Co-ordination of inter-governmental relations (Provincial and Local Government)
District Intergovernmental Forum [Mayors' Forum]	Executive Mayor, Mayors, Traditional Leaders and Municipal Managers	Co-ordination of inter-municipal relations (District and Local Municipalities)
District Speaker's Forum	Speakers, Municipal Managers.	Co-ordinate public participation processes in the municipalities
District Ward Committee forum	District Speaker, representatives of Ward committees	Inputs in the IDP and its implementation
NON-POLITICAL STRUCTURES		
District Managers' Forum	Sector Departments' District Managers Municipal Managers Municipal Senior Managers (Directors)	Co-ordinate inter-governmental relations at district level between municipalities and sector departments
Clusters	Councillors Municipal Managers Municipal Senior Managers (Directors)	Co-ordinate policy issues affecting government at a district level (between sector departments and municipalities)
Technical Committees of Clusters	Sector Department Officials Municipal Senior Managers (Directors) Municipal Officials	Provide inter-governmental inputs into the work of Clusters
Provincial Planners Forum	Sector Departmental Planners IDP Managers Spatial Planners Town Planners	Provide for a coherent inter-governmental planning framework and alignment and integration of development plans in the province
District Development Planning Forum	Sector Depts, SOEs, MDM and LMs	Alignment in the IDP planning process,

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Chapter 3

One of the Objectives of Local Government captured in section 152 of the Constitution is to encourage the involvement of communities and community organizations in the matters of local government. The white paper on local government expects the municipalities to be working with citizens and groups within the community to find sustainable ways to meet their economic, social and material needs and improve the quality of their lives. Therefore the municipality is using a number of ways and systems to involve communities and improve governance.

Over and above the formal structure of MDM, the following are in place:

- Anti-corruption Strategy in place as enabler to deal with eradication of corruption.
- Risk Management Strategy in place: the unit is currently staffed with one person, namely the Chief Risk Officer and the Admin Officer – Risk position is still vacant.
- Financial control systems: Supply Chain Management, Audit committee, MPAC and financial policies are in place.
- HR policies are in place and some under review process.
- Program of meetings of House of Traditional leaders with Executive Mayor discussing issues of mutual interest.
- IDP Representative Forum to afford community involvement in issues of governance through IDP process.
- Communication forum: to communicate programmes and governance of the District to communities and employees.
- District Development Planning forum: An avenue for integration of Local municipalities and sector Departments (National and Provincial).
- District Managers' forum: Municipal Managers of District and Local municipalities, parastatals and District Managers of sector depts.
- Mayors' intergovernmental forum: Mayors of both District and Local municipalities meet quarterly to track progress on service delivery.
- Disaster Management unit that is linked to the office of the Municipal Manager for prompt response to disasters whenever they occur.
- Forums linking communities with formal structures of municipality (e.g. LED, Business, Energy, Health, Gender, Sanitation, Disability, etc.).

Local Government Key Performance Areas	MDM Structures that involve members of communities in matters of governance
Transformation and Organisational Development	MPAC, Audit committee, Disability forum, Gender forum, Youth Council, House of Traditional leaders with Exec. Mayor; anti-corruption forum, Communication forum, Children' Advisory council, Men's forum, Council for the aged
Basic services	Water and Sanitation forum, Transport forum, Energy forum, Health Council, AIDS Council, Education forum, Sport and recreation council, Arts and Culture council, Environmental Management advisory forum, Heritage forum, Moral Regeneration Movement
Local Economic Development	LED Forum, Business forum
Financial Viability	Budget Steering committee (officials and Councilors)
Good Governance and Public participation	District Ward Committees forum, IDP Representative forum, Mayors' intergovernmental forum, Speakers forum

Chapter 3

The office of the Speaker is responsible for the following programmes and they are budgeted for annually:

- Public participation: The platform that affords communities to raise issues of concern directly to the political leadership for effective response. There is also hotline for the Executive Mayor to assist at any given time when members of communities or anyone need his assistance.
- Imbizos
- District Ward Committees forum (five representatives from each Local Municipality)
- Speakers' forum.

Portfolio Heads (Councillors) are also responsible for different Clusters, e.g. Economic, Social and Infrastructure, Governance and Administration. These clusters have been reviewed in order to align with the five new priorities of government being; Creation of decent work, Education, Health, Crime and Rural Development. The new Technical Committees that are aligned with these priorities are Social, Infrastructure, Economic (Justice, Crime Prevention and Safety) and Governance and Administration

T 2.4.0

2.4 PUBLIC MEETINGS

WARD COMMITTEES OVERVIEW

The District has no wards but wards belong to the Local municipalities. In order to provide support and effective engagement at grass-roots level the District established District Ward Committees forum, made up of 25 members, that is, five representatives from each local municipality. The District Speaker is responsible for coordination of the activities of the forum. Meetings of the District Ward Committees forum are often held concurrently with the Speakers' forum and are chaired by the District Speaker. Further support is provided in the form of funding the accommodation, venues, catering and traveling to the meetings. Workshops are also held to capacitate members with information and affording them opportunity to have a say in matters of District governance as well as service delivery issues.

The forum creates an appreciable platform for the communities to be able to understand the functioning of government and participate effectively in the strategic issues of municipalities. It is the base for building a better stakeholder capacity through programmes of Public participation. It is also a mode to entrench democracy to ordinary members of communities. Again, the District as local government is able to relate better with communities, thus transforming the notion of "local authority" into "local governance", especially on services that are solely provided in terms of the District powers and functions. Every phase of the IDP process was presented to this forum for information and inputs.

T 2.4.2

The following public meetings were held:

Public Meetings						
Nature and purpose of meeting	Yes	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Disability	yes	Six one per	Sometimes	Fifty or	yes	5 November 2015,

Chapter 3

Public Meetings						
Nature and purpose of meeting	Yes	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Public Awareness to promote the rights and advocacy for people living with disability.		local municipality	seven one per local and two from the District offices.	more		the feedback was that the challenge of lift and off ramps in the Government offices should be addressed.
Disability Forum meeting, the purpose of the meeting is the address challenges faced by Disabled people in the District e.g. unemployment.	yes	Six one per local municipality	seven or more	Fifty or more	yes	13 November 2015, it was agreed that every office should develop its own database for people living with disability, and Disability Coordinators should update these people if there are post advertised and be a panel members in all interviews, for the purpose of fairness.
Older persons Forum	yes	Six one per local municipality	seven or more	Fifty or more	yes	The date 6 October 2015, the feedback was on matter that is facing older persons during pension date because hawkers are forcing them to buy items on credit and they collect more money because there is no one is monitoring their agreement, however the matter has been raised with SASSA offices to assist.

T 2.4.3

2.5 IDP PARTICIPATION AND ALIGNMENT

The following table describes the IDP alignment with plans and processes.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes

Chapter 3

IDP Participation and Alignment Criteria*	Yes/No
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 54 and 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

“Good corporate governance can be equated to having clear corporate values which are stated and enacted, and ensure that the company is governed in a way that is efficient, responsible, accountable, transparent and with probity. It furthermore, recognises the legitimacy of interest of defined key stakeholders, and engaging in long-term relationships.” (The King Report on Corporate Governance for South Africa, 2002).

In the municipal environment, corporate governance is all about how municipalities set their priorities (as per the IDP), conduct their business (through the performance management system and the SDBIP process), and relate to the community they serve (as per the IDP and performance management system). The Tripod Integrated Management System© ensures co-ordinated planning and development in the district. Data is collected, monitored, evaluated, assessed, audited and reported on, for informed decision-making and better service delivery - in other words, for better corporate governance.

T.2.6.0

2.6 RISK MANAGEMENT

MFMA section 62(1)(c)(i) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Chief Risk Officer in Risk management identifies and provides guidance in dealing with the risks that would otherwise hamper delivery of services. The Risk Management unit has assisted management to identify and evaluate the effectiveness of council's risk management system and contribute to the improvement of risk management and control systems. That has been done by taking

Chapter 3

the registered risks, categorizing them into low, medium and high risks for management to develop actions for mitigation.

The following strategic risks have been identified, of which the top five representing the highest level of possible impact:

STRATEGIC RISKS: 2013/14							
N o	MDM Strategic Objective	Risk Description	Root Cause	Consequence	Impact	Likeli hood	Current Control
1	To improve community well being	Implementation of environmental, health, social and emergency services not managed effectively.	Lack of proper integration	Unable to implement and monitor the environmental, health, waste management, social and emergency services leading to deteriorating community welfare.	5	5	Integrated Waste Management Strategy, Health and Fire services Policies.
2	Democratic and accountable organisation	Lack of strategic leadership and direction.	Low capacity levels of the strategic leaders	No clear strategic direction/set of objectives on infrastructural development.	5	5	Training of strategic managers and Councillors
3	To develop and maintain infrastructure	Infrastructure and asset base does not meet current and future requirements.	Ageing infrastructure	Infrastructure and asset base do not support overall Council objectives.	5	5	None
4	To develop and maintain infrastructure	Infrastructure services and resources are not effectively managed.	Poor operational and maintenance.	Poor performance, increased costs, negative publicity and unable to demonstrate best value.	5	5	None
5	To become financially viable	A major reduction in income/grant	Poor financial management and	Lack of income/funding to support	5	5	Five Year Financial Plan and Financial

Chapter 3

STRATEGIC RISKS: 2013/14							
		funding	accountability.	Council objectives and requirement to reduce service provision or budget allocations.			Recovery Plan.
6	To become financially viable	Major unforeseen expenditure creates significant overspend on the budget.	Unplanned activities.	Resources need to be diverted and reduced levels of performance.	5	5	Financial Management policies.
7	Develop entrepreneurial and intellectual capability	High level of vacancy as a result of an inappropriate organisational structure.	Lack of capacity to design and develop an appropriate organisational structure.	Low staff morale and a high level of labour disputes.	5	5	Organisational structure
9	Manage through information	Ineffective information management systems.	Inability to implement appropriate policies on information management.	Loss of data, virus infection and possible hacking of the system.	5	4	Information Technology management policies.
10	Plan for the future	Failure to recognise, plan and deliver services in a way that takes account of demographic trends.	Demographic changes.	Mismatch of resources and services required.	5	5	Spatial Development Framework
11	Grow the Economy	Failure to identify the cause factor of declined	Weak economic development programme.	Economic decline result in reduced employment,	5	5	Local Economic Development Strategy.

Chapter 3

STRATEGIC RISKS: 2013/14							
		Projected population and potential economic		lower earnings, failing businesses and poor perception of the area.			
12	Democratic and accountable organization	Poor image and reputation including negative external scrutiny.	Weak good governance system.	Reduced trust by communities and stakeholders leading to the withdrawal of investment.	5	5	Code of Conduct for Councillors and Officials.
13	To become financial viable	Non adherence to water service level agreement	Unwillingness by local municipality to adhere to the service level agreement	Loss of revenue	5	5	Review of water service level agreement
14	Democratic and accountable organization	Increased Fraud and corruption	Weak policies and lack of implementation thereof.	Loss of revenue and trust by communities.	5	4	Fraud and Corruption policy

Source: Mopani Risk register 14/15; Mopani IDP 14/15

The Risk Management unit has a staff component of 1; the municipality has established a Risk Management Committee which is chaired by an independent person, an official secured from the Department of Co-operative Governance Human Settlement and Traditional Affairs. During the period in review, the committee held two meetings and has also managed to review the risk Strategy and profile of the municipality. In terms of the risk profile, 14 risks were identified and 4 were successfully mitigated during the period in review while 11 still requires urgent attention. The risk reports are also tabled before our quarterly Council meetings.

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CHALLENGES

- Often times audit recommendations are least attended to.
- Non-adherence to the Audit committee time schedule.
- MDM control systems continue to be weakened due to unresolved audit issues.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Corruption is defined as “any conduct or behaviour in relation to persons entrusted with responsibilities in public office which violates their duties as public officials and which is aimed at obtaining undue gratification of any kind for themselves or for others.” Public Service-Anti-Corruption Strategy. Mopani, like most institutions does experience corruption which requires corrective measures for the creation of sound administration of the institution.

The municipality has implemented its Anti-corruption and Fraud Prevention strategy and the results are beginning to show up.

Details of the developed anti-corruption strategy are briefly related below.

PURPOSE OF THE STRATEGY

- Encouraging a culture within MDM where all employees, the public and other stakeholders continuously behave with, and promote integrity in their dealings with, or on behalf of the municipality.
- Improving accountability, efficiency and effective administration within MDM including decision-making and management conduct which promotes integrity.
- Development of anti-corruption capacity within the municipality.
- Improving the application of systems, policies, procedures, rules and regulations within the municipality.
- Changing aspects within MDM that undermine institutional integrity and facilitate unethical conduct, fraud and corruption and allow these to go unnoticed or unreported.
- Encourage all employees and other stakeholders to strive toward the promotion of integrity and for the prevention and detection of unethical conduct, fraud and corruption impacting, or having the potential to impact on the municipality.

PRINCIPLES OF THE STRATEGY

Mopani District Municipality Anti-corruption Strategy is informed by the following principles to root out corruption:

- The need for a holistic and integrated approach to fighting corruption, with a balanced mixture of prevention, investigation, prosecution and public participation as the platform for the strategy.
- District tailor-made strategies are required that operate independently but complimentary to provincial and national strategies, particularly with regard to detection, investigation, prosecution and adjudication of acts of corruption, as well as the recovery of the proceeds of corruption.
- Acts of corruption are regarded as criminal acts and these acts can be dealt with either in the administrative or criminal justice system or both if need be. All aspects of the strategy are:
 - Supported with comprehensive education, training and awareness.
 - Coordinated within the district municipality.
 - Subjected to continuous risk assessment.

Chapter 3

The following structures are in place to curb corruption in Mopani District:

- ▶ Audit committee: They have capacity to detect corruption acts through reports.
- ▶ Portfolio committees: They monitor and also provide political inputs at the planning stage of municipal programmes.
- ▶ Internal Audit unit: Promote professional ethics among employees

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The municipality has developed and adopted a Supply Chain Policy which is in line with the Municipal Supply Chain Management Regulations, Regulation 868 of 2005. This policy is being implemented.

Only 13/13 have been awarded within 60 days. Delay in the finalisation of reports by bid evaluation committees occurred.

2.9 BY-LAWS

COMMENT ON BY-LAWS

By-laws are laws passed by the Executive Council of a municipality to regulate the affairs and the services it provides within its area of jurisdiction. A municipality derives the powers to pass a by-law from the Constitution of the Republic of South Africa, which gives certain specified powers and competencies to local government as set out in Part B of Schedules 4 and Part B of 5 to the Constitution.

During the 2014/15 financial year, 6 by-laws were reviewed

T 2.9.1.1

2.10 WEBSITES

MFMA S75 sets out the information that a municipality must include in its website. Municipalities are encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments. The Mopani District Municipality had an extensive re-design during 2014 and can be accessed at <http://www.mopani.gov.za>. The Mopani District is adhering as follows:

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	

Chapter 3

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
All current budget-related policies	Yes	
The previous annual report (Year -1)	No	
The annual report (Year 0) published/to be published	NA	To be finalised Jan 2016
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	NA	
All supply chain management contracts above a prescribed value (give value) for Year 0	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	NA	
Public-private partnership agreements referred to in section 120 made in Year 0	NA	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	Only annual reports have been published
Note:		T 2.10.1

Website information as accessed December 2014

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The last public satisfaction survey that was done was during 2010, no survey was done since then.

Satisfaction Surveys Undertaken during: Year -1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality	Survey not conducted	N/A	N/A	N/A
(b) Municipal Service Delivery	Survey not conducted	N/A	N/A	N/A
(c) Mayor	Survey not conducted	N/A	N/A	N/A
Satisfaction with:				
(a) Refuse Collection	Survey not conducted	N/A	N/A	N/A
(b) Road Maintenance	Survey not conducted	N/A	N/A	N/A
(c) Electricity Supply	Survey not conducted	N/A	N/A	N/A
(d) Water Supply	Survey not conducted	N/A	N/A	N/A
(e) Information supplied by municipality to the public	Survey not conducted	N/A	N/A	N/A
(f) Opportunities for consultation on municipal affairs	Survey not conducted	N/A	N/A	N/A
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				T 2.11.2

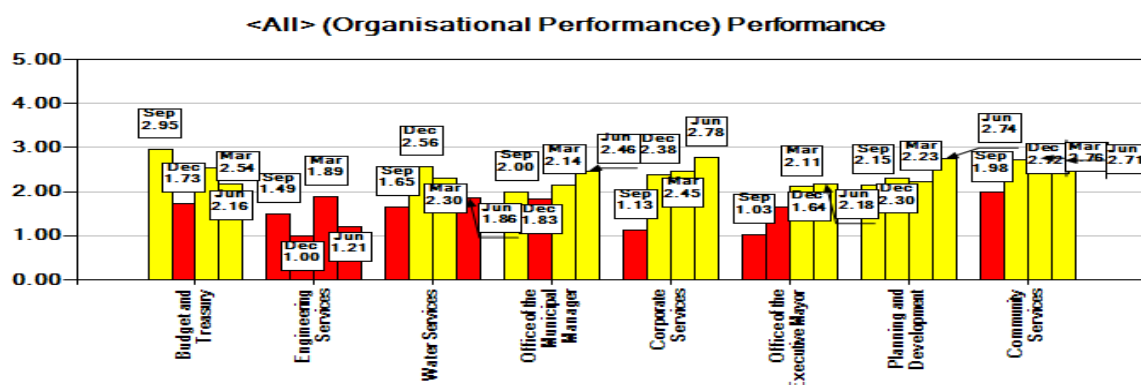
Source: Corporate Services Department, Office of the Executive Mayor

Chapter 3

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

INTRODUCTION

The indicators and projects are Overall Organisational Performance achieved a score of **2.81(94%)**. Although slightly below target, it is an improvement by 1% from the previous financial year of 12/13 which was at **2.78 (93%)** collected into scorecards for General Indicators, Indicators contained in the IDP for 14/15, SDBIP and Lower SDBIP. There were indicators with zero weighting (0W), they are not scored because the budget related to those were affected by Budget adjustment. Overall Organisational Performance achieved a score of **2.43 (81.16%)**, this is a decline as compared to the previous financial year score of **2.81 (94%)**. A graphical and breakdown of performance is as below. More information is provided in the monthly departmental reports.



Overall Departmental Performance

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes the Annual Performance Scorecard Report for the 201/15 year per Directorate.

Chapter 3

SDBIP – OFFICE OF THE MUNICIPAL MANAGER – VOTES 005, 080, 006 – Key Performance Indicators

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Financial Viability (Revenue, Expenditure, Management)	M-10005	Percentage variance between year to date spending of operating budget against projected spending year to date for the municipality	%	Municipal Manager	10.00	20.27	Calculate the sum of ((R-value operating budget spent YTD \ r-value operating projected to be spent YTD) - 100%)*100 i.t.o. Cash flow projections in SDBIP and MTREF	10.00	8.39	10.00	0.00	10.00	0.00	10.00	19.07	R649M out of total budget of R802m was spend. This is based on the preliminary report for June	Finalization of the report.	Finalisation of the report	1.00	-9.07	-1.20
Good Governance and Public Participation (Democratic and accountable organisation) Audit	M-1057	Number of Audit findings ytd	#	Municipal Manager	0.00	111	Count the number of Audit findings against target	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29	29 Audit finding have been resolved out of 80	The Audit Steering Committee and Audit Committee meetings were not functional in the first nine	The new Audit Committee members was appointed.	3.00	-20	-82

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
				ager											months of the 2014/2015 financial year. Vacancies for sec 56 managers had an impact on the performance of the institutions						
	M-178	Number Audit Committee recommendation for the municipality implemented / Number of Audit Committee recommendations as a Percentage	%	Audit	100.00	20.00	Number Audit Committee recommendation for the municipality implemented / Number of Audit Committee recommendations	100.00	100.00	100.00	100.00	100.00	100.00	82.00	The AC passed 22 resolution in its meeting of the 28 April 2015, out of 22 resolution passed, 18 were implemented by management	The first and second quarter AC meeting did not take place and the contract of the AC has ended	To adhere to the AC schedule of meetings	2.68	0	0	

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M-2050	Number of audits conducted as per Audit Plan YTD	#	Audit	15.00	28.00	Count the number of audits executed according to the Auit plan ytd	7	8.00	14.00	0.00	21.00	23.00	28.00	27	14 Risk based audit, 2 IT audits, 3 Performance information audit and 3 performance audits, 3 Adhoc assignments, 2 follow ups	The post for Manager Internal Audit was vacant had an impact on supervision of the Internal Audit staff.	Fill the position of Manager Internal Audit	2.91	0	0
	M-2059	Number Audit Charter Developed and approved by Audit Committee	#	Audit	1.00	1.00	Count # Audit Charter developed and approved by Audit Committee	1.00	1.00	1.00	1.00	1.00	0.00	1.00	1.00	The Audit Charter was developed and approved by the Audit Committee in its special meeting on the 20 June 2014	none	none	3.00	0	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Good Governance and Public Participation)\ Democratic and accountable organisation)\ Municipal Public Accounts Committee	M-1135	Number of MPAC reports submitted to Council	#	Municipal Manager	4.00	4.00	Count the Number of MPAC reports submitted to Council / Number of reports planned	4.00	0.00	2.00	0.00	3.00	1.00	4.00	1.00	One MPAC report was sent to Council	Non functionality of the MPAC	Arrangements have been made for management to report to MPAC quarterly on the resolutions of this committee and ultimately to report to Council	1.00	-4	-4
Good Governance and Public Participation)\ Democratic and accountable organisation)\ Performance Management	M-1143	Number of quarterly performance reports submitted to Council YTD	#	Municipal Manager	4.00	4.00	Count the number of quarterly performance reports submitted to Council YTD	4.00	1.00	2.00	4.00	3.00	3.00	4.00	4.00	Four Quarterly reports was submitted to council	None	Not applicable	3.00	0	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
				er																	
	M-876	Timeous submission of annual performance report to the Auditor General by end August	#	Municipal Manager	1.00	1.00	Annual Performance Report submitted to the Auditor General by 31 August	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	The Annual Performance report was submitted to AG per hard copy to Budget and Treasury and also per email to the AG manager in charge on the 28 th August 2014	None	Not applicable	3.00	0	0
Good Governance and Public Participation\ Democratic and accountable organisation\ Risk Management	M-179	Number of times the risk register has been reviewed and approved on time for the entire municipality	#	Municipal Manager	1.00	1.00	Number of times the risk register reviewed and approved on time for the entire municipality ytd	3.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	The strategic risk register for 2015/2016 was reviewed and approved by Council on the 23rd June 2015	None	None	3.00	0	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
				ager																	
	M-2051	Number of risks mitigated against the identified risks by the municipality ytd	#	MM	13.00	38.00	Count the Number of risks mitigated by municipality overall as identified in the risk register ytd	4.00	0.00	8.00	0.00	12.00	3.00	13.00	4.00	4 out of 13 risks were mitigated	Some risks are qualitative whilst others are quantitative and the risks cannot be fully eliminated but they can only be mitigated	Continuous monitoring of risks	2.50	-9	-34
Service Delivery Improvement Community well-being Centre	M-387	Number of times Disaster Management Framework reviewed and	#	Dis	1.00	1.00	Count the number of times the Mopani District Disaster	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Disaster Management Framework updated and approved by	None	None	3.00	0	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Management and Operations		approved					Management Framework and Plan Reviewed ytd								Council						

SDBIP – OFFICE OF THE EXECUTIVE MAYOR – VOTES 110, 045, 112, 114 – Key Performance Indicators

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Good Governance and Public Participation\ Democratic and accountable organisation\ Communication	M-256	Number of times the Communication Strategy reviewed and adopted by council YTD	#	ED: OEM	1.00	0.00	Count the number of times during the year that the Communication strategy has been reviewed and adopted by Council	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	Communication Strategy in place but not yet reviewed for 2015/16. The review process will take place before end September 2015.	Not applicable	To review the Strategy for 2015/16 financial	3.00	0	+1

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Good Governance and Public Participation\ Democratic and accountable organisation\ Risk Management	M-1086	Number of Anti-corruption Forum established and functional ytd	#	ED : OEM	1.00	0.00	Number of Anti-corruption Forum established and functional	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00	Guidelines awaiting council approval	N/A	To ensure that council approves the guidelines before launching of the Forum	1.00	-1	-1
	M-2061	Number of risks mitigated against the identified risks by the directorate ytd	#	ED : OEM	4.00	1.00	Count the number of Risks mitigated against the identified risks by the directorate register related to the Events sub-directorate reviewed	1.00	0.00	2.00	0.00	3.00	3.00	4.00	4.00	Four risks mitigated	Not applicable	Not applicable	3.00	0	+3

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from annual target	Variance from baseline	
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score			
Service Delivery/Improve Community well-being/Community Satisfaction	M-118	Percentage of complaints acknowledged within 7 working days of receipt YTD	%	ED : OEM	100.00	100.00	Count the number of complaints letters acknowledged within 7 working days of receipt YTD	100.	100.	100.	100.00	100.00	100.00	100.00	100.00	100.00	A complaint letter from Itieleng village was responded to within time frame	Not applicable	Not applicable	3.00	0	0
Service Delivery/Improve Community well-being/Disability Development	M-2054	Number of District Disability Forum meetings held YTD	#	ED : OEM	4.00	4.00	Count the Number of District Disability Forum meetings held YTD	1.00	1.00	2.00	2.00	3.00	3.00	4.00	4.00		Four District Disability Forum meetings were held	Not applicable	Not applicable	3.00	0	0
Service Delivery/Improve Community well-being/Events Management	M-2057	Number of Events Coordinated YTD	#	ED : OEM	4.00	4.00	Count the Number of events co-ordinated YTD	1.00	1.00	2.00	2.00	3.00	3.00	4.00	4.00		Four events such Women's Day, Namibian delegation visit, Moral Regeneration and anti-Xenophobia were	Not applicable	Not applicable	3.00	0	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
															successfully coordinated						
Service Delivery/Improve Community well-being/Gender Development	M-1275	Number of Gender Forum Meeting held YTD	#	ED : OEM	4.00	4.00	Number of Gender Forum Meeting held YTD	1.00	1.00	2.00	2.00	3.00	3.00	4.00	4.00	Four meetings were held	None	None	3.00	0	0
	M-1276	Number of Mens Forum meeting held YTD	#	ED : OEM	4.00	2.00	Count theNumber of Mens Forum meeting held YTD	1.00	1.00	2.00	2.00	3.00	3.00	4.00	4.00	Four men's Forum meeting was held	Not applicable	Not applicable	3.00	0	+2
	M-2055	Number of SAWID meetings held YTD	#	ED : OEM	4.00	4.00	Number of SAWID meetings held YTD	1.00	1.00	2.00	2.00	3.00	3.00	4.00	4.00	Four meetings were held. The last meeting was on 18/06/2015	Not applicable	Not applicable	3.00	0	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from annual target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Service Delivery Improve Community well-being\Health and Social Development Services	M – 163	Number of Aids Council meetings held successfully year to date	#	ED : OEM	4.00	4.00	Count the Number of Aids Council meetings held successfully year to date	1.00	1.00	2.00	2.00	3.00	3.00	4.00	4.00	All 04 District Council meetings were held and the last meeting took place on 19/06/2015 in Greater Tzaneen Municipality council chamber	Not applicable	Not applicable	3.00	0	0
Service Delivery Improve Community well-being\Youth Development	M – 1279	Number of Youth Council Meetings held YTD	#	ED : OEM	4.00	2.00	Count the Number of Youth Council meetings held YTD	1.00	1.00	2.00	2.00	3.00	3.00	4.00	4.00	Four meetings were held	Not applicable	Not applicable	3.00	0	2
	M – 2056	Number of Children's Rights in Parliament held YTD	#	ED : OEM	4.00	4.00	Count the Number of Children's Rights Parliament held YTD	1.00	0.00	2.00	2.00	3.00	3.00	4.00	4.00	Four meeting were held	Not applicable	Not applicable	3.00	0	0

Chapter 3

SDBIP – BUDGET AND TREASURY – VOTE 020 – Key Performance Indicators

Hierarchy	I D	KPI	U O M	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Financial Viability/Become financially viable Asset Management	M - 1 0 3 1	Current Ratio (R- value current assets / R-value liabilities as %)	%	5.00	1.5	Calculate the current Ratio (R- value current assets / R- value liabilities as %)	2.10	0.69	3.10	0.69	4.10	0.69	5.00	0.96	This is based on the draft 2014 AFS 2015. Curr ent Assets = 689 732 737/ Liabilities = 717 953 077. 689 732 737/717 953 077 =0.96	Awaiting the AFS 2015	Finalizatio n of the AFS 2015	1.19	-4.04	-0.54
	M - 1 0 3 4	Number of asset management reports submitted to Council ytd	#	4.00	1	Count the number of asset managem ent reports submitted to Council ytd	1.00	0.00	2.00	0.00	3.00	0.00	4.00	.009	The ratio is calculated as monetary asset/curr ent liabilities which is 114 326 792/717 953 077 =0.16	The ratio is based on the draft AFS 2015	Finalizatio n of the AFS	1.23	-3.84	-0.91

Chapter 3

Hierarchy	I D	KPI	U O M	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M — 3 2 2 2	Number of times asset verification is conducted	#	2.00	1	Count the Number of physical asset verification Y.T.D	1.00	1.00	1.00	0.00	1.00	1.00	2.00	2.00	The municipal ity has appointed a service provider to do asset verification . The Municipal ity performed verification for boreholes in January 2015. The verification is done twice as per the Asset managem ent policy. The progress report is attached . The movable verification is at 90%	No challenges	No corrective action required	3.00	0	+1

Chapter 3

Hierarchy	I D	KPI	U O M	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
															completion					
	M - 8 6 6	Liquidity ratio (R-value Monetary Assets / R-value Current Liabilities)	%	0.40	1.38	Calculate the liquidity ratio (R-value Monetary Assets / R-value Current Liabilities)	0.00	0.09	0.40	0w	0.40	0.09	0.40	0.09	The ratio is calculated as monetary asset/current liabilities which is 114 326 792/717 953 077 =0.16	The ratio is based on the draft AFS 2015	Finalisation of the AFS	1.23	-0.31	-1.29
Financial Viability Become financially viable Budget Control and Reporting	M - 0 2	Number of Budget related policies reviewed and approved by Council ytd	#	12.00	12.00	Count the number Budget related policies reviewed and approved by Council	3.00	3.00	1.00	6.00	9.00	0.00	12.00	12.00	The budget related policies were approved by council on the 29/05/201	No challenges	No corrective action	3.00	0	0

Chapter 3

Hierarchy	I D	KPI	U O M	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
						ytd									5					
	M - 1 6	Final budget adopted by Council by end May	%	100.00	100.00	Final budget adopted by Council by end May	25.00	100.00	0.00	100.00	50.00	100.00	100.00	10000.	The Final Budget 2015-16 was adopted by council on the 29th May 2015	No challenges	No corrective action	3.00	0	0
	M - 3 0	Draft budget tabled to Council by 31 March	%	100.00	100.00	Draft budget tabled to Council by 31 March	3.00	100.00	0.00	100.00	100.00	100.00	100.00	100.00	The draft budget for 2015/16 was tabled in Council on the 31/03/2015	No challenges	No corrective	3.00	0	0
	M - 3 3 8	Financial statements drafted and submitted to AG by end Aug	%	100.00	100.00	Financial statements drafted and submitted to AG by	100.00	100.00	100.00	0.00	100.00	100.00	100.00	100.00	The AFS 2015 will be submitted to AG on time as	No challenges	No corrective action required	3.00	0	0

Chapter 3

Hierarchy	ID	KPI	UOM	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
						end Aug									per the IDP/Budget Process plan					
Financial Viability Become financially viable Expenditure Management	M-09	Percentage of total capital budget spent on capital projects identified for financial year i.t.o. IDP	%	100.00	72.00	R-value total capital budget spent on capital projects identified for financial year i.t.o. IDP y.t.d / R-value annual capital budget	25.00	0.11	50.00	0.00	75.00	23.47	100.00	22.00	R 63 585 337 out of total budget of R 220 696 340 has been spent up to June 2015	Late appointment of contractor	Appointment on new projects to be made in the beginning of the financial year to avoid underspending on capital projects	1.22	-78	-50
	M-1001	Percentage of Regional Infrastructure Grant spent ytd	%	100.00	94.26	Percentage Regional Infrastructure Grant spent ytd	0.00	0w	1.00	0.00	75.00	22.00	100.00	26.20	R15 587 416.02 out of a total budget of R59 485 325 has been spent to	Due to the cash flow challenges, the contractors had abandoned	The projects are now back on track	1.26	-73.80	-68.06

Chapter 3

Hierarchy	ID	KPI	UOM	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
															date.	d site				
	M-1003	Percentage of MWIG spent ytd	%	100.00	99.57	R-value MWIG spent ytd / Total Annual Budget for MWIG	0.00	0w	50.00	0.00	75.00	0.00	100.00	100.00	No budget allocation for MWIG	No challenges	No corrective action required	3.00	0	0.43
	M-1004	Percentage of Refurbishment allocation spent ytd	%	100.00	55.59	R-value Refurbishment allocation spent ytd/ Totale R-value budget for Refurbishment	0.00	0w	50.00	0.00	75.00	0.00	100.00	72.00	Out of R25 000 000 allocation for the grant in the 14/15 financial year, R 18 142 595.38 was spent up to June 2015. The Percentage spent is 18 142 595/25 000 000*100=	No challenges	No corrective action required	2.72	-28	+16.41

Chapter 3

Hierarchy	I D	KPI	U O M	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
															72%					
	M 1 0 0 9	Number of budget and financial statement reports S71 submitted to Executive Mayor and Treasuries ytd	#	12.00	12.00	Count the Number of budget and financial statement reports S71 submitted to Executive Mayor and Treasuries ytd	0.00	0.00	6.00	0.00	9.00	0.00	12.00	11.00	11 section 71 reports have been submitted to Mayor and Treasuries	The June report will be submitted by the end of July 2015 due to year end process	Timely submission of the report	2.85	-12	-1
	M 2 5	Percentage of MSIG utilised ytd	%	100.00	100.00	R-value MSIG spent ytd / Total R-value annual budget for MSIG	25.00	79.00	50.00	79.00	75.00	100.00	100.00	100.00	R934 000 out of a total budget of R934 000 has been spent to date	No challenges	No corrective action required	3.00	0	0

Chapter 3

Hierarchy	I D	KPI	U O M	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M - 3 5 9	Percentage of creditors paid within 30 days	%	100.00	100.00	Number of creditors paid within 30 days of receipt of invoices and all necessary supporting documenta tion y.t.d.	3.00	30.00	100.00	0.00	100.00	95.00	100.00	95.00	95% of creditors were paid within 30 days	Awaiting the forensic audit	Pay creditors on time to avoid penalty charges	2.95	-5	-5
Financial Viability Becom e financially viable Revenue Management	M - 1 0 2 6	Percentage of water revenue deposited into water account by local municipalities ytd	%	100.00	0.00	Total R- value water revenue deposited into water account by local municipalit ies ytd / Total R- value invoiced to local municipalit ies YTD	0.00	0w	100.00	0.00	100.00	0.00	100.00	0.00	No revenue collected was deposited into Mopani District Municipalit y's water and sewer bank account as provided to the local municipalit ies.	The local municipalit ies are not depositing the revenue collected on the monthly basis as per the WSP agreement	The District to enforce the WSP agreement to local municipalit ies and make sure that the integration of the financial system is finalized to assist in monitoring the water	1.00	-100	0

Chapter 3

Hierarchy	I D	KPI	U O M	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
																	function.			
	M - 1 0 2 9	Number of water related transaction reports with supporting documents received and analysed per municipality ytd	#	12.00	2.00	Count the Number of water related transaction reports with supporting documents received and analysed for all municipalities ytd	0.00	2.00	6.00	0.00	9.00	8.00	12.00	12.00	The local municipalities are only submitting the supporting working on the information provided	The local municipalities are not submitting reports with supporting documents to the district on water and sewer transactions.	Supporting documentation to be submitted with the monthly submission and monthly reconciliation be done	3.00	0	+10
	M - 1 9	Percentage of outstanding debtors more than 90 days	%	100.00	120.00	Calculate the # of outstanding debtors for more than 90 days /	10.00	100.00	18.00	100.00	18.00	100.00	18.00	100.00	Most of the outstanding debtors on water and sewer are more	The municipalities are busy with preparation of the final	The district must get information from the local municipality	5.00	-72	-20

Chapter 3

Hierarchy	I D	KPI	U O M	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
						Total # debtors YTD									than 90 days.	reports and AFS 2015.	ies.			
	M - 8 6 8	Number of households that are indigent ytd	#	219520. 00	219520. 00	Count the number of household s that are indigent YTD	0.00	105 774.00	0.00	105 774.0 0	0.00	219 520.00	0.00	219 520.00	In terms of IDP a total number of 219 520 household s are indigent	No Challenge s	No Corrective action	0w	0	0
	M - 8 7 1	Percentage of debt coverage y.t.d. (total R- value operating revenue received minus R-value Operating grants, divided by R- value debt service payments (i.e. interest + redemption) due within financial year)	%	95.30	7.24	Total R- value operating revenue received minus R- value Operating grants / by R-value debt service payments (i.e. interest + redemptio n) due within	95.30	1.20	95.30	0.00	95.30	1.49	95.30	1.49	Total operating revenue received (R 590 425 583.76) minus Operating grants(R 586 148 881)divided by R1 638 073.41	Local Municipalit ies does collect enough to reduce the debt book on water and sewer.	The district to ensure that the local municipalit ies enforce credit control and debt collection policy.	1.10	-93.81	-5.75

Chapter 3

Hierarchy	I D	KPI	U O M	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
						financial year														
	M 8 7 2	Percentage Cost coverage y.t.d. (R-value all cash at a particular time plus R-value investments, divided by R- value monthly fixed operating expenditure)	%	200.00	3.45	R-value all cash at a particular time plus R-value investments / by R- value monthly fixed operating expenditure	0.00	118.83	200.00	0.00	200.00	94.37	200.00	94.34	All cash amount to R27 716 502 plus investment amounting to R 86 128 456 divided by fixed operating expenditure of R33 450 813 = 340%	No challenges	No corrective action	1.47	-106.66	-90.89

Chapter 3

Hierarchy	I D	KPI	U O M	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Financial Viability Become financially viable Supply chain management	M - 3 3	Percentage Tenders adjudicated within 60 days of closure of tender	%	100.00	36.46	Calculate the # Tenders adjudicate d within 60 days of closure of tender YTD / Total number of tender YTD	25.00	0.00	100.00	100.00	100.00	100.00	100.00	100.00	Thirteen Bids which closed on the 30 March 2015 have been evaluated and adjudicate d within 60 days of closure of tenders	No Challenge s	No Corrective Action	3.00	0	+63.54
	M - 3 3 1	Percentage of total business awarded to businesses located in District area ytd	%	100.00	97.77	Number of business awared to local companies y.t.d. \ Number business awared y.t.d	1.00	0.00	85.00	0.00	85.00	0.00	85.00	46.15	Six out of thirteen bids have neen awarded to local companies .i	No Challenge s	No corrective action	1.54	-53.85	-51.62

Chapter 3

Hierarchy	ID	KPI	UOM	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual target	Variance from the Baseline
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Good Governance and Public Participation/Democratic and accountable organisation/Risk Management	M-2053	Number of risks mitigated against the identified risks by the directorate ytd	#	2.00	3.00	Count the number of risks mitigated against the identified risks by the directorate ytd	0.00	0.00	1.00	0.00	2.00	3.00	2.00	2.00	The risk register is updated on a monthly basis. Out of 2 risks identified 2 have been mitigated.	Most of the risk are mitigated and they will not be eliminated	Elimination of risk	3.00	0	-1

SDBIP – CORPORATE SERVICES – VOTE 090, 095, 100, 105 – Key Performance Indicators

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the baseline	Variance from the Annual target
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Financial Viability/Become financially viable/Revenue Management	M-1024	Percentage of debt recovered over 90 Days	%	ED: Corporate Services	100.00	110.00	R-value debt recovered over 90 days / R-value debt more than 90 days	100	0.00	100	0.00	100	80.00	100	7.00	R336 000.00 was recovered out of R5m PMDS debt.	Labour obtained a Court Order interdicting the Municipality to recover until re-negotiation is	Work is being done to quantify the total debt of MDM older than 90 days.	1.00	-93	-103

Chapter 3

Hierarchy	I D	KPI	U O M	O w n e r	Annual Target	Baseli ne	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the baseline	Variance from the Annual target
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
				r v												made at LLF.	LLF to discuss the matter.				
Good Governance and Public Participation\Dem ocratic and accountable organisation\Leg al Services	M - 1 1 0 1	Number of existing policies reviewed and adopted by Council YTD	#	E D : C o r p S e r v	11.00	10.00	Count the number of existing policies reviewed and adopted by Council YTD	3.00	9.00	5.00	7.00	8.00	9.00	11.00	0.00	No policies have been reviewed and adopted by council	Delay by LLF policy subcommitte e in finalising the policies	9 Policies are being finalized and will be submitted to council in the coming year	100	-11	-10
Good Governance and Public Participation\Dem ocratic and accountable organisation\Risk Management	M - 2 0 6 0	Number of risks mitigated against the identified risks by the directorate ytd	#	E D : C o r p S e r v	4.00	0.00	Number of risks mitigated against the identified risks by the directorate ytd	1.00	0.00	2.00	0.00	3.00	0.00	4.00	3	3 out of risks were mitigated.	Unavailability of funds affected the implementati on of some risk e.g OHS Risk Assessment, Recruitment, Non- payment telephone of private calls	Budgeting for the mitigation/ elimination of the risks identified over the medium term. (Financial situation has improved)	1.00	-1	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the baseline	Variance from the Annual target
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M-799	Percentage of corruption cases resolved	%	ED : Corp Serv	0.00	1.00	Count the number of corruption cases resolved/Count the number of corruption cases investigated YTD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1	1 out of 6 corruption case were resolved. The other five cases are at a trial stage and awaiting finalisation and judgments	Delaying proceedings caused external legal factors.	Analyses of cases to determine our chances of success, financial implications and decide whether to proceed or not	For reporting only	+1	0
Good Governance and Public Participation\Manage through information\Management Information	M-182	Number of electronic systems that are integrated	#	ED : Corp Serv	5.00	5.00	Count the Number of electronic systems that are integrated	5.00	0.00	5.0	0.00	5.00	0.00	5.00	4.00	Although some work was one towards integration of PayDay, ProMIS, SebataDIMS , and IPM Lebelela, the project was halted due to financial constraints.	Financial constraints	Projects to be re-evaluated for relevance, if necessary budget to be allocated in the 2015/16 FY.	1.00	-1	-1

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the baseline	Variance from the Annual target
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Transformation and Organisational Development\Develop entrepreneurial and intellectual capability\Employee Performance Management	M-148	Number of employee performance reviews conducted ytd	#	ED : Corp Serv	37.00	6.00	Count the number employee performance reviews conducted per department	37	0.00	37.00	0.00	37.00	0.00	37.00	1.00	1 X Performance review conducted for a resigned employee and the 4 reviews are ready for assessment	Delay by directorates in conducting reviews for other outstanding section 56 staff	Accelerate the cascading by Directorates on quarterly basis.	1.03	-36	-36
Transformation and Organisational Development\Develop entrepreneurial and intellectual capability\Human Resources	M-1246	Number of industrial actions mitigated ytd	#	ED : Corp Serv	4.00	3.00	Count the number industrial relations mitigated	1.00	1.00	2.00	2.00	3.00	4.00	4.00	5.00	5 meetings of the Local Labour Forum were held but were not successful in curbing industrial action	Commitments made to Labour outside the LLF structure	Adherence to organizational rights agreement and procedures therein. Improve strike management and invoke employer rights in relation to industrial action	3.25	+1	+2

Chapter 3

Hierarchy	I D	KPI	U O M	O w n e r	Annual Target	Baseli ne	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the baseline	Variance from the Annual target
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M - 1 9 5	Number of executive management posts to be filled ytd	#	E D : C o r p S e r v	8.00	6.00	Count the number of executive management posts to be filled ytd	6.00	6.00	7.00	6.00	8.00	5.00	8.00	5.00	After termination of another official,5 out of 8 positions have been filled and interviews conducted/made for the filling of the three vacant	Awaiting concurrence as submitted	Await concurrence	1.63	-3	-1
	M - 8 0 7	Percentage progress with the review and approval of the Organogram by Council for next financial year	%	E D : C o r p S e r v	100.00	100.00	Percentage progress with the review and approval of the Organogram by Council for next financial year	0.00	80.00	0.00	100	100	100.00	100.00	90.00	Review of Organogram is in process and at advanced stage and the progress presented to Council and was approved in principle pending costing and gab close process	pending costing and gab close process, Depend on LLF.	Accelerate the outstanding activities	2.70	0	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the baseline	Variance from the Annual target
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M-84	Percentage of women employed by the municipality ytd	%	ED: Corp Serv	54.00	34	Calculate the percentage of women employed by the municipality ytd	34.00	34.00	44.00	34.00	50.00	34.00	54.00	30.00	There is 30% of women within the work force instead of 54% national benchmark	There is lot of vacancies	Advertise the filling of vacancies	1.59	-24	-4
Transformation and Organisational Development/Develop entrepreneurial and intellectual capability/Skills Development	M-806	Number of targeted staff trained in various fields as per the WSP ytd	#	ED: Corp Serv	101.00	80.00	Count the Number of targeted staff trained in various fields as per the WSP	20	0.00	40.00	100.00	80.00	45.00	101.00	51.00	46 x official and 5 interns are being trained in various fields including the MFMP Programme and competency assessment	Delay in the appointment of service providers due to negative financial status	Appoint training service providers	1.50	-50	-29

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the baseline	Variance from the Annual target
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M-874	R-value actually spent on implementing its workplace skills plan YTD / Total R-value of a budget [salaries budget] as %	%	ED : Corp Serv	1.00	2.80	R-value of a budget (salaries budget) actually spent on implementing its workplace skills plan y.t.d. / R-value annual salary budget	0.00	0.00	0.50	0.00	1.00	80.00	1.00	0.28	R619 987.59 was spent on the implementing the WSP against a total personnel budget of R216 557 625.00	Negative financial status of the municipality	Accelerate implement the WSP (Financial position has improved)	0.28	-0.62	-2.52

SDBIP – PLANNING AND DEVELOPMENT – VOTE 030 – Key Performance Indicators

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from Baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Good Governance and Public Participation\Democratic and accountable organisation\Risk Management	M-2065	Number of risks mitigated against the identified risks by the directorate ytd	#	ED : Planning	2.00	1.00	Count number of risks mitigated against the identified risks by the directorate	1.00	0.00	1.00	2.00	2.00	2.00	2.00	2.00	2 risks were mitigated	None	None	3.00	0	+1

Chapter 3

Hierarchy	I D	KPI	U O M	O w n e r	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from Baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
				n g a n d D e v e l o p m e n t			ytd														
Local Economic Development/Growth with the economy/Local Economic Development	M - 1 8 3	Percentage of GGP (GDP) rating	%	E D : P l a n n i n g a n	3.50	3.20	Calculate Percentage GGP (GDP - Gross Domestic Product) rating for the District	3.50	3.00	3.50	3.70	3.50	3.60	3.50	3.60	The increase in petrol prices has affected the GGP rating	Continous increase of unemployment and poverty in the 3rd quarter of 2015, inconsistent provision of electricity to various sectors of the economy	Budgeting enough for the Promotion of potential economic sectors in the country and encourage the developm	3.03	-10	+40

Chapter 3

Hierarchy	I D	KPI	U O M	O w n e r	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15					Variance from Annual target	Variance from Baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score	
				d D e v e l o p m e n t													impacted	ent of enterprise urship		

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from Baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M-801	Number of investors attracted for the implementation of catalyst projects as identified in the LED strategy ytd	#	ED : Planning and Development	8.00	4.00	Count the Number of investors attracted for the implementation of catalyst projects as identified in the LED strategy	2.00	0.00	4.00	0.00	6.00	0.00	8.00	0.0	Valingshight Pty Ltd and IDC are prepared to partner with the municipality in terms of implementing the Fresh Produce Market and Meat Abattoir. But the Department of Rural Development and Mopani District Municipality would be implementing Agri-Park project at the same venue where the fresh produce market was targeted to be	Old and outdated figures in the feasibility studies	Appoint a competent service provider to update the feasibility studies	1.00	-8	-4

Chapter 3

Hierarchy	I D	KPI	U O M	O w n e r	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from Baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
															implemented						
Spatial Rationale\Plan for the future\GIS	M - 2 0 6 7	Number of times GIS framework reviewed and approved by council ytdl	#	E D : P l a n n i n g	1.00	1.00	Number of times GIS framework reviewed and approved by council ytdl	1.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	The draft GIS Frameworks is available but it has not been approved as yet	None	None	3.00	0	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from Baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
				and Development																	
Spatial Rationale/Plan for the future Integrated Development Planning	M-804	Number of times the IDP review process conducted as per framework for each phase ytd	#	ED: Planning and D	11.00	11.00	Number of times the IDP review process conducted as per framework for each phase ytd	0.00	1.00	4.00	0.00	26.00	0.00	11.00	14.00	6 IDP Steering committee 3 District IDP Engagement sessions 1 MANCO Lekgotla 3 IDP Representative forum and 1 IDP Technical committee.	Non-adherence to actual dates as per the IDP Process plan.	Monitor the compliance to IDP Process plan and convene meetings accordingly.	3.27	+3	+3

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual target	Variance from Baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
				e v e l o p m e n t																	
Spatial Rationale Plan for the future Spatial Planning	M-805	Percentage of growth points in which capital projects are implemented YTD	#	E D : P l a n n i n g a n d D e v e l o	33.00	30.00	Number of growth points in which capital projects are implemented YTD	33.00	4.00	33.00	4.00	33.00	4.00	33.00	57.00	4 of 7 district growth points are to implement Infrastructure Projects	Insufficient budgeting for all district growth points	enough budget allocation for all 7 district growth points	5.00	+24	+55

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15					Variance from Annual target	Variance from Baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action		
				p m e n t																

SDBIP – ENGINEERING SERVICES – VOTE 050, 064, 065 – Key Performance Indicators

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual Target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Financial Viability/Become financially viable/Expenditure Management	M-1014	Number Regional Infrastructure Grant reports submitted to Management YTD	#	ED:ENG	12.00	3.00	Count the number Regional Infrastructure Grant reports submitted	3.00	0.00	6.00	0.00	9.00	0.00	12.00	1.00	RBIG reports has been submitted to DWS thus far in the financial year.	The contractor has just recently resumed the work after vacation of site due to non-payments	N/A	1.50	-11	-2

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual Target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M-783	Percentage Capital budget actually spent on capital projects related to Directorate ytd	%	ED : ENG	100.00	28.29	R-value total capital budget spent on capital projects identified for financial year i.t.o. IDP y.t.d per department / R-value annual capital budget	0w	0.00	100.00	0.00	100.00	0.00	100.00	50.30	R 61 896 715,26 / R 123 000 000	Delay in appointment of contractors as per the Demand Management Plan	Rollover application through BTO	1.08	-49.70	+22.1
	M-791	Percentage R-value spent on MIG ytd	%	Eng	100.00	28.29	Calculate the percentage of the R-value spent on MIG grants ytd	0w	0.00	50.00	0.00	75.00	0.00	100.00	42.20	R 63 615 250.51 spend against a total of R 150 781 997	Delay in the implementation of the demand management plan leading to delay in appointment of contractors on projects as planned.	Application for roll-over budget from National Treasury.	1.42	-57.8	+13.91

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual Target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Good Governance and Public Participation\Democratic and accountable organisation\Risk Management	M-2062	Number of risk mitigated against the identified by the directorate ytd	#	ED:ENG	2.00	0	Count the number of risks mitigated against the identified risks	1.00	0.0	2.00	0.00	2.00	0.00	2.00	2.00	2 risks were mitigated.	Not applicable	None	3.00	-0	+2
Local Economic Development\Grow the economy\Local Economic Development	M-168	Number of jobs created through implementation of municipal IDP and budget ytd	#	ED:ENG	3081.00	8000.00	Count the number jobs created through implementation of municipal IDP and budget	0.00	0.00	1150.00	0.00	2305.00	0.00	3081.00	0.00	The kpi is dependent to awarded projects which, this financial the projects are just awarded busy with contractual documents	Delay in awarding projects	Procurement and adherence to planned demand management schedule	1.00	-3081	8000
Service Delivery\Develop and maintain infrastructures\Electricity Infrastructure	M-08	Number of household with access to basic electricity	#	ED:ENG	296320.00	281192.00	Count the number of household with access to basic electricity in the District	296320.00	278122.00	296320.00	0.00	75.00	0.00	296320.00	278122.00	Out of all planned electrical connections are complete and energized and only 114 are still at execution	Ever changing figures as a results of migration, in-fills and new settlements. Insufficient allocations	Enough funding for capital projects Accelerated addressing of in-fills Allocations of new	2.94	-18198	-3070

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from Annual Target	Variance from baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
																stage	by DoE	stand			
Service Delivery/Develop and maintain infrastructures/Infrastructure Development	M-1217	Percentage of progress in the development of municipal infrastructure investment plan ytd	%	ED:ENG	100.00	0.00	Calculate the percentage progress in the development of municipal infrastructure investment plan	0w	0.00	50.00	0.00	75.00	0.00	100	0.00	The municipality is currently not developing this plan	Financial disability	Regain financial muscles or zero weight the kpi	1.00	-100	-0

SDBIP – WATER AND SANITATION SERVICES – VOTE 055 – Key Performance Indicators

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual Target	Variance from the baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Financial Viability/Become financially viable/Expenditure Management	M-1007	Percentage of operation and maintenance allocation spent on water services	%	ED:WS	100.00	100.00	R-value operation and maintenance allocation for water services spent / R-	0w	0.00	50.00	58.20	75.00	98.19	100.00	77.32	Original budget of R40 million has been revised during mid-year budget adjustment	None	None	2.77	-22.7	21.69

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual Target	Variance from the baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
							value budget								to R65 million and the expenditure up to the month of May 2015 is R50260282.34, which translate to 77.32%						
Good Governance and Public Participation\Democratic and accountable organisation\Risk Management	M – 2052	Number of risks mitigated against the identified risks by the directorate ytd	#	ED : WS	5.00	4.00	Count the number of risks mitigated against the identified risks by the directorate ytd	1.00	0.00	2.00	3.00	3.00	3.00	4.00	1.00	1 out of 4 risks have been mitigated.	Shortage of personnel	Review of the organisational structure	1.50	-4	-3
Service Delivery\Develop and maintain infrastructures\Bulk water infrastructure	M – 1118	Number of villages provided with quality water	#	ED : WS	354.00	195.00	Number villages that could be provided with current bulk water supply / Total number of villages	200	195.00	231.00	195.00	293.00	195.00	354.00	195.00	195 villages out of 354 are receiving water from the bulk water supply infrastructure	The efficiency of the water system is compromised due to vandalism and illegal connections	The application of By-Laws on water, upgrading and refurbishment of the	1.55	-159	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual Target	Variance from the baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
																		system			
Service Delivery/Develop and maintain infrastructures/Operations	M-1218	Number of water reservoirs metered	#	ED: WS	384.00	9.00	Number water reservoirs metered	0w	0.00	384.00	10.00	384.00	10.00	384.00	10.00	10 out of 384 reservoirs are confirmed to be metered	Late release of the funds	To be implemented during 2015/16 Financial Year	1.03	-374	1
	M-1219	Percentage of water loss	%	ED: WS	5.00	29.24	(Closing Stock- Closing stock as per reading) ÷ (Total water for the month) Closing stock = Total water - Billing Total Water = Opening balance + purchases	0w	0.00	25.00	6.12	20.00	3.40	5.00	6.65	Total water abstracted during the months of May and June is 8 857 046KI and water produced is 8 224 721KI. Total abstracted less produced is 372 520KI. The different water	Physical condition of the plant. Delay in the calibration and replacement of water flow meters	Budget provision in the following financial year	2.94	+1.65	+22.59

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual Target	Variance from the baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
															abstracted and produced divide by total abstracted gives percentage to losses within the plants, which is 6.65%						
Service Delivery\Develop and maintain infrastructures\Sanitation Infrastructure	M-10	Number of household with access to basic sanitation	#	ED : WS	296320.00	251976.00	Count the number of household with access to basic sanitation in the district	272614.00	264456.00	275577.00	264456.00	281504.00	264456.00	296320.00	264456.00	12480 VIP Toilets were constructed during the last quarter of the last financial year. Total households within the municipal area is 296320, whereas the total backlog as per the IDP page	Settlement pattern, uncoordinated planning and financial constraints	Finalization of the Water Services Master Plan.	2.89	-31864	-12480

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual Target	Variance from the baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Service Delivery\Develop and maintain infrastructures\Water Infrastructure	M-11	Number of household with access to basic water	#	ED: WS	296320.00	249952.00	Count the of household with access to basic water in the District	0w	0.00	296320.00	249384.00	296320.00	249384.00	296320.00	249384.00	249384 number of households have access to water.	Ageing infrastructure and financial constraints.	Development of infrastructure master plan	2.84	-46936	-568
Service Delivery\Develop and maintain infrastructures\Water Services Operations	M-852	Number of Customer Services Charter for water developed and approved by management	#	ED: WS	1.00	1.00	Number of Customer Services Charter for water developed and approved by management	0.00	1.00	0.00	1.00	0.00	1.00	1.00	1.00	The draft charter has been submitted to MANCO for approval. Comments have also been received and factored into the charter	Shortage of personnel	Review of the organisational structure	3.00	0	0
Service Delivery\Provide clean and safe water\Water quality	M-1223	Mega litres of water produced	#	ED: WS	49608.00	27831.47	Mega litres water produced	0w	0.00	24804.00	16527.64	37206.00	209274.63	49608.00	221114.713	Water produced during the month of May and June is 8224721KL and to date 221114713KL.	Physical condition of water treatment plants	Refurbishment of the plants	5.00	+221065107	+221086881.53

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual Target	Variance from the baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M-1224	Mega Litres waste water treated YTD	#	ED: WS	7884.00	1087.13	Mega litres waste water treated	0w	0.00	3942.00	286.70	5913.00	1176.55	7884.00	1963.31	Waste water treated for the month May and June 529 955 to date is 1963.31ML	Physical condition of the plants	Refurbishment of the plants	1.25	-5.920.69	+876.18
	M-1237	Number of Public Private Partnership projects developed	#	ED: WS	4.00	2.00	Number of Public Private Partnership projects developed	0w	0.00	2.00	2.00	3.00	2.00	4.00	2.00	EXXARO Mine in partnership with Mopani is developing a water project for Gravelotte. The other project is being developed by MISA for Hlohlokwe Community. The project value for Gravelotte is R940 000	None	None	1.50	-2	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual Target	Variance from the baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M-189	Percentage of Blue drop rating outcome	%	ED: WS	95.00	85.00	Percentage Blue drop rating outcome obtained	0w	0.00	90.00	0.00	93.00	93.00	95.00	93.00	Assessment has been conducted and awaiting results. Only the risk report is available.	Physical condition of the infrastructure, vandalism and theft.	To be developed as soon as results will be announced.	2.98	-2	+8
	M-190	Percentage of Green drop rating outcome	%	ED: WS	95.00	74.88	Percentage Green drop rating outcome obtained	0w	36.85	70.00	36.85	80.00	36.85	95.00	36.85	The municipality Green Drop performance regressed from 74.88 to 36.85.	The overall performance of all the WWTP is poor, ranging from physical condition, record keeping, compliance to effluent standards, non availability of design information, and that almost all the plants do not have the water use authorisation as issued by	Development of corrective action plan and implement, which is depend on the financial muscle of the municipality.	1.39	-58.15	-38.03

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15		Jun 15						Variance from the Annual Target	Variance from the baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
																DWS.					

Chapter 3

SDBIP – COMMUNITY SERVICES – VOTE 0 060, 070, 075 – Key Performance Indicators

Hierarchy	I D	KPI	U O M	O w n e r	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15								Variance from Annual Target	Variance from Baselin
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Good Governance and Public Participation\Dem ocratic and accountable organisation\Risk Mgement	M - 2 0 6 3	Number of risks mitigated against the identified risks by the directorate ytd	#	E D : C o m S e r v	1.00	3.00	Count the number of risks mitigated against risks identified related to directorate reviewed	1.00	1.00	1.00	1.00	1.00	1.00	1.00	3.00	Only three risks are reduced from the list identified.	Delay in the finalization of the devolution process.	MOU is now signed and a Task Team to manage the process is establishe d and meetings has started.	5.00	-2	0

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15								Variance from Annual Target	Variance from Baselin				
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score						
Service Delivery	Effective coordination of public transport systems	Public transportation	Percentage of incidences of conflict resolutions facilitated / Number	ED : C o m S e	100.00	100.00	(Number incidences of conflict resolutions facilitated / Number incidences that arise as																		
Municipality CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (annual PERFORMANCE REPORT PART I)																									
	M	(Number incidences of conflict resolutions facilitated / Number	%	m				100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00					
	5	(Number incidences of conflict resolutions facilitated / Number	%	m				100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00					
	1	(Number incidences of conflict resolutions facilitated / Number	%	m				100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00					
		(Number incidences of conflict resolutions facilitated / Number	%	m				100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00					
		(Number incidences of conflict resolutions facilitated / Number	%	m				100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00					
		(Number incidences of conflict resolutions facilitated / Number	%	m				100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00					
		(Number incidences of conflict resolutions facilitated / Number	%	m				100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00					
		(Number incidences of conflict resolutions facilitated / Number	%	m				100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00					
		(Number incidences of conflict resolutions facilitated / Number	%	m				100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00					
		(Number incidences of conflict resolutions facilitated / Number	%	m				100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00					
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Chapter 3

Hierarchy	I D	KPI	U O M	O w n e r	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15								Variance from Annual Target	Variance from Baselin
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
Service Delivery/Improve Community well- being/Environment al and Waste Management	M — 1 2 1 3	Number of Air quality management plan developed and approved by Management YTD	#	E D : C o m S e r v	1.00	1.00	Count the Number of Air quality management plan developed and approved by Management YTD	0w	0.00	1.00	0.00	1.00	1.00	1.00	1.00	AQMP has been developed on this financial year and what is left is for Council to approve it. Plan already submitted to the office of the Accounting Officer for further management .	None	N/A	3.00	0	0
Service Delivery/Improve Community well- being/Fire Services	M — 1 2 1 5	Number of fire awareness sessions conducted for schools ytd	#	E D : C o m S e r v	20.00	16.00	Number of fire awareness sessions conducted for schools / Number of awareness sessions planned	0.00	7.00	10.00	10.00	15.00	15.00	20.00	26.00	26 Awareness sessions were conducted to school kids for the reporting period, and kids are well informed about fire and rescue	N/A	N/A	3.30	+6	+4

Chapter 3

Hierarchy	I D	KPI	U O M	O w n e r	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15								Variance from Annual Target	Variance from Baselin
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
														services as well as on emergency numbers.							
Service Delivery/Improve Community well- being/Health	M - 2 0 6 4	Number of sewer plants inspected ytd	#	E D : C o m S e r v	17.00	17.00	Count the number of sewer plants inspected ytd	0.00	5.00	8.00	5.00	3.00	11.00	17.00	11.00	There were no additional sewer plants inspected during June 2015; the number remain at 11. Streams continue to be polluted with raw sewage from the plants.	Under staffing in the Unit to monitor the plants on continuous basis; Non chlorination of final effluent. (See the November 2014 attachments for POE)	MOU is now signed and a Task Team establishe d to implement the MOU. The transfer process will be concluded before end of Septembe r 2015.	1.65	-6	-6

Chapter 3

Hierarchy	ID	KPI	UOM	Owner	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15								Variance from Annual Target	Variance from Baseline
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M-2068	Number of water plants inspected ytd	#	ED: Community Serv	19.00	19.00	Count the Number of water plants inspected ytd	4.00	4.00	8.00	4.00	14.00	10.00	19.00	10.00	There were no additional water plants inspected during June 2015; the number remain at 10.	The Unit is understaffed to can perform continuous monitoring of our plants.	The signing of the MoU to conclude the devolution process on the transfer of staff from Health to MDM is done; and a Task Team to manage the process is established and had their first meeting in July 2015. The process will be concluded before end of September 2015.	1.53	-9	-9

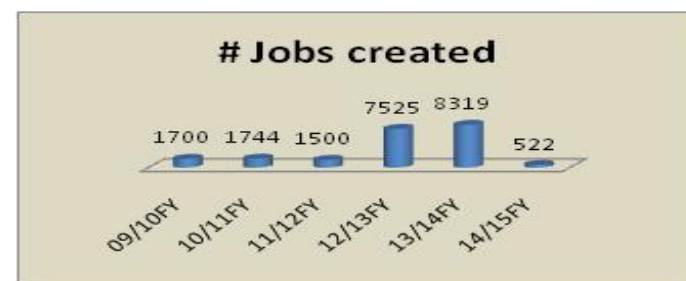
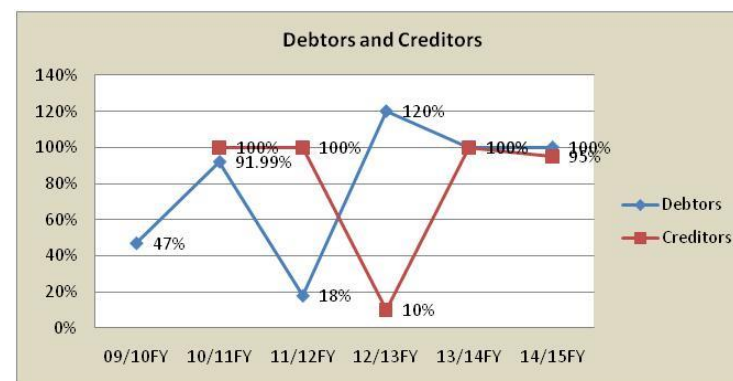
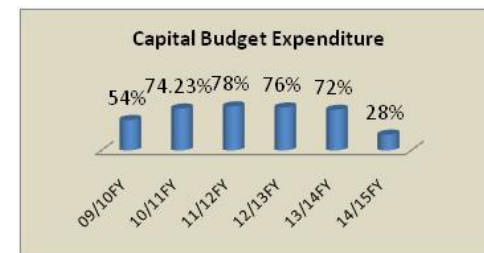
Chapter 3

Hierarchy	I D	KPI	U O M	O w n e r	Annual Target	Baseline	Instruction	Sep 14		Dec 14		Mar 15								Variance from Annual Target	Variance from Baselin
								Target	Actual	Target	Actual	Target	Actual	Target	Actual	Achievements	Challenges	Corrective Action	Score		
	M - 6 3 1	Number of HIV and AIDS ARV sites monitored	#	H e a l t h	10.00	7.00	Number of HIV and AIDS ARV sites monitored	3.00	0.00	6.00	0.00	9.00	0.00	10.00	11	There were 2 ARV site monitored in May and 9 in June which bring the total number to 11 for all ARV site monitored from July to June 2014	The HIV and AIDS is a special program and is posted in the office of the Executive Mayor; hence we are not able to can supervise the incumbent to perform this function effectively so that the set targets are met.	KPI be moved to the Office of the Executive Mayor where the incumbent is reporting.	5.00	+1	+4

Chapter 3

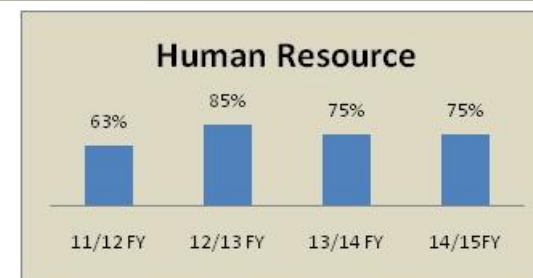
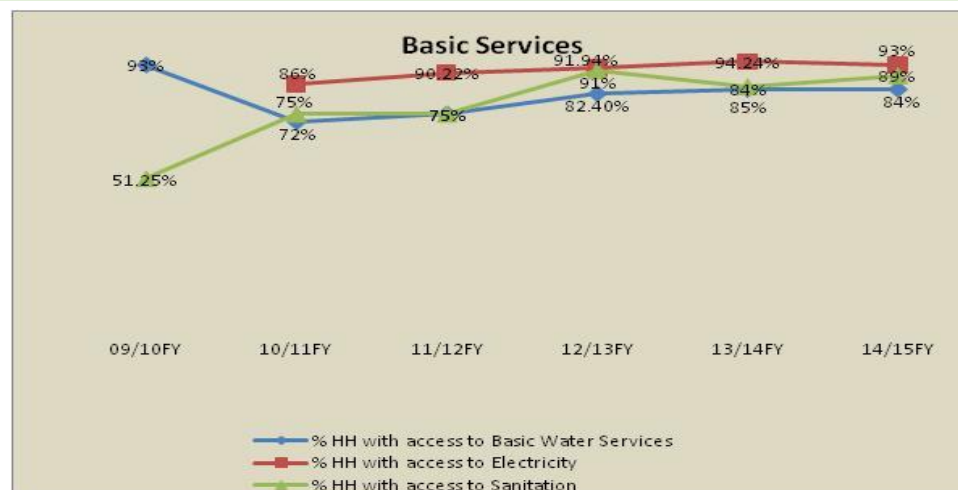
Programme performance is based on the strategic scorecard inclusive of the IDP and SDBIP strategic performance scorecard are being highlighted below as follows:

- ▶ **Asset Management:** This programme was on target with the Current Ratio (R-value current assets / R-value liabilities as %) at 0.69% and Liquidity ratio at 0.12%.
- ▶ **Expenditure Management:** The capital budget spent was at 28%, creditors paid within 30 days was at 95%
- ▶ **Revenue Management:** Debt coverage was at 100%, Percentage of debtors that are outstanding for more than 90 days was 94.30%, cost coverage was at 0% and debt coverage at 1.49%
- ▶ **Supply Chain Management:** Thirteen bids have been awarded within 60 days of closure of tender.
- ▶ **Legal Services:** One corruption case was reported.
- ▶ **Audit:** Only 29 out of 80 findings that were raised by AG were resolved. Some challenges were that the municipality received an adverse on the 13/14 Audit Report.
- ▶ **Performance Management:** The Annual Performance Report on the 13/14 financial year was submitted to the Auditor General on time. The 14/15 SDBIP was submitted on time.
- ▶ **Risk Management:** Overall 4 out of 13 strategic risks were mitigated during the 14/15 financial year.
- ▶ **Information management:** Only 4 out of 5 electronic systems were integrated.
- ▶ **Local Economic Development:** GGP rating was at 3.60%. In total, 522 jobs were created at the end of the financial year.
- ▶ **Bulk Water Infrastructure:** Only 195 villages out of 354 received water from the bulk water supply infrastructure.



Chapter 3

- ▶ **Disaster Management:** The Programme was on target with the Disaster Management Framework and Plan that was reviewed and approved.
- ▶ **Electricity Infrastructure and Services:** Programme was under target at 93% of households with access to basic electricity.
- ▶ **Sanitation Infrastructure and Services:** Programme performed below target with 89% of households that have access to basic sanitation
- ▶ **Water Services:** Programme was under target at 84% with households that have access to basic sanitation
- ▶ **Water Services Operations:** Programme under performed due to 6.65% water loss and only 10 out of the target of 384 water reservoirs were metered.
- ▶ **Integrated Development Planning:** Programme achieved its target as the IDP and Budget were adopted by Council on 29 May 2015, within legislative framework outlined in Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA).
- ▶ **Spatial Planning:** The programme exceeded target as only 4 out of 7 growth points where infrastructure projects were implemented.
- ▶ **Human Resource Management:** Only 75% (5/8) executive positions that were filled and conducted interviews for the other more positions. The reviewed organogram was approved in principle pending costing.
- ▶ **Skills Development:** Only 46 officials out of the targeted 101 were trained in various fields.

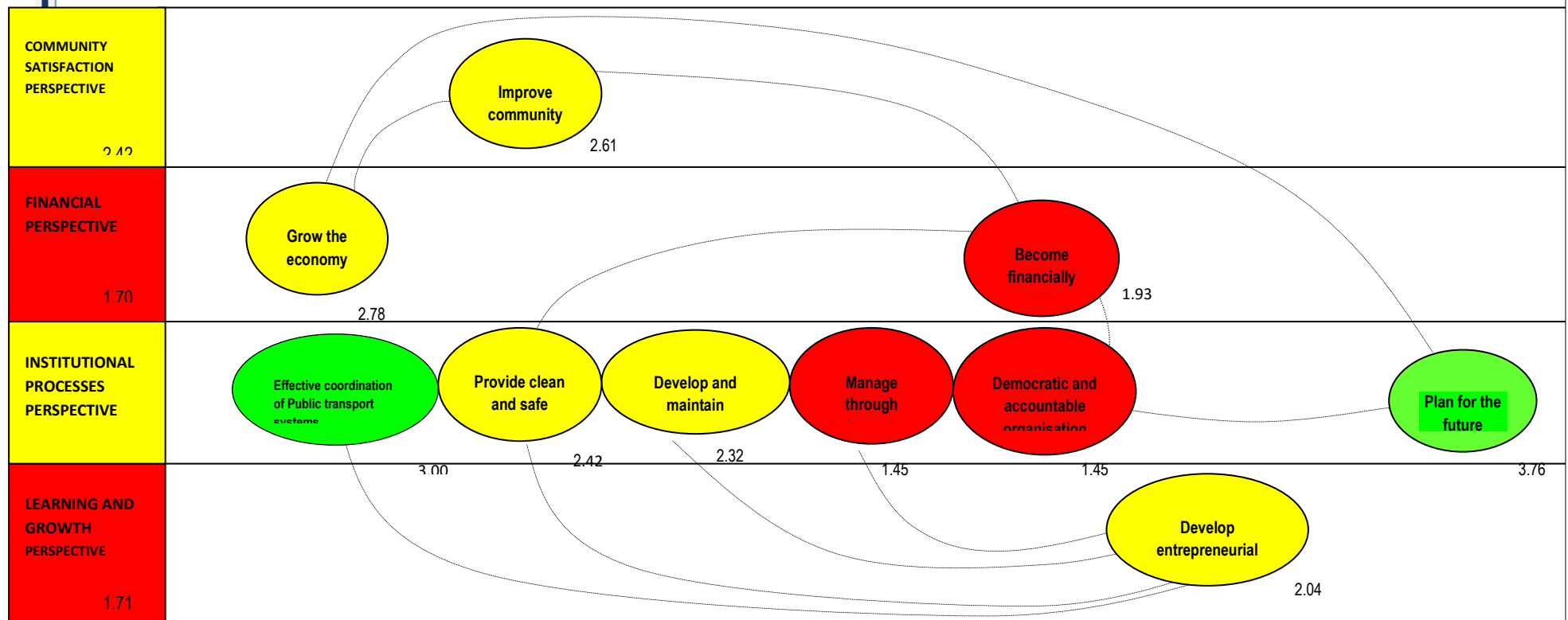


The Strategy Map scores shown below are for June 2015 and are based on the Strategic Scorecard Performance as contained in the SDBIP.

Chapter 3

RESULTS STRATEGIC THEMES

Sustainable District economy	Quality Life Sustainable livelihoods. Good working relations in public transport system for competitive economy. Adequate and appropriate infrastructure or access to basic services.	Informed decision making. Effective and efficient institution	Prosperous Institution	Improved Performance	Sustainable livelihoods for the future generations
Local Economic Development	Basic Service Delivery	Good Governance and Public Participation	Municipal Financial Viability and Management	Municipal Transformation and Organisational Development	Spatial Rationale

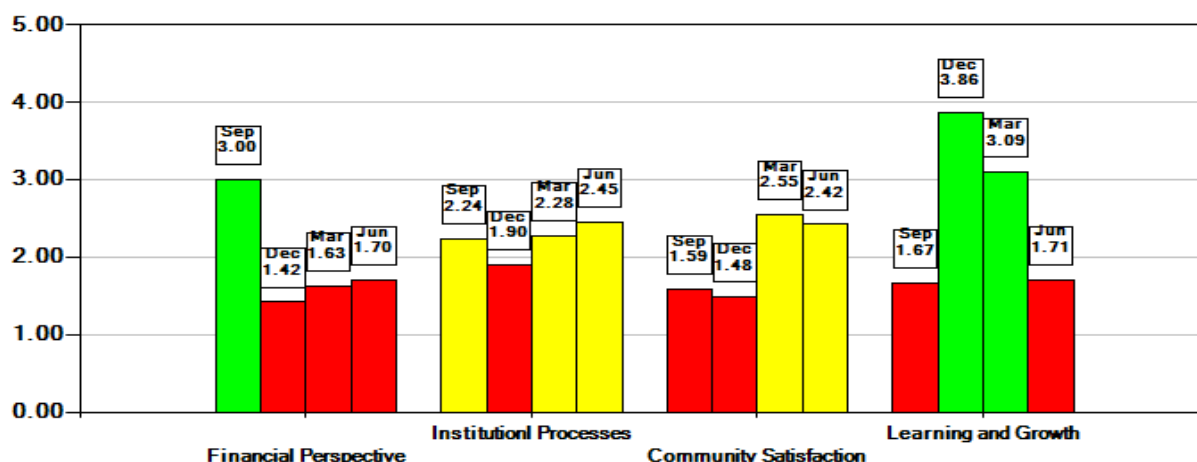


Chapter 3

In total, Mopani District Municipality (MDM) has 10 objectives to be measured. Two objectives achieved target with the highest scores in Plan for the future and Effective coordination of public transport systems and the other strategic objectives were the others were below target that is Improve community well-being; Manage through information; Provide clean and safe water; Democratic and accountable organization; Develop and maintain infrastructure; Develop entrepreneurial capability; Become financially viable and Grow the Economy.

SDBIP Perspectives

<All> (SDBIP) Performance



The strategy map measures the MDM objectives per four perspectives. The best performance at the end of the financial year was in the perspective for **Institutional Process, Community satisfaction, Learning and Growth and Financial Perspective**.

T 3.0.1

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

The success of local economic development is tied to the provision of basic and other types of infrastructure services to the people. All services under analysis in this section are located in a specific locality (as per SDF) and have potential to boost socio-economic development (as per LED). Infrastructure analysis focuses on the status quo regarding water supply, sanitation facilities, energy, housing provision, roads and public transport, waste management and telecommunications – all of which underpin socio-economic development and determine a people's quality of life. The provision of adequate municipal infrastructure remains a challenge throughout the district.

Chapter 3

T3.1.0

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Mopani District Municipality is a Water Services Authority for the whole District area and all its Local Municipalities have Water Service Provider (WSP) Agreements in place. The surface water in urban areas and rural areas are served through boreholes. MDM lies within and is benefitting from the following water catchment areas: Groot Letaba for GLM & GTM, Olifant for MLM & BPM and Klein Letaba for Giyani.

The Mopani district is characterized by low rainfall, especially in the lower-lying areas of the district, namely, Greater Giyani and Ba-Phalaborwa. This results in limited water resources culminating in severe water shortages and regular drought conditions. Subsequently, there is stiff competition between the different water users such as agriculture, mining and forestry. To this end, water use for domestic purposes becomes critical. The main surface water resources for Mopani district are Letaba River catchment and all its tributaries. There is a huge potential for usage of borehole water as an augmentation to the surface water resources.

There are over 20 (small and large) dams in the district with 9 being used for primary consumption (domestic, industrial and commercial) and most of the other dams are used for irrigation purposes. Some private small dams also exist and are used for irrigation purpose as well. The total yield from the dams for primary usage is 273 million m³ per annum. The agricultural sector uses the greatest portion of the available yield in the district, which is estimated at 70%, leaving 30 % for the other water users.

Bulk water supply in Mopani is characterised by numerous surface water schemes in various stages of full development to all consumer points. Water supply scheme clusters are well defined and the service area boundaries are well established. Major upgrading and refurbishment are needed at most localities. The Middle Letaba Sub Scheme area and Modjadji areas are in need of extensions to the existing bulk supply systems. In general, Mopani District is well provided with bulk water supply infrastructure. However, the reason why the supply of water is below the RDP level (25 litres per person per day) is the shortage of pipeline reticulation within villages. MDM gets bulk water from the Lepelle Northern Water Board, treat the water and channel that to reservoirs in villages/ settlements in the five local municipalities. Local municipalities are responsible for reticulation in villages. MDM operates 21 water schemes, 62 pump stations, 19 water treatment works, over 1400km min pipelines, over 500 reservoirs and thousands of boreholes. Further analysis of water sources is depicted in the following table, with numbers of households benefitting

Ba-Phalaborwa municipality has adequate reticulation system, followed by Greater Tzaneen Municipality, Greater Letaba Municipality and then Greater Giyani Municipality. The limited availability of infrastructure in Greater Giyani is attributed to the fact that the villages in the Greater Giyani area are spatially scattered, resulting in difficult and expensive processes to provide water supply pipelines in the villages. The drastic drop in the water level of Middle Letaba River shocked Giyani communities when drought was even declared nationally in 2009/10. It is also deduced that the major factor contributing to shortage of water is related to social aspects. These aspects are mainly vandalism of infrastructure, especially communal boreholes, lack of willingness from the consumers to pay for their water services and illegal (unauthorized) connections of pipelines by communities. These problems are usually prevalent in rural areas than urban areas. Over-usage of water is generally observed in

Chapter 3

most of the areas, amounting to more than 150 litres per person per day in both towns and villages. Communities are yet to do more to save the already scarce water.

The majority of households in Ba-Phalaborwa (77, 3%) have access to RDP standard water, Greater Tzaneen at 53, 6%, Greater Letaba at 60,7%, Greater Giyani at 57,3% and Maruleng the lowest at 49,9%. However, taking a look at the households access to the various sources of water per local municipality as a percentage of the district, it becomes clear that the level of services are higher in Ba-Phalaborwa with 35, 3% of the households within the district with access to water inside their dwellings, especially when taking into consideration that only 12, 9% of the households in the district reside in Ba-Phalaborwa. The smaller population and the absence of many scattered villages in Ba-Phalaborwa, compared to e.g. Greater Giyani, probably contributed to this.

All municipalities in the district are providing free basic water to some extent (6000 litres per household per month) with almost none providing free basic waste removal. To eradicate the water backlog, Mopani district as the water services authority has prioritized water services as the first service among all the other services. The Department of Water Affairs (DWA) have completed the establishment/ construction of the N'wamitwa Dam and the raising of the wall of the Tzaneen Dam to address the water shortage problem in the district. Due to the alarming drought that prevailed in the year 2009 there are plans in place to ensure that the situation does not repeat itself.

Water Service Delivery Levels				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	51,674	51,674	49,923	49,923
Piped water inside yard (but not in dwelling)	72,754	72,754	99,434	99,434
Using public tap (within 200m from dwelling)	109,341	109,341	57,534	57,534
Other water supply (within 200m)	29,218	29,218		
<i>Minimum Service Level and Above sub-total</i>	262,987	262,987	206,891	206,891
<i>Minimum Service Level and Above Percentage</i>	99%	100%	72%	72%
Water: (below min level)				
Using public tap (more than 200m from dwelling)			33,773	33,773
Other water supply (more than 200m from dwelling)			46,935	46,935
No water supply	2,303			
<i>Below Minimum Service Level sub-total</i>	2,303	0	80,708	80,708
<i>Below Minimum Service Level Percentage</i>	1%	0%	28%	28%
Total number of households*	265,290	262,987	287,599	287,599
<i>* - To include informal settlements</i>				T 3.1.3

Source: Water Services Department

Households - Water Service Delivery Levels below the minimum						
Description	Households					
	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	265,290.00	265,290.00	262,987.00	287,599.00	287,599.00	287,599.00

Chapter 3

Households below minimum service level	2,303.00	2,303.00	0.01	80,708.00	80,708.00	80,708.00
Proportion of households below minimum service level	0.87%	0.87%	0.00%	28.06%	28.06%	28.06%
Informal Settlements						
Total households	0.00	0.00	0.00	0.00	0.00	0.00
Households below minimum service level	0.00	0.00	0.00	0.00	0.00	0.00
Proportion of households below minimum service level	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
T 3.1.4						

Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 2	Year 3
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Provide clean and safe water	Percentage Blue drop rating outcome	95%	85%	95%	95%	93%	95%	95%	95%
	Percentage Green drop rating outcome	95%	81.63%	95%	95%	36.85%	95%	95%	95%
Develop and maintain infrastructure	Percentage Water loss	n/a	95%	5%	5%	6.65%	n/a	0%	0%
	Percentage household with access to basic water	80%	84.4%	296320	296320	264456	296320	95%	95%
	Mega liters water produced	49.6080	27831.47	49.608.	49,608.	2247211kl	49,608.	49,608.	49,608.
	Mega liters waste water treated	7.884.	1.087.13	7.8840	7,884	1963.3	7,884.	7,884.	7,884.
T 3.1.6									

Chapter 3

Employees: Water Services					
Job Level	Year -11/13/14	Year 0 2014 2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	1	2	66%
4-6	20	13	7	6	46%
7-9	32	32	13	19	59%
10-12	36	36	pl differs with dws	pl differs with dws	pl differs with dws
13 - 15	201	331	pl differs with dws	pl differs with dws	pl differs with dws
16-18	n/a	n/a	n/a	n/a	n/a
19-20	n/a	n/a	n/a	n/a	n/a
Total	422	416	n/a	n/a	n/a
T3.1.7					

Source: All employee totals provided by Corporate Services Directorate

Financial Performance Year 0: Water Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	571017	538000	553727	328034	-64%
Expenditure:					
Employees	142672	161862	141569	102268	-58%
Repairs and Maintenance	78186	89168	117399	72365	-23%
Other	350159	286970	294759	353401	19%
Total Operational Expenditure	571017	538000	553727	528034	-2%
Net Operational Expenditure	0	0	0	200000	100%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T3.1.8					

Source: Previous years actuals as per AR 12/13

Infrastructure Expenditure Year 0: Water Services	
R' 000	

Chapter 3

Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	415732381.4	151066046	35985103	264666335.8	450958378.3
Giyani Water Works - Extension & Upgrading	19965844.06	38452663.1	20888798	-18486819	38452663.06
Giyani System N (Mapuve) bulk supply	0	171485.26	171485.3	-171485.26	171485.26
Hoedspruit Bulk Water Supply	400000.00	2275580.18	275580.2	37724419.82	40000000
Hoedspruit Sewage Plant- Upgrade & Extention	0	4000000	0	-4000000	4000000
Kampersrus Sewage Plant	48210473.93	22193262.9	4263252	26017211	48210473.93
Upgrading of Water Reticulation-GTM	12000000	7001152	284766.6	4998848	12000000
Upgrading of Water Reticulation-GLM	2226396.85	0	0	2226396.85	2226396.85
Jopie Mawa-Bulk Water Supply	38519093.68	1999999.68	0	36519094	38519093.68
Upgrading of Water Reticulation-BPM	65860419.31	2000000	0	63860419.31	65860419.31
Upgrading of Water Reticulation-MLM	20000000	6346453	3127392	13653547	20000000
Kampersrus Water Supply	9874609.08	5124535.08	994995.5	4750074	9874609.08
Upgrading of Thabina Water Treatment Plant	42170589.34	2735883.34	735882.7	39434706	42170589.34
Tours Bulk Water Scheme	5591444.03	5591444.03	0	0	5591444.03
Tours Bulk Water Scheme(Upgrading of Tours Water Treatment Works)	34075045.99	1999999.99	0	32075046	34075045.99
Upgrading of Nkowankowa Sewage Plant	9052351.02	2284048.02	284048.1	6768303	9052351.02
Lephepane Bulk Water Scheme	10660619.51	8643578.78	0	2017040.73	10660619.51
Upgrading of Phalaborwa Sewage Plant-	8454913.26	2284048.02	157341.3	6170865.24	8454913.26
Upgrading of Phalaborwa Sewage Plant-Civil		2157341.31		-2157341.31	2157341.31
Selwane Water	10131452.34	11249091.6	3656434	-1117639.24	10131452.34
Mopani Rural Household Sanitation Phase 5	38939128.96	14145128	1145128	24794001	38939128.96
Upgrading of Senwamokgope Sewage Plant	0	6510351.39	0	-6510351.39	6510351.39
Lenyenye Sewage works	0	3900000	0	-3900000	3900000

Chapter 3

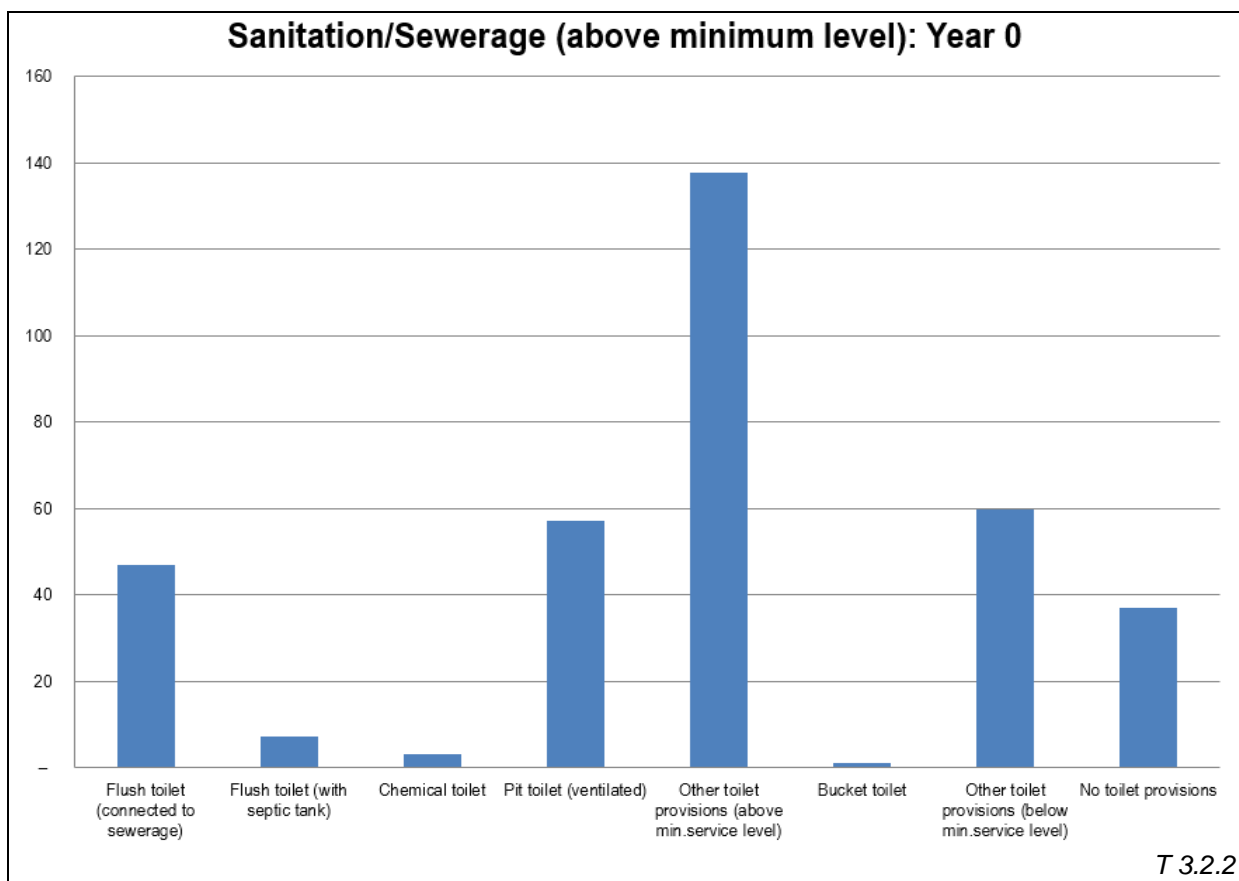
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.

T 3.1.9

3.2 WASTE WATER (SANITATION) PROVISION

Lack of access to basic sanitation services has created massive environmental and health problems in both rural and urban areas in the district. The high backlog in the RDP level sanitation in villages constitutes a major risk in terms of ground water pollution. The main types of sanitary systems used in the district are water-borne sewerage (flush toilets), septic tanks, Ventilated Improved Pit latrines (VIP), French drains and ordinary pit latrines. Water-borne sewerage is mainly found in towns and townships, septic tanks are mainly on privately owned properties like farms, hotels, etc., with the rest mainly found in rural areas.

Most people in the district use pit latrines, followed by those without any sanitation services at all. The situation is worse in Greater Giyani with 54% of the households not having access to any sanitation. Greater Letaba has the highest usage of Pit Latrines at 51,5%, while flush toilets are more prevalent in Ba-Phalaborwa at 39,8%, which correlates with the availability of piped water within the houses. The district municipality has the constitutional responsibility to provide access to sanitation services. To this end the District is on course to eradicate the sanitation backlog by 2016.



Chapter 3

Source: MBRR A10

Sanitation Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	43	43	47	47
Flush toilet (with septic tank)	6	6	7	7
Chemical toilet	1	1	3	3
Pit toilet (ventilated)	29	29	57	57
Other toilet provisions (above min.service level)	120	120	138	138
<i>Minimum Service Level and Above sub-total</i>	198	198	252	252
<i>Minimum Service Level and Above Percentage</i>	11.7%	11.8%	85.0%	85.0%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	952	938	1	1
Other toilet provisions (below min.service level)	535	535	6	6
No toilet provisions	11	12	37	37
<i>Below Minimum Service Level sub-total</i>	1,498	1,485	44	44
<i>Below Minimum Service Level Percentage</i>	88.3%	88.2%	15.0%	15.0%
Total households	1,696	1,683	296	296
*Total number of households including informal settlements				T 3.2.3

Source: Water Services Directorate.

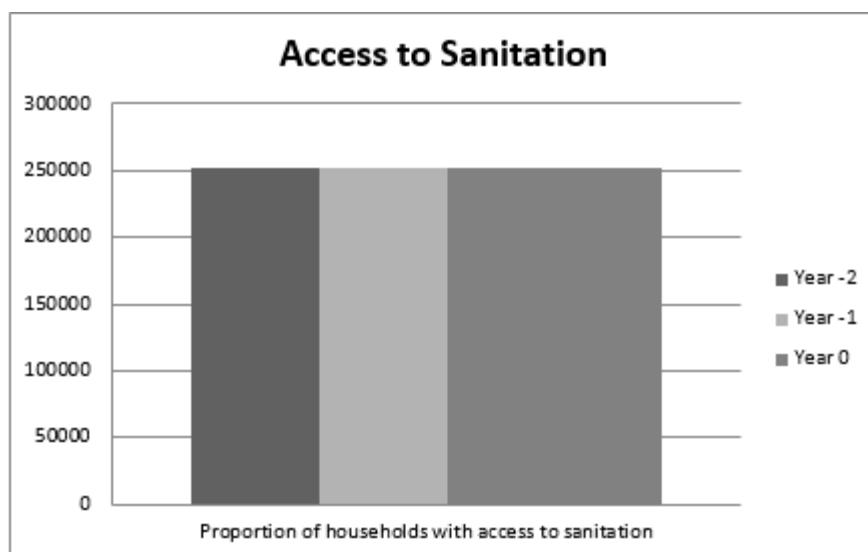
The information from DWA as per April 2012 for water and sanitation below RDP is as follows:

WATER AND SANITATION SERVICES PROVIDED BELOW RDP STANDARDS

MOPANI DISTRICT MUNICIPALITY			
Municipality	Total H/H	Water (H/H) below RDP std	Sanitation (H/H) below RDP std
Greater Giyani	57,150	10,288	25,703
Greater Letaba	55,617	7,625	27,697
Greater Tzaneen	92,700	21,213	48,414
Ba-Phalaborwa	34,867	-	-
Maruleng	20,406	-	2,530

Source: DWA, April 2012

Chapter 3



3.2.5

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 2	Year 3
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Develop and maintain infrastructure	Percentage household with access to basic sanitation	92%	85%	296320	296320	264456	92%	92%	100%

T 3.2.6

Source 2014: Information received from 12/13 SDBIP, 12/13 APR, 13/14 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 APR

Employees: Sanitation Services					
Job Level	Year -13-14	Year 0 14-15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	n/a	n/a	n/a	n/a	n/a
4 - 6	n/a	n/a	n/a	n/a	n/a
					T3.2.7

Chapter 3

Financial Performance Year 0: Sanitation Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	26,622				
Expenditure:					
Employees	2,974	7,931,009	5,919,067	6,424,043	-23%
Repairs and Maintenance	1,797	10,833,070	9,403,070	9,510,466	-14%
Other	7,176	5,070,117	5,308,283	7,486,693	32%
Total Operational Expenditure	11,947	23,834,196	20,630,420	23,421,202	-2%
Net Operational Expenditure	-14,675	23,834,196	20,630,420	23,421,202	-2%
T 3.2.8					

Infrastructure Expenditure Year 0: Sanitation Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	95 603	48 848	10347	-824%	
Upgrading of Senwamokgope Sewage Plant	0	6 510	0	0	
Kampersrus Sewage Plant	48 210	22 193	6888	-600%	
Hoedspruit Sewage Works	0	4 000	0	0	
Upgrading of Phalaborwa Sewage Plant	8 454	2 000	138	-6026%	
Mopani Rural Sanitation Phase 5	38 939	14 145	3321	-1073%	
Lenyenye Sewerage		3 900	3563	100%	
Upgrading of Nkowankowa Sewage Plant	9 052	2 284	249	0	
Upgrading of Phalaborwa Sewage Plant	0	2157	0		
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.2.9					

Chapter 3

3.3 ELECTRICITY

Energy distribution has important economic development implications with a potential to make a considerable development impact. This impact relates to improved standard of living in which people are able to use electric stoves for cooking, electronic equipment such as TVs, sound systems, lights, etc. It also enable people to establish small businesses such as welding, catering and other mechanical works.

In Mopani, electricity is largely provided by ESKOM. Only two Local municipalities (BPM & GTM) are licensed to provide electricity. The GGM, MLM and GLM are fully dependent on ESKOM. Mopani District Municipality has a role of providing bulk electricity to the local municipalities. However, this function is yet to be fully undertaken. National government in consultation with the South African Local Government Association (SALGA), ESKOM and other stakeholders are engaged in discussions regarding the restructuring of the Electricity Distribution Industry in South Africa with the aim of ensuring that the industry is able to meet the needs of electricity consumers in the country and improve the roll out of electricity.

The four local municipalities in the district have signed the service level agreement with ESKOM for the rolling out of Free Basic Electricity to indigent households in the district. Each poor household is entitled to 50KWh per month. It has been found that most of the people in rural areas and amongst low income households, continue to use a range of energy sources like wood to meet their needs, irrespective of whether their houses are electrified or not. In addition, inefficient energy use compounds poverty: housing without ceilings and a complete lack of accessible information to users on appropriate and efficient energy use condemn poor households to a future of high energy costs.

Electricity Service Delivery Levels				
Description	Households '000			
	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity (at least min.service level)			219	
Electricity - prepaid (min.service level)				
<i>Minimum Service Level and Above sub-total</i>	–	–	219	
<i>Minimum Service Level and Above Percentage</i>	0.0%	0.0%	100.0%	
Energy: (below minimum level)				
Electricity (< min.service level)	0	0	0	
Electricity - prepaid (< min. service level)	0	0	0	
Other energy sources	0	0	0	114
<i>Below Minimum Service Level sub-total</i>	0	0	0	
<i>Below Minimum Service Level Percentage</i>	100.0%	100.0%	0.0%	
Total number of households			219	114
				T 3.3.3

Chapter 3

Electricity Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 2	Year 3
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Develop and maintain infrastructure	Percentage household with access to basic electricity	90%	94.24%	296320	296320	278 122	90%	90%	85%
T 3.3.5									

Source: Information received from 12/13 SDBIP, 12/13 APR, 14/15 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 MDM APR (Lebelela PMS)

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4-6	1	1	0	1	100%
Total	1	2	1	1	50%
T 3.3.6					

Financial Performance Year 0: Electricity Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	659	1764	1099	822	-115%
Expenditure:					
Employees	604	1723	1059	779	-121%
Repairs and Maintenance	0	0	0	0	0
Other	55	41	40	43	5%
Total Operational Expenditure	659	1764	1099	822	-115%
Net Operational Expenditure	0	0	0	0	0
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.3.7					

No Capital expenditure was incurred for Electricity Services for the year under review.

Chapter 3

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

INTRODUCTION TO WASTE MANAGEMENT

The district municipality is still having a serious challenge with waste management irrespective of the existence of the Integrated Waste Management Plans developed few years ago, for all local Municipalities in the district. Out of five local municipalities in the district it is only Greater Tzaneen municipality that is having authorized waste management facility / landfill site. Greater Giyani, Greater Letaba and Maruleng Local Municipalities have acquired authorization for Waste disposal sites at Ngove, Maphalle and London respectively. The District municipality has set aside funds to establish disposal sites in these three municipalities. Ba Phalaborwa Municipality is using an informal site and application for authorization is yet to be made. Most of waste management services are rendered in townships and to a limited scale to rural households.

Most rural communities in Mopani do not have access to wastes removal services from local municipalities. Residents in these areas dispose refuse on their own, often in an uncontrolled way. This practice has adverse consequences for environmental health. An in-road has been made to take waste management services to rural households. More is yet to be done.

Waste Management Service Policy Objectives Taken From IDP and SDBIP								
Service Objectives <i>Service Indicators</i>	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
Develop and maintain infrastructure	Percentage household with access to basic waste removal	n/a	n/a	n/a	n/a	n/a	n/a	n/a
								T 3.4.4

Source: Information received from, 12/13 Adjustment SDBIP, 12/13 APR, 13/14 SDBIP, 13/14 APR (Lebelela PMS) 14/15 SDBIP, 14/15 APR (Lebelela PMS)

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	1	1	50%
7 - 9	1	1	0	1	100%
Total	4	4	2	2	50%
					T3.4.6

No capital expenditure was incurred for Waste management for the year under review.

Chapter 3

3.5 HOUSING

The historic imbalances in South African society resulted in the majority of our people living without land and housing. While housing provisioning has improved to 91.6%¹ of the households in the District residing in housing that meet minimum standards, there is still significant number that still live and sleep in risk housing, 8.4%. A risk is in many instances RDP housing that does not fulfil to SABS standards which can lead to disaster situations where houses are built in inappropriate areas or to poor quality.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	265,289	224,820	84.7%
Year -2	265,289	224,820	84.7%
Year -1	296,320	271,518	91.6%
Year 0	296,320	271,518	91.6%
T 3.5.2			

Source: MBRR SA9 and IDP14/15

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	1	3	1	2	67%
Total	1	4	1	3	75%
T 3.5.4					

No Capital budget was allocated to Housing services during 14/15 financial year².

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

It should be noted that free basic water, sanitation and refuse removal are measured in towns and townships where metering and supply of services systems are in place. For the rural and farm dwellers they remain in backlog due to lack of metering systems and supply of services being below RDP standards. A high percentage of households are not accounted for on free basic services due to lack of

¹ Source as per Municipality information

² As per 14/15 APR

Chapter 3

measuring systems and equipment. Council is busy introducing flat rate payment of water to our rural communities.

Free Basic Services To Low Income Households									
	Number of households								
	Households earning less than R1,100 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
	Total	Access	%	Access	%	Access	%	Access	%
Year -2	96,876	55,332	57%	21,781	22%	34,025	35%	0	0%
Year -1	96,876	55,332	57%	21,781	22%	34,025	35%	0	0%
Year 0	96,876	55,332	57%	21,781	22%	34,025	35%	96,877	100%
									T 3.6.3

Source: Previous year actuals as per AR 13/14; Current year actuals as per IDP 14/15

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	241,487,304			137,879,643	100%
Waste Water (Sanitation)	29,069,169			25,950,113	100%
Electricity	NA	NA	NA	NA	
Waste Management (Solid Waste)	NA	NA	NA	NA	
Total	270,556,473	0	0	163,829,756	100%
					T 3.6.4

Source: MBRR A2 Fin Performance

INDIGENT HOUSEHOLDS

Local Municipality	Total Households (2011 Statssa data)	Indigent Households		Percentage indigent per Total h/h per Municipality
		Total Indigents	Registered (% of total indigents)	
Greater Tzaneen	10 8926	87 748	27 352 (31,2%)	80,6%
Greater Giyani	63 548	39 382	767 (1,9%)	68,4%
Greater Letaba	58 261	50 270	2 371 (4,7%)	86,3%
Maruleng	24470	14 918	3 700 (24,8%)	61,0%
Ba-Phalaborwa	41 115	27 202	3 729 (13,7%)	66,2%
Total/ Mopani DM	29 6320	219520	37 919 (17,3%)	74,1%

Source: Mopani IDP 14/15

BACKLOG TO FREE BASIC SERVICES

Chapter 3

Access/ Backlog on Free basic Services (Indigent H/H)												
	GTM		GGM		GLM		MLM		BPM		MDM	
Total Indigent h/h registered	27 352		767		2 371		3 700		3 729		37 919	
Access/ Backlog	Access	Backlog	Access	Backlog	Access	Backlog	Access	Backlog	Access	Backlog	Access	Backlog
Water	2273	85475	767	38 615	20	50 250	2405	12513	1029	2 6173	6 494	213 026
Electricity	8961	78787	13 874	25 508	1820	48 450	1777	13141	3672	2 3530	30 104	189 416
Sanitation	1360	86388	767	38 532	20	50 250	2213	12705	1029	2 6173	5 389	214 131
Waste Management	930	86818	140	39 242	20	50 250	0	14918	1029	2 6173	2 119	217 401

Source: Local municipalities IDPs as per MDM 14/15 IDP

Free Basic Service Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target	Target	Target
Improve Community well-being	% households that are indigent (# indigent households / # households)	Reporting	36.60%	For Reporting	219 520	36.67%	Reporting	Reporting
								T 3.6.5

Source: Information received from 12/13 SDBIP, 12/13 APR, 13/14 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 APR (Lebelele PMS)

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

Road usage is a reflection of a people's mode of life. The routes, frequency and volume of passengers and goods should basically inform the criteria for the prioritisation of road works, i.e. resource commitment for maintenance, tarring/ paving, lining, stormwater drainages, signage, etc. Roads in Mopani District are classified as National, Provincial, District or local roads.

Road Agency Limpopo (RAL) is the roads authority for provincial roads as well as District roads. This is in exception of the assigned national roads. RAL is currently responsible for paving/ tarring of gravel roads. All maintenance operations are done by the provincial Department of Roads and Transport (DoRT). RAL also does roads conditions assessment periodically, once in two years. According to the latest assessment in 2007, the average visual conditions of roads in Mopani yielded "fair". Since various roads are targeted for use by various transport types (e.g. passengers, freight), the assessment shows significant low level of maintenance. The District has been assisting in roads development and maintenance. However due to Circular 58 of MFMA on elimination of non-priority spending the District will leave roads development to Department of Roads and Transport.

The state of roads in the district have an impact on the economic development of the area as it is clear that most roads, leading to where the majority of the district population is, are not tarred/ paved, and as such, hinder the proper transportation of people, goods and services to these areas. Freight

Chapter 3

transportation of agro and mining products, timber etc. are impacting heavily on the deterioration of the good state of our roads. Bad roads conditions are the source of road accidents and that will reduce the inflow of tourist road users, impact further negatively on the District's vision, "tourism destination of choice".

Mopani District has established an up to standard Disaster Management centre in Tzaneen town and if like it is, development of roads to rural areas are not improved, communities may not be accessed in time for rescue services in times of disasters.

3.7 ROADS

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	20,83.11km	0km	0.8km	3,432.37km
Year -1	20,71.83km	0km	11.28km	2,937.20km
Year 0		0km	2.3km	2,325.45km
				T 3.7.2

Source: Previous years' actuals as per APR 13/14; Engineering Directorate

Tarred Road Infrastructure					Kilometers
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	1313.64km	11.28km	0km	0km	1313.64km
Year -1		2.3 km	0km	0km	
Year 0	None	None	None	None	None
					T 3.7.3

Source: Previous years' actuals as per APR 13/14; Engineering Directorate

Cost of Construction/Maintenance							R' 000
	Gravel			Tar			
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained	
Year -2					None	None	
Year -1				113,528.00	None	None	
Year 0	None	None	None	None	None	None	
							T 3.7.4

Source: Engineering Directorate

Chapter 3

Road Service Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
Service Indicators		Target	Actual	Target	Actual	Target		
Develop and maintain infrastructure	Number km's of gravel roads upgraded to tar							
Develop and maintain infrastructure	Number of km's of gravel roads bladed year to date	n/a	n/a	n/a	n/a	n/a	n/a	n/a
								T 3.7.6

Employees: Road Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	0	1	0	1	100%
7-9					
Total	1	2	1	1	50%
T3.7.7					

Capital Expenditure Year 0: Electricity Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Not applicable to 2014/2015					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
T 3.3.8					

Chapter 3

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

In terms of the National Land Transport Transition Act, 22 of 2000, the District is a planning authority and the regulation of public transport is the responsibility of the Department of Roads and Transport in the particular district.

Transport is a major contributor to link people to other people, means of access to different areas and also ferrying of goods from one place to another. The main operations in transport in Mopani District are busses, taxis, bakkies, bicycles, private cars and train (goods) and to a limited scale aircrafts. Trains are also mainly for goods and not passengers, save Hoedspruit passenger train to Nelspruit to Gauteng. Our Taxi industry does not provide for metered taxis which are usually found in big cities/towns.

In the Mopani district, taxis form a high percentage of public transport. In the Greater Tzaneen area there are 24 taxi facilities, of which only two that are in Tzaneen Town are formal and the rest are informal. Ba-Phalaborwa has 11 taxi facilities, of which one in Phalaborwa Town is formal. Greater Letaba has 11, of which 4 are formal and they are in Modjadjiskloof, Ga-Kgapane, Sekgosese and Mokwakwaila in Greater Giyani are 18. More than 85% of taxi facilities are informal without necessary facilities.

There is no more usage of railway train operations as mode of public transport within the District. However there is passenger rail station for trains from Hoedspruit via Nelspruit to Gauteng. Some people from the District use that to go to Gauteng or Nelspruit. Its frequency is twice per week. Mainly rails are used as goods carriers and they are found in the Greater Tzaneen, Greater Letaba, Ba-Phalaborwa and Maruleng areas. There is a rail link from Polokwane to Sekgosese/ Soekmekaar to Mooketsi, running to Modjadjiskloof, Tzaneen, Letsitele, and Gravelotte through Hoedspruit to Maputo. The other rail is from Phalaborwa via Hoedspruit to Nelspruit to Richards bay, targeting transportation of mining products to Komatipoort & Richards Bay for processing.

Hoedspruit airport was originally and solely used by military air force. It is now commercial and it caters for airlines from Hoedspruit to Gauteng and Cape Town and is used by public and also game hunting tourists.

The bus facilities in the Mopani District are limited to Tzaneen, Modjadjiskloof, Giyani and Phalaborwa. Most of these bus terminals are without adequate facilities (shelters, toilets, ticket sales points etc.). It is clear that the public transport demand in the district cannot be met by the provision of services by the current bus operators due to the vastness of the area and the condition of, particularly, gravel roads in the district.

Major Public Transport Facilities in the Mopani District:

Table 49(b): Municipality	Number of formal minibus taxi facilities	Informal minibus taxi facilities		Total number of minibus taxi facilities
		Number	Percentage	
Ba-Phalaborwa	1	9	90%	10
Greater Giyani	4	10	71%	14
Greater Letaba	4	7	64%	11
Greater Tzaneen	3	20	87%	23
Maruleng	4	2	33%	6
Total for MDM	16	48	75%	64

Chapter 3

Source: Mopani IDP 14/15

Transport Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Effective coordination of public transport systems	Percentage incidences of conflict resolved (Number incidences of conflict resolutions facilitated / Number incidences that arise as Percentage)	100%	100%	100%	100%	100%	100%	100%	100%
									T 3.8.3

Source: Information received from 12/13 SDBIP, 12/13 APR, 14/15 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 APR (Lebelele PMS)

4

There were no employees for Transport services and no capital projects were applicable to Transport Services during 13/14 financial year.

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

One of the major challenges on tarred roads is the need for storm water drainages. The lack of /poor storm water control systems in villages and roads also lead to soil erosion. Storm water control systems need to be strengthened within the District.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

For the progress of all the municipalities within the district, coordination and real integrated and forward planning amongst all the municipalities are necessary. District wide strategic planning sessions within the Mopani district occur annually. Economic Growth points were identified within the Mopani District and depicted in the table below:

Municipality	Provincial	District	Local	Local service points
Greater Tzaneen	Tzaneen	Nkowankowa Lenyenye	Burgersdorp Letsitele Haenertzburg	Ka-Mazwi; Rikhotso; Senopelwa; Ga- Mokgwathi, Runnymede; Serololo; Nkambako.
Ba-Phalaborwa	Phalaborwa	Namakgale Gravelotte	Lulekani	Ga-Selwane; Mahale; Mukwanana

Chapter 3

Municipality	Provincial	District	Local	Local service points
Greater Giyani	Giyani	Ndhambi	Xawela Nkomo Xikhumba	Mavalani; Thomo; Homu; Ngove; Xikukwani
Greater Letaba	Modiadjiskooft	Ga-Kgapane	Senwamokgope	Mooketsi; Thakgalane; Mamaila; Nakampe.
Maruleng		Hoedspruit	Metz	Lorraine

The geographical location of Mopani has advantages and counter-acting disadvantages. First, through the Phalaborwa KNP gate and Giriyaondo Border posts, Mopani is a gate way to Mozambique to the most magnificent beaches in the well-known Xaiaai town and Baleni. The routes go through the Great Limpopo Transfrontier Park, the park that unites the three countries, South Africa, Mozambique and Zimbabwe. Given this neighbourliness with Mozambique, not only tourism is opportunity but Mozambique being blessed with water resources (Masingiri dam) Mopani District has better advantage to trade with Mozambique to counteract the water shortage within the municipal areas. International engagement platform need to be set to improve roads for better access. The disappointing situation is that of poor border control where people escape from Mozambique to South Africa with numerous issues of living.

Phalaborwa Spatial Development Initiative (SDI), linking the port of Maputo and Richards Bay to the mining in Phalaborwa, is one untapped potential development that would increase wealth to Mopani as trading would increase between these areas where raw mining materials are processed. Projects proposals by DBSA need to be resuscitated if mining sector in Phalaborwa would see a turn-around yield.

The Mopani District also enjoy the beneficiation economic programmes of Kruger National Park where citizens get jobs to conquer poverty. The district also has comparative advantages in agriculture, manufacturing and trade. Hereunder is an analysis of the district economy.

3.10 PLANNING

INTRODUCTION TO PLANNING

The integration of plans and programmes as analysed through the district spatial, socio-economic, health, safety and environmental issues of the district and the following sector plans are in place and being reviewed annually:

- Infrastructure plan
- Environmental Management Framework
- The District State of Environmental Report
- Air Quality plan

The following sector plans are included in die Integrated Development Plan:

- Spatial Development Framework (approved on 31 March 2008)
- Land Use Management System
- Local Economic Development (LED) Strategy
- Tourism Development Strategy

Chapter 3

- Water Services Development Plan (approved 28 February 2003)
- Integrated Transport Plan
- Integrated Waste Management Plan (approved 28 April 2006)
- District Health Plan
- HIV and AIDS Policy
- Poverty Alleviation and Gender Equality Plan
- Social Crime Prevention Strategy
- Disaster Management Plan (approved 30 September 2009)
- Reviewed Five Year Financial Plan 2013 – 2018
- Institutional Plan for MDM (approved 3 October 2008)
- Children Rights Plan of Action
- Disability Framework (Developed in 2009 – currently under review)

Land is a scarce resource that cannot be extended or enlarged. It is a platform for mankind to build, live and also bury. Individuals, communities and government need to do as they could to guard against land invasion, degradation and pollution. The issue that needs earnest attention is the illegal occupation and unsustainable use of land, which deepens our communities in serious and unacceptable conditions of living and then put pressure on government to attend to damage control instead of properly planned development. Most often transgressors use the prime land which could be utilized for agriculture for food security or mining exploration. It becomes legally problematic once illegal and or informal occupants are left to stay for a considerable time if they ultimately have to be relocated. In terms of Labour Tenants rights act 3 of 1996, Interim Protection of Informal Land Rights Act 31 of 1996) and Extension of Security of Tenure Act, 1997 (ESTA), illegal occupants may claim protection when the challenge of removal is imposed on them

It will require local municipalities through Land-use management schemes and other control systems to attend to these illegal developments as a matter of urgency whenever they emerge. Furthermore, the Phalaborwa Spatial Development Initiative (SDI) is located within the District. The SDI is focused along the main road link from Phalaborwa to Nelspruit in the Mpumalanga Province, where the SDI joins the Maputo Development Corridor. The aim of the corridor was to create better access between the port of Maputo and the mining hub in Phalaborwa. However, all the local municipalities in Mopani District indicated that currently no projects or development initiatives have been implemented within this SDI. The Development Bank of South Africa initially identified potential projects and initiatives in the SDI based on the mining, agriculture and tourism sectors. These initiatives have, however, not been implemented.

Land restitution and redistribution processes may result in many people obtaining access to land, resulting in improved living standards and quality of life. On the other hand, it could also result in large-scale sterilization of economically productive land (e.g. high potential agricultural land, mining of certain minerals, nature conservation areas, etc.) and consequential loss of job opportunities, if delayed, not well planned and managed within the context of a spatial development framework that considers all these factors. Capital projects do get stalled while claims processes are in progress.

The demand on land for economic development cannot be overemphasized. For this reason, Mopani District municipality has purchased a piece of land in extent of 158,5 ha, named Moshupatsela, strategically located along the road R71, about 9km Tzaneen to Phalaborwa road, to advance economic development through the Agri Park. (Agri Park is a condition of a working farm and a municipal park that is located at the urban edge Agri Parks can serve as transition or buffer zones between urban and agricultural uses. They are designed for multiple uses that accommodate small farms, public areas and natural habitat

Chapter 3

Planning Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 2	Year 3
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	Following Year (x)
Service Objective xxx									
Plan for the Future	Percentage growth points in which capital projects are implemented	33.00%	28.90%	28.90%	33.00%	57%	33.00%	33.00%	33.00%
Plan for the Future	Percentage progress on the establishment of Corporate GIS	100.00%	100.00%	100%	100%	100%	100%	100%	100%
									T 3.10.3

Source: Information received from 12/13 SDBIP, 12/13 APR, 13/14 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 APR (Lebelela PMS)

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	2	2	0	0%
4 - 6	3	1	1	0	0%
7 - 9	1	2	1	1	50%
Total	8	5	4	1	60%
					T 3.10.4

Financial Performance Year 0: Planning Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	4383.00	5295	5083	5151	-3%	
Expenditure:						
Employees	3784.00	4640	4530	4642	0%	
Repairs and Maintenance	4.00	6	6	0	0%	
Other	595.00	649	547	509	-28%	
Total Operational Expenditure	4383.00	5295	5083	5151	-3%	
Net Operational Expenditure	0.00	0	0	0	0%	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.10.5

Chapter 3

Capital Expenditure Year 0: Planning Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0.00	0.00	0.00	0	
Not applicable to 2014/2015				0	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.10.6					

Source: 14/15 APR (Lebelelela PMS)

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Mopani economy is sustained by two major industries though with limited number of firms. The first is mining which is dominated by copper and phosphates. Copper is smelted in Phalaborwa while phosphates are transported as raw materials and processed in Richards Bay primarily for exports. The second major industry is agriculture. There are a number of producers but ZZ2 dominates in terms of output and the major focus is on sub-tropical fruit (tomatoes, bananas, mangoes, oranges and pineapples). The main focus of both these industries is to produce for export.

Mopani is currently exporting agricultural products such as tomatoes, mining products such as copper and also cultural artefacts. While the production is still good, the problem becomes the exchange of South African currency with other countries. Those receiving our products cannot afford to pay for the same quantities they were paying for before. The results are that our products do not get market. No market no returns on the products and ultimately no resources to produce more and no need to keep more workers as they bear more load on cost to employers, thus retrenchments become the way-out, increasing unemployment uncontrollably. Unless alternative measures are put into place, level of affluence will decrease, poverty stricken communities will increase, indigent registers will need frequent updating, putting government on serious burden on providing free basic services to a larger society than before.

A challenge is that according to the Limpopo Spatial Rationale (2007), approximately 55% of the 354 settlements in the Mopani District Municipality area are small. These settlements are scattered throughout mainly the central, south-western, northern and the north-eastern areas of the Mopani District Municipality. The present scattered settlement pattern (without planning for a proper settlement hierarchy) will never be able to provide a basis for long-term sustainable development to improve the quality of life of all the inhabitants and communities in the District.

As a result of the high unemployment rate within the district area, special emphasis should be placed on local economic development and facilitating the creation of decent job opportunities. This District

Chapter 3

and local municipalities cannot secure economic growth in the area on their own. Considerable efforts in creating partnerships with different sectors and spheres will be necessary for prosperity.

Economic Activity by Sector			
			R '000
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	817,091	827,422	827,422
Mining and quarrying	7,466,042	7,270,863	7,270,863
Manufacturing	459,563	462,724	462,724
Wholesale and retail trade	4,040,738	4,177,030	4,177,030
Finance, property, etc.	3,553,790	3,526,388	3,526,388
Govt, community and social services	5,751,285	5,863,565	5,863,565
Construction (Infrastructure services)	506,524	515,793	515,793
Transport	2,104,820	2,134,188	2,134,188
Electricity	743,213	767,787	767,787
Total	25,443,065	25,545,761	25,545,761
T 3.11.2			

Economic Sector	Year -2	Year -1	Year 0
1 Agriculture	3.2%	3.2%	3.2%
2 Mining	29.3%	28.5%	28.5%
3 Manufacturing	1.8%	1.8%	1.8%
4 Electricity	15.9%	16.4%	16.4%
5 Construction	14.0%	13.8%	13.8%
6 Trade	22.6%	23.0%	23.0%
7 Transport	2.0%	2.0%	2.0%
8 Finance	8.3%	8.4%	8.4%
9 Community services	2.9%	3.0%	3.0%
	100.0%	100.0%	100.0%

COMMENT ON LOCAL JOB OPPORTUNITIES:

Limpopo province has launched the reviewed Provincial Growth and Development Strategy (PGDS) on 5th March 2010 and came with the new name, Provincial Employment, Growth and Development Plan (LEGDP), with additional priority, i.e. creation of decent jobs.

People in the Mopani district are employed in the following sectors: Farming, Industry, Mining, Trade, Government, Transport, Tourism, Manufacturing, Construction and Energy. The Government Sector is the largest employer in the district e.g. 39% of the employed in Greater Giyani work for government. The second largest employer in Mopani district is the farming sector with 25,9% of the employed people. This is however, not the case when considering the municipalities separately with the mining sector employing the second largest portion of the Ba-Phalaborwa population (19,5%). Greater Giyani has the highest level of unemployment with 47% of the population not being employed. The number of

Chapter 3

people unemployed as a percentage of the total employable population of the District (287 405) is 39%. It is important to note that of the unemployed people in the district, about 60% are women³.

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
2012/13 Financial year	8	5,635
2013/14 Financial year	6	8,319*
2014/15 Financial year	0	0
Total	14	13,954
		T 3.11.6

* The information contained here includes the employment data from the construction of VIP Sanitation toilets

Local Economic Development Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
Service Indicators		Target	Actual	Target	Actual	Target	Target	Target
Local Economic Development	Number jobs created through implementation of municipal IDP and budget	8 459	3,081	0	0	8 459.	8,459	3,081
Local Economic Development	% GGP rating	4.20%	4.50%	4.40%	4.50%	3.20%	4.50%	4.50%
Local Economic Development	Number of investors attracted for the implementation of catalyst projects as identified in the LED strategy	4	4	8	2	3	10	10
								T 3.11.7

Source: Information received from 12/13 SDBIP, 12/13 APR, 13/14 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 APR)

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	3	1	2	67%
7 - 9	1	1	1	0	0%
Total	3	5	3	2	40%
					T 3.11.8

³ Source: MDM 14/15 IDP

Chapter 3

Financial Performance Year 0: Local Economic Development Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3383.00	6698	2838	1821	-268%
Expenditure:					
Employees	1342	3063	2204	1464	-109%
Repairs and Maintenance	0	0	0	0	0
Other	2041	3635	634	357	-918%
Total Operational Expenditure	3383	6698	2838	1821	-268%
Net Operational Expenditure	0	0	0	0	0
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.11.9					

Source: 13/14 APR (Lebelela PMS)

Capital Expenditure Year 0: Economic Development Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0.00	0.00	0.00	0	
Not applicable to 2014/2015			0.00	0	
			0.00	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.11.10					

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

Chapter 3

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

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

There are no, known, public art galleries in the municipality with private museums in Greater Tzaneen and Ba-Phalaborwa. There are public museums at Man'gombe and Hans Merensky Nature Reserves. The Department of Sport, Arts and Culture expressed a concern that there are no sufficient museums representing the cultural diversity in the district. At least Greater Tzaneen and Ba-Phalaborwa have each private museum. Furthermore, although there are dramatists in the district, there are no theatres for them to perform in. An Arts and Culture Centre exist in Giyani, however, its management arrangements needs to be finalized to cater for cultural diversities of artists. The well-known sculpture, Samson Makwala, lives in Greater Tzaneen while there are various poverty alleviation projects that promote the production of beads, cushions and jewelry in Greater Giyani and Greater Tzaneen. MDM established District Arts & Culture Council which still need to be strengthened.

With regard to culture, there is an annual district Arts and Cultural competition, where local municipalities compete in the various traditional dances (sekgapa, dinaka, mchongolo, xincayincayi, kuthawuza) and in terms of visual arts (weaving & pottery), among others. There are also a number of places of cultural significance such as the Muti wa Vatsonga (Tsonga kraal), Modjadji cycads forest (where the Rain Queen resides), Baleni (where traditional salt is produced) and the commonwealth forest in Greater Tzaneen Municipality.

There are 16 libraries in Mopani district municipality. Two libraries are in the Greater Giyani Municipality, seven in the Ba-Phalaborwa, three in Greater Tzaneen, two in Greater Letaba and two in Maruleng, with one managed by SANDF. All libraries, except for Hoedspruit are managed by the Local municipalities. Every municipality has its own library and there is an archive in the basement of the Department of Education in Giyani. There has been an effort by the provincial government (Office of the Premier) to extend library services to rural areas.

There are 10 Thusong centres (formerly, MPCCs) that have been established in the district. Four are in the Greater Tzaneen area, one in Ba-Phalaborwa, two in Greater Giyani, two in Greater Tzaneen and one in Maruleng (Metz). Both Greater Tzaneen and Maruleng Thusong centers are functioning very well, whereas others are still having various challenges.

The district, local municipalities and sector departments have a critical challenge of ensuring that all these MPCCs are functional and serve as a conduit for government-community interface. It is of critical importance for the local municipalities (in particular) and government agencies (in general) to define their roles in the management and utilisation of these centres to the benefit of the people. These centres are intended to bring government closer to the people in terms of information.

3.13 CEMETORIES AND CREMATORIIUMS

INTRODUCTION TO CEMETORIES & CREMATORIIUMS

It is noted that the division of powers and functions between the district municipality and local municipalities were adjusted by the MEC for Local Government and Housing in terms of sections 16 and 85 of the Municipal Structures Act, 1998 and published in the Provincial Gazette No. 878, dated 07 March 2003. Some District municipal powers and functions were thus transferred to Local

Chapter 3

Municipalities, including that of the establishment, conduct and control of cemeteries and crematoria serving the municipal area.

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The implementation of Gender, Youth, Disabled, Elderly and Children programmes focus on and ensure the societal upliftment of various categories within communities. The following programmes are in operation:

- ▶ Gender, Youth, Disabled, Elderly and Children programmes focusing at the socio-economic development aspects.
- ▶ Men's dialogue: A platform for men to share on issues of gender violence, HIV & AIDS, up-bringing of men to manhood, etc.
- ▶ Women's month: A platform for broad gender issues in families, business and workplaces.
- ▶ Youth Civic education and Campaigns: Focus is aimed at building the "nation of tomorrow" in various socio-economic aspects.
- ▶ Gender consultative forum: Focus is aimed at all gender controversial issues that are perpetrate.
- ▶ Disability awareness: Focus is on mainstreaming disabled people into all streams of development.

Events that the District participates in that seek to create awareness, commemorate, and celebrate our history, struggles and heritage, and indirectly contributes to raising awareness on poverty alleviation and gender equity issues are as follows:

- ▶ International Women's Day Celebration
- ▶ Women's Day Celebration
- ▶ Women Economic Empowerment Summit
- ▶ 16 Days of Activism on No Violence against women and Children
- ▶ Capacity building on gender issues for officials, communities and their organisations
- ▶ Development of the District Gender Policy
- ▶ Youth Month
- ▶ Disability day

Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	4	4	3	1	33%
Total	5	5	4	1	29%
T 3.14.4					

Chapter 3

COMPONENT E: ENVIRONMENTAL PROTECTION

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

INTRODUCTION TO ENVIRONMENTAL PROTECTION

The Mopani District Municipal area is faced with environmental risks and trends that lead to environmental degradation. In order to ensure that development activities carried out by Mopani District Municipality are sustainable, the IDP of Mopani District had considered environmental and socio-economic issues in an integrated manner in decision making, project planning and implementation.

It is clear that individuals, communities and government need to come up with programmes to bring awareness on the causes and effects of global warming and together strategise on control measures for decreasing emission of the gases that exacerbate temperature increase in the atmosphere. The situation in Mopani calls more on the matter since the demographic dynamics indicate that 81% is rural and therefore vulnerable to any natural hazards without clear mechanisms to combat. Organic agriculture should be encouraged, land use schemes should be managed, veld fires be controlled and deforestation be prohibited.

In order to ensure that there is balanced considerations of environmental and socio-economic in municipal projects planning, all infrastructure projects are screened to check if an Environmental Impact Assessment might be required or not. This is in line with the EIA regulations enacted under the National Environmental Management Acts No: 107 of 1998. Compliance of projects to other legal requirements as outlined by other acts and regulations is also screened before project implementation. This includes compliance with Acts and regulations such as the National Water Act No 36 of 1998, Minerals and Petroleum Resources Development Act No: 28 of 2002, National Heritage Resources act No:25 of 199, section 24 of the Constitution of The Republic of South Africa of 1996 etc.

As part of the National and Provincial local Government intervention on environmental management, The National Department of Environmental affairs in partnership with DWA and DEDET has funded the development of Environmental Management Framework for Letaba and Olifant Catchments area that has also covered the Mopani District Municipality. The EMF will provide necessary guidance for environmental considerations in Municipal Planning processes to promote sustainable development that caters the needs for current and future generations in Mopani District Municipality. Apart from this, DEA has also deployed an official to provide technical advice on environmental management issues, ensure proper planning and implementation of its EPWP projects funded under its Social Responsibility Programme (SRP) and provides inputs on Municipal planning structures such as IDP Technical committee and IDP representative forums. The District stakeholders are ready and willing to work with various stakeholders including, CBOs, NPOs, PPPs, SMME"s academic institutions and sectors departments to deliver on its environmental function.

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

Mopani District in particular is facing challenges in water and air pollution. The major cause of water pollution in Mopani is uncontrolled illegal dumping of wastes throughout the district and unattended sewage spillages. Several cases of illegal dumping of wastes along the river banks and in water

Chapter 3

bodies has been reported and observed in Greater Giyani and Greater Letaba municipalities. According to the State of Rivers Report for Letaba and Luvuvhu produced by DWA in 2001, water pollution in Mopani district is also worsened by deforestation activities associated with fuel-wood collection and agriculture along the river banks and within the riparian zones in the catchments areas. The lack of water-borne sewerage systems leads to the contamination of ground water.

The most noted water pollution takes place in the Murhogolo stream between Giyani shopping complex and government offices, the Thabina River from Mogoboya downstream, at the Klein and Groot Letaba rivers as well as Molotodzi which is highly choked with solid waste. Water is life and the necessity to conserve it cannot be overemphasized or postponed since it cannot be created. Individual members of communities, sector departments and private institutions need to take conscious decision on its conservation and prevention of water pollution.

The district municipality and its local municipality will need to focus attention in the future financial years on water quality monitoring programme, wetlands management and river cleaning up campaigns and ensure protection of riparian zone vegetation in order to conserve water resources for sustainable development. It should be noted that in terms of the state of the Rivers report produced by DWAF in 2001 the state of the water quality in Middle Letaba catchments area was ranging from fair to poor especially for rivers outside DMA and if nothing is done against contamination of the Rivers ecological system will collapse and this will have adverse effects on the health of people in Mopani district and environment at large.

Pollution of the air is a major environmental problem affecting most areas in the Mopani District. Vehicles, mines and industries, as well as burnings on the refuse dumping sites and onsite incineration by households pollute the air by releasing harmful gasses, especially in urban areas. In the villages, air pollution is caused by the burning of wood and coal to make fire releasing carbon dioxide. Another source of air pollution is leakage of sewage and companies burning their waste, causing bad odors.

The National Environment Management: Air Quality Act (NEMAQA), 2004 (Act No. 39 of 2004), also referred to as "Air Quality Act" was promulgated in 2005 and came into full effect in April 2010. It is in terms of this Act that District Municipalities are assigned a number of exclusive air quality management functions. Therefore, Mopani District like other districts in the country has to implement the atmospheric emission license system. However due to lack of capacity Mopani District has delegated the licensing authority to Provincial Environmental Department (LEDET). The Air Quality Act requires municipalities to prepare reports with regard to progress on implementation of the Air Quality Management Plan. Although Mopani District Municipality has designated a Municipal Air Quality Officer to perform the duties or exercise the powers assigned or delegated to that officer in terms of the Air Quality Act, much is still needed in terms of staffing, capacity building and resource inputs. As indicated above, Ba-Phalaborwa and Greater Tzaneen municipalities are priority areas for air pollution control.

Pollution Control Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
Service Indicators		Target	Actual	Target	Actual	Target	Target	Target
Develop and maintain infrastructure	Number of water-borne diseases cases resolved within 72 hours of receipt of report YTD /	90%	100%	100%	100%	100%	100%	100%

Chapter 3

Pollution Control Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
Service Indicators		Target	Actual	Target	Actual	Target	Target	Target
	Number of water-borne diseases cases reports received YTD as %							
Environmental and Waste Management	Number of Air quality management plan developed and approved by Management	1	1	1	1	1	1	1
								T 3.15.3

Source: Information received from 12/13 SDBIP, 12/13 APR, 13/14 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 APR

Employees: Pollution Control					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6		1	1	0	0%
Total	0	1	1	0	0%
					T 3.15.4

Capital Expenditure Year 0: Pollution Control					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Not Applicable 2014/15					
					T 3.15.6

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

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

As part of the Environmental analysis done within the IDP, the Municipality has identified Alien invader plants, deforestation, soil erosion and informal settlements as challenges to the health of the environment. Alien invader plants are plants which are not indigenous to South Africa and they are either brought here in Mopani district or South Africa because of their Commercial values or as pets. Amongst the problematic alien invader plants identified in Mopani district are bug weeds, pines, eucalyptus, lantana, jacaranda and African wild potatoes. Alien plants invading the riparian habitats include peanut butter cassia, castor-oil plant, sesbania, ageratum and large cocklebur. The District and its local municipality in partnership with other sector departments need to prioritize programmes to deal

Chapter 3

with alien invader plants as they utilize large quantities of water, putting affected areas vulnerable to drought and fire hazards and out-compete indigenous plants (State of the Rivers Report: 2001).

Deforestation is one of the identified major environmental problems affecting most areas in the district. It is caused largely by traditional healers in pursuit of medicinal plants, wood carvers, firewood collectors, farmers and villagers residing around forest areas. The problem may be accelerated by poverty, lack of knowledge, unemployment, and unclear land policy, lack of law enforcement, traditional practices and economic gains.

Soil erosion has a negative effect on various land uses, viz roads, arable land, housing, forestry, etc. It also exacerbates floods. The major causes of this condition are deforestation, overgrazing, lack of or poor storm water drainages on roads and poor land use management.

Informal settlements have major negative effect to the environment in that often areas are occupied with structures without due consideration of environmental potential. Vegetation is destroyed when buildings are made, and increase the chances of land and water pollution. Forests are debushed and the interdependence of human life with environmental services is sacrificed. The major causes of informal settlements are poverty, unemployment, population growth and urbanization. It is clear from the above that Mopani District Municipality is faced with many environmental problems. To be successful, development efforts should be cautious against exacerbating environmental degradation. There is also a need to establish integrated human settlements with proper basic services and thriving local economies that are able to create jobs.

The District stakeholders are ready and willing to work with various stakeholders including, CBO's, NGO's, PPP's SMME's academic institutions and sectors departments to deliver on its environmental function.

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
Total	0	0	0	0	0%
T 3.16.4					

COMPONENT F: HEALTH

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

INTRODUCTION TO HEALTH

The challenge of the health sector in South Africa is to develop a unified national health system capable of delivering quality health care to all citizens efficiently and in a decent environment. The provision of health facilities to all settlements in the district is a problem because of the large number of settlements (varying in size), with the majority of them being relatively small and scattered throughout the district. A simplified calculation of the number of people per hospital per local municipality would

Chapter 3

not provide a true reflection of the actual situation, as hospitals provide services to communities across municipal boundaries and international refugees.

3.17 CLINICS

INTRODUCTION TO CLINICS

Mopani has progressed considerably with Clinics infrastructure. However five Clinics and one health centre are still needed for the communities to be sufficiently provided. However, those will as well add to the backlog on water and sanitation. It will be seen that Mopani has 90% of its clinics servicing communities 24hours. The remaining 10% is largely attributed to infrastructure and staff management problems. An analysis of the availability of health facilities per municipality indicates that Maruleng Local Municipality is in the best position as it has 1 clinic for every 6 841, followed by Greater Giyani with 9 526. There are also four gateway clinics, located in four hospitals, Sekororo, Letaba, Nkhensani and Maphutha-Malatji. Sekororo is fully functional while the rest are still in establishment process.

There are mobile clinics based at various sub-districts and have visiting points taking health services to rural areas where there are no clinics. Kruger National Park is currently served with two mobile clinic points.

The Health plan has been reviewed and further details will be unpacked adequately therein. The prevalence of HIV and AIDS has resulted in the increase of child-headed families without any source of income in the province. However, the Department of Social Development has been proactive in providing child support grants. The Integrated Food Security Programme continues to play a pivotal role by giving families food packages although many families are still left out. The Mopani District Council acknowledges the serious nature of these diseases and has established an institutional HIV & AIDS Committee and developed an institutional HIV and AIDS policy to manage these diseases. The District Council has also played a key role in the establishment of Mopani District AIDS Council and the development of a district-wide HIV & AIDS policy and programme to deal with the scourge within the district.

3.18 AMBULANCE SERVICES

This is not a district function.

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION

Most rural communities in Mopani do not have access to wastes removal services from local municipalities. Residents in these areas dispose refuse on their own, often in an uncontrolled way. This practice has adverse consequences for environmental health. Environmental Health Practitioners (EHPs) are placed to monitor treatment plants, thus ensuring compliance with Water and Health Standards. There is also a need that the sludge that remains be used as agricultural fertiliser or burnt as a fuel substitute. Most of the time the value chain facilities are not in place. This will require the district and its local municipality to work closely with private companies, community based organisation and government sector departments.

With regards to human corpses, there are quite a number of funeral undertakers that are managing this kind of waste. Some funeral undertakers are not registered as required by the "Regulations

Chapter 3

Related to Funeral Undertakers Premises, R237 of 8 February 1985” promulgated in terms of the National Health Act, 2003. Thus far Mopani has 60 registered funeral parlours on record, who are also members of South African Funeral Parlours Association (SAFPA). The need to have control on this aspect is apparent. The EHPs are by legislation to monitor the facilities.

Employees: Health Inspection and Etc					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0		0%
4 - 6	0	0	0		0%
7-9	0	0	0		0%
Total	0	0	0		0%
					T 3.19.4

Financial Performance Year 0: Health Inspection and Etc.					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	0				
Repairs and Maintenance	0				
Other	0				
Total Operational Expenditure	0				
Net Operational Expenditure	0				
					T 3.19.5

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

Reducing crime has become one of the leading challenges of South Africa’s democratic government because it has severe implications through the costs of victimization that undermine economic and social development. The White Paper on Safety and Security, September 1998, recognizes that the delivery of health, education, and housing, as well as job creation, have an important role to play in reducing incidence of crime. Within Limpopo Province, the department has adopted a monitoring role, but also attends to facilitation of social crime prevention programmes and research into the causes of crime and service delivery impediments.

Chapter 3

The SAPS statistics suggest that there is an increase in social crime in the district – rape, assault, domestic violence, murder, etc. The causes of crime were analysed and, amongst others, being gender inequity, access to firearms, socio-psychological factors, inadequate support to victims of crime, youth marginalization, economic under-development and inequality, poverty and unemployment, institutionalized violence in society.

The Mopani District Municipality developed a Social Crime Prevention Strategy with donor funding from the Flemish Government accessed by the Department of Safety, Security and Liaison in Limpopo. The Social Crime Prevention Strategy views the concept of safety and security in terms of two broad and inter-locked components: that of policing of law enforcement, and that of crime prevention, and particularly social crime prevention, which is aimed at undercutting the causes of crime. This twin approach to fighting crime is critical: law enforcement and crime prevention are not mutually exclusive but reinforce each other.

3.20 POLICE

INTRODUCTION TO POLICE

According to SAPS in Mopani, there are not enough police officers in the district. It is one area that need the Department to prioritise. Information regarding the reported cases of crime received from the SAPS for the period 2010 -2011 indicated that Greater Tzaneen has the most crime, followed by Ba-Phalaborwa and Greater Giyani where the following are the top ten crimes in Mopani: Theft in general, Burglary at residential premises, Assault with the intent to inflict grievous bodily harm, Common assault, Malicious damage to property, Burglary at non-residential premises, Total Sexual Crimes, Shoplifting, Commercial crime, Theft out of or from motor vehicle.

Crime types like Robbery at residential and non-residential premises, Theft of motor vehicles and motorcycles, Illegal possession of firearms and ammunition, Neglect and ill-treatment of children, Car hijacking, Public violence, Kidnapping and Truck hijacking are reasonably under control and at a reasonably low rate.

For the district to achieve economic growth, safety and security is required to attract potential investors and thus create jobs and alleviate poverty. The Department of Safety, Security and Liaison has accessed donor funding from the Flemish government to assist district municipalities in the province to develop their Social Crime Prevention Strategies. To this end, the Mopani District has, with the support of the Safety and Security Department in the province, developed a Social Crime Prevention Strategy that responds to crime.

In line with this strategy, MDM has, identified programmes and projects whose sole objective is to contribute in the fight against crime - acknowledging that crime is more than a security issue; it is also a socio-economic issue. It affects the health, wealth and safety of people, it affects the economy and it also affects their future. This strategy has been developed on the basis that: while the public rightfully demand improvement in the quality of service delivered by the police, members of the public also have a responsibility to assist the police to deliver a better service.

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

Wild fire remains one of the biggest hazards for the Mopani district. Satellite-derived fire data captured over the last four years shows that particular areas within the district are more prone to fires than

Chapter 3

others. These areas include the upper section of the Greater Giyani municipal area, the north-western section of the Greater Letaba municipal area, a large section cutting through the centre of the Greater Tzaneen municipal area across the mountains to the Bolobedu area which extends into parts of the Greater Letaba area, as well as a section in the mountainous Sekororo area.

Mopani has established a fully-fledged unit for fire services in the District. Each local municipality is allocated an operational Fire station in the following areas: Tzaneen, Giyani, Modjadiskloof, Phalaborwa and Hoedspruit. Every station ensures twenty-four hour services to communities, in the following services:

- Saving lives and property
- Responding to motor vehicle accidents and incidents
- Specialised search and rescue incidents (high angle, swift water, confined space, trench rescue, hazardous substance, aircrafts & train incidents)

The District Municipality is striving to improve the working relationship with communities, private institutions and sector departments in addressing the problems. Fire protection Associations are established in GLM, GTM, BPM and MLM. For GGM the Association is still in process of being formed.

Metropolitan Fire Service Data					
	Details	Year - 1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	386	400	558	680
2	Total of other incidents attended in the year	750	800	974	1000
3	Average turnout time - urban areas	3 Min	3 Min	3 Min	3 Min
4	Average turnout time - rural areas	3 Min	3 Min	3 Min	3 Min
5	Fire fighters in post at year end	44	42	42	42
6	Total fire appliances at year end	38	38	36	36
7	Average number of appliance off the road during the year	30	30	35	35
T 3.21.2					

Fire Service Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target	Target	Target
Improve Community well-being	% emergency incidents arrived at within 60 minutes from dispatch	80%	100%	100%	100%	NA	NA	NA
								T 3.21.3

Source: Previous year actuals from AR13/14; Current year actuals from 14/15 APR

Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	1	1	1	0	0%

Chapter 3

Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
4 - 6	1	1	1	0	0%
7 - 9	4	5	3	2	60%
10 - 12	26	48	27	21	66%
13 - 15	15	46	15	31	72%
Total	1	4	1	3	25%
					T 3.21.4

Financial Performance Year 0: Fire Services						R'000
Details	Year - 1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	23074				0	
Expenditure:						
Fire fighters	18508	34903	31339	22778		
Other employees	0			0	0	
Repairs and Maintenance	1624	2280	2521	1105	-106%	
Other	2942	2770	3634	4003	31%	
Total Operational Expenditure	4566	5050	6155	5108	1%	
Net Operational Expenditure	18508	5050	6155	5108	1%	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.21.5
Source: 13/14 APR (Lebelela PMS)						

Capital Expenditure Year 0: Fire Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	9 110	29	29	-31314%		
Vehicles	500	0	0	0	0	
Erection of carpot	6 000	0	0	0		
Upgrading of Fire station	850	0	0	0		
Upgrading of Security services	100	0	0	0		

Chapter 3

Provision of contained sleeping facilities	650	0	0	0	
Fire and rescue equipment	700	29	29	-2314%	0
Furniture and fittings	250	0	0	0	0
Gym equipment	60	0	0	0	0
					0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
					T 3.21.6

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

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

Disaster Management is a continuous and integrated multi-sectoral and multi-disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery, and rehabilitation (Disaster Management Act 57 of 2002), so as to minimize the impact upon lives, environment and natural resources. The following hazards are posing the greatest risks in the District on the economy, cultural, welfare, sustained development and sustained livelihoods.

	TYPE	RISK
1	Hydro Meteorological Hazards	Drought, Cyclone, Floods, Fire, Hailstorms, Lightning, Severe storms, Wind storms & Tornado.
2	Geological Hazards	Earthquake & Landslide/mudflow
3	Biological Hazards	Food poisoning, Foot and mouth disease, Malaria, Rabies (animals) & Communicable diseases
4	Technological Hazards	Dam failure, Hazardous installations, Hazardous material by rail, and Hazardous material by road & Aircraft accidents.
5	Environmental Degradation	Air pollution, Deforestation, Soil pollution, Siltation & Land degradation.

Source: Mopani IDP14/15

The mentioned hazards should not be viewed in isolation, but cognizance should be taken of the likelihood of compound disasters e.g. flash floods after extensive veld and forest fires, communicable disease spread after floods and job losses after technological disasters. The risk faced are tangible (loss can be quantified in terms of deaths and infrastructure damages) and intangible (psycho-social impact, trauma and social degradation) during and after disasters.

Communities in rapid growing informal settlements are the most vulnerable to many of these risks, but proximity to certain installations or hazards (e.g. electrical power lines) also exposes other communities to risks. Environmental degradation, especially deforestation and overgrazing, also pose a major threat to sustainable economic development and sustainable livelihoods.

Chapter 3

Emergencies are defined as situations, or the threat of impending situations, abnormally affecting the lives and property of our society. By their nature, or magnitude these require a coordinated response by a number of role players, both governmental and private, under the direction of the appropriately appointed and elected officials. Response, recovery and rehabilitation measures are distinct from routine operations carried out daily e.g. refuse removal, water and electricity supply, sanitation, primary health care, firefighting, policing, etc.

The Disaster Management Act (Section 53) requires the Mopani District Municipality to take the following actions:

- ▶ Prepare a disaster management plan for its area according to the circumstances prevailing in the area.
- ▶ Co-ordinate and align the implementation of its plan with those of other organs of state and institutional role players, and
- ▶ Regularly review and update its plan.

Mopani District has established the Disaster Management centre, located at Tzaneen for easy spatial access to the Local municipalities served. The centre is fairly resourced and equipped to respond timeously whenever any of these disasters occur. Programmes are also in place to ensure that communities are made aware and have 24-hour call centre to respond to any evidence of occurrence. The GIS is also in place though not in full implementation, to ensure real time information processing. There are still serious challenges that may render the already developed plan less effective, i.e. lack of solid strategies to counteract all of the effects of factors for hazards vulnerability. E.g. poor access to most areas due to roads infrastructure, lack of billboards for signage for navigation, etc. Further details with regard to hazards and the levels of vulnerability and risk for every local municipality are detailed in the Disaster Management plan.

Functioning of the Disaster Management Centre

The staff in the Centre have equipped office accommodation, which must facilitate the day-to-day operational activities that staff performs.

Emergency and Disaster Management Activities in Disaster Management Centre (DMC)

The DMC provides the facility from where emergency and disaster management staff and a variety of role players can conduct the following activities:

Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target	Target	Target
Improve Community well-being	Percentage Disaster Risk Index (Review and approval of Disaster Management Framework)	100%	100%	100%	100%	100%	100%	100%
T 3.22.3								

Source: Information received from 11/12 SDBIP, 11/12 APR, 12/13 Adjustment SDBIP, 12/13 APR, 14/15 SDBIP, 14/15 APR (Lebelela PMS)

Chapter 3

Employees: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc.					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	100%
4 - 6	7	8	7	1	13%
7 - 9	10	23	10	13	57%
10 - 12	1	1	1	1	100%
13 - 15	3	5	3	2	40%
Total	22	38	22	18	47%
					T 3.22.4

Financial Performance Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15727	25207	18260	12736	-98%
Expenditure:					
Employees	8727	17171	12237	10650	-61%
Repairs and Maintenance	137	423	423	133	-218%
Other	6863	7613	5600	1953	-290%
Total Operational Expenditure	15727	25207	18260	12736	-98%
Net Operational Expenditure	0	0	0	0	0
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.22.5

Capital Expenditure Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Not applicable in 2014/15		0	0	0	
		0	0	0	
				0	
				0	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.22.6

Chapter 3

COMPONENT H: SPORT AND RECREATION

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

INTRODUCTION TO SPORT AND RECREATION

Sports and recreational activities are coordinated by the Department of Sports, Arts and Culture in liaison with municipalities and sector departments. Every municipality has established Sports and Recreation Councils. These councils serve as a link between the department and federations. Apart from the Local Sports Councils, there is also a district Sports and Recreation Council (constituted by members of the local Sports and Recreation Councils) which is more of a coordinating structure between the district municipality, local municipalities and the provincial government, particularly the Department of Sports, Arts and Culture.

The development of sports in the district is still a challenge. Of all the fifty-three (53) sporting codes, soccer is the most dominant sport in the district. This is due to the fact that the district is predominantly rural and, as such, the majority of our people do not have access to suitable sporting facilities, equipment and adequate budget for development programmes. For recreational purposes, communities also participate in various indigenous games such as: Ncuva, Morabaraba, Kgati, Khokho, and Jukskei. The municipality is represented internationally in Khokho and Ncuva.

The district population participates in activities organized by the Department of Sports, Arts and Culture, municipalities and sector departments, namely, the O.R. Tambo games, Indigenous games, Wellness games, Sports Against Crime, Race Against HIV and AIDS. There are sporting codes which are still white dominated and the district does not engage in these sporting codes during the O.R. Tambo games and this is a serious anomaly that needs to be corrected.

There are eight stadiums within the District. All these facilities are in need of major refurbishment ranging from the need to build new grand-stands, turfed soccer fields, functional irrigation systems, upgrading of soccer fields and athletics tracks, erection of indoor sports facilities, erection of facilities for netball, basketball, Softball, cricket, hockey, swimming and Volley ball. There is also a general need for constant maintenance and upgrading of these facilities. Greater Giyani Municipality is currently renovating Giyani Stadium.

There are 13 national priority sporting codes of which there is serious shortage of trained coaches. Only one football coach is well trained and it would be desirable to get 20 more, including other sporting codes. The following coaches need to be trained as a matter of priority: Football, Boxing, Cricket, Table tennis, Athletics.

3.23 SPORT AND RECREATION

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

With regard to annual performance, the Sports, Arts and Culture programme performed well during the year. In total, 41 Sports activities were coordinated and supported by the end of the financial year, 7 Arts and Culture, MRM, Heritage and Library activities supported and 4 meetings were held and supported by Sport and Recreation Council. The O.R Tambo Games were successful with the O.R.Tambo games.

Chapter 3

Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	0	1	0	2	100%
Total	1	2	1	2	50%
					T 3.23.3

Capital Expenditure Year 0: Sport and Recreation					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0		
Not Applicable in 2014/15					
					T 3.23.5

Source: 13/14 APR (Lebelelela PMS)

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

3.24 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

The Mopani District Council comprises of the political and administrative components responsible for decision-making and implementation respectively. The Executive Mayor and the Speaker head the political component of the municipality. The Mopani District Council consists of 44 Councillors, of which, 8 are members of the Mayoral Committee. The Municipality has all the powers assigned to it in terms of the Constitution as well as relevant national and provincial legislation. The municipality has the authority to take any possible actions to effectively exercise powers assigned to it. The overall executive and legislative authority vests in Council. The Council must, therefore, take all the major decisions of the Municipality.

INTRODUCTION TO EXECUTIVE AND COUNCIL

Three-year IDP targets for the performance of the executive and council has been set as i.e. ensure clean audits, 100% implementation of audit committee recommendations, audit charter developed, compliance with internal audit plan, review of risk register, implementation of risk mitigated plans, compliance to legislative requirements, investigation of anti-corruption cases, submission of Annual

Chapter 3

Performance Report within timeframe and average organizational performance rating, integration of electronic systems, training of staff, filling of vacant positions, mitigation of industrial relations and employee performance reviews.

Strategies to achieve the above mentioned targets are i.e. regarding audit to Review the audit charter annually. Ensure that identified internal controls are in place. Development of three years and annual internal audit plan. Ensure compliance and consistent adherence to policies (continuous monitoring and reporting). To strengthen and support oversight regarding Risk Management through the strategies of to conduct risk assessment to ensure risk reduction; Review Enterprise Risk Assessment annually; Ensure that identified risks according to the Risk Assessment are minimised and addressed; Vetting of qualifications and security matters; Conduct auditing of internal controls; Investigating all allegations of fraud and corruption and enforcement of disciplinary and criminal actions. Regarding monitoring and evaluation, the implementation of a procedure manual for monitoring, evaluation and reporting has been developed. Building capacity at the level below S57 to take place to ensure continuity of knowledge that has been built. Regarding legal services, strategies are i.e. intensification of the implementation of anti-corruption strategy. Disseminate the strategy to all employees and Councillors. Utilisation of the hotline to address reported cases of alleged corruption. Once the hotline is in place, review the strategy. Strategies to improve the human resources function are i.e. conduct skills audit. Twinning or employee exchange programme to be directed at employees that are struggling on certain issues. These identified employees to be referred to other institutions for practical learning. Develop training programmes to address competencies in organisation. Develop and implement coaching and mentoring programme. Develop and submit workplace skills plan. Ensure people are training according to competency assessment and skills audit. Monitor and evaluate the impact of training. Sponsor comprehensive development programme based upon identified criteria. Ensure that skilled personnel are retained and awarded. Attract and appoint skilled and competent staff in appropriate positions. Conduct an analysis of vacancies vis-a-vis the organogram. Development and implementation of succession planning strategy. Embark upon a coaching and mentoring programme. To improve employee monitoring and reporting the aim is to promote accountability and responsibility. Implementation of disciplinary procedures. Develop Change and Diversity Management Programme. Completion and implementation of Personal Development Plans for S57 and contractual managers. Cascading of employee performance management to all levels. Ensure monitoring and coaching and creation of awareness of organisation culture. Implement motivational strategies within the organisation. Monitor whether focused and disciplined workforce has been establish.⁴

The Executive and Council Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
Service Indicators		Target	Actual	Target	Actual	Target	Target	Target
Democratic and accountable organisation	% Council resolutions related to relevant directorate implemented within specified timeframes	100%	100%	100%	100%	NA	NA	NA

⁴ 2014/15 Mopani District Municipality integrated Development Plan. Programme Strategies

Chapter 3

The Executive and Council Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
Service Indicators		Target	Actual	Target	Actual	Target	Target	Target
Democratic and accountable organisation	% Council Agenda distributed to Councillors 4 days prior to meetings	100%	100%	100%	100%	100%	100%	100%
T 3.24.3								

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		6	6	0	0%
Total	0	6	6	0	0%
T 3.24.4					

Financial Performance Year 0: The Executive and Council						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	48 113	48 770	45 060	39 222	-24%	
Expenditure:						
Employees	22 090	21 985	16 966	15 668	-40%	
Repairs and Maintenance	11 364	18	68	56	68%	
Other	14 668	26 767	28 026	23 498	-14%	
Total Operational Expenditure	48 122	48 770	45 060	39 222	-24%	
Net Operational Expenditure	9	0	0	0	0!	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.24.5

3.25 BUDGET AND TREASURY

INTRODUCTION TO BUDGET AND TREASURY

Mopani District Municipality is more reliant on grants, with very little funds from own sources. The revenue base for the District municipality is very limited and cannot sustain the District if grants would

Chapter 3

be discontinued. RSC levies were discontinued in year 2006 and equitable shares (grants) were increased to augment the levies. Districts would not qualify to collect Property Rates, but Local Municipalities do.

The Mopani District municipality has short term investments made with ABSA, FNB and Standard Bank. These Investments were done at the time when the municipality was able to generate income from RSC levies. Since the municipality did not have major projects like Office building at that time, it was realised that it would be better to invest the funds so that when there is a need, withdrawal could be made. This is how OWN revenue is used:

- ▶ When available funds in the current account cannot cater for the payments of services rendered at a particular point in time.
- ▶ Support by other institutions and organs of the state often comes with conditions of counter-funding, of which OWN revenue assist.
- ▶ Price escalation during project implementation causes shortfalls in the budgeted amount and OWN revenue assist.
- ▶ Any unforeseen and unavoidable expenditure may be covered by own revenue.

Those are the areas where “own revenue” do help a great deal to augment the needed funds. Due to the little amount collected, no infrastructure projects could be initiated banking on “own revenue”. Given the vast amount of community needs versus the amount that the Municipality receives and that which it generates, the District municipality is still far to satisfy all communities in removing all identified developmental backlogs. More strategies are needed for funding capital projects if reliance upon grants is to be reduced. Mopani District Municipality need to improve their financial viability position to ensure optimal utilisation of financial resources. The enhancement of revenue should provide a platform for the municipality to move from. Credit control mechanisms need to be implemented fully and plans are to be devised on how to bill and collect revenue for services from rural areas, while at the same time addressing the provision of free basic services to indigent communities through updated indigent registers.⁵

Budget and Treasury Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
Service Indicators		Target	Actual	Target	Actual	Target	Target	Target
Become financially viable	Percentage variance between year to date spending of operating budget against projected spending year to date for the municipality	10%	10.00%			20.27%	10%	10%
Become financially viable	Current Ratio (R-value current assets / R-value liabilities as %)	7%	7%	5%	0.96	14%	5%	5%
Become financially viable	Liquidity ratio (R-value Monetary Assets / R-value Current Liabilities)	0.40%	0.40%	0.40	0.09	1.38%	0.40%	0.40%
Become financially viable	Percentage total capital budget spent on capital projects identified for financial year i.t.o. IDP	100%	72%	100%	28%	72.01%	100%	100%
Become financially	Percentage creditors paid within 30	100%	100%	100%	95%	100%	100%	100%

⁵ Source: MDM 14/15 IDP. Financial Viability.

Chapter 3

Budget and Treasury Policy Objectives Taken From IDP and SDBIP								
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
Service Indicators		Target	Actual	Target	Actual	Target	Target	Target
viable	days							
Become financially viable	Percentage outstanding debtors more than 90 days	18%	120%	18%	100%	100%	18%	18%
								T 3.25.3

Source: Information received from 12/13 SDBIP, 12/13 APR, 13/14 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 APR (Lebelela PMS)

Employees: Budget and Treasury					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	5	5	0	0%
4 - 6	4	17	11	6	35%
7 - 9	3	14	6	13	108%
10 - 12		14	4	10	71%
13 - 15		0	0	0	0%
Total	11	36	26	29	80%
					T 3.25.4

Financial Performance Year 0: Financial Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20 774	65 695	28 307	35 252	-86%
Expenditure:					
Employees	7 347	23 578	13 718	12 236	-93%
Repairs and Maintenance	16	100	84	67	-49%
Other	13 411	42 017	14 505	22 949	-83%
Total Operational Expenditure	20 774	65 695	28 307	35 252	-86%
Net Operational Expenditure	0	0	0	0	0
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
					T 3.25.5

Source: 13/14 APR (Lebelela PMS)

Chapter 3

Capital Expenditure Year 0: Financial Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 050	779	779	-163%	
Furniture	1 300	0	0	05	1 300
Vehicles	500	779	779	36%	779
Command vehicle	250	0	0	0	250
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
					T 3.25.6

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The human resource programme has the following three objectives:

- ▶ Skills Development
- ▶ Employee Monitoring and Reporting
- ▶ Staff Procurement

To achieve the above objectives, the following is needed:

Skills Development

- ▶ Conducting a skills audit is required. Twinning or employee exchange programme to be directed at employees that are struggling on certain issues. These identified employees to be referred to other institution for practical learning.
- ▶ Develop training programmes to address competencies in organisation. Develop and implement coaching and mentoring programmes. Develop and submit workplace skills plan. Ensure people are training according to competency assessment and skills audit.
- ▶ Monitor and evaluate the impact of training. Sponsor comprehensive development programme based upon identified criteria. Ensure that skilled personnel are retained and awarded.

MDM has the Workplace skills plan, reviewed annually to set annual training programmes to ensure employees and councillors adapt to emerging challenges and needs.

Employee Monitoring and Reporting

This programme promotes accountability and responsibility and includes:

- ▶ Implementation of disciplinary procedures.

Chapter 3

- ▶ Develop Change and Diversity Management Programme
- ▶ Completion and implementation of Personal Development Plans for S57 and contractual managers.
- ▶ Cascading of employee performance management to all levels.
- ▶ Ensure monitoring and coaching and creation of awareness of organisation culture. Implement motivational strategies within the organisation. Monitor whether focused and disciplined workforce has been established

Staff procurement

The aim is to attract and appoint skilled and competent staff in appropriate positions. This is done by:

- ▶ Conduct an analysis of vacancies vis-a-vis the organogram.
- ▶ Development and implementation of succession planning strategy.
- ▶ Embark upon a coaching and mentoring programme.

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Transformation and Organisational Development	Number of budgeted vacant positions filled YTD / Number of budgeted vacant positions YTD as %	80%	79%	80%	80%	80%	75%	65%	50%
Transformation and Organisational Development	Number employee performance reviews conducted	568	13	568	37	70.00	37	37	37
Transformation and Organisational Development	Number of executive management posts filled YTD / Total number of executive management posts as %	100%	85%	100%	100%	62%	100%	100%	100%
Transformation and Organisational Development	Percentage targeted staff trained in various fields as per the WSP	100%	100%	100%	100%	100%	100%	100%	100%
Transformation and Organisational Development	R-value actually spent on implementing its workplace skills plan YTD / Total R-value of a budget [salaries budget] as %	1%		1%	1%	0.28%	1%	1%	1%
Transformation and Organisational Development	Percentage industrial actions mitigated	100%	75%	100%	100%	100%	100%	100%	100%
									T 3 25.3

Source: Information received from 12/13 SDBIP, 12/13 APR, 13/14 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 APR (Lebelela PMS)

Chapter 3

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	2	0	0%
4 - 6	4	11	6	5	57%
7 - 9	1	11	6	5	45%
10 - 12		4	4	0	0%
13 - 15		16	11	4	25
16 - 18		0	0	0	0%
Total	6	46	29	13	46%
					T3.26.4

Financial Performance Year 0: Human Resource Services					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4543	11778	8955	5817	-102%
Expenditure:					
Employees	3077	6826	4584	3877	-76%
Repairs and Maintenance	0	0	0	0	0
Other	1466	4952	4371	1940	-155%
Total Operational Expenditure	4543	11778	8955	5817	-102%
Net Operational Expenditure	0	0	0	0	0
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.26.5

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Mopani District Municipality is in the process of integrating all their electronic systems. At the end of the 2013/14 the process started to investigate the integration the Performance Management Automated system (Lebelelela) with the project management, financial and human resource systems. A GIS unit has also been established and the municipality is in the process of establishing a Corporate GIS system.

Strategies regarding Information Management were:

- Registry division to be capacitated and resourced to ensure optimal functionality. Enhance supervision on record data keeping and collection.

Chapter 3

- Development of database of all unemployed graduates; Collaboration with institution of higher learning on research should be established. Interaction with research institutions to be monitored; Data Cleansing of service statistics and backlogs; Validate and consolidate available data through GIS. Develop systems to collect information; Continuous update of information; Establishment of Research Unit and appointment of researcher.

ICT Services Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Manage through information	Percentage electronic systems that are integrated	70.00%	85.00%	100.00%	100%	40%	100.00%	100.00%	100.00%
T 3.27.3									

Source: Information received from 11/12 SDBIP, 12/13 APR, 13/14 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 APR

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2	1	50%
4 - 6	2	0	0	0	0%
Total	4	3	2	1	50%
T3.27.4					

Financial Performance Year 0: ICT Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2805	19024	11131	6263	-204%
Expenditure:					
Employees	573	1328	819	738	-80%
Repairs and Maintenance	86	111	81	23	-383%
Other	2146	17585	10231	5502	-220%
Total Operational Expenditure	2805	19024	11131	6263	-204%
Net Operational Expenditure	0	0	0	0	0
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.27.5					

Source: 13/14 APR (Lebelelela PMS)

Chapter 3

Capital Expenditure Year 0: Financial Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 050	779	779	-163%	
Furniture	1 300	0	0	0	1 300
Vehicles	500	779	779	36%	779
Command vehicle	250	0	0	0	250
				0	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.25.6					

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Risk Management: As a corporate governance function, risk management is the responsibility of management, Council and Audit committee. The Risk management committee comprising of members of management was established in 2008 to focus on monitoring risks that emanate from every administrative unit in view of bringing them under control so that adverse situation is not encountered without prior detection and attempt to resolve.

The assisted management to identify and evaluate the effectiveness of council's risk management system and contribute to the improvement of risk management and control systems. That has been done by taking the registered risks, categorising them into low, medium and high risks for management to develop actions for mitigation. Currently there is one personnel dedicated for Risks.

Legal Services: Legal Services unit is part of the Corporate services Directorate. This department is looking at the Workshops on contract management and the investigation of corruption are also targeted. Debt collection is necessary to address the backlog on uncovered revenue.

Procurement Services: The supply chain management unit is part of the Budget and Treasury Directorate.

Chapter 3

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 2	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Legal									
Become financially viable	Percentage debt recovered over 90 Days	60%	75%	60%	100%	7%	100%	100%	100%
Democratic and accountable organisation	Number of existing policies reviewed and adopted by Council YTD	100%	100%	100%	100%	0%	100%	100%	100%
Democratic and accountable organisation	Number of legal requirements complied to YTD / Number of legal requirements applicable to the Municipality as %	100%	80%	100%	100%	100%	100%	100%	100%
Democratic and accountable organisation	Number of corruption cases investigated and resolved YTD / Number of corruption cases uncovered YTD as %	NA	60%	100%	100%	30%	100%	100%	100%
Risk									
Democratic and accountable organisation	Percentage risk mitigation plans implemented YTD	100%	38%	100%	100%	100%	100%	100%	100%
Democratic and accountable organisation	Percentage risk register reviewed and approved on time for the entire municipality		100%	100%	100%	100%	100%	100%	100%
SCM									
Become financially viable	Percentage Tenders adjudicated within 60 days of closure of tender	100%	0%	100%	100%	100%	100%	100%	100%
									T 3.28.3

Source: Information received from 12/13 SDBIP, 12/13 APR, 13/14 Adjustment SDBIP, 13/14 APR, 14/15 SDBIP, 14/15 APR (Lebelela PMS)

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2	1	50%
4 - 6	2	0	0	0	0%
Total	4	3	2	1	50%
					T 3.28.4

Chapter 3

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	13179	5709	21671	24041	76%
Expenditure:					
Employees	1362	1610	1590	2396	33%
Repairs and Maintenance	0	0		0	0
Other	11817	4099	20081	21645	81%
Total Operational Expenditure	13179	5709	21671	24041	76%
Net Operational Expenditure	0	0	0	0	0
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.28.5					

COMPONENT J: MISCELLANEOUS

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

INTRODUCTION TO MISCELLANEOUS

The following are the airports and landing strips available in the Mopani District Municipality and the economic activity around each LM:

- Hoedspruit (Maruleng) airport and landing strip
- ZZZ (GLM) – agricultural produce (tomatoes)
- Ba-Phalaborwa – mines
- Eiland (Ba-Phalaborwa) – tourism
- Tzaneen – agricultural produce
- Siyandani (in Giyani) – shopping, mines, agriculture

Hoedspruit airport was originally and solely used by military air force. It is now commercial and it caters for airlines from Hoedspruit to Gauteng and Cape Town and is used by public and also game hunting tourists. The one landing strip in Giyani (Siyandani) is owned by Government but its condition is not maintained. Cattle and other animals roam on it. Other air strips are privately owned and may not be relied upon for commercial purposes for either goods or public. The District has not as yet taken over the Municipal Airports Function. A study has been commissioned in the gard.

Chapter 4

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

INTRODUCTION

The purpose of conducting an institutional analysis is to ensure that the municipal development strategies take existing institutional capacities into consideration and that institutional shortcomings are addressed. Mopani District Municipality was established in 2000 in terms of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipal offices of the district are situated in the government complex in Giyani in the Greater Giyani Municipality. The District Disaster Management centre is built in Tzaneen town and is in full use including Fire services.

Offices for local municipalities are located as follows:

Maruleng Local Municipality.....Hoedspruit Town
Greater Letaba Local MunicipalityModjadjiskloof Town
Greater Tzaneen Local MunicipalityTzaneen Town
Ba-Phalaborwa Local MunicipalityPhalaborwa Town
Greater Giyani Local MunicipalityGiyani Town

The management arrangement of the institution needs continual attention in order to adapt to changing needs and demands. Hence, annual review on the filling in of vacant posts and an on-going management training. There is also a need to define the distinct roles of the various sub-units in the Municipal Manager's Office and their collective mandate in ensuring that the Office of the Municipal Manager is able to discharge the following responsibilities distinctly and with excellence.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The Municipality employed 720 people during the 14/15 financial year. It incurred 60% vacancy rate with the post of a permanent CFO being vacant. High vacancy rates also existed for highly skilled supervision levels 9-12 (excluding finance posts) at 83% and Fire Fighters at 63.5%. Other challenges were:

Chapter 4

- ▶ Office space is one limiting factor on appointing units that are office-bound. There is only one block in the former Gazankulu parliamentary complex that is fully full. Some of the Units like, Internal Audit and GIS are accommodated at the Disaster Management center in Tzaneen. More offices are under construction in Tzaneen town, yet far away from Head office, Giyani.
- ▶ Mopani has 24 disabled employees, which is 3,2% of the current workforce. MDM has thus exceeded the 2% threshold required of the staff complement being disabled persons.
- ▶ There are over 600 staff members transferred from DWA. The challenge is that operational cost to MDM has risen and will impact on means for service delivery.
- ▶ MDM do not have full spread of racial diversities. There are largely Bapedi, Va-tsonga, Va-Venda and some few Afrikaans. This is informed proportionally by the racial spread of the District. There are also those cases of people who would prefer to work in an urban environment rather than rural area (Giyani) where Mopani District Head office is located.⁶

Employees					
Description	Year -1	Year 0			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water (Sanitation)	380	480	461	19	73.75%
Electricity	1	2	2	0	50.00%
Waste Management	2	4	2	2	50.00%
Housing	1	4	1	3	75.00%
Roads & Transport	1	2	8	-6	200.00%
Planning	7	8	7	1	12.50%
Local Economic Development	2	4	3	1	50.00%
Community & Social Services	2	2	2	0	100.00%
Environmental Protection	2	4	2	2	50.00%
Health	3	47	44	3	6.38%
Security and Safety	1	1	0	1	0.00%
Sport and Recreation	1	3	1	2	66.67%

⁶ Source: 14/15 MDM IDP

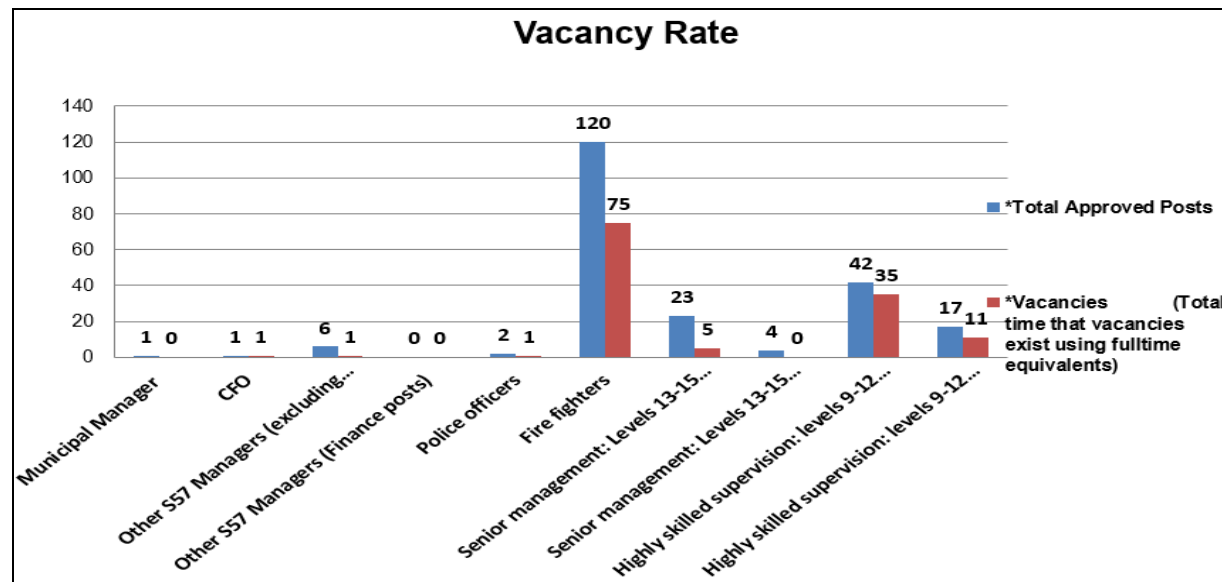
Chapter 4

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Corporate Policy Offices and Other (fire services)	48	107	2	105	98.13%
Office of Executive Mayor	12	19	12	7	31.58%
Office of the Speaker	3	4	3	1	25.00%
Office of the Chief Whip	1	2	2	0	100.00%
Office of The Municipal Manager	34	57	33	24	40.35%
Corporate Services	32	50	90	-40	34.00%
Budget and Treasury	14	36	45	-9	47.22%
Totals	547	836	720	547	11
T 4.1.1					

Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00%
CFO	1	1	100.00%
Other S57 Managers (excluding Finance Posts)	6	1	16.67%
Other S57 Managers (Finance posts)	0	0	0.00%
Police officers	2	1	50.00%
Fire fighters	120	75	62.50%
Senior management: Levels 13-15 (excluding Finance Posts)	23	5	21.74%
Senior management: Levels 13-15 (Finance posts)	4	0	0.00%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	42	35	83.33%
Highly skilled supervision: levels 9-12 (Finance posts)	17	11	64.71%

Chapter 4

Vacancy Rate: Year 0			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Total	216	129	59.72
T 4.1.2			



The vacancy rate is high under fire fighters with 75 posts being vacant from 120 approved positions, thus only 37.5% of firefighter positions that were filled. The BTO office is also experiencing high vacancy levels with the position of CFO being vacant and 11/17 (65%) highly skilled supervision (levels 9-12) being vacant.

Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	862	40	5%
Year -1	707	61	9%
Year 0	1314	89	7%
T 4.1.3			

At the end of the year under review, only 7% (89/1 314) of employees resigned/terminated. This is an improvement of 2% over the previous financial year.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Car Allowance	100%		30 May 2013
2	Cellular Phone Allowance	100%		30 May 2013
3	Conditions of service	100%		30 May 2013
4	Death Benefits	100%		30 May 2013
5	Employee Assistance Programmes	100%		30 May 2013
6	Disability	100%		30 May 2013
7	Discrimination	100%		30 May 2013
8	HIV and Aids	100%		30 May 2013
9	Incapacity due ill health	100%		30 May 2013
10	Injury on duty	100%		30 May 2013
11	Labour Relations	100%		30 May 2013
12	Landline telephone	100%		30 May 2013
13	Long Service Recognition	100%		30 May 2013
14	Occupational Health and Safety	100%		30 May 2013
15	Protective Clothing and Uniform Allowance	100%		30 May 2013

Chapter 4

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
16	Relocation and Transfer	100%		30 May 2013
17	Sexual Harassment	100%		30 May 2013
18	Substance Abuse	100%		30 May 2013
19	training and development	100%		30 May 2013
20	Employee Performance Management and development	100%		In review process
21	Overtime	100%		In review process
22	Promotion and transfer	100%		In review process
23	Personnel provisioning	100%		14/December 2015
24	Records Management	100%		14/December 2015
25	staff Retention	100%		In review process
26	Picketing Agreement	100%		In review process
27	Whistle Blowing	100%		In review process
T 4.2.1				

4.3 INJURIES, SICKNESS AND SUSPENSIONS

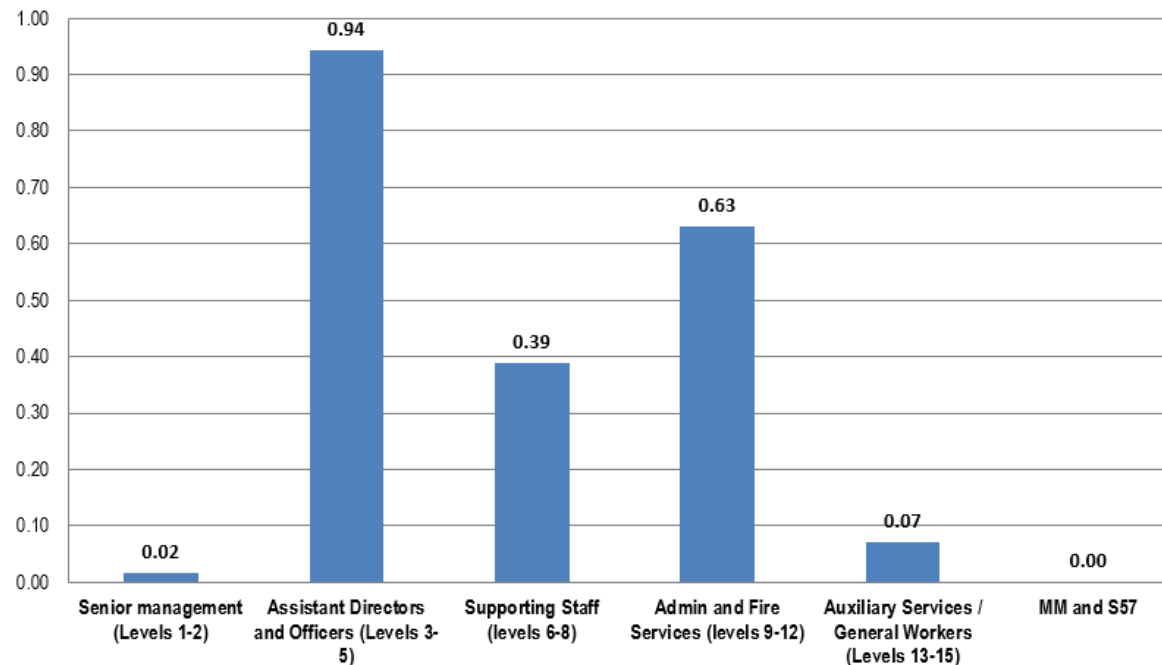
No injuries or suspensions were incurred during the 14/15 financial year. The number of sick days were as follows:

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Senior management (Levels 1-2)	30	0%	4	9	3.6	
Assistant Directors and Officers (Levels 3-5)	240	0%	42	86	4.73	
Supporting Staff (levels 6-8)	140	0%	30	73	14.08	
Admin and Fire Services (levels 9-12)	274	0%	38	98	9.65	
Auxiliary Services / General Workers (Levels 13-15)	181	0%	35	433	5.22	

Chapter 4

MM and S57	0	0%	1	1	0	
Total	865	0%	150	700	37.28	0
						T 4.3.2

Average Number of Days Sick Leave (excluding IOD)



In total, 150/700 employees took 865 days of sick leave during the financial year under review. Average days sick leave taken was the highest under Assistant directors with Admin and Fire Services (Levels 9-12) with 38/98 employees that took 274 days of sick leave (9.65). The municipal manager, S57 managers and senior management took the least amount of sick leave. The rate of sick leave taken per post level was the highest under Auxiliary Services / General Workers (Levels 13-15). Medical certificates were supplied where applicable.

Chapter 4

4.4 PERFORMANCE REWARDS

No performance bonuses for skill levels 1-2 were paid for the year under review.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female	6	0	0	0	1	11					1	11	
	Male		0	0	0	2	22					2	22	
Councillors, senior officials and managers	Female		0	0	0	23	18					23	18	
	Male		0	0	0	38	28					38	28	
Technicians and associate professionals*	Female		0	0	0	0	0							
	Male		0	0	0	0	0							
Professionals	Female		0	0	0	0	0							
	Male		0	0	0	0	0							
Sub total	Female	6					29					24	29	
	Male						50					40	50	
Total		6	0	0	0	64	79	0	0	0	0	64	79	0

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

T 4.5.1

Chapter 4

At the end of the financial year under review, 79 employees possessed some sort of skills programme and/or other forms of short courses. Out of these 29 (37%) were women. This is 19% increase in skilled employees than the previous financial year.

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	0	0	0	0	0	0
Senior managers	0	0	0	0	5	0
Any other financial officials	0	0	0	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	1	0	0
TOTAL	1	0	1	2	6	1

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

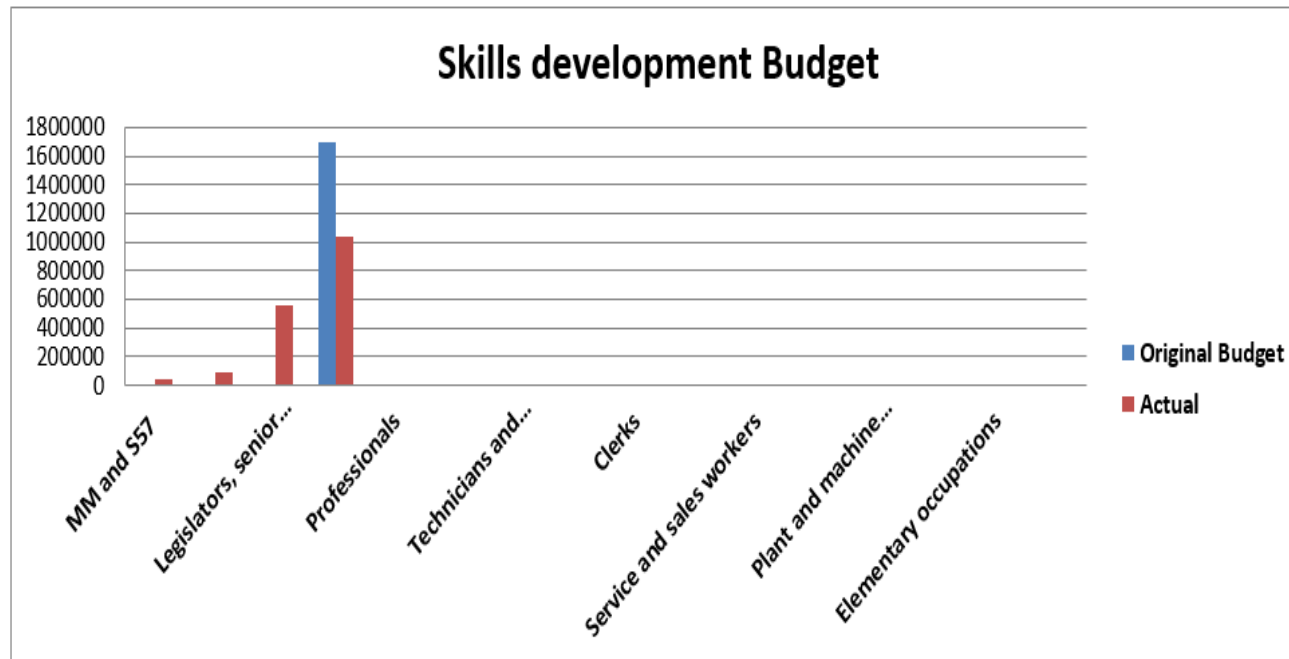
T 4.5.2

Competency assessments for the accounting officer and supply chain manager indicated that the accounting officer (municipal manager) meet the prescribed competency level.

Chapter 4

Skills Development Expenditure										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	1	0	0		45,000	0	0		45,000
	Male	2	0	0		90,000	0	0		90,000
Legislators, senior officials and managers	Female	12	0	0		564,000	0	0		564,000
	Male	22	0	0	1,700,000	1,034,000	0	0	1,700,000	1,034,000
Professionals	Female	0	0	0			0	0		
	Male	0	0	0			0	0		
Technicians and associate professionals	Female	0	0	0			0	0		
	Male	0	0	0			0	0		
Clerks	Female	0	0	0			0	0		
	Male	0	0	0			0	0		
Service and sales workers	Female	0	0	0			0	0		
	Male	0	0	0			0	0		
Plant and machine operators and assemblers	Female	0	0	0			0	0		
	Male	0	0	0			0	0		
Elementary occupations	Female	0	0	0			0	0		
	Male	0	0	0			0	0		
Sub total	Female	13				609,000				609,000
	Male	24			1,700,000	1,124,000			1,700,000	1,124,000
Total		37	0	0	1,700,000	1,733,000	0	0	1,700,000	1,733,000
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
										T4.5.3

Chapter 5



In total, R 1,733,000 was spent on skills development for the year under review which is slightly higher than the budget of R 1,733,000. Overall, 37 employees underwent skills programmes & other short courses of which 13 were female.

Chapter 5

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidat ed: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	0	0	0	0	0	0
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	0	0	0	0	0	0
<i>Any other financial officials</i>	0	0	0	0	0	0
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	1	1	1
TOTAL	0	0	0	1	1	1

T 4.5.2

Chapter 5

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

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

During the financial year under review there were no positions that received any increases due to their positions being upgraded. Also no employees' salary levels exceed the grade determined by job evaluations. Neither was any employee appointed to posts that have not been approved.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

T 5.0.1

Chapter 5

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

SOURCE TABLE A4RP

DC33 Mopani - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2014/15								2013/14
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauth orised expendi ture	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
Revenue By Source									
Property rates	0	0	0	0		0	-	-	-
Property rates - penalties & collection charges	0	0	0	0		0	-	-	-
Service charges - electricity revenue	0	0	0	0		0	-	-	-
Service charges - water revenue	283 531 000	-114 024 332	169 506 668	137 662 660		-31 844 008	81.2%	48.6%	111 836
Service charges - sanitation revenue	26 963 475	2 000 030	28 963 505	21 146 950		-7 816 555	73.0%	78.4%	23 030
Service charges - refuse revenue	0	0	0	0		0	-	-	-
Service charges - other	200 000	192 000	392 000	0		-392 000	-	-	-
Rental of facilities and equipment	0	0	0	0		0	-	-	-
Interest earned - external investments	1 050 000	2 300 000	3 350 000	3 405 705		55 705	101.7%	324.4%	2 859
Interest earned - outstanding debtors	19 944 361	0	19 944 361	15 905 432		-4 038 929	79.7%	79.7%	13 779
Dividends received	0	0	0	0		0	-	-	-
Fines	0	0	0	0		0	-	-	-
Licences and permits	0	0	0	0		0	-	-	-
Agency services	0	0	0	0		0	-	-	-

Chapter 5

Transfers recognised - operational	602 416 000	-175 929 332	426 486 668	594 320 988		167 834 320	139.4%	98.7%	523 273
Other revenue	4 670 030	16 337 200	21 007 230	2 909 309		-18 097 921	13.8%	62.3%	6 179
Gains on disposal of PPE	0	0	0	0		0	-	-	-
Total Revenue (excluding capital transfers and contributions)	938 774 866	-269 124 434	669 650 432	775 351 044		105 701	115.8%	82.6%	680 956
							-	-	
Expenditure By Type			-				-	-	
Employee related costs	348 597 565	-85 030 247	263 567 318	251 135 615		(12 432)	95.3%	72.0%	205 520
Remuneration of councillors	10 398 186	4 735 473	15 133 659	14 287 171		(846)	94.4%	137.4%	8 380
Debt impairment	19 856 107	-4 100 000	15 756 107	2 776 708		(12 979)	17.6%	14.0%	36 096
Depreciation & asset impairment	137 368 895	31 383 001	168 751 896	156 287 882		(12 464)	92.6%	113.8%	154 846
Finance charges	650 000	0	650 000	461 993		(188)	71.1%	71.1%	608
Bulk purchases	143 580 645	-58 514 992	85 065 653	186 532 674		101 467	219.3%	129.9%	254 125
Other materials	103 069 051	28 854 480	131 923 531	90 986 663		(40 937)	69.0%	88.3%	107 961
Contracted services	11 765 551	0	11 765 551	11 836 975		71	100.6%	100.6%	22 907
Transfers and grants	0	0	0	4 395 552		4 396	#DIV/0!	#DIV/0!	3 745
Other expenditure	119 813 162	-10 279 852	109 533 310	112 323 808		2 790	102.5%	93.7%	370 106
Loss on disposal of PPE	0	0	0	1 478 861		1 479	#DIV/0!	#DIV/0!	355
Total Expenditure	895 099 162	-92 952 137	802 147 025	832 503 902	-	30 357	103.8%	93.0%	1 164 651
							-	-	
Surplus/(Deficit)	43 675 704	-176 172 297	-132 496 593	-57 152 858		75 344	43.1%	-130.9%	(483 694)
Transfers recognised - capital	609 721 000	-425 240 675	184 480 325	78 066 431		(106 414)	42.3%	12.8%	484 112
Contributions recognised - capital	0	0	0	0		-	-	-	-
Contributed assets	0	0	0	0		-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	653 396 704	-601 412 972	51 983 732	20 913 573		(31 070)	40.2%	3.2%	418
Taxation	-	-	-	-		-	-	-	-
Surplus/(Deficit) after taxation	653 396 704	-601 412 972	51 983 732	20 913 573		(31 070)	40.2%	3.2%	418
Attributable to minorities	-	-	-	-		-	-	-	-
Surplus/(Deficit) attributable to municipality	653 396 704	-601 412 972	51 983 732	20 913 573		(31 070)	40.2%	3.2%	418
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-	-
Surplus/(Deficit) for the year	653 396 704	-601 412 972	51 983 732	20 913 573		(31 070)	40.2%	3.2%	418

Chapter 5

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

		2015	2014 Restated*
	Note(s)		
Revenue			
Service charges	17	158 809 610	134 866 082
Interest received on outstanding receivables		15 905 432	13 778 874
Other income	19	2 909 309	6 178 884
Interest received		3 405 705	2 858 966
Government grants & subsidies	18	672 387 419	1 007 385 796
Total revenue		853 417 475	1 165 068 602
Expenditure			
Employee costs	21	(251 135 615)	(205 519 905)
Remuneration of Councillors	22	(14 287 171)	(8 380 164)
Regional bulk infrastructure projects expenditure	23	(13 564 075)	(71 449 541)
Mopani household sanitation		(3 321 949)	(195 504 231)
Depreciation and amortisation	26	(156 287 882)	(154 846 029)
Interest cost	27	(461 993)	(607 869)
Debt impairment	24	(2 776 708)	(36 096 254)
Repairs and maintenance		(90 986 663)	(107 961 118)
Bulk purchases	31	(186 532 674)	(254 125 179)
Contracted services	29	(11 836 975)	(22 907 231)
Grants and subsidies paid	30	(4 395 552)	(3 745 480)
General expenses	20	(95 437 784)	(103 152 572)
Impairment loss		(1 301 844)	-
Total expenditure		(832 326 885)	1 164 295 573
Total revenue		853 417 475	1 165 068 602
Total expenditure		(832 326 885)	1 164 295 573
Operating surplus		21 090 590	773 029
Loss on disposal of assets and liabilities		(177 017)	(355 003)
Surplus before taxation		20 913 573	418 026
Surplus for the year		20 913 573	418 026

* See Note 35

Chapter 5

5.2 GRANTS

Source: Budget and Treasury Office

Table SA18 Transfers and grant receipts

Description	Ref	11/12	12/13	13/14	2014/15		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Audited Outcome
RECEIPTS:	1, 2						
Operating Transfers and Grants							
National Government:		460 703	489 238	522 904	602 416	426 089	604 722
Local Government Equitable Share		376 571	458 567	504 909	561 080	380 753	560 753
Finance Management		1 000	1 559	1 250	1 250	1 250	1 250
Municipal Systems Improvement		750	1 000	890	934	934	934
Water Services Operating Subsidy		77 909	10 171	11 192	25 000	25 000	20 823
EPWP Incentive		4 473	3 808	1 000	2 195	2 195	2 195
Water Services Operating Subsidy		–	14 133	3 663	11 957	11 957	1 868
Forensic Grant						4 000	16 900
Provincial Government:		–	240	–	–	148	148
Health subsidy		–	–	–		–	–
Housing	4	–	–	–		–	–
Ambulance subsidy		–	–	–		–	–
Sports and Recreation		–	–	–		–	–
Lp Econ Grant			240			148	148
District Municipality:		–	–	–	–	–	–
[insert description]		–	–	–		–	–
		–	–	–		–	–
Other grant providers:		302	883	370	–	250	419
LGSETA		302	883	370	–	250	419
Total Operating Transfers and Grants	5	461 005	490 361	523 273	602 416	426 487	605 289
Capital Transfers and Grants							
National Government:		156 416	366 583	510 695	609 721	184 480	140 582
Municipal Infrastructure Grant (MIG)		156 416	319 302	375 558	429 490	123 000	123 000
Regional Bulk Infrastructure			19 076	88 323	44 915	44 915	15 587

Chapter 5

Rural Transport Services and Infrastructure		–	1 776	1 006	1 995	1 995	1 995
Regional Bulk Infrastructure		–	26 429	20 402	90 000	14 320	–
Municipal Water Infrastructure Grant		–	–	16 906	43 071		–
Rural Household infrastructure Grant		–	–	8 500	–	–	–
Regional Bulk Infrastructure			–		250	250	–
			–				
Provincial Government:		90 000	11 889	–	–	–	–
DPLG7 H-Nandoni		90 000	11 889				
District Municipality:		–	–	–	–	–	–
<i>[insert description]</i>							
Other grant providers:		–	–	–	–	–	–
LGSETA							
Total Capital Transfers and Grants	5	246 416	378 472	510 695	609 721	184 480	140 582
TOTAL RECEIPTS OF TRANSFERS & GRANTS		707 421	868 833	1 033 968	1 212 137	610 967	745 872
T 5.2.1							

Source Table SA18

Table SA19 Expenditure on transfers and grant programme							
Description	R e f	11/12	12/13	13/14	2014/15		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
	# # # # # #						
EXPENDITURE:							
<u>Operating expenditure of Transfers and Grants</u>							
National Government:		447 616	488 988	522 904	602 416	426 089	593 754
Local Government Equitable Share		363 483	458 567	504 909	561 080	380 753	560 753
Finance Management		1 000	1 559	1 250	1 250	1 250	1 250
Municipal Systems Improvement		750	1 000	890	934	934	934

Chapter 5

Water Services Operating Subsidy		77 909	10 171	11 192	25 000	25 000	20 823
EPWP Incentive		4 473	3 559	1 000	2 195	2 195	2 195
Water Services Operating Subsidy		–	14 133	3 663	11 957	11 957	1 868
Other transfers/grants [insert description]		–	–	–	–	–	–
Forensic Grant						4 000	5 932
Provincial Government:		–	–	–	–	148	148
Health subsidy		–	–	–	–	–	–
Housing		–	–	–	–	–	–
Ambulance subsidy		–	–	–	–	–	–
Sports and Recreation		–	–	–	–	–	–
Lp Econ Grant						148	148
District Municipality:		–	–	–	–	–	–
		–	–	–	–	–	–
		–	–	–	–	–	–
Other grant providers:		302	739	370	–	250	419
LGSETA		302	739	370	–	250	419
Total operating expenditure of Transfers and Grants:		447 918	489 727	523 273	602 416	426 487	594 321
Capital expenditure of Transfers and Grants							
National Government:		156 416	260 008	484 112	609 721	184 480	78 066
Municipal Infrastructure Grant (MIG)		156 416	212 228	348 976	429 490	123 000	59 931
Regional Bulk Infrastructure		–	19 076	88 323	44 915	44 915	15 587
Rural Transport Services and Infrastructure		–	2 275	1 006	1 995	1 995	2 548
Regional Bulk Infrastructure		–	26 429	20 402	90 000	14 320	–
Municipal Water Infrastructure Grant		–	–	16 906	43 071		–
Rural Household Infrastructure Grant				8 500	250	250	
Provincial Government:		90 000	11 889	–	–	–	–
DPLG7 H-Nandoni		90 000	11 889	–	–	–	–

Chapter 5

District Municipality:		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		246 416	271 898	484 112	609 721	184 480	78 066
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		694 334	761 625	1 007 386	1 212 137	610 967	672 387

COMMENT ON OPERATING TRANSFERS AND GRANTS:

Grants:

No grants were received from sources other than DoRA.

T 5.2.2

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Mopani District Municipality's three largest assets is water infrastructure related. They are:

- ▶ Giyani System N Mapuve Bulk Supply
- ▶ Tours Bulk Water Supply
- ▶ Upgrading of Water Reticulation – Muyexe

The total value of these assets are during 13/14 is R 33,533,539.61. These assets will need ongoing refurbishment and maintenance for which capital budget is required for.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0

Asset 1	
Name	Giyani System N Mapuve Bulk Supply
Description	Contraction of 10km Bulk line
Asset Type	Infrastructure Asset - Water Treatment
Key Staff Involved	Project Management Unit

Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Staff Responsibilities	Monitoring and Management of the project			
	Year -3	Year -2	Year -1	Year 0
	Asset Value	33,623,061.50	16,600,782.92	15,609,795.01
Capital Implications	Budget allocation for refurbishment and maintenance of the asset			
Future Purpose of Asset	Bulk Water Supply to the community			
Describe Key Issues	Access to basic service and Job creation			
Policies in Place to Manage Asset	Asset Management Policy			
Asset 2				
Name	Tours Bulk Water Supply			
Description	Construction of bulk line			
Asset Type	Infrastructure Asset - Water Treatment			
Key Staff Involved	Project Management Unit			
Staff Responsibilities	Monitoring and Management of the project			
	Year -3	Year -2	Year -1	Year 0
	Asset Value	20,132,521.12	16,405,590.87	15,427,406.38
Capital Implications	Budget allocation for refurbishment and maintenance of the asset			
Future Purpose of Asset	Bulk Water Supply to the community			
Describe Key Issues	Access to basic service and Job creation			
Policies in Place to Manage Asset	Asset Management Policy			
Asset 3				
Name	Upgrading of Water Reticulation - Muyexe			
Description	Upgrading of water reticulation and drilling of boreholes			
Asset Type	Infrastructure Asset - Water Treatment			
Key Staff Involved	Project Management Unit			
Staff Responsibilities	Monitoring and Management of the project			
	Year -3	Year -2	Year -1	Year 0
	Asset Value	0	0	3,980,088.99
Capital Implications	Budget allocation for refurbishment and maintenance of the asset			
Future Purpose of Asset	Water reticulation to the community			
Describe Key Issues	Access to basic service and Job creation			
Policies in Place to Manage Asset	Asset Management Policy			
T 5.3.2				

Repair and Maintenance Expenditure: Year 0

Chapter 5

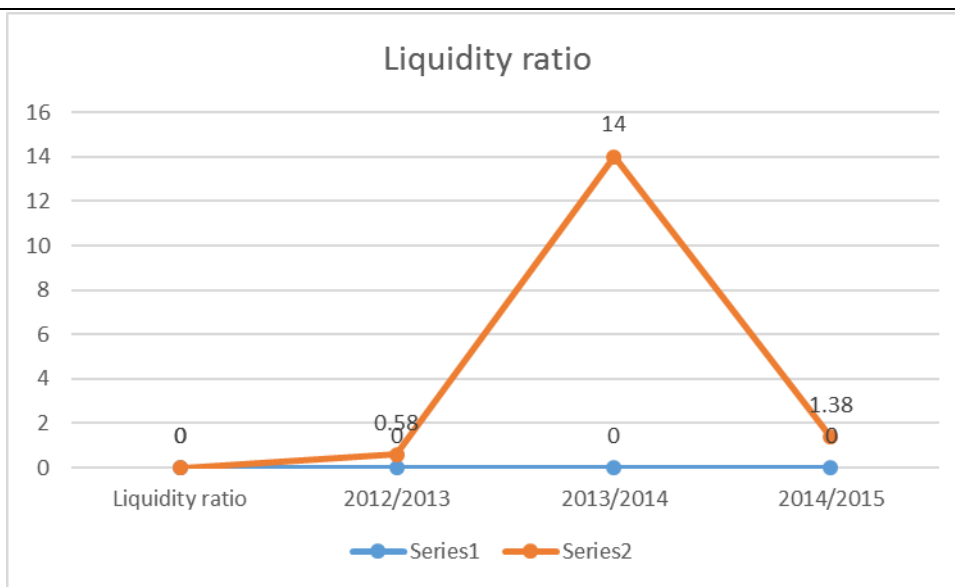
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	112 230	131 993	90 987	19%
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

An amount of R 90,987 million was spent on repairs and maintenance against the adjustment budget of R 131,993 million .

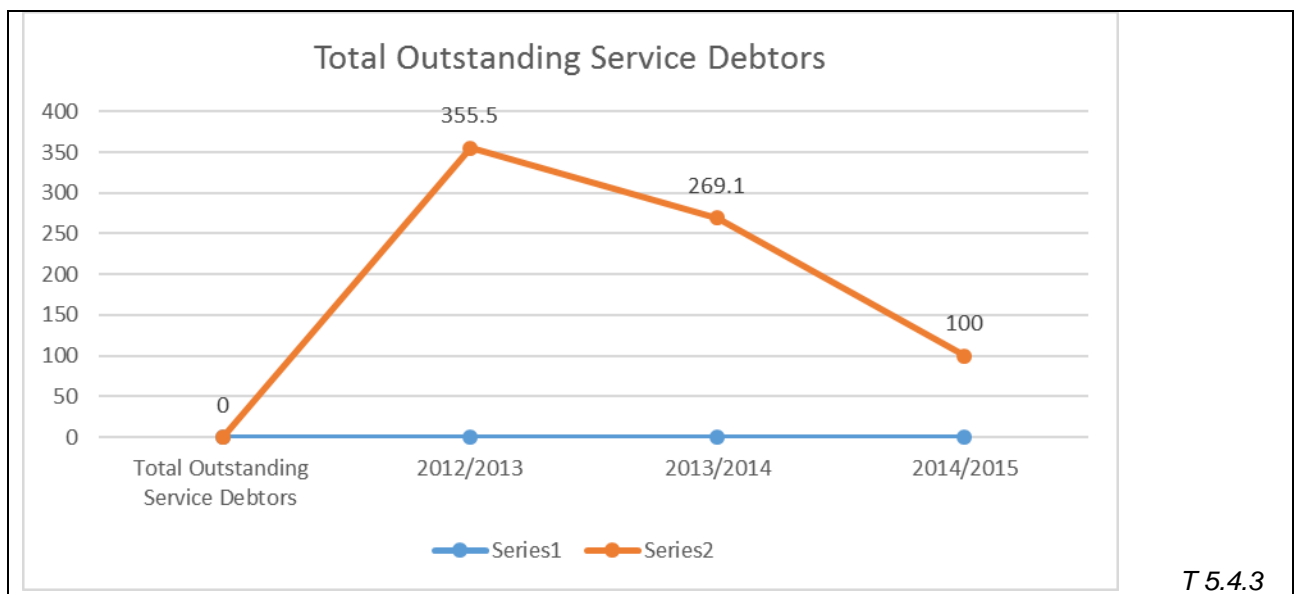
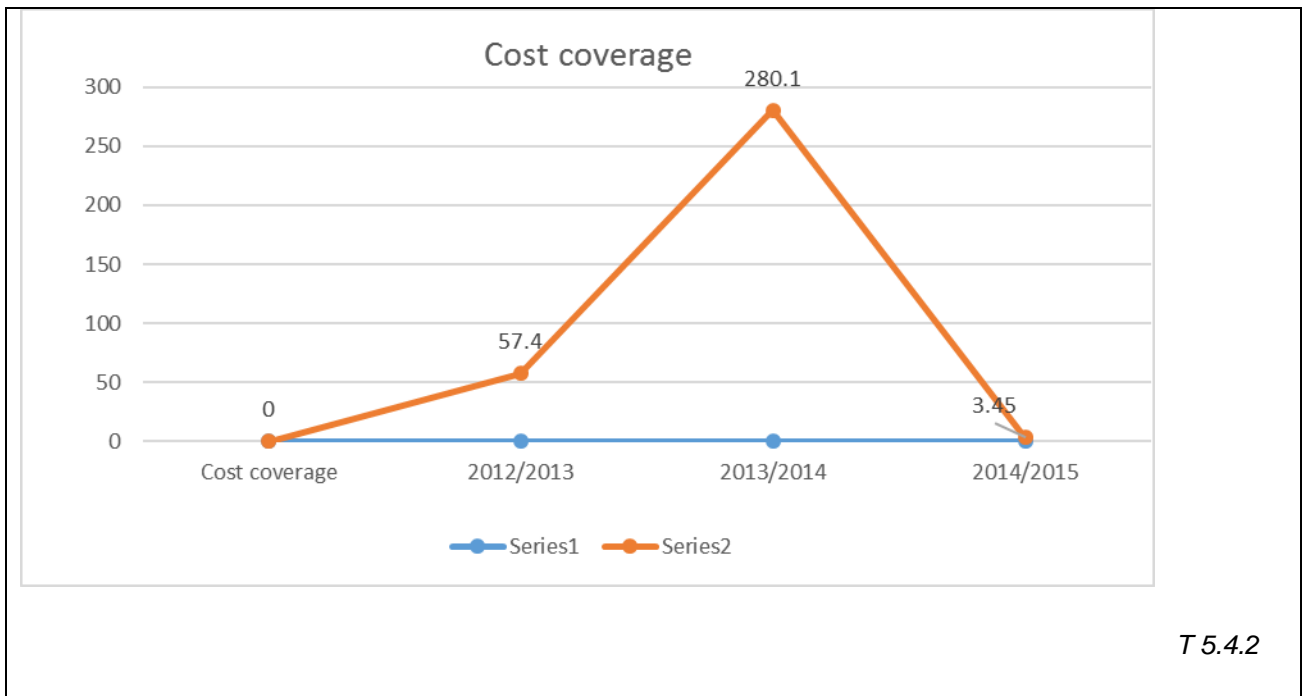
T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

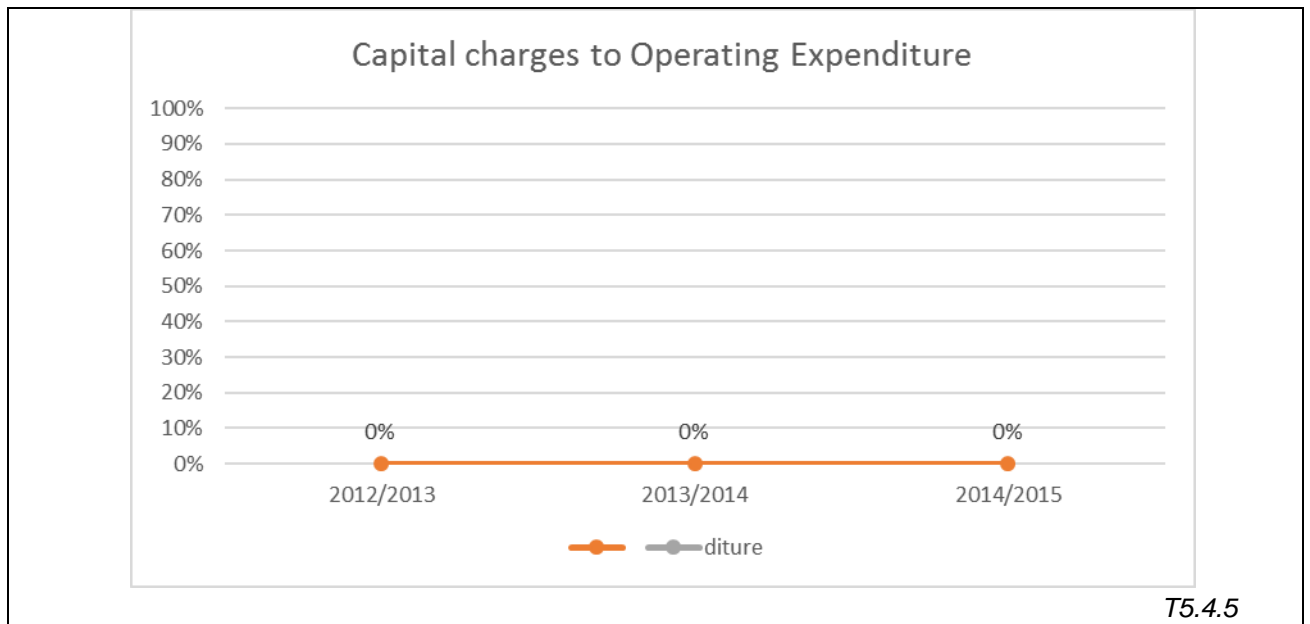
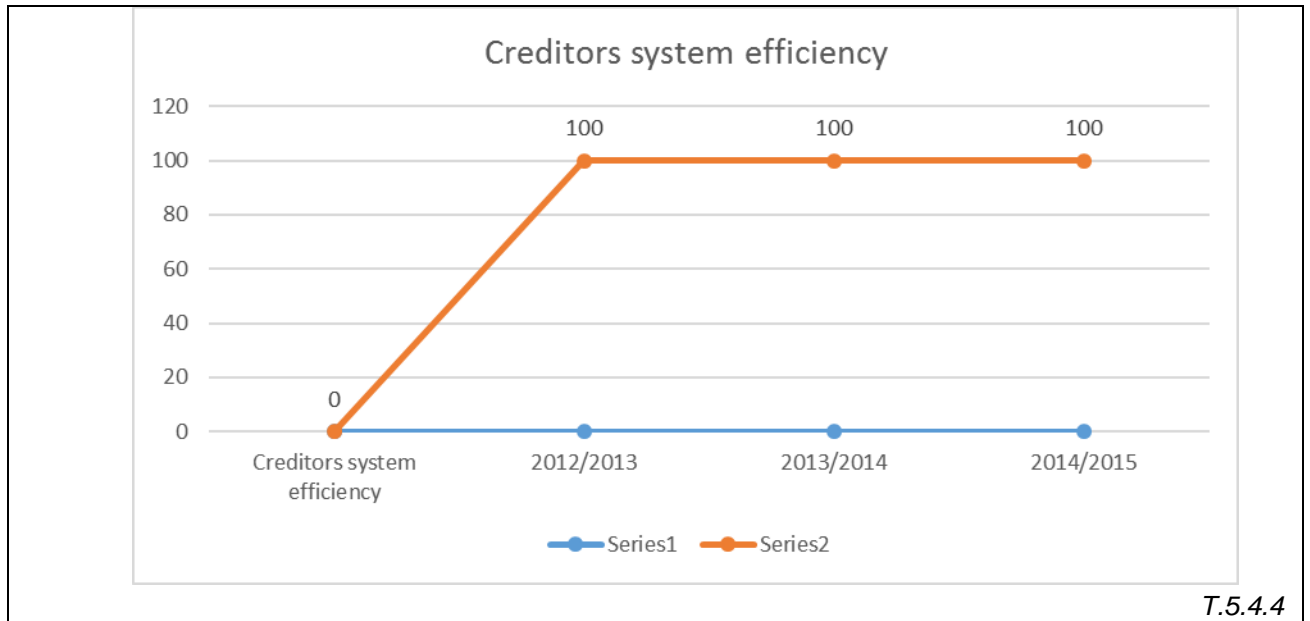


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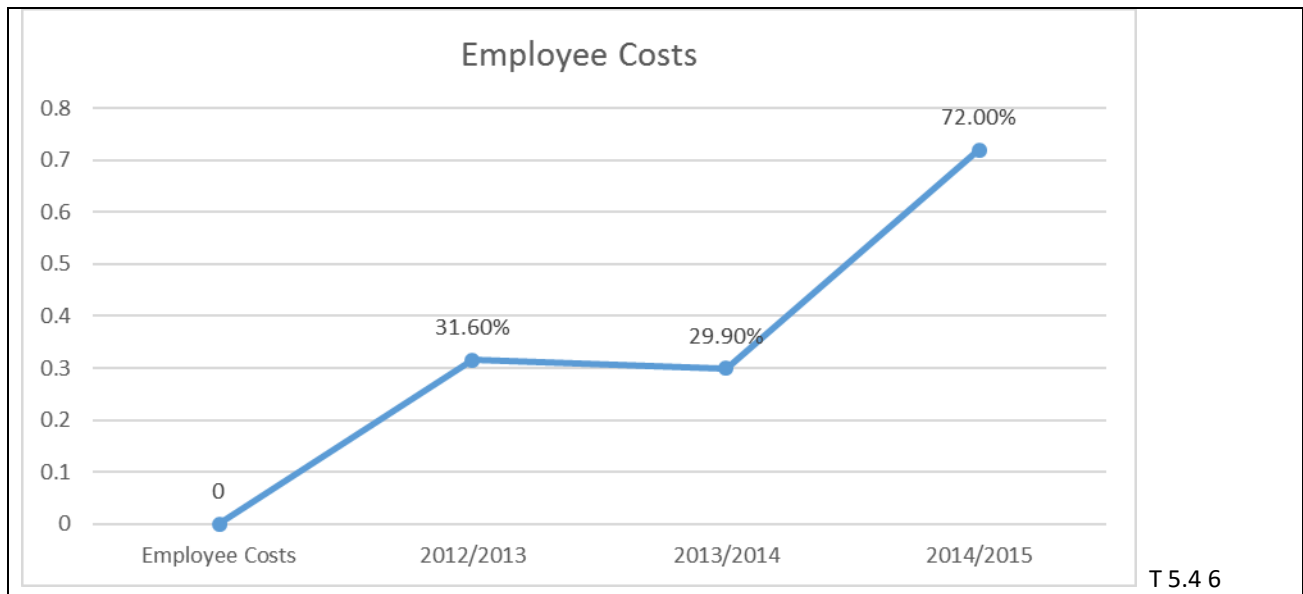
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Chapter 5



Chapter 5



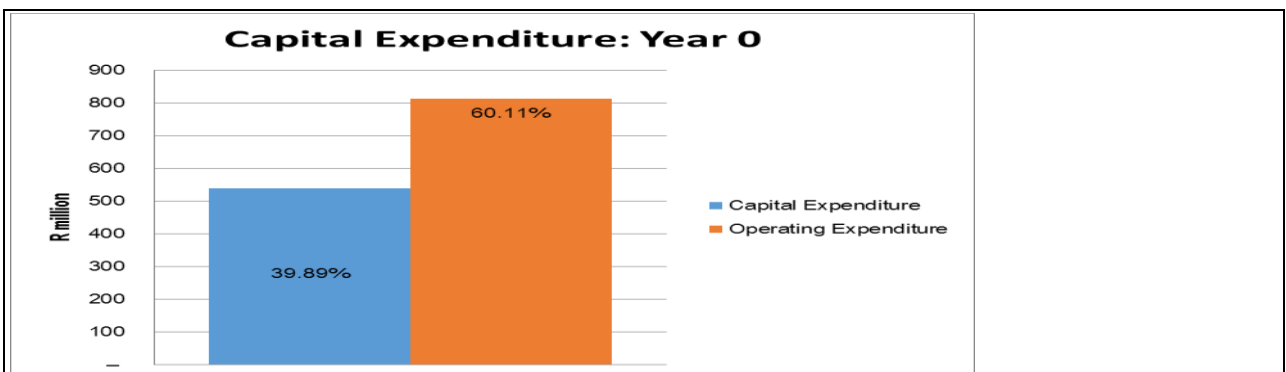
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure was at 74% at the end of the financial year with a total amount of R 139,844,173 spent against the adjustment budget of R 539,387,000. Operating expenditure was a total amount of R 1,175,998,336 against the adjustment budget of R 812,830,898 (-45%). The purchasing of bulk water accounted for the high variance with R 251,803,314 being purchased against the adjustment budget of R 113,120,645 (-123%).

T 5.5.0



Source: Budget and Treasury Office

T 5.5.1

5.6 SOURCES OF FINANCE

Chapter 5

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Infrastructure					
	105,765,664	70,689,000	70,689,000	33%	0%
	5,582,000	11,267,609	23,179,949	-315%	-213%
	8,000,000	17,977,641	21,600,415	-170%	-45%
	13,000,000	5,153,065	13,794,427	-6%	-66%
	15,000,000	11,591,649	11,074,293	26%	3%
	2,000,000	2,200,000	1,193,960	40%	-10%
	9,000,000	3,000,000	688,780	92%	67%
		500,000	95,267	92%	67%
	2,000,000	1,000,000	30,158	98%	50%
	500,000	768,605	0	100%	-54%
Name of Project - A	Mametja Sekororo RWS (A)				
Objective of Project	To provide basic service to the community				
Delays	Project moving very slowly as DWA has not yet issued the allocation letter and payment order to MDM for funding. Letters have been written to the Department of Water Affairs to enquire on the allocation letter and payment order.				
Future Challenges	Non Availability of Surface water and inadequate resources for maintenance				
Anticipated citizen benefits	Access to basic service (Water Provision)				
Name of Project - B	Sekgosese Ground Water Development Scheme				
Objective of Project	To provide basic service to the community				
Delays	The project was completed on time				
Future Challenges	Non Availability of Surface water and inadequate resources for maintenance				
Anticipated citizen benefits	Access to basic service (Water Provision)				
Name of Project - C	Upgrading of Water Reticulation MLM				
Objective of Project	To provide basic service to the community				
Delays	Late delivery of materials, standpipes to be installed after the project completion due to vandalism by the community.				
Future Challenges	Non Availability of Surface water and inadequate resources for maintenance				
Anticipated citizen benefits	Access to basic service (Water Provision)				
Name of Project - D	Upgrading of Senwamokgope Sewage Plant				
Objective of Project	To provide basic service to the community				
Delays	The project is on hold due to lack of funds.				
Future Challenges	Inadequate resources for maintenance				
Anticipated citizen benefits	Access to basic service (Sewerage)				
Name of Project - E	Kampersus Bulk Water Supply				
Objective of Project	To provide basic service to the community				
Delays	Land for erecting the steel tanks was handed late by the Local Municipality, slow pace of progress by the contractor and late delivery of materials.				
Future Challenges	Non Availability of Surface water and inadequate resources for maintenance				

Chapter 5

Anticipated citizen benefits	Access to basic service (Water Provision)
T 5.7.1	

Source: Lebelela PMS

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The success of local economic development is tied to the provision of basic and other types of infrastructure services to the people. All services under analysis in this section are located in a specific locality (as per SDF) and have potential to boost socio-economic development (as per LED). Infrastructure analysis focuses on the status quo regarding water supply, sanitation facilities, energy, housing provision, roads and public transport, waste management and telecommunications – all of which underpin socio-economic development and determine a people's quality of life. The provision of adequate municipal infrastructure remains a challenge throughout the district.

T 5.8.1

Basic services access and backlogs(no access) in all households of the district					
Service	Households	Access	% Access	Backlog	% Backlogs
Sanitation	296320	251 976	85,0%	44 344	15,0%
Water		249 925	84,3%	46 395	15,7%
Electricity		257 798	87,0%	38 522	13,0%
Housing		271 518	91,6%	24 802	8,4%
Refuse removal		55300 (Urban+rural areas)	18,7%	241 020 (Rural & farms areas)	81,3%
Roads	3385,47km	1313,64 km (paved)	38,8%	2071,83 km (gravel)	61,2%
Source: STATSSA, Census 2011& Road Management System (RAL), Municipal information. MDM IDP 14/15					
NB: Roads backlog is informed by the prioritized gravel roads to be paved per time.					

Access/ Backlog on Free basic Services (Indigent H/H)												
	GTM		GGM		GLM		MLM		BPM		MDM	
Total Indigent h/h registered	27 352		767		2 371		3 700		3 729		37 919	
Access/ Backlog	Access	Backlog	Access	Backlog	Access	Backlog	Access	Backlog	Access	Backlog	Access	Backlog
Water	2273	85475	767	38 615	20	50 250	2405	12513	1029	2 6173	6 494	213 026
Electricity	8961	78787	13 874	25 508	1820	48 450	1777	13141	3672	2 3530	30 104	189 416
Sanitation	1360	86388	767	38 532	20	50 250	2213	12705	1029	2 6173	5 389	214 131
Waste Management	930	86818	140	39 242	20	50 250	0	14918	1029	2 6173	2 119	217 401

Source: Local municipalities IDPs as per MDM IDP 14/15

Chapter 5

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport						
<i>Roads, Pavements & Bridges</i>						
<i>Storm water</i>						
Infrastructure - Electricity						
<i>Generation</i>						
<i>Transmission & Reticulation</i>						
<i>Street Lighting</i>						
Infrastructure - Water						
<i>Dams & Reservoirs</i>	449,271	559,837	286,402	63.75%	51.16%	
<i>Water purification</i>						
<i>Reticulation</i>						
Infrastructure - Sanitation						
<i>Reticulation</i>						
<i>Sewerage purification</i>						
Infrastructure - Other						
<i>Waste Management</i>						
<i>Transportation</i>						
<i>Gas</i>						
Total	449,271	559,837	286,402	63.75%	51.16%	
* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity.						

T 5.8.3

COMMENT ON BACKLOGS:

It should be noted that free basic water, sanitation and refuse removal are measured in towns and townships where metering and supply of services systems are in place. For the rural and farm dwellers they remain in backlog due to lack of metering systems and supply of services being below RDP standards. Out of the total indigent households of Mopani District Municipality, the following are the aggregate backlogs in free basic services for indigents: Water: 97,0%; Electricity: 86,3%; Sanitation: 97,5% and Waste management (refuse removal): 99,0% ⁷. The high percentage of households are not accounted for on free basic services due to lack of measuring systems and equipment. Council is busy introducing flat rate payment of water to our rural communities

T 5.8.4

⁷ Source: MDM 14/15 IDP

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Source: Previous years' actuals as per 13/14 AR, Current as per BTO

Cash Flow Outcome

Description	2014/15				2013/14
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Restated Audited Outcome
R thousand	1	2	3	4	8
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	189 428	(100 000)	89 428	2 281	3 042
Government - operating	602 416	(175 929)	426 487	430 212	523 273
Government - capital	609 721	(425 241)	184 480	160 346	495 830
Interest	1 050	2 300	3 350	3 406	2 859
Dividends	–	–	–	–	–
Payments					
Suppliers and employees	(727 748)	109 459	(618 289)	(560 767)	(558 056)
Finance charges	(650)	650	–	(462)	(608)
Transfers and Grants	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	674 217	(588 761)	85 456	35 015	466 341
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	–	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–
Payments					
Capital assets	(674 966)	454 270	(220 696)	(78 616)	(374 115)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(674 966)	454 270	(220 696)	(78 616)	(374 115)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–
Payments					
Repayment of borrowing	–	–	–	(1 248)	(2 312)

Chapter 5

NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	(1 248)	(2 312)
NET INCREASE/ (DECREASE) IN CASH HELD	(749)	(134 492)	(135 240)	(44 849)	89 914
Cash/cash equivalents at the year begin:	83 126	83 126	83 126	83 126	(6 788)
Cash/cash equivalents at the year end:	82 378		(52 114)	114 327	83 126

Chapter 5

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

	2015	2014
		Restated*
Note(s)		
Cash flows from operating activities		
Receipts		
Grants	666 607 189	1 019 103 612
Interest income	3 405 705	2 858 966
Other receipts	2 281 233	3 042 127
Total receipts	672 294 127	1 025 004 705
Payments		
Employee costs	(217 031 870)	(230 657 970)
Interest paid	(461 993)	(607 869)
Other payments	(343 735 322)	(327 397 668)
Total payments	(561 229 185)	(558 663 507)
Total receipts	672 294 127	1 025 004 705
Total payments	(561 229 185)	(558 663 507)
Net cash flows from operating activities	32 111 064 942	466 341 198
Cash flows from investing activities		
Purchase of property, plant and equipment (Including Work in Progress)	3 (78 616 185)	(373 431 722)
Purchase of intangible assets	4 -	(683 181)
Net cash flows from investing activities	(78 616 185)	(374 114 903)
Cash flows from financing activities		
Finance lease payments	(1 248 245)	(2 312 383)
Net increase in cash and cash equivalents	31 200 512	89 913 912
Cash and cash equivalents at the beginning of the year	83 126 281	(6 787 631)
Cash and cash equivalents at the end of the year	10 114 326 793	83 126 281

* See Note 36

Chapter 5

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

No borrowing on investments were undertaken during the financial year under review.

T 5.10.1

Actual Borrowings: Year -2 to Year 0			
			R' 000
Instrument	Year -2	Year -1	Year 0
Municipal Entities			
Other Securities Not applicable in 2014/15	0		
Entities Total	0	0	0

T 5.10.2

Source: Budget and Treasury Office

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

One of the tourism strategies is to explore potential in establishment of public private partnerships, especially regarding the establishment and management of a district abattoir and food market.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The municipality has developed and adopted a Supply Chain Policy which is in line with the Municipal Supply Chain Management Regulations, Regulation 868 of 2005. This policy is being implemented.

T 5.12.1

5.13 GRAP COMPLIANCE

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

1. Significant judgments and sources of estimation uncertainty:
 - a. Trade receivables / Held to maturity investments and/or loans and receivables

Chapter 5

- b. Impairment testing
 - c. Provisions
 - d. Post-retirement benefits
- 2. Standards that are not yet applicable
- 3. Property, plant and equipment
- 4. Intangible assets
- 5. Taxation
- 6. Leases
- 7. Inventories
- 8. Non-current assets held for sale and disposal groups
- 9. Impairment of cash-generating assets
- 10. Employee benefits:
 - a. Short term employee benefits
 - b. Defined contribution plans
 - c. Other post retirement obligations
- 11. Provisions and contingencies
- 12. Revenue from exchange transactions
 - a. Measurement
 - b. Rendering of services
- 13. Revenue from non-exchange transactions
- 14. Borrowing costs
- 15. Unauthorised expenditure
- 16. Fruitless and wasteful expenditure
- 17. Irregular expenditure

The GRAP 18 Segment Reporting is applicable, but not yet been adopted by Council by the end of the year under review.

T 5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

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

T 6.0.1

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

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance Year 1*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
Property Plant and Equipment	
Assets belonging to municipality not included in the accounting records and financial statements amounting to R38 050 965 (2013: R37 929 219).	Conduct a complete physical verification of movable assets, correct the error and ensure that all assets belonging to the Municipality are accounted in the asset register
Infrastructure assets amounting to R787 994 254 not in good working condition	Identify assets that are poor condition and consider that the impairments are done in line with GRAP 21 and 26. Correct the error in the Asset Register.
Did not identify and value each significant asset separately in accordance with GRAP 17	Identify assets that were inappropriately unbundled, amend the asset register and the AFS
Expenditure	
No appropriate evidence to support journal entries amounting to R11 855 914 in 12/13 Audit Report in current FY	Review the 2012-13 prior year matters and provide supporting documents.
Municipality did not recognise all expenditures in the accounting records in accordance with GRAP	Perform Monthly creditors reconciliations and capturing of all payment vouchers on the financial system
Payables	
No correction on retention liability overstated by R5 228 557 in 12/13 Audit report during current FY	Review the 2012-13 prior year matters and provide supporting documents and correct the error retrospectively.
Municipality did not recognise all payables in the accounting records in accordance with GRAP to the amount of R20 911 791	Monthly creditors reconciliations performed and request invoices on recurring expenditures
Insufficient audit evidence for payables relating to water and sewerage transactions at BPM and GTM at R155 061 624 (2013: R170 927 899) for BPM and R184 123 893 (2013: R136 062 556)	Request supporting documents relating to water and sanitation transactions from Local Municipalities ensure that the expenditures are correctly accounted for.
Receivables from exchange transactions	
Municipality could not provide supporting documentation for R226 429 161 owing by BPM	Confirm the balances with the Municipality, obtain sufficient supporting documentations relating to water and sanitation transactions
Insufficient audit evidence for receivables relating from exchange transactions balances for GLM and GGM	Request supporting documents relating to water and sanitation transactions from Local Municipalities ensure that the expenditures are correctly accounted for.
Consumer Debtors	

Chapter 6

Auditor-General Report on Financial Performance Year 1*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
Insufficient audit evidence and no current year adjustments for receivables of R402 474 196 as per 12/13 Audit report	Review the 2013-14 prior year matters and Request supporting documents relating to water and sanitation transactions from Local Municipalities ensure that the expenditures are correctly accounted for.
Insufficient audit evidence for consumer debtors relating to water and sewerage transactions at GLM of R31 048 941	Review the 2013-14 prior year matters and Request supporting documents relating to water and sanitation transactions from Local Municipalities ensure that the expenditures are correctly accounted for.
Consumer debtor balances for BPM of R310 205 126 and GGM of R57 557 354 does not agree to underlying accounting records	The Municipality is currently upgrading its financial system into an integrated system in the Local Municipalities and will forward residents accountant in the Municipalities who will operate the system in order to have full control of the Water and Sanitation transactions.
Municipality did not assess financial assists or collectively for insignificant financial assets in accordance with GRAP to R215 644 849	The Municipality will properly determine the provision for doubtful debts on an individual basis as opposed to considering the total per the age band of debtors.
Revenue	
No system of control over revenue - interest earned-outstanding receivables for GTM and GGM to amount of R6 557 970 and R4 572 191	The Municipality is currently upgrading its financial system into an integrated system in the Local Municipalities and will forward residents accountant in the Municipalities who will operate the system in order to have full control of the Water and Sanitation transactions.
Water and sewerage revenue from BPM not recognised as corrected amounts reflecting difference of R 93 233 731	The Municipality is currently upgrading its financial system into an integrated system in the Local Municipalities and will forward residents accountant in the Municipalities who will operate the system in order to have full control of the Water and Sanitation transactions.
Water and sewerage revenue billed by BPM and GGM not included in FS that amounts reflecting difference of R 26 523 419 and R59 132 467.	The Municipality is currently upgrading its financial system into an integrated system in the Local Municipalities and will forward residents accountant in the Municipalities who will operate the system in order to have full control of the Water and Sanitation transactions.
Consumer Deposits	
No system control over consumer deposits for BPM for R3 492 850	The Municipality is currently upgrading its financial system into an integrated system in the Local Municipalities and will forward residents accountant in the Municipalities who will operate the system in order to have full control of the Water and Sanitation transactions.
Commitments	
Commitments of R106 262 010 not included in accounting records and AFS	Directorates to compile monthly commitments register for submission to BTO for consolidation, IT to ensure that the directorates have access to the PROMIS system & BTO to perform monthly commitments reconciliations
Other Financial Assets	
Municipality did not adequately disclose financial assets from a third party for use of fleet vehicles owned by municipality as per 12/13 audit report	Review the 2012-13 prior year matters and provide supporting documents and corrections to be made on the AFS
Cash flow statement	
Non-cash flow items included in cash flow statement	All water and sanitation transactions to be disclosed on the note and not on the cash flow statement
VAT Receivable	

Chapter 6

Auditor-General Report on Financial Performance Year 1*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
No system control over VAT receivable with unexplained difference of R6 585 043	Review the 2012-13 prior year matters and provide supporting documents for unresolved prior period matters will be retrieved to enable corrections to be made
Irregular Expenditure	
Municipality did not adequately investigate and report irregular expenditure in amount of R33 835 540 as per 12/13 audit report. Impact of modified figure of R159 260 478 cannot be ascertained	Investigate as to what led to the balance of R33 835 540 not investigated by MPAC. Correct the disclosure note in the AFS.
Predetermined Objectives - Priority 3 and 4	
50% of targets were not specific	This has been rectified in the 14/15 SDBIP
30% of performance targets not measurable	This has been rectified in the 14/15 SDBIP
20% of indicators not well defined	This has been rectified in the 14/15 SDBIP
Compliance to laws and regulations	
AFS, performance and annual reports	
AFS submitted for auditing were not prepared in all material respects in accordance with S122 of MFMA	Submit AFS for review and final confirmation by the Audit Committee prior submission to the Auditor General
Audit Committee	
Audit committee was not afforded opportunity to review AFS	Submit AFS for review and final confirmation by the Audit Committee prior submission to the Auditor General
Procurement and contract management	
Awards were made to providers in the service of the municipality and whose principle shareholders are in the service of the municipality in contravention of S112 (j) of MFMA and SCM reg 44. Provider failed to declare that he/she was in service of municipality and no disciplinary action taken.	Ensure that all officials and Councillors declare interest on a yearly basis
Awards were made to providers who are in the service of other institutions in contravention of MFMA 112(j) and SCM reg 44	Investigate a system for verification of companies and try and improve measure to prevent the award to employees of the state
Goods and services of a transaction value above R200 000 were procured without inviting competitive bids as per SCM reg 19 (a)	Adherence to SCM regulations in the Acquisition Management.
HRM and Compensation	
Acting CFO appointed for more than 3 months without approval of MEC for CoGHSTA in contravention of S 56 (1)(c)	Appointment of acting positions on Senior Officials to be in line with Section 56 (1) ©.
No approved staff establishment in place in contravention with S 66 (1)(a) of MSA	The organogram is currently under review and once finalised will be tabled to Council for approval
Competencies of financial and SCM officials not assessed in timely manner to identify gaps in competency levels	Assessment of competency levels on financial and SCM officials will be assessed timeously
Municipality did not submit report on compliance with competency levels to NT	Report on competency level will be submitted to National Treasury
Expenditure Management	
Money owed by Municipality not always paid within 30 days as per MFMA S62(1)(d)	Develop a weekly cash flow budget to monitor the available cash and adhere to the 30 days payment period
No reasonable steps taken to prevent unauthorised, irregular and wasteful expenditure as per MFMA S62(1)(d)	Investigate a system for verification of companies and try and improve measure to prevent the award to employees of the state
Consequence Management	

Chapter 6

Auditor-General Report on Financial Performance Year 1*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
Unauthorised, irregular and wasteful expenditure incurred by municipality was not investigated to determine if any person is liable for expenditure as per MFMA S32(2)(a)(ii)	All UIF incurred must be investigated by Council Committee (MPAC)
Condonation of irregular expenditure was not approved by appropriate relevant authority as per MFMA S170(c)	A letter has been written to National Treasury on the condonement of Irregular Expenditure
Revenue Management	
No adequate management, accounting and information system that accounts for revenue, debtors and receipts of revenue in place as per MFMA S62(2)(e)	The Municipality is currently upgrading its financial system into an integrated system in the Local Municipalities and will forward residents accountant in the Municipalities who will operate the system in order to have full control of the Water and Sanitation transactions.
Asset Management	
No adequate management, accounting and information system that accounts for assets in place as per MFMA S62(2)(e)	The Asset Register is in Place, the Municipality will investigate and correct errors in the Asset Register
No effective system of internal control for assets (incl asset register) in place as per MFMA S62(2)(c)	The Asset Register is in Place, the Municipality will investigate and correct errors in the Asset Register
Service Delivery	
Municipality did not adopt a water services development plan as per WSA S 12(1)(a) and (b)	The Water development plan to be taken through the processes of adoption.
Internal Control	
Leadership	
Accounting officer did not exercise adequate oversight ⁵ over GRAP in preparation for FS	
Lack of communication and co-operation between district municipality and local municipalities	
Management did not have sufficient monitoring controls to ensure proper implementation of action plans and reports from internal audit	
Leadership did not regularly monitor management's compliance with laws, regulations and internally designed policies and procedures, therefor non-compliance issues were noted.	
Financial and performance management	
Lack of adequate technical knowledge to prepare AFS	The resident accountant provided by Coghsta assist in terms of technical knowledge in the preparation of the AFS
Lack of adequate record management system that supports AFS and performance information	The Municipality is currently in the process of integration of the Financial System and the Performance Management System
Lack of adequate internal control systems to recognise all property, plant and equipment, all receivables and all revenue	The Asset Register is in Place, the Municipality will investigate and correct errors in the Asset Register
Governance	
Lack of implementation of adequate risk assessment procedures as all risks affecting the municipality were not identified	
T 6.2.1	

Chapter 6

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

6.2 AUDITOR GENERAL REPORT YEAR 0

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
Cash and cash Equivalent	
1.No bank reconciliation was performed for call account 408-091-1613 at year end which had a balance of R25 025 171.23 as at 30 June 2015. 2.Bank reconciliation for July 2014 for the primary account 40-5277-1364 was not performed the following month and was only performed on 11 September 2014, thus not performed timeously	Detailed reviews of all bank reconciliations by the deputy manager: Revenue as well as the CFO by the 7th of the proceeding month.
VAT input was only recognised for March and April bank charges and Vat on the bank charges for the following months was not recognised	Review of the work of VAT consultants on a monthly basis.
Inspected bank reconciliations and confirmed that the reconciling items (cheques not yet captured) in January of R 22 212.28 were not cleared in February (and where never cleared).	Detailed reviews of all bank reconciliations by the deputy manager: Revenue as well as the CFO by the 7th of the proceeding month.
Cash flow Statements	
Contrary to the above stipulation the municipality included an amount of R 177 017.00 relating to loss on disposal of an asset as an outflow in the computation for cash flows from investing activities. This loss is included in other cash flow from investments. These also applies to comparative amount of R 355 003.00	Quarterly financial statements will be prepared and thoroughly reviewed and corrected before the middle of the proceeding quarter.
Commitments	
Contrary to the stipulation, we noted that the suppliers documents was requested as per request number 42 of 2015 but could not be provided for audit purposes	Appointment of the records management personnel.
During the audit we identified projects sitting on the WIP and not on the commitment register	Review of the accounting work on commitments on a monthly basis by a senior finance official.
Employee Costs	

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
The posts listed hereunder were vacant for longer periods as per the approved organizational structure submitted for audit purpose despite the fact that they were budgeted for. (Chief Finance Officer, Director Corporate Services Manager: Occupation Health and Safety)	Development of a recruitment plan following the approval of the organisational structure.
The official Pilusa MB (400243) was paid pro-rata bonus after termination of service in addition to the service bonus paid to her in terms of the employment contract. Refer to table below for details:	Review of non-recurring payroll related payments by the CFO.
Employees were not removed on the system after termination of their services resulting in either salary over/(under) payments.	Review of non-recurring payroll related payments by the CFO.
The municipality did not pay the following employee leave gratuity on termination of employment.	Review of non-recurring payroll related payments by the CFO.
The municipality underpaid the following employee on termination of employment	Review of non-recurring payroll related payments by the CFO.
The following employee's leave form could not be obtained from the file that was submitted for audit. (Nkuna T.S)	An audit of all personnel files with a view to locating all files and instituting proper file management with the implementation of a new records management system.
The following employee's leave form was not accompanied by supporting documentation. (Mabotja P)	(1) Instituting stricter control measures including auditing of leave, a policy compliance checklist in respect of all policies and awareness sessions on all policies. (2) Monthly reviews of leave activities and documents.
Employee's leave were captured late on the system.	Instituting stricter control measures including auditing of leave systems, utilising existing IT systems or sourcing a new automated leave system and improvement of management.
The municipality did not capture the employees' leaves on time.	Implement better quality control of systems including auditing of the systems and improvement of management capacity.
In terms of paragraph 6.2 of chapter three of MDM Human Resources Policy, each employee shall take vacation leave of at least 10 consecutive working days in respect of every completed year of service, and the 12 months period could be extended by six months if circumstances permit. Contrary to the above stipulation the following employees did not take 10	Implement better quality control of systems including auditing of the systems and improvement of management capacity.

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
consecutive working days in respect of every completed year of service.	
The salary used in the determination of provision was based on inflated salary, not as per the formula	Review of non-recurring payroll related payments by the CFO.
The personnel file for Malatji KE (400255) was requested as per request number 8 dated 17 September 2015 and was subsequently submitted for the audit but the file does not have sufficient evidence to execute the procedures	An audit of all personnel files with a view to locating all files and instituting proper file management with the implementation of a new records management system.
Paragraph 7.1.3 of the overtime policy an employee may only be compensated for overtime worked if the monthly compensation for overtime constitutes less than 30% of the employee's monthly salary. It has been noted that some employees who worked overtime have been compensated above the limit of 30%. Contrary to the stipulations, the employees listed hereunder were paid more than what they are entitled to	Implement better quality control of systems including auditing of the systems and improvement of management capacity.
In terms of the Overtime Policy, the variable that should be used as part of the tariff to calculate overtime is 4/3. It has been noted that supervisors are not consistent in applying the variable in the calculation of overtime because a variable of 1.5 or less is used instead of the variable of 4/3 per the Overtime policy. Contrary to the stipulation, we noted that the incorrect rates were used for the calculation of overtime paid to the employees	Awarenes sessions of the policies of the municipality among all employees and managers. Implement better quality control of systems including auditing of the systems and improvement of management capacity.
Leave gratuity for the following employees were calculated based on basic salaries only	Awarenes sessions of the policies of the municipality among all employees and managers, Implement better quality control of systems including auditing of the systems and improvement of management capacity.
Employee benefits accounting policy states that, accumulated leave benefit accrues to employees up to maximum of 48 leave days and the benefits are paid in the events of death, disability, retrenchment or/and retirement. Contrary to the above stipulation employees were paid leave gratuity upon resignation.	Review of non-recurring payroll related payments by the CFO.
The responsibilities for information security not delegated to an Information Security Officer. The Municipality did not have a security officer. However, the functions of a Security Officer were performed by the IT Assistant Director	Position of Information Security Officer to be proposed and created in the next round on organisational structure review, and appointment to be expedited.
Backups performed are not verified and checked for successful completion Although financial information was backed up periodically, backups were not verified for completeness to ensure that all the data could be restored in the event of a disaster	Servers to enable testing of backup tape restoration in a virtual environment to be procured and configured

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
Audit Committee	
The audit committee was not effective for the under review as no meetings were held for the first and second quarters. The audit committee only met twice for the year under review.	The new Audit Committee has been appointed with effect from 1st April 2015. We have developed a schedule of audit committee meetings for the financial year 2015/16 to ensure effectiveness in line with Section 166 of the MFMA Act.
VAT	
We identified the following variance that was declared by the municipality in the November Vat 201 submission and the accounting records	<ol style="list-style-type: none"> 1. Monthly monitoring and review of the work of VAT consultants. 2. Training of expenditure staff on accounting for VAT in the financial system.
Input Vat was claimed on the total invoice amounts which included interest component which is an exempt supply as it relates to financial service	<ol style="list-style-type: none"> 1. Monthly monitoring and review of the work of VAT consultants. 2. Training of expenditure staff on accounting for VAT in the financial system.
The municipality submitted VAT return late on specific months	<ol style="list-style-type: none"> 1. Monthly monitoring and review of the work of VAT consultants. 2. Training of expenditure staff on accounting for VAT in the financial system.
Supporting documents requested as per request number 44 of 2015 was not submitted for audit purposes	<ol style="list-style-type: none"> 1. Monthly monitoring and review of the work of VAT consultants. 2. Training of expenditure staff on accounting for VAT in the financial system.
Prior	
Refer to Comaf 132 for details	The financial statements will be prepared quarterly and thoroughly reviewed by management and the audit committee.
Budget	
During the performance of the audit we noted that the budget statements as presented in the appropriation statement was prepared on a cash basis and the financial statements are prepared on an accrual basis as such we are unable to compare and validate the variances due to the fact that the	GRAP training for all finance officials.

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
appropriation statements is not prepared on comparable basis of accounting details for material variances was not provided on the appropriation statement	
Consum	
it was noted that accounts payable were understated in the books of Mopani District Municipality and overstated in the books of Ba-Phalaborwa Local Municipality. Consumer deposits are paid by customers on opening an account which is used for accounting for the different services offered by the municipality which include the water provided on behalf of Mopani District Municipality. It would therefore be necessary for the deposits to also be allocated to water services	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
Distribution losses	
It was noted that distribution losses disclosed in the financial statements of 6 051 985 kl were only monitored between water abstracted and water purified. Measurements were not taken for distribution losses that occurred after purification at the plants i.e. between the purification plants and the reservoirs and between the reservoirs and final distribution to customers. The disclosure is therefore understated with a balance that cannot be quantified as it was not appropriately measured	Bulk water meters installation
Immovable	
Assets selected from the floor during the asset verification could not be traced to the fixed asset register (FAR) and neither could they be traced to the disposal list of assets. This therefore, renders the fixed asset register incomplete and consequently affects the accuracy of the financial statements	Conduct a complete physical verification of movable assets and correct the asset register and AFS based on the verification results.
Assets selected from the fixed assets register during the asset verification could not be traced to the floor (Physical exist) and neither could they be traced to the disposal list of assets.	<ol style="list-style-type: none"> 1. Update the asset register regularly and reconcile to the ledger on a monthly basis. 2. Investigate audit differences and correct the Asset Register and the AFS. 3. Procurement & Implementation of the electronic asset register
Assets appear on the asset register but the assets does not belong to Mopani District Municipality.	<ol style="list-style-type: none"> 1. Update the asset register regularly and reconcile to the ledger on a monthly basis. 2. Investigate audit differences and correct the Asset Register and the AFS. 3. Procurement & Implementation of the electronic asset register

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
asset verification and testing of current year addition it was noted that management classified the old plant and new plant of water treatment works as one unit completed in the current year which is contravention of Directive 7 which stipulate that all Assets which were acquired prior to 2009 a deemed cost for the recording and measurement of those infrastructure assets must be used and all infrastructure assets acquired after 2009 an actual cost must be used for recording and measurement respectively	<ol style="list-style-type: none"> 1. Monthly reviews of consultants's work on preparation of asset registers that are GRAP compliant. 2. Training of assets personnel to correctly accounting and reporting on assets.
Construction contracts not completed with the original time frame	Management should monitor projects on a monthly basis.
Management only went back two years ago to 30 June 2012 to calculate current replacement cost (CRC) this is contrary to the directive which requires any entity to calculate CRC based on the discount rate to the date when the Municipality adopts GRAP which is 30 June 2009 for Mopani district Municipality. Refer to difference noted due incorrect application of directive 7	<ol style="list-style-type: none"> 1. Monthly reviews of consultants's work on preparation of asset registers that are GRAP compliant. 2. Training of assets personnel to correctly accounting and reporting on assets.
Management did not calculated the current year depreciation expense correctly	<ol style="list-style-type: none"> 1. Monthly update of the asset register and reconciliation with the ledger on a monthly basis. 2. Procurement & Implementation of the electronic asset register
Management did not assess impairment as required by GRAP 21 for the boreholes regardless of the internal and external factors that are evident that the boreholes as a category of assets are significantly impaired. Consequently we are unable to confirm the accuracy of depreciation on this category of assets and the extent of misstatement in the financial statements.	<ol style="list-style-type: none"> 1. Monthly reviews of consultants's work on preparation of asset registers that are GRAP compliant. 2. Training of assets personnel to correctly accounting and reporting on assets.
the municipality did not review the useful lives of Infrastructure assets as such this is resulted in none compliance with the provisions of GRAP 17	<ol style="list-style-type: none"> 1. Monthly reviews of consultants's work on preparation of asset registers that are GRAP compliant. 2. Training of assets personnel to correctly accounting and reporting on assets.
Inventor	
Supporting Documentation and council approval to support Inventory adjustment, Supporting documentation for Stores stock take on to the value of R 52 370 489.90 was not submitted for Audit purpose	All documents to be filed properly in the strong room and access to be limited to personnel assigned for documents management
Issue vouchers and Journals not submitted.	All documents to be filed properly in the strong room and access to be limited to personnel assigned for documents management

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
Differences were noted between the count per stock sheets and accounting records.	Review of the Inventory policy to improve on the handling of inventory
The value on the stock count sheets per store does not agree to Accounting records.	the stock count sheets to not include any values
Water services revenue at Ba-Phalaborwa local municipality it was noted that there is an amount of revenue that is still in the Ba-Phalaborwa local municipality trial balance and therefore has not been declared to Mopani District Municipality	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
Leases	
Finance lease liability was not split between current and non-current liability.	<ol style="list-style-type: none"> 1. Monthly reviews of consultants's work on preparation of asset registers that are GRAP compliant. 2. Training of assets personnel to correctly accounting and reporting on assets.
The municipality did not present a reconciliation of minimum lease payments and their present value properly. Finance charges were not included in the note for Finance Lease obligation	<ol style="list-style-type: none"> 1. Monthly reviews of consultants's work on preparation of asset registers that are GRAP compliant. 2. Training of assets personnel to correctly accounting and reporting on assets.
Journal was incorrectly passed and does not have any supporting documents	All documents to be filed properly in the strong room and access to be limited to personnel assigned for documents management
Movable	
Assets were disposed without the approval from council	MDM will tighten reviews on review of compliance with policies and regulations, across all areas of municipal functions.
During the fixed assets verification process, we identified assets that were not in good working condition amounting to R 499 583.99 and these were not removed from the asset register.	<ol style="list-style-type: none"> 1. Monthly reviews of consultants's work on preparation of asset registers that are GRAP compliant. 2. Training of assets personnel to correctly accounting and reporting on assets.

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
Operating Expenditure	
The accounting officer did not publish the bids received on time on the municipal website. Furthermore, the above regulation is also not included in the district municipality's SCM policy.	Monthly monitoring of review of compliance, of SCM activities, with SCM policies and regulations.
The district municipality has not adopted a fraud prevention policy/plan (which will include specific measures for preventing and detecting fraud in the procurement process)	Monthly reviews of timeous implementation of policies and procedures.
Declaration of interest was not made for the employees who have interest in suppliers who do business with the municipality	Monthly monitoring of review of compliance, of SCM activities, with SCM policies and regulations.
Supplier database was not completed with important supplier information for example suppliers residential addresses	The supplier database will be reviewed and updated for compliance with SCM policies and regulations, quarterly.
It was noted that the municipality claimed input vat on supplies that are not Vat exclusive which resulted to expenditure being understated	1. Monthly monitoring and review of the work of VAT consultants. 2. Training of expenditure staff on accounting for VAT in the financial system.
Invoice not paid within 30 days	Introduction of a filing system to track unpaid invoices by date and to expedite the payment of those that approach 30 days threshold.
Suppliers to whom awards were made and did not provide declaration of interest.	Monthly monitoring of review of compliance, of SCM activities, with SCM policies and regulations.
Suppliers documents was requested as per request number 42 of 2015 but could not be provided for audit purposes (Diakora Construction Shankutu and Madlodi Travel and Tours Kumani Research centre Matshankutu Logistics Finishing Touch Trading 540)	All documents to be filed properly in the strong room and access to be limited to personnel assigned for documents management
Its been noted as per the Executive summary of the forensic report (external business interest) that the municipality has irregular expenditure on some of the suppliers	Monthly monitoring of review of compliance, of SCM activities, with SCM policies and regulations.

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
Suppliers documents was requested as per request number 42 of 2015 but could not be provided for audit purposes (Diakora Construction Shankutu and Madlodi Travel and Tours Kumani Research centre Matshankutu Logistics	All documents to be filed properly in the strong room and access to be limited to personnel assigned for documents management
Bid documents for Maxprof and IPM not submitted.	All documents to be filed properly in the strong room and access to be limited to personnel assigned for documents management
There are no system in place to monitor the performance of the consultants to ensure that they comply with the service level agreement and the deliverables as stipulated in the tender documents	Monthly monitoring of review of compliance, of SCM activities, with SCM policies and regulations.
we noted that the soft copies and files was requested as per request number 50 of 2015 but could not be provided for audit purposes	All documents to be filed properly in the strong room and access to be limited to personnel assigned for documents management
Payables	
Payables were not paid within 30 days of receipt of the invoice	Introduction of a filing system to track unpaid invoices by date and to expedite the payment of those that approach 30 days threshold.
VAT output from the sale of water and providing of sewerage services has been recognised as a liability in the Ba-Phalaborwa Local Municipality (BPM) books for the current year and all the prior years and has been excluded from the financial statements of Mopani District Municipality.	1. Monthly monitoring and review of the work of VAT consultants. 2. Training of expenditure staff on accounting for VAT in the financial system.
Retention liability is misstatement as a result of differences identified between final retention register and amount presented in the statement of financial position as payables under note 14 of the annual financial statements	Review of the accounting work on commitments on a monthly basis by a senior finance official.
That retention monies was recognised in the general ledger inclusive of vat for vat vendors	1. Monthly monitoring and review of the work of VAT consultants. 2. Training of expenditure staff on accounting for VAT in the financial system.
That retention on payment certificate paid was not recorded in the general ledger of the municipality	Review of the accounting work on retentions on a monthly basis by a senior finance official.

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
The retention liability is misstatement as a result of retention on payment certificate being different from the amount as per general ledger	Review of the accounting work on retentions on a monthly basis by a senior finance official.
Predetermined objectives	
Coordinators of performance information did not ensure that all performance achievement have been recorded	Directorates that have not captured will be reminded to do so per email and directors will receive letters on non performance
Performance indicators are not clear and as a result would render the performance indicators not useful	Indicators will be reviewed immediately after budget adjustment when adjusting the SDBIP
indicators appear not be relevant to the mandate of the municipality as the municipality is acting as the implementing agency	The 2 indicators will be removed during SDBIP adjustment
During the audit of Pre-determine objectives, we could not be provided with a list of households that were assisted with electricity, basic water and sanitation for the five local municipalities for the year under review. On enquiry with the Assistant Director Engineering Services it emerged that electricity function liaise with Eskom and as a result the MDM does not keep such records. For both basic sanitation and water, the only information that could be provided is a Census municipal report for 2011.	Supporting information will be provided
Reported actuals as contained in the annual performance report for the indicators is inaccurate	Monitoring of the information captured in the system by updaters to be monitored by the directors
For the second year running we noted that the customer service charter is not approved. This document has been awaiting council approval since 2013/2014 financial year	The customer service charter will be reviewed and processed through council structures for approval
Targets as per indicators are in accurate	Actual performance will be corrected to reflect correct information in the APR
Provisions	
Bonus listing and actuarial reports were requested as per request number 32 dated 05 November 2015 but could not be provided for audit purposes	All documents to be filed properly in the strong room and access to be limited to personnel assigned for documents management

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
The amounts as per actuarial reports do not agree to the journals in the general ledger	Review of the accounting work on retentions on a monthly basis by a senior finance official.
Receivables	
The local municipality could only provide us with age analysis balance per category and not per individual debtors in each category as they did in prior periods. We were unable to obtain a separate listing to allow us to test the water transactions debtors separately and therefore consider this as a limitation of scope	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
It was noted that the debt impairment expense for the year was less than the movement in provision for bad debt. The movement from Tzaneen Local Municipality was a decrease which was also not reflected as provision for bad debts adjustment income.	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
The Vat Receivable as recorded in the annual financial statements of R28 675 013 does not agree to the SARS VAT statement of account	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
During the audit of consumer debtors for Ba-Phalaborwa, a difference was noted between the consumer debtors balance as per the inter-municipal account confirmation and the amount as disclosed in the annual financial statements	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
differences were noted between the financial statements and the trial balance and the financial statements and the debtor's age analysis	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
During the audit of Mopani District Municipality water services accounts receivable at Greater Giyani local municipality it was noted that the debtor's age analysis provided to the auditors showed the individual debtor's balances which were inclusive of all the services provided by the local municipality (i.e. water, electricity, property rates etc.). The local municipality could only provide us with age analysis balance per category and not per individual debtors in each category as they did in prior periods.	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
During the audit of Mopani District Municipality for Consumer debtors at the Greater Letaba Local Municipality, it came to our attention that the balance of consumer debtors on the general ledger of Greater Letaba Local Municipality was different from the balance per Mopani District Municipality's financial statements	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
it was noted that policies applied for consumer debtor interest calculation, provision for bad debts calculation, water transactions revenue billing tariffs were according to the local municipality policies and not in accordance with the Mopani District Municipality policy	Monthly reviews of timeous implementation of policies and procedures.
staff debtors of the following debtors were still included in the staff debtor balance but were no longer employed by Mopani District Municipality	Quarterly financial statements will be prepared and thoroughly reviewed and corrected before the middle of the proceeding quarter.
It was noted that the following debtors which resulted from overpayments of Councillors were not considered recoverable and no payments were received from these debtors in the current period	Quarterly financial statements will be prepared and thoroughly reviewed and corrected before the middle of the proceeding quarter.
It was noted that the following debtors which resulted from overpayments of suppliers were not considered recoverable and no payments were received from these debtors in the current period	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
Supporting documentation for the receivables from exchange transactions of Ba-Phalaborwa local municipality and Giyani local municipality could not be provided as requested through Request for information no 35 of 2015.	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
Stock listing balance does not agree to the Annual Financial Statements. Please refer to the table below	1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue.

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
	2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
Revenue	
During the audit of Mopani District Municipality water services revenue at Ba-Phalaborwa local municipality it was noted that there is an amount of revenue that is still in the Ba-Phalaborwa local municipality trial balance and therefore has not been declared to Mopani District Municipality. The Vat output on this revenue is also not accounted for in the books of Mopani District Municipality	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
It was established that no declaration of interest on accounts receivable of water and sewage was made to Mopani District Municipality and therefore still remains in the financial statements of Ba-Phalaborwa local municipality. The balance relating to the water and sewage interest on accounts receivable cannot be determined as interest is calculated on the total debtor balance including electricity and other charges billed to the customer that do not relate to Mopani District Municipality.	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
During the audit of Mopani District Municipality water services revenue for Ba-Phalaborwa noted that the billing for July 2014 water consumption was processed based on the approved tariffs for the 2013/14 financial year. The 2014/15 water consumptions tariffs were subsequently only loaded in August resulting in inaccurate billing.	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
water services transactions have been managed and accounted for together with the services offered by Ba-Phalaborwa Local Municipality. As a result separate accounting records could not be provided for revenue, Vat and accounts receivables. These were found to be consolidated in records such as debtor's age analysis, interest and Vat payable accounts.	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
it was noted that there were differences between the monthly billing integration totals and the monthly vote totals for sale of water and sewerage services revenue From Ba-Phalaborwa Local Municipality	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
During the audit of Mopani District Municipality sewerage revenue at Greater Giyani local municipality it was noted that there was a difference between the amount recognised in the financial statements of Mopani District Municipality and the amount provided by the local municipality	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
It was established that Mopani District Municipality did not account for interest on water and sewerage receivables from Giyani Local Municipality. The Giyani Local Municipality has provided the below amount which relates thereto and should have been recognised by Mopani District Municipality	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
it was noted that there were differences between the water and sewerage revenue from Maruleng Local Municipality recognised in the financial statements and the amounts provided by the local municipality	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
It was noted that some customers were classified under the incorrect billing code and therefore billed at an incorrect tariff.	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
The service level agreements for Ba-Phalaborwa, Maruleng, Greater Letaba and Greater Tzaneen could not be provided as requested through Request for information no 28 of 2015. We are therefore unable to obtain sufficient supporting evidence regarding compliance with these agreements and consider this as a limitation of scope.	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
We noted an amount of R 6 084 732.53 per the records of Greater Tzaneen Local Municipality relating to Interest on outstanding debtor for water and sewer was not included in the annual financial statements of Mopani District Municipality. This amount is also not included in the records of Greater Tzaneen Local Municipality	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.

Chapter 6

Auditor-General Report on Financial Performance Year 0*	
Status of audit report: Adverse Opinion	
Non-Compliance Issues	Remedial Action Taken
During the audit of Mopani District Municipality for Sewer – Service Charges at the Greater Tzaneen Local Municipality, it came to our attention that the District Municipality did not account for Sewerage Revenue from Greater Tzaneen Local Municipality on its Annual Financial Statements. Revenue (Sewerage service charges) to an amount of R 3 215 741 on the records of Greater Tzaneen Local Municipality was not included in the annual financial statements for Mopani District Municipality. Mopani District Municipality did not also account for VAT to the amount of R 450 204 relating to the revenue	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.
We noted that the total amount of revenue per the billing report was different to the total amount of revenue per the general ledger of Greater Tzaneen Local municipality for the year ended 30 June 2015.	<ol style="list-style-type: none"> 1. Appointment of accountants based at the five local municipalities to focus on the daily reviews, verifications and reconciliations of water and sanitation revenue. 2. Monthly reviews, verifications, and reconciliations of water and sanitation transactions, balances and disclosure items with the local municipalities, by the CFO.

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

Report follows.

T 6.2.3

REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL ON MOPANI DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Chapter 6

Report of the auditor-general to the Limpopo provincial legislature and the council on Mopani District Municipality

Report on the financial statements

Introduction

1. I was engaged to audit the financial statements of the Mopani District Municipality set out on pages 239 to 331 which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2014 (Act No. 10 of 2014) (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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Consumer debtors

4. I was unable to obtain sufficient appropriate audit evidence for consumer debtors relating to water and sewerage transactions included in note 9 to the financial statements due to inadequate internal control and accounting systems. I was unable to determine if water and sewerage transactions are recorded at correct amounts as the

Chapter 6

municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine whether any adjustment relating to this consumer debtors stated at R298 578 682 (2014: R230 182 355) in the financial statements was necessary.

5. The municipality did not assess consumer debtors for impairment individually for significant financial assets or collectively for insignificant financial assets in accordance with SA Standards of GRAP 104, *Financial instruments*. I was unable to determine the amount of impairment by alternative means as the municipality did not maintain adequate records. Consequently, I was unable to determine whether any adjustments to the provision for doubtful debt balance amounting to R276 873 330 (2014: R255 913 555) as disclosed in note 9 to the financial statements was necessary.

Receivables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions relating to water and sewerage transactions included in note 7 to the financial statements due to inadequate internal controls and accounting systems. I was unable to determine if water and sewerage transactions are recorded at correct amounts as the municipality's records did not permit the application of alternative audit procedures regarding the receivable amounts from the local municipalities within its jurisdiction. Consequently, I was unable to determine whether any adjustment relating to this receivables stated at R338 752 968 (2014: R289 211 713) in the financial statements was necessary.

Revenue

7. The municipality did not have an adequate system of internal control to record all revenue from service charges. This resulted in revenue from service charges being understated by R44.3 million. In addition, I was unable to obtain sufficient appropriate audit evidence that all revenue from service charges has been recorded by alternative means. Consequently, I was unable to determine whether any further adjustments to revenue from service charges stated at R158 809 610 (2014: R134 866 082) in note 16 to the financial statements were necessary.
8. The municipality did not have an adequate system of internal control to record all revenue on interest from outstanding debtors relating to water and sewerage included in note 16 to the financial statements. I was unable to obtain sufficient appropriate audit evidence that all interest revenue from outstanding debtors relating water and sewerage has been recorded by alternative means. Consequently, I was unable to determine whether any adjustment to interest revenue relating to outstanding debtors and consumer debtors from water and sewerage stated at R15 905 432 (2014: R13 778 874) and R298 578 682 (2014: R 230 182 355) respectively in the financial statements was necessary.

Chapter 6

Property plant and equipment

9. I identified a number of infrastructure assets belonging to the municipality that were not accounted for in the underlying records. In the absence of an adequate internal control system over the recording of infrastructure assets, I was not able to determine whether any adjustment to property plant and equipment of R4 301 420 828 (2014: R4 371 895 876) disclosed in note 3 to the financial statements was necessary.
10. The municipality did not have a system of control over property, plant and equipment as assets amounting to R165 252 803 that do not belong to the municipality, were recognised in the accounting records. Consequently, property plant and equipment was overstated by R165 252 803. Additionally, there was a resultant impact on surplus for the period and on the accumulated surplus.
11. The municipality did not adequately assess impairment of property, plant and equipment in accordance with the SA standards of GRAP 21, *Impairment of assets*. I identified assets amounting to R15 708 644 with impairment indicators which were not impaired by the municipality. I was not able to determine the impact on the net carrying amount of property, plant and equipment, as it was impracticable to do so.
12. The municipality did not perform an assessment on useful life for all assets where there was an indication of change in estimate accordance with the SA Standards of GRAP 17, *Property, plant and equipment* and GRAP 3, *Change in estimate in useful of assets*. Consequently, I was unable to determine whether any depreciation adjustments to the property, plant and equipment balance of R4 505 017 113 (2014: R4 583 262 990) as per note 3 to the financial statements were necessary.
13. The municipality did not recognise infrastructure assets in accordance with SA Standards of GRAP 17, *Property, plant and equipment*. Completed capital projects to the value of R98.2 million were not broken up according to component as required by GRAP17. Furthermore I identified unexplained differences amounting to R33 347 357 between the municipality's accounting records and my calculations. As the municipality did not maintain adequate systems for recording assets, I was unable to confirm these amounts by alternative means. Consequently, I was unable to determine whether any adjustments to the property, plant and equipment, depreciation for the period and accumulated surplus were necessary.

Inventory

14. I identified water inventory (consumables and physical water) belonging to the municipality that was not included in the accounting records. In the absence of an adequate internal control system over the recording of water inventory, I was not able to determine the extent of the understatement for inventory balance stated at R15 548 740 (2014: R34 884 613) as disclosed in note 6 to the financial statements.

Chapter 6

Consumer deposits

15. I was unable to obtain sufficient appropriate audit evidence that consumer deposits had been properly accounted for, as the municipality did not maintain an adequate system of internal control. I was unable to confirm consumer deposits by alternative means. Consequently, I was unable to determine whether any adjustment to consumer deposits stated at R4 385 240 (2014: R3 349 635) in note 15 to the financial statements was necessary.

Expenditure

16. During 2013-14, I was unable to obtain sufficient appropriate audit evidence to adjusting journal entries amounting to R11 855 914. These journals could not be substantiated by supporting audit evidence. I was unable to confirm the journals by alternative means. Consequently, I was unable to determine whether any adjustments the expenditure account stated at R832 326 885 (2014: R1 164 295 573) in the financial statements was necessary.

Debt impairment

17. The municipality did not completely record expenses relating to debt impairment in the surplus for the period. This resulted in an understatement of the provision for debt impairment in surplus for the period stated at R2 776 708 (2014: R36 096 254) and an understatement of consumer debtors stated at R 298 578 682 (2014: R 230 182 355) respectively in the financial statements.

Irregular expenditure

18. The municipality did not include particulars of irregular expenditure in note 39 to the financial statements. The municipality made payments in contravention of the supply chain management requirements which were not included in the note on irregular expenditure, resulting in irregular expenditure being understated by R2 140 162 (2014: R6 085 634). Due to lack of a proper system of internal control to account and report irregular expenditure I was unable to confirm that all amounts relating to irregular expenditure in the current year has been recorded. Consequently, I am unable to determine if any adjustments to irregular expenditure stated at R174 794 070 (2014: R174 794 070) were necessary.

Commitments

19. I identified commitments to the amount of R101 465 174 that belong to the municipality which were not included in the accounting records. In the absence of an adequate internal control system over the recording of commitments, I was not able to determine the extent of the understatement in the commitments' balance of R433 303 568 (2014: R106 262 010) as disclosed in note 33 to the financial statements.

Chapter 6

Cash flow statement

20. The municipality did not apply the principles of the SA Standards of GRAP 2 *Cash flow statements* as non-cash flow items were not excluded in the calculation. I was unable to determine the correct movement on cash flow from operations as it was impractical to do so. Consequently, I was unable to determine the impact on the cash flow balance stated at R114 326 793 (2014: R83 126 281) in the cash flow statement.

Distribution losses

21. I was unable to obtain sufficient appropriate audit evidence for distribution losses relating to water losses, included in note 43 of the financial statements due to inadequate internal controls and accounting system. I was unable to determine if water losses are recorded at correct amounts as the municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine whether any adjustment relating to distribution losses in the financial statements was necessary.

Opinion

22. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

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

Unauthorised expenditure

24. As disclosed in note 37 to the financial statements, unauthorised expenditure to the amount of R1 038 038 was incurred as a result of overspending of the vote.

Significant uncertainties

25. With reference to note 34 to the financial statements the municipality is the defendant in various lawsuits. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

Chapter 6

26. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2015 in the financial statements of Mopani District Municipality at, and for the year ended, 30 June 2014.

Financial sustainability

27. The statement of financial position indicates that the municipality's current liabilities exceeded its total current assets by R218 767 508 which may indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern. It affects the municipality's ability to meet its short term commitments and thus negatively impacting service delivery.

Additional matters

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

Withdrawal from the audit engagement

29. Due to the limitation imposed on the scope of the audit by management, I have disclaimed my opinion on the financial statements. But for the legislated requirement to perform the audit of municipality, I would have withdrawn from the engagement in terms of the ISAs

Unaudited supplementary schedules

30. The supplementary information set out on pages 220 to 238 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

32. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report,

Chapter 6

compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

33. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2015:

- Development priority 3: Develop and maintain infrastructure on pages 81 to 84
- Development priority 4: Provide clean and safe water on pages 84 to 91

34. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

35. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

36. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

37. The material findings in respect of the selected development priorities are as follows:

Usefulness of reported performance information

38. I did not identify material findings on the usefulness of the reported performance information for the following development priority:

- Develop and maintain infrastructure
- Provide clean and safe water

Reliability of reported performance information

Develop and maintain infrastructure

39. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as

Chapter 6

to the reliability of the reported performance information for the following development priorities:

- Develop and maintain infrastructure
- Provide clean and safe water

This is due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.

Additional matters

40. I draw attention to the following matters:

Achievement of planned targets

41. Refer to the annual performance report on pages 44 to 101 for information on the achievement of planned targets for the year. This information should be considered in the context of material findings on reliability of the reported performance information in paragraphs 39 of this report

Unaudited supplementary information

42. The supplementary information set out on pages 220 to 238 does not form part of the annual performance report and is presented as additional information. We have not audited these schedules and, accordingly, we do not express a conclusion thereon.

Compliance with legislation

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

Annual financial statements, performance and annual reports

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

Chapter 6

Audit committee

45. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

Procurement and contract management

46. Awards were made to providers who are in the service of the municipality and whose principal shareholders are in the service of the municipality in contravention of section 112(j) of the MFMA and *Supply Chain Management regulation* (SCM regulation) 44. Furthermore, the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c). Similar non-compliance was reported in the prior year and the municipality did not take disciplinary action against the officials involved.
47. Sufficient appropriate audit evidence could not be obtained that all contracts and were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as a limitation of scope relating to the forensic investigation were found.
48. Measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM regulation 38(1), because awards were made to providers who: abused the SCM system of the municipality
49. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

Expenditure management

50. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA
51. Reasonable steps were not taken to prevent unauthorised, irregular as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA

Budget management

52. Expenditure was not incurred in accordance with the approved budget, in contravention of section 15 of the MFMA.

Consequence management

53. Unauthorised, irregular as well as fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Chapter 6

Revenue management

- 54. An adequate management, accounting and information system which accounts for revenue, debtors and receipts of revenue was not in place, as required by section 64(2)(e) of the MFMA.
- 55. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
- 56. Sufficient audit evidence could not be obtained that interest had been charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.
- 57. A credit control and debt collection policy was not implemented, as required by section 96(b) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) and section 62(1)(f)(iii) of MFMA.

Asset management

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

Liability management

- 60. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

Internal control

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

Leadership

- 62. Management did not demonstrate the importance of integrity and ethical values to support the functioning of the system of internal control; hence a forensic investigation was conducted in this regard.

Chapter 6

- 63. Actions plans were developed however, it was not fully implemented, reviewed and monitored during the course of the year and resulting in many repeat findings from the prior year.
- 64. Management did not exercise adequate and sufficient oversight responsibility over the enforcement and implementation of the GRAP standards in preparation of the financial statements.

Financial and performance management

- 65. The municipality did not have a proper system of record management that provides for the maintenance of information that supports the financial statements and reported performance information.
- 66. Management did not always provide the required supervision and review over daily and monthly recording and reconciliation of transactions and account balances to ensure that the municipality complies with will applicable financial reporting.

Governance

- 67. Those charged with governance did not regularly provide adequate oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

Other reports

Investigations

- 68. An independent consulting firm performed an investigation at the request of the municipality, which covered the period 2012-2013 to 2014-2015. The investigation was initiated based on allegations of possible misappropriation of the municipality's assets. The outcome of the investigation was reported on 21 October 2015. Council will decide on any further action to be taken.

Auditor-General

Pulokwane

21 December 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Chapter 6

T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states 93 that these data sets have been returned according to the reporting requirements.

MOPANI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDIG 30 JUNE 2015

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these financial statements, which are set out on pages 1- in terms of section126(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 councilors as disclosed in note 22 of these financial statements are within the upperlimits framework envisaged in section 219 of the Constitution,read with the Remuneration Of Public Officer Beares Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

I have complied with the disclosure requirements in terms of Section122 to 126 of th Municipal Finance Management Act

Q. KGATLA
CHIEFFINANCIAL OFFICER

Chapter 6

T 6.2.5

Glossary

GLOSSARY

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

Glossary

	and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance	The level of performance that municipalities and its employees strive

Glossary

Targets:	to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

Appendices

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance						
Council Members		Full Time / Part Time	Committees Allocated	Municipal or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
		FT/PT			%	%
No	Council members	Full Time/ Part Time FT/PT	Committees allocated	Municipal or Party representative	Percentage Council Meetings attendance	Percentage apologies for non-attendance
1	N C RAKGOALE EXECUTIVE MAYOR	FT	Mayoral	Party Rep	100%	0%
2	SPEAKER CLLR WD SEDIBENG	FT	Rules Committee	Party Rep	100%	0%
3	CHIEF WHIP CLL OJ MUSWANA	FT	Chief Whip	Party Rep	100%	0%
4	CLLR TP RAMAREMELA	FT	Governance	Party Rep	100%	0%
5	CLLR MN MAKHURUPETSI- MALATJI	FT	Finance	Party Rep	100%	0%
6	CLLR C NKUNA	PT	Agriculture	Party Rep	64.7%	35.3%
7	CLLR SH MOSHOBANE	FT	Infrastructure	Party Rep	94.11%	5.89%
8	CLLR C HLATSWAYO	PT	Sports, Arts & Culture	Party Rep	88.20%	11.8%
9	CLLR HI BALOYI (GGM REP) ANC	PT	Roads & Transport	Municipal Rep	100%	0%
10	CLLR DL NDOVE (GTM REP) ANC	FT	Water & Sanitation	Municipal Rep	100%	0%
11	CLLR M SIBIYA (GTM REP) ANC	PT	Community Services	Municipal Rep	88.2%	11.8%
12	CLLR MR MAMETJA (MLM REP) ANC	FT	Planning & Dev	Municipal Rep	94.11%	5.89
13	CLLR RP NKANYANI (DIRECT ELECT)ANC	FT	Municipal Public Accounts	Party Rep	100%	0%

Appendices

Councillors, Committees Allocated and Council Attendance						
Council Members		Full Time / Part Time	Committees Allocated	Municipal or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
		FT/PT			%	%
14	CLLR NV MATHONSI (DIRECT ELECT)	PT	Governance & Rules Committee	Party Rep	94.11%	5.89%
15	CLLR M LEWELE (DIRECT ELECT) ANC	PT	Finance	Party Rep	76.47%	23.53%
16	CLLR LN MACHETHE (DIRECT ELECT)	PT	Finance	Party Rep	94.11%	5.89%
17	CLLR A NGOBENI (DIRECT ELECT) ANC	PT	Roads & Transport	Party Rep	41.17%	58.83%
18	CLLR ML MALOKO (DIRECT ELECT) ANC	PT	Finance	Party Rep	64.70%	35.30%
1i9	CLlr mh mabasa (direct elect) anc	PT		Party Rep	94.11%	5.89%
20	CLLR MP RAGANYA (DIRECT ELECT) ANC	PT	Governance	Party Rep	100%	0%
21	CLLR KJ MONYELA (DIRECT ELECT) PAC	PT		Party Rep	70.50%	29.50%
22	CLlr SG MOKOELE (DIRECT ELECT) COPE	PT	Community Services	Party Rep	41.17%	58.83%
23	CLLR P W CRONJE (DIRECT ELECT) DA	PT	Finance	Party Rep	58.00%	42%
24	CLLR MA MABUNDA (DIRECT ELECT) XP	PT	Community Services	Party Rep	0%	100%
25	CLLR BM MAKHUBELE (GGM REP) ANC	PT	Water & Sanitation	Municipal Rep	76.47%	23.53%
26	CLLR TA MAKHUBELE (GGM REP) ANC	PT	Sports, Arts & Culture	Municipal Rep	76.47%	23.53%
27	CLLR TJ MOSHWANA (GGM REP) ANC	PT	Planning & Dev	Municipal Rep	76.47%	23.53%
28	CLLR MQ RIKHOTSO (GGM REP) XP	PT	Sports, Arts & Culture	Municipal Rep	76.47%	23.53%
29	CLLR DG MUSHWANA (GTM REP) ANC	PT	Sports, Arts & Culture	Municipal Rep	52.94%	47.06%
30	CLLR NLMOHALE (GTM REP) ANC	PT		Municipal Rep	76.47%	23.53%
31	CLLR JHS MBHALATI (GTM REP) ANC	PT	Water & Sanitation	Municipal Rep	100%	0%
32	CLLR ML MOKGOBI (GTM REP) ANC	PT		Municipal Rep	76.47%	23.53%

Appendices

Councillors, Committees Allocated and Council Attendance						
Council Members		Full Time / Part Time	Committees Allocated	Municipal or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
		FT/PT			%	%
33	CLLR SC MAKWALA (GTM REP) ANC	PT	Community Services	Municipal Rep	70.58%	29.42%
34	CLLR ME MAFONA (GLM REP) ANC	PT		Municipal Rep	70.58%	29.42%
35	CLLR MG SELOWA (GLM REP) ANC	PT	Planning & Dev	Municipal Rep	94.11%	5.89
36	CLLR T SENYOLO (GLM REP) COPE	PT	Finance	Municipal Rep	35.29%	64.71%
37	CLLR C MAMOGALE (GTM REP) COPE	PT	Roads & Transport	Municipal Rep	82.35%	17.65%
38	CLLR GJ FLEMING (BPM REP) DA	PT		Municipal Rep	35.29%	64.71%
39	CLLR G MALESA (BPM REP) ANC	PT	Infrastructure	Municipal Rep	23.53%	76.47%
40	CLLR MO MAKWALA (BPM REP) ANC	PT	Finance	Municipal Rep	88.23%	11.77%
41	CLLR JG MASHELE (BPM REP) ANC	PT	Roads & Transport	Municipal Rep	88.23%	11.77%
42	CLLR MF MOHLALA (MLM REP) ANC	PT	Agriculture	Municipal Rep	82.35%	17.65%
43	CLLR AM MANTLHAGA (GLM REP) ANC	PT	Governance	Municipal Rep	94.11%	5.89%
44	CLLR SP MABALE (GLM REP) ANC	PT	Water & Sanitation	Municipal Rep	100%	0%
45	CLLR MB MASHELE (GTM REP) DA	PT	Planning & Dev	Municipal Rep	76.47%	23.53%
46	CLLR A RIKHOTSO	PT	Planning & Dev	Municipal Rep	0%	100%
47	CLLR NL NCHA	PT	Finance	Municipal Rep	71.42%	28.58%
48	CLLR MC MAGORO	PT	Municipal Public Accounts	Municipal Rep	100%	0%
49	CLLR J RABABALELA	PT	Agriculture	Municipal Rep	0%	100%
50	CLLR HG MANGANYI	PT	Water Services	Party Rep	0%	100%
51	CLLR PP MAKHUBELE	PT	Community Services	Municipal Rep	14.28%	85.72%
Ta						

Note:

Appendices

The following Councillors did not serve the entire duration of the Report Period. As a results they were not expected to have attended the same number of meetings that the other councillors have attended:

- Cllr A Rikhotso: Terminated in September 2014 – expected to have attended all the three (3) meetings that were held;
- Cllr L Ncha: Terminated in December 2014 – expected to have attended all the seven meetings that were held;
- Cllr MC Magoro: Terminated in October – She attended all the meetings that were held before she left;
- Cllr J Rababalela: Terminated in September 2014 - expected to have attended all the three meetings that were held;
- Cllr HG Manganyi: Terminated in September 2014 – expected to have attended all the three (3) meetings that were held;
- Cllr PP Makhubele: Terminated in December 2014 - expected to have attended all the seven (7) meetings that were held.

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance	Deal with financial related matters.
Infrastructure	Deal with infrastructure development & maintenance.
Community services	Deal with health services, disaster and fire services.
Governance and Shared Services	Deal with human resource matters, administration, legal and IT matters.
Sport, Arts and Culture	Coordinate anything related to sport, arts and culture in the district.
Roads and Transport	Dealing with roads and transport matters in the district
Planning & Development	Dealing with planning and development in the district.
Agriculture and environment	Dealing with environmental and agricultural matters.
Water and sanitation	Provision and maintenance of water and sanitation.
Municipal Public Accounts	Municipality's watch dog in terms of compliance with legislation and performance.
Rules Committee	Dealing with all rules and policies in the municipality.
By-laws and policies	Dealing with By-laws and policies in the municipality.
Community participation	Dealing with community consultation and participation
	<i>T B</i>

Source: Corporate Services Department

Appendices

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	Maake MT - Municipal Manager
	Personal Assistant Assistant Director / Manager - vacant
	Lambane N - PMS Acting Coordinator Assistant Director / Manager
	Lebone NA - Chief Risk Officer Assistant Director / Manager
	Motau TL-Specialised Audit Assistant Director / Manager
	Steyn JJ - Head of Centre Assistant Director / Manager
	Risk Based Audit Assistant Director / Manager
	Mphahlele FM - Manager IA - Vacant
	Monitoring And Reporting officer - Vacant
	Assistant Manager Risk Based Audit - Vacant
Corporate Services	Director Corporate Services - Vacant
	Manager Legal - Vacant
	Lebepe NG - Assistant Director HR
	Malwandla NJ- Assistant Director Admin
	Rasekgala MJ - Assistant Director IT
	Manager OD Performance Management - Vacant
Budget and Treasury	Mr Kgatla Q. - CFO
	Pootona MR- Assistant Director- Budget & Control
	Kgabi NT - Assistant Director - Revenue
	Lebopa KB- Assistant Director Expenditure
	Mangena S- Assistant Director Supply Chain
Office of the Executive Mayor	Lebepe NP- Director in the office of the Executive Mayor
	Personal Assistant- Vacant
	Seshoene E - MPAC
	Mathebula ES- Assistant Director Special Programmes
	Manager Communication - Vacant
	Assistant Director Events Management - Mavunda NC
	Assistant Director Public Participation - Twala PD
Community Services	Mr Shitlhangu D.D. - Director Community Services
	Assistant Director Sports Arts and Culture - Letsoalo QHM
	Assistant Director Environment and Waste Management - Mudau NR
	Assistant Director Heath and Social Development - Shitlhangu DD
	Chief Fire Officer - Visser DJ
	Chief Traffic Officer - Masedi KS
	Assistant Director Housing, Rural Development And EPWP - Vacant

Appendices

Third Tier Structure	
Directorate	Director/Manager (State title and name)
	Assistant Director / Manager
Engineering Services	Machubeni MC- Director Engineering
	Maifala MJ- IDP Manager
	Mr Mabunda V. - PMU Manager
	Contract Management - Mandiwana MW
	Assistant Director Infrastructure Planning - Masipa MK
	Assistant Director Roads And Transport - Vacant
	Assistant Director Energy - Mabulane TJ
	Assistant Director / Manager
	Assistant Director / Manager
Planning and Development	Tsebe MS - Director Planning and Development
	Assistant Director Spatial Planning - Ngobeni TR
	Assistant Director GIS - Maponya GT
	Assistant Director LED - Mr Malatji K.P.
Water Services	Ralulimi T - Director Water Services
	Assistant Director Water Services - Rammalo AM
	Assistant Director Maintenance - Vacant
	Assistant Director Water Quality - Vacant
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APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal Entities do not apply the Mopani District Municipality.

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	N/A
Building regulations	No	N/A
Child care facilities	No	N/A
Electricity and gas reticulation	No	N/A
Firefighting services	Yes	N/A
Local tourism	Yes	N/A
Municipal airports	No	N/A
Municipal planning	Yes	N/A

Appendices

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

T D

Source: Corporate Services Department

Appendices

APPENDIX E – WARD REPORTING

As a District Municipality, there are no wards that directly fall under the Mopani District Municipality.

APPENDIX F – WARD INFORMATION

As a District Municipality, there are no wards that directly fall under the Mopani District Municipality.

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
16-Oct-13	Mr. NP Lebepe be assigned to provide quality assurance on the minutes before they are forwarded to the Chairperson.	Yes
	The resolution register be forwarded to the Chairperson for amendments prior packaging;	Yes
	An update on the contract management policy be forwarded to members before the next meeting;	Yes
	The Ass. Director: IT to forward a report to the Accounting Officer with regard to the MSP to enable him to communicate with the Accounting Officer of Greater Giyani Municipality;	Yes
	A feedback be provided in the next meeting with regard to the hotline;	Yes
	The Accounting Officer to assist Engineering with the development of the contract register and it be circulated to Audit Committee members before the next meeting to enable them to give inputs on the document;	Yes
	The Audit Committee to generate a report to Council indicating the status on the performance per directorate;	No: AC was not formally invited to attend quarterly Council meetings
	Internal Audit to isolate the performance of all units within the Municipal Managers to reflect the performance	Yes
	A monitoring mechanism be developed to address both the Internal Audit and Auditor General recommendations;	Yes
	The revenue enhancement strategy be noted by the Audit Committee and the final strategy will be tabled at the Audit Committee as soon as it is finalized.	Yes
	Journal to be passed on the Blyderiver issue and be treated as a tangible asset in the financial Statement	Yes
	The Accounting Officer to generate and monitor the key control assessment report on a quarterly basis.	No: The Key Control Assessment is not generated and monitored quarterly
	The progress to date be provided on the Esofranki pipeline matter including the costs incurred.	Yes
22-Jan-14		

Appendices

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	IA to conduct verification on the action plan and report to AC for assurance purposes	Yes
	By end of March 2014 all AG issues should have been resolved/addressed	No: Some AG findings were not resolved even at year end.
	Management to fully implement controls (Financial recovery plan) to manage the cash flow problem	Yes
	Management to adhere to reporting timelines on all quarterly reports	No: Management did not adhere to report timelines on a quarterly basis
	The implementation of the Financial Recovery Plan be a standing item in the AC and Council meetings	Yes
20-May-14	Resolution register to first serve in the Management Committee meeting	Yes
	The contract management policy to be emailed to AC members	Yes
	The Municipal Manager to head a team to complete the contract register and email the register to AC members	Yes
	The office of the executive mayor to present report on the quarterly basis to AC on issues reported to the hotline	Yes
	Progress on the implementation of the financial recovery plan to be reported to AC in the fourth quarter meeting	No: The fourth quarter AC meeting did not materialise
	Management to zero-weight KPI's where there was no activity under review	Yes
	Management to email the draft strategy and terms of reference on the revenue enhancement strategy	Yes
	Bi-weekly audit steering committee	Yes
	Resident Accountant to form part of AC meetings	Yes
	The name of Councillors who resigned to be removed on the AFS	Yes
	The adjustment as agreed with AG on Blade River should be processed by Management	Yes
	The debt of Greater Letaba should be written off and correct process should be followed to pass necessary journals	Yes
	The resident accountant to work with PMU and gather supporting documents on the amount confirmed by DWA on debtors	Yes
	Budget and Treasury to ensure that they have identified all irregular, wasteful and unauthorized expenditure	Yes
	Internal audit to look at deviations before budget and treasury finalise the financial statements	No: Budget and Treasury finalise the financial statement very late
	The ruling on the Nandoni case be formally communicated to AC	Yes
	MPAC chairperson to be invited to AC meetings	Yes
	Management to ensure that the risk profile per project is developed	No: risk profile is not developed per project.
		T G

Appendices

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during Year 0)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Mopani District Municipality	Mopani Rural Household Sanitation	23-Feb-14	30-Jun-14	PMU	178,800,000.00
					T H.1

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

There are no entities applicable to Mopani District Municipality.

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

There are no disclosures of financial interest applicable to the 13/14 financial year.

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Following is revenue by Vote and source.

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive and Council/Mayor & Council		0	0	0		
Executive and Council/Municipal Manager		0	0	0		
Finance and Admin/Finance		1,015,874,150	49,774,188	1,003,707,532	1%	-1917%
Corporate Services/HR		0	0	0		
Corporate Services/Other Admin		0	0	0		
Planning and Development/Economic		0	0	0		
Health/Other		0	0	0		

Appendices

Community Services/Other Community	49,430	0	0	0		
Public Services/Fire		0	0	0		
Public Services/Other		0	0	0		
Road Transport/Roads		0	0	0		
Water/Water Distribution	143,609,244	137,879,643	26,270,055	114,612,934	17%	-336%
Electricity/Electricity Distribution		0	0	0		
Corporate Services/Information Technology		0	0	0		
Waste Water Management/Sewerage	21,405,766	25,950,113	5,021,863	25,711,658	1%	-412%
Total Revenue by Vote	165,064	1,179,704	81,066	1,144,032	3%	-1311%
						<i>T K.1</i>

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	-	-	-	-		
Property rates - penalties & collection charges	-	-	-	-		
Service charges - electricity revenue	-	-	-	-		
Service charges - water revenue	136,210	86,159	175,418	175,418	51%	0%
Service charges - sanitation revenue	17,452	14,992	29,069	29,069	48%	0%
Service charges - refuse revenue	-	-	-	-		
Service charges - other	-	5,150	25	25	-20500%	0%
Rental of facilities and equipment	-	-	-	-		
Interest earned - external investments	1,065	1,602	1,050	1,050	-53%	0%
Interest earned - outstanding debtors	1,679	-	66,418	66,418	100%	0%
Dividends received	-	-	-	-		
Fines	-	-	-	-		
Licenses and permits	-	-	-	-		
Agency services	-	-	-	-		
Transfers recognised - operational	505,056	513,601	494,101	494,101	-4%	0%
Other revenue	5,829	26,800	26,358	26,358	-2%	0%

Appendices

Gains on disposal of PPE						
Total Revenue (excluding capital transfers and contributions)	667,292	648,304	792,440	792,440	18.19%	0.00%
T K.2						

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Regional Bulk Water-Mamatja Sekororo	45689	70689	82407	14%	45%	
Regional Bulk Water-DWA Nandoni	35000	50000	20402	-145%	-72%	
Municipal Water Infrastructure Grant	16906	16906	16906	0%	0%	
Rural Transport Grant	1726	1726	1006	-72%	-72%	
Rural Household Infrastructure Grant	0	8500	8500	0%	100%	
Total	99321	147821	129221	-14%	23%	
T L						

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

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

Capital Expenditure - New Assets Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
		Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	153,748	353	473	312	382	389	–
Infrastructure: Road transport - Total	58,770	–	–	–	–	–	–
<i>Roads, Pavements & Bridges</i>	58,769,523						
<i>Storm water</i>	0						
Infrastructure: Electricity - Total	–	–	–	–	–	–	–
<i>Generation</i>	0	0	0	0	0	0	0
<i>Transmission & Reticulation</i>	0	0	0	0	0	0	0
<i>Street Lighting</i>							
Infrastructure: Water - Total	94,978	353	473	312	382	389	–

Appendices

Capital Expenditure - New Assets Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<i>Dams & Reservoirs</i>	0	0	0	0	0	0	0
<i>Water purification</i>	0	0	0	0	0	0	0
<i>Reticulation</i>	94,978,040	353,270	472,763	312,289	381,915	389,470	
Infrastructure: Sanitation - Total	-	-	-	-	-	-	-
<i>Reticulation</i>	0						
<i>Sewerage purification</i>	0						
Infrastructure: Other - Total	-	-	-	-	-	-	-
<i>Waste Management</i>	0	0	0	0	0	0	0
<i>Transportation</i>	0	0	0	0	0	0	0
<i>Gas</i>	0	0	0	0	0	0	0
<i>Other</i>	0	0	0	0	0	0	0
Community - Total	-	-	-	-	-	-	-
<i>Parks & gardens</i>	0	0	0	0	0	0	0
<i>Sports fields & stadia</i>	0	0	0	0	0	0	0
<i>Swimming pools</i>	0	0	0	0	0	0	0
<i>Community halls</i>	0	0	0	0	0	0	0
<i>Libraries</i>	0	0	0	0	0	0	0
<i>Recreational facilities</i>	0	0	0	0	0	0	0
<i>Fire, safety & emergency</i>	0	0	0	0	0	0	0
<i>Security and policing</i>	0	0	0	0	0	0	0
<i>Buses</i>	0	0	0	0	0	0	0
<i>Clinics</i>	0	0	0	0	0	0	0
<i>Museums & Art Galleries</i>	0	0	0	0	0	0	0
<i>Cemeteries</i>	0	0	0	0	0	0	0
<i>Social rental housing</i>	0	0	0	0	0	0	0
<i>Other</i>	0	0	0	0	0	0	0
Capital expenditure by Asset Class							
Heritage assets - Total	-	-	-	-	-	-	-
<i>Buildings</i>							
<i>Other</i>							
Investment properties - Total	-	-	-	-	-	-	-
<i>Housing development</i>							
<i>Other</i>							
Other assets	23,767	94	19	4	3	20	-
<i>General vehicles</i>	16,087,369	1,450	1,450		100	12,050	
<i>Specialised vehicles</i>		9,000	4,000	1,202	0	0	
<i>Plant & equipment</i>	5,413,029	4,330	4,330	2,047	900	6,110	
<i>Computers - hardware/equipment</i>	731,837	700	700	1	550	605	
<i>Furniture and other office equipment</i>	804,711	3,500	1,000	20	300	400	
<i>Abattoirs</i>	0	0	0	0	0	0	
<i>Markets</i>	0	0	0	0	0	0	
<i>Civic Land and Buildings</i>	0	0	0	0	0	0	
<i>Other Buildings</i>		74,000	7,000	29	0	0	
<i>Other Land</i>	730,000	0	0	0	0	0	

Appendices

Capital Expenditure - New Assets Programme*							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Surplus Assets - (Investment or Inventory)		0	0		0		
Other		850	850	769	1,560	363	
Agricultural assets	-	-	-	-	-	-	-
List sub-class							
Biological assets	-	-	-	-	-	-	-
List sub-class							
Intangibles	-	1	1	0	0	0	-
Computers - software & programming		592	592	21	97	102	
Other (list sub-class)							
Total Capital Expenditure on new assets	177,515	448	493	316	385	409	-
Specialised vehicles	-	9	4	1	-	-	-
Refuse							
Fire		9,000	4,000	1,202	0	0	0
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

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

Capital Expenditure - Upgrade/Renewal Programme*							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	96	47	7	128	150	-
Infrastructure: Road transport -Total	-	-	-	-	-	-	-
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	-	-	-	-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	96	47	7	128	150	-

Appendices

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>		96,000	46,702	6,727	128,000	150,000	
Infrastructure: Sanitation - Total	-	-	-	-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-	-	-	-	-	-
<i>Waste Management</i>	0	0	0	0	0	0	0
<i>Transportation</i>	0	0	0	0	0	0	0
<i>Gas</i>	0	0	0	0	0	0	0
<i>Other</i>	0	0	0	0	0	0	0
Community	-	-	-	-	-	-	-
<i>Parks & gardens</i>	0	0	0	0	0	0	0
<i>Sports fields & stadia</i>	0	0	0	0	0	0	0
<i>Swimming pools</i>	0	0	0	0	0	0	0
<i>Community halls</i>	0	0	0	0	0	0	0
<i>Libraries</i>	0	0	0	0	0	0	0
<i>Recreational facilities</i>	0	0	0	0	0	0	0
<i>Fire, safety & emergency</i>	0	0	0	0	0	0	0
<i>Security and policing</i>	0	0	0	0	0	0	0
<i>Buses</i>	0	0	0	0	0	0	0
<i>Clinics</i>	0	0	0	0	0	0	0
<i>Museums & Art Galleries</i>	0	0	0	0	0	0	0
<i>Cemeteries</i>	0	0	0	0	0	0	0
<i>Social rental housing</i>	0	0	0	0	0	0	0
<i>Other</i>	0	0	0	0	0	0	0
Heritage assets	-	-	-	-	-	-	-
<i>Buildings</i>	0	0	0	0	0	0	0
<i>Other</i>	0	0	0	0	0	0	0
Capital expenditure by Asset Class							
Investment properties	-	-	-	-	-	-	-
<i>Housing development</i>	0	0	0	0	0	0	0
<i>Other</i>	0	0	0	0	0	0	0
Other assets	-	-	-	-	-	-	-
<i>General vehicles</i>	0	0	0	0	0	0	0
<i>Specialised vehicles</i>	0	0	0	0	0	0	0
<i>Plant & equipment</i>	0	0	0	0	0	0	0
<i>Computers - hardware/equipment</i>	0	0	0	0	0	0	0
<i>Furniture and other office equipment</i>	0	0	0	0	0	0	0
<i>Abattoirs</i>	0	0	0	0	0	0	0
<i>Markets</i>	0	0	0	0	0	0	0
<i>Civic Land and Buildings</i>	0	0	0	0	0	0	0
<i>Other Buildings</i>	0	0	0	0	0	0	0
<i>Other Land</i>	0	0	0	0	0	0	0

Appendices

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Surplus Assets - (Investment or Inventory)	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Agricultural assets	-	-	-	-	-	-	-
List sub-class	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
Biological assets	-	-	-	-	-	-	-
List sub-class	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
Intangibles	-	-	-	-	-	-	-
Computers - software & programming	0	0	0	0	0	0	0
Other (list sub-class)	0	0	0	0	0	0	0
Total Capital Expenditure on renewal of existing assets	-	96	47	7	128	150	-
Specialised vehicles	-	-	-	-	-	-	-
Refuse	0	0	0	0	0	0	0
Fire	0	0	0	0	0	0	0
Conservancy	0	0	0	0	0	0	0
Ambulances	0	0	0	0	0	0	0
							T M.2

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
Sekgosese Ground Water Development	5000.00	11268.00	2243.00	-4.02	-1.23
Giyani Water Works	46000.00	19043.00	4247.00	-3.48	-9.83
Giyani System N Bulk Supply	0.00	6137.00	4696.00	-0.31	1.00
Sefotse Ditshosini Ra mathlatsi Bulk line	25000.00	5835.00	3202.00	-0.82	-6.81
Upgrading of Water Reticulation-GLM	5000.00	9693.00	2307.00	-3.20	-1.17
Selwane Water	25000.00	25000.00	4680.00	-4.34	-4.34
Thabina Water Reticulation	5582.00	11678.00	1199.00	-8.74	-3.66

Appendices

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000
					Variance (Act - OB) %
Sanitation/Sewerage					
Mopani Household Sanitation	60000.00	190102.00	160256.00	-0.19	0.63
Kampersrus Sewage Plant	20000.00	16107.00	4437.00	-2.63	-3.51
Upgrading of Phalaborwa Sewage Plant	11000.00	2083.00	3853.00	0.46	-1.85
Economic development					
Land Acquisition	0.00	800.00			
Moshupatsela Refurbishment	500.00	769.00	769.00	0.00	0.35
Finance					
Furniture	2000.00	1000.00	20.00	-49.00	-99.00
Vehicles	750.00	750.00	0.00		
Upgrading of Command Vehicles	250.00	0.00	0.00		
Engineering Services					
Municipal Office buildings	74000.00	7000.00	29.00	-240.38	-2550.72
Community Services					
Air Quality Monitoring Equipment	2000.00	2200.00	763.00	-1.88	-1.62
Safety and Security					
Erection of Carports	500.00	500.00	1284.00	0.61	0.61
Fire and Rescue equipment	1500.00	0.00	0.00		
Fire protection Association	800.00	0.00	0.00		
Gym Equipment	30.00	30.00	0.00		
Vehicles	9000.00	3000.00	1202.00	-1.50	-6.49
Communication Network	500.00	500.00	0.00		
Weather monitoring Equipment	500.00	0.00	0.00		
Vehicle Tracking System for Centre	450.00	0.00	0.00		
ICT and Other					
Computers	500.00	929.00	1.00	0.01	-499.00
Printers	200.00	19.00	0.00		
Office Connectivity	50.00	0.00	0.00		
Servers	300.00	550.00	0.00		
Risk Management Software	500.00	0.00	0.00		
Teammate Software	92.00	92.00	21.00	-3.38	-3.38
T N					

Appendices

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Ward do not apply to the Mopani District Municipality.

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

It is not a distict municipality function

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

It is not a distict municipality function

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

Not applicable during 2014/15

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

See Annual Performance Report 14/15

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Nature of business and principal activities

Provision of a democratic and accountable Local Government for communities in the mopani district area;

- Ensuring the provision of services to these communities in sustainable manner;
- Promotion of social and economic development;
- Promotion a safe and healthy environment; and
- Encourage the involvement of communities and community organisations in the matters of Local Government in the mopani district

Executive mayor

Councillor Rakgoale N.C

Speaker

Councillor Sedibeng D.W

Chief whip

Councillor Mushwana O.J

Mayoral committee

Councillor Ndove D.L

Councillor Makhurupetsi - Malatji M.N

Councillor Mametja M.R

Councillor Nkuna C

Councillor Ramarembela T.P

Councillor Moshobane S.H

Councillor Hlatwayo C

Councillor Baloyi H.I

Councillor Sibiya M

MPAC chairperson

Councillor Nkanyani R.P

Other councillors

Councillor Mathonsi N.V

Councillor Lewele M.M

Councillor Machethe L.N

Councillor Maloko M.L

Councillor Ngobeni L.R

Councillor Mabasa M.H

Councillor Raganya M.P

Councillor Monyela K.J

Councillor Mokoale S.G

Councillor Cronje P.W

Councillor Mabunda M.A

Councillor Makhubele B.M

Councillor Baloyi H.I

Councillor Makhubele T.A

Councillor Moshwana T.J

Councillor Rikhotso A

Councillor Rikhotso M.Q

Councillor Ncha M.L

Councillor Mushwana D.G

Councillor Mohale N.L

Councillor Mbhalati J.H.S

Councillor Sibiya M

Councillor Mokgobi M.L

Councillor Makwala S.C

Councillor Mafona M.E

Councillor Selowa M.G

Councillor Senyolo T.J

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

	Councillor Mamogale M.C Councillor Makhura M.N Councillor Mohlala M.F Councillor Siwela M.D Councillor Mabale S.P Councillor Mantlhakga A.M Councillor Rababalela T.J Councillor Mashele M.B Councillor Flemming C.L Councillor Malesa M.G Councillor Makwala M.O Councillor Mashele J.G Councillor Magoro M.C
Grading of district authority	4
Accounting officer	Ngoepe N.A (19 February 2015) (Acting Municipal Manager)
Chief finance officer	Kgatla Q (01 August 2015)
Registered office	Government Building Main Road Giyani 0826
Business address	Government Building Main Road Giyani 0826
Postal address	Private Bag X9687 Giyani 0826
Website	www.mopani.gov.za
Currency	South African Rand
Rounding off	Nearest Rand
Bankers	ABSA Bank
Auditors	Auditor-General South Africa
Audit committee	Dr. Manzini H.N (Chairperson) Adv. Kholong S.S.T Hlomane F.J Mudau F.S Nevhutalu T

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Lawyers

Leepile & Mbeve Inc,
Mhlaba Rampheri & Mhlaba Inc.
MP Shai Attorneys
Mabu and Letaba Attorneys
Phukubje Attorneys
Maloka Thulare Attorneys
Mogaswa Inc.
Magabe Attorneys
Modjadji Raphesu Attorneys

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Index

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

Index	Page
Accounting Officer's Responsibilities and Approval	7
Accounting Officer's Report	8
Statement of Financial Position	9
Statement of Financial Performance	10
Statement of Changes in Net Assets	11
Cash Flow Statement	12
Statement of Comparison of Budget and Actual Amounts	13 - 16
Accounting Policies	17 - 44
Notes to the Annual Financial Statements	44 - 83
Appendices:	
Appendix B: Analysis of Property, Plant and Equipment	84
Appendix C: Segmental analysis of Property, Plant and Equipment	90
Appendix D: Segmental Statement of Financial Performance	91
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	92
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	93

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Index

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practice
IMFO	Institute of Municipal Finance Officers
MFMA	Municipal Finance Management Act (Act No 56 of 2003)
MIG	Municipal Infrastructure Grant (Previously CMIP)
LWN	Lepelle Northern Water
VAT	Value Added Tax
CFO	Chief Financial Officer
IT	Information Technology
FIFO	First-in-first-out
SALGABC	South African Local Government Bargaining Council
PMDS	Performance Management and Development System
LMs	Local Municipalities
DWAS	Department of Water and Sanitation
EPWP	Extended Public Works Programme
LSA	Long Service Award
JSE	Johannesburg Stock Exchange
WSOG	Water Services Operating Grant
LGW SETA	Local Government Sector Education and Training Authority
FMG	Finance Management Grant
LP	Limpopo Province
MWIG	Municipal Water Infrastructure Grant
RHIG	Rural Housing Grant
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
MDM	Mopani District Municipality
AFS	Annual Financial Statement
PPE	Property Plant and Equipment
SALGA	South African Local Government Association
PAYE	Pay as you earn

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Index

CoGHSTA

Cooperative Governance Housing and Traditional Affairs

WSA

Water Service Authority

ABSA

Amalgamated Banks of South Africa

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

The annual financial statements set out on pages 8 to 83, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on its behalf by:

Accounting Officer
Ngoepe N.A (Acting Municipal Manager)

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2015.

1. Review of activities

Main business and operations

The municipality is engaged in provision of a democratic and accountable local government for communities in the mopani district area;

- ensuring the provision of services to these communities in a sustainable manner;
- promotion of social and economic development;
- promotion a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government in the mopani district and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was 20 913 573 (2014: surplus 418 026).

2. 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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. The municipality had cash flow challenges during the year under review due to mainly the withholding of funds by National Treasury. The circumstances that led to the withdrawal of funds by National Treasury have been corrected and the Municipality is expected to receive its full allocations from National Treasury in the 2015-16 financial year, and beyond.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year. A forensic investigation into allegations of irregular procurement processes is underway. This investigation was not concluded at year end.

4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Ngopepe N.A (Acting Municipal Manager)	South African

6. Bankers

ABSA Bank

7. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

		2015	2014 Restated*
	Note(s)		
Assets			
Current Assets			
Inventories	6	15 548 740	34 884 613
Receivables from exchange transactions	7	338 752 968	289 211 713
VAT receivable	8	11 303 986	58 755 180
Consumer debtors	9	298 578 682	230 182 355
Cash and cash equivalents	10	114 326 792	83 126 281
Total Current Assets		778 511 168	696 160 142
Non-Current Assets			
Property, plant and equipment	3	4 505 017 113	4 583 262 990
Intangible assets	4	9 607 840	10 512 821
Heritage assets	5	432 000	432 000
Total Non - Current Assets		4 515 056 953	4 594 207 811
Non-Current Assets		4 515 056 953	4 594 207 811
Current Assets		778 511 168	696 160 142
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		5 293 568 121	5 290 367 953
Liabilities			
Current Liabilities			
Finance lease obligation	11	1 061 084	2 312 383
Payables from exchange transactions	14	900 999 697	856 344 207
Consumer deposits	15	4 385 240	3 349 635
Unspent conditional grants and receipts	12	85 590 344	188 338 793
Provisions (Employee costs)	13	5 242 311	24 076 186
Total Current Liabilities		997 278 676	1 074 421 204
Non-Current Liabilities			
Finance lease obligation	11	3 054	-
Provisions (Employee costs)	13	54 346 625	33 180 997
Total Non - Current Liabilities		54 349 679	33 180 997
Non-Current Liabilities		54 349 679	33 180 997
Current Liabilities		997 278 676	1 074 421 204
Total Liabilities		1 051 628 355	1 107 602 201
Assets		5 293 568 121	5 290 367 953
Liabilities		1 051 628 355	1 107 602 201
Net Assets		4 241 939 766	4 182 765 752
Accumulated surplus		4 241 939 762	4 182 765 751

* See Note 36

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

	Note(s)	2015	2014 Restated*
Assets			
Current Assets			
Inventories	6	15 548 740	34 884 613
Receivables from exchange transactions	7	338 752 968	289 211 713
VAT receivable	8	11 303 986	58 755 180
Consumer debtors	9	298 578 682	230 182 355
Cash and cash equivalents	10	114 326 792	83 126 281
Total Current Assets		778 511 168	696 160 142
Non-Current Assets			
Property, plant and equipment	3	4 505 017 113	4 583 262 990
Intangible assets	4	9 607 840	10 512 821
Heritage assets	5	432 000	432 000
Total Non - Current Assets		4 515 056 953	4 594 207 811
Non-Current Assets		4 515 056 953	4 594 207 811
Current Assets		778 511 168	696 160 142
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		5 293 568 121	5 290 367 953
Liabilities			
Current Liabilities			
Finance lease obligation	11	1 061 084	2 312 383
Payables from exchange transactions	14	900 999 697	856 344 207
Consumer deposits	15	4 385 240	3 349 635
Unspent conditional grants and receipts	12	85 590 344	188 338 793
Provisions (Employee costs)	13	5 242 311	24 076 186
Total Current Liabilities		997 278 676	1 074 421 204
Non-Current Liabilities			
Finance lease obligation	11	3 054	-
Provisions (Employee costs)	13	54 346 625	33 180 997
Total Non - Current Liabilities		54 349 679	33 180 997
Non-Current Liabilities		54 349 679	33 180 997
Current Liabilities		997 278 676	1 074 421 204
Total Liabilities		1 051 628 355	1 107 602 201
Assets		5 293 568 121	5 290 367 953
Liabilities		1 051 628 355	1 107 602 201
Net Assets		4 241 939 766	4 182 765 752
Accumulated surplus		4 241 939 762	4 182 765 751

* See Note 36

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

	Note(s)	2015	2014 Restated*
Revenue			
Service charges	17	158 809 610	134 866 082
Interest received on outstanding receivables		15 905 432	13 778 874
Other income	19	2 909 309	6 178 884
Interest received		3 405 705	2 858 966
Government grants & subsidies	18	672 387 419	1 007 385 796
Total revenue		853 417 475	1 165 068 602
Expenditure			
Employee costs	21	(251 135 615)	(205 519 905)
Remuneration of Councillors	22	(14 287 171)	(8 380 164)
Regional bulk infrastructure projects expenditure	23	(13 564 075)	(71 449 541)
Mopani household sanitation		(3 321 949)	(195 504 231)
Depreciation and amortisation	26	(156 287 882)	(154 846 029)
Interest cost	27	(461 993)	(607 869)
Debt impairment	24	(2 776 708)	(36 096 254)
Repairs and maintenance		(90 986 663)	(107 961 118)
Bulk purchases	31	(186 532 674)	(254 125 179)
Contracted services	29	(11 836 975)	(22 907 231)
Grants and subsidies paid	30	(4 395 552)	(3 745 480)
General expenses	20	(95 437 784)	(103 152 572)
Impairment loss		(1 301 844)	-
Total expenditure		(832 326 885)	1 164 295 573
Total revenue		853 417 475	1 165 068 602
Total expenditure		(832 326 885)	1 164 295 573
Operating surplus		21 090 590	773 029
Loss on disposal of assets and liabilities		(177 017)	(355 003)
Surplus before taxation		20 913 573	418 026
Surplus for the year		20 913 573	418 026

* See Note 35

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
Opening balance as previously reported	4 427 917 461	4 427 917 461
Adjustments		
Prior year adjustments	(245 569 736)	(245 569 736)
Balance at 01 July 2013 as restated*	4 182 347 725	4 182 347 725
Changes in net assets		
Surplus for the year	418 026	418 026
Total changes	418 026	418 026
Restated* Balance at 01 July 2014	4 221 026 189	4 221 026 189
Changes in net assets		
Surplus for the year	20 913 573	20 913 573
Total changes	20 913 573	20 913 573
Balance at 30 June 2015	4 241 939 762	4 241 939 762

* See Note 38

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

	2015	2014 Restated*
Note(s)		
Cash flows from operating activities		
Receipts		
Grants	666 607 189	1 019 103 612
Interest income	3 405 705	2 858 966
Other receipts	2 281 233	3 042 127
Total receipts	672 294 127	1 025 004 705
Payments		
Employee costs	(217 031 870)	(230 657 970)
Interest paid	(461 993)	(607 869)
Other payments	(343 735 322)	(327 397 668)
Total payments	(561 229 185)	(558 663 507)
Total receipts	672 294 127	1 025 004 705
Total payments	(561 229 185)	(558 663 507)
Net cash flows from operating activities	32 111 064 942	466 341 198
Cash flows from investing activities		
Purchase of property, plant and equipment (Including Work in Progress)	3 (78 616 185)	(373 431 722)
Purchase of intangible assets	4 -	(683 181)
Net cash flows from investing activities	(78 616 185)	(374 114 903)
Cash flows from financing activities		
Finance lease payments	(1 248 245)	(2 312 383)
Net increase in cash and cash equivalents	31 200 512	89 913 912
Cash and cash equivalents at the beginning of the year	83 126 281	(6 787 631)
Cash and cash equivalents at the end of the year	10 114 326 793	83 126 281

* See Note 36

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	310 694 343	(111 832 292)	198 862 051	158 809 610	(40 052 441)	(19%)
Interest received outstanding receivables	19 944 361	-	19 944 361	15 905 432	(4 038 929)	(89%)
Other income	4 670 030	16 337 200	21 007 230	2 909 309	(18 097 921)	(81%)
Interest received	1 050 000	2 300 000	3 350 000	3 405 705	55 705	2%
Gains on disposal of assets	-	9 457 000	9 457 000	-	(9 457 000)	(100%)
Total revenue from exchange transactions	336 358 734	(83 738 092)	252 620 642	181 030 056	(71 590 586)	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	1 212 137 000	(601 170 007)	610 966 993	672 387 419	61 420 426	9%
'Total revenue from exchange transactions'	336 358 734	(83 738 092)	252 620 642	181 030 056	(71 590 586)	
'Total revenue from non-exchange transactions'	1 212 137 000	(601 170 007)	610 966 993	672 387 419	61 420 426	
Total revenue	1 548 495 734	(684 908 099)	863 587 635	853 417 475	(10 170 160)	
Expenditure						
Personnel	(348 597 565)	85 030 247	(263 567 318)	(251 135 615)	12 431 703	7%
Remuneration of councillors	(10 398 186)	(4 735 473)	(15 133 659)	(14 287 171)	846 488	5%
Mopani Household Sanitation	(14 145 128)	-	(14 145 128)	(3 321 949)	10 823 179	77%
Depreciation and amortisation	(137 368 895)	(31 383 001)	(168 751 896)	(156 287 882)	12 464 014	7%
Interest cost	(650 000)	-	(650 000)	(461 993)	188 007	29%
Debt impairment	(19 856 107)	4 100 000	(15 756 107)	(2 776 708)	12 979 399	54%
Repairs and maintenance	(103 069 051)	(28 854 480)	(131 923 531)	(90 986 663)	40 936 868	32%
Bulk purchases	(143 580 645)	58 514 992	(85 065 653)	(186 532 674)	(101 467 021)	(95%)
Contracted Services	(11 765 551)	-	(11 765 551)	(11 836 975)	(71 424)	1%
Grants and subsidies paid	-	-	-	(4 395 552)	(4 395 552)	(100%)
General Expenses	(105 668 034)	822 852	(104 845 182)	(108 734 619)	(3 889 437)	(3.7%)
Total expenditure	(895 099 162)	83 495 137	(811 604 025)	(830 757 801)	(19 153 776)	
Total Revenue	1 548 495 734	(684 908 099)	863 587 635	853 417 475	(10 170 160)	
Total Expenditure	(895 099 162)	83 495 137	(811 604 025)	(830 757 801)	(19 153 776)	
Operating surplus	653 396 572	(601 412 962)	51 983 610	22 659 674	(29 323 936)	
Loss on disposal of assets and liabilities	-	-	-	(177 017)	(177 017)	(100%)
	653 396 572	(601 412 962)	51 983 610	22 659 674	(29 323 936)	
Surplus before taxation	653 396 572	(601 412 962)	51 983 610	22 482 657	(29 500 953)	
Deficit before taxation	653 396 572	(601 412 962)	51 983 610	22 482 657	(29 500 953)	
Taxation	-	-	-	-	-	

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	653 396 572	(601 412 962)	51 983 610	22 482 657	(29 500 953)
Reconciliation					

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	12 437 000	34 667 000	47 104 000	15 548 740	(31 555 260)	(67%)
Receivables from exchange transactions	-	-	-	338 752 968	338 752 968	100%
VAT receivable	-	-	-	11 303 986	11 303 986	100%
Consumer debtors	429 047 000	(178 147 000)	250 900 000	298 578 682	47 678 682	(12%)
Other debtors	-	262 508 000	262 508 000	-	(262 508 000)	-100%
Current portion of long-term receivables	-	32 546 000	32 546 000	-	(32 546 000)	-100%
Cash and cash equivalents	33 308 000	-	33 308 000	114 326 792	81 018 792	243%
	474 792 000	151 574 000	626 366 000	778 511 168	152 145 168	
Non-Current Assets						
Property, plant and equipment	2 393 926 000	2 145 384 000	4 539 310 000	4 505 017 113	(34 292 887)	(0.8%)
Intangible assets	288 000	10 093 000	10 381 000	9 607 840	(773 160)	(7%)
Heritage assets	-	-	-	432 000	432 000	100%
	2 394 214 000	2 155 477 000	4 549 691 000	4 515 056 953	(34 634 047)	
Non-Current Assets	474 792 000	151 574 000	626 366 000	778 511 168	152 145 168	
Current Assets	2 394 214 000	2 155 477 000	4 549 691 000	4 515 056 953	(34 634 047)	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	-	-	
Total Assets	2 869 006 000	2 307 051 000	5 176 057 000	5 293 568 121	117 511 121	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	1 061 084	1 061 084	100%
Payables from exchange transactions	202 403 000	-	202 403 000	900 999 697	698 596 697	360%
Consumer deposits	4 143 000	(650 000)	3 493 000	4 385 240	892 240	(35%)
Unspent conditional grants and receipts	-	-	-	85 590 344	85 590 344	100%
Provisions (Employee costs)	-	23 981 000	23 981 000	5 242 311	(18 738 689)	(3%)
	206 546 000	23 331 000	229 877 000	997 278 676	767 401 676	
Non-Current Liabilities						
Rounding difference	-	1 000	1 000	-	(1 000)	
Finance lease obligation	-	-	-	3 054	3 054	
Provisions (Employee costs)	-	34 865 000	34 865 000	54 346 625	19 481 625	(8%)
	-	34 866 000	34 866 000	54 349 679	19 483 679	
	206 546 000	23 331 000	229 877 000	997 278 676	767 401 676	
	-	34 866 000	34 866 000	54 349 679	19 483 679	
Total Liabilities	206 546 000	58 197 000	264 743 000	1 051 628 355	786 885 355	
Assets	2 869 006 000	2 307 051 000	5 176 057 000	5 293 568 121	117 511 121	
Liabilities	(206 546 000)	(58 197 000)	(264 743 000)	(1 051 628 355)	(786 885 355)	

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
Net Assets	2 662 460 000	2 248 854 000	4 911 314 000	4 241 939 766	(669 374 234)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2 662 460 000	2 248 854 000	4 911 314 000	4 177 963 954	(733 350 046)	(15%)

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

These unaudited annual financial statements present fairly the financial position, financial performance and cash flows of the municipality.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. The municipality's cash flow improved in the last quarter and management of the municipality is confident that the municipality will be able to meet its obligations as they become due. The municipality had cash flow challenges during the year under review due to mainly the withholding of funds by National Treasury. The circumstances that led to the withdrawal of funds by National Treasury have been corrected and the Municipality is expected to receive its full allocations from National Treasury in the 2015-16 financial year, and beyond.

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables or loans and receivables

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

The impairment for trade receivables and 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 operation municipality note 39.

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables 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

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 less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that a key assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible and other 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 tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with general economic factors.

Provisions

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

Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions.

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.

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Cash and Cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Events after balance sheet date

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the Balance Sheet date. Events after the balance sheet date that are indicative of conditions that arose after the Balance Sheet date are disclosed with by way of note to the Financial Statements.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.4 Property, plant and equipment (continued)

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.

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	Average useful life
Land	Indefinite
Buildings	30 years
Plant and machinery	4 - 10 years
Furniture and fixtures	5 - 7 years
Motor vehicles	7 - 15 years
Office equipment	4 - 5 years
Information Technology equipment	4 years
Specialised vehicles	15 years
Water reservoirs and reticulation	5 - 60 years
Sewerage purification	5 - 60 years

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

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

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

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

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

1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Intangible assets (continued)

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

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

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

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 or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- 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 or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Licenses and franchises	5 years
Computer software, other	5 years
Blyde Water Utility	20 years

Intangible assets are derecognised:

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

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

1.6 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Heritage assets (continued)

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

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.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another institution / 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 less principal repayments, less the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and less any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality'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, a municipality 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 paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality 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;

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Financial instruments (continued)

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

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 municipality.

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

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

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

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

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

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

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

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

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

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality 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 municipality designates at fair value at initial recognition; or
- are held for trading.

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

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

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

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Financial instruments (continued)

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Other receivables	loans and receivables
Consumer debtors	loans and receivables
Loans and receivables	loans and receivables
Held-to-maturity investments	held on maturity

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

Class	Category
Other Financial Liabilities	Financial liability measured at amortised cost
Trade and Other Payables	Financial liability measured at amortised cost
Consumer Deposits	Financial liability measured at fair value

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value; or
- Financial instruments at amortised cost; or
- 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 municipality 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 municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-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 municipality 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.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality 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 municipality or deficit.

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Financial instruments (continued)

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 municipality 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 municipality or deficit.

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Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived; or
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, 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 municipality:
 - derecognises the asset; and
 - recognises 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 municipality or deficit in the period of the transfer.

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

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

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

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

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality 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 municipality 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.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in municipality or deficit. Any liabilities that are waived, forgiven or assumed by another Municipality 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).

1.8 Taxation

Valued Added Tax

The municipality accounts for Value Added Tax on payment basis in accordance with section 15(2)(a) of the Value Added Tax (Act No. 89 of 1991)".

1.9 Leases

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

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

Finance leases - lessee

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

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

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

Finance lease are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Operating leases - lessee

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

1.10 Inventories

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

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

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

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

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

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

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

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.10 Inventories (continued)

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

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

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

1.11 Construction contracts and receivables

Change in accounting estimate.
Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities.

Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. Any changes to the relevant financial items (associated with assets and liabilities) are made prospectively.

Change in accounting policy
Accounting policies are the specific principles, bases, rules and practices applied by a municipality in preparing and presenting financial statements. Any changes to these policies arising from new or amended GRAP standards will be applied wither retrospectively or prospectively if transitional provisions exists.

Prior period Errors
Prior period errors are omissions from and misstatements in the municipality's financial statements for one or more prior periods arising from a failure to use of reliable information that;
- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud.

1.12 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in municipality or deficit.

1.13 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.

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

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.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows:

Identification

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

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

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

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.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.13 Impairment of cash-generating assets (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 restructurings or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts cover 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.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in municipality or deficit.

Any impairment loss of a revalued 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 cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

In allocating an impairment loss, the municipality 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.

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

1.14 Impairment of non-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.

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.

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.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Recoverable service amount is the higher of a non-cash-generating asset's 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.

1.15 Employee benefits

Employee benefits are all forms of consideration given by an municipality 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 municipality, 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 municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, 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 municipality to reimburse it for employee benefits already paid.

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

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

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.15 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the municipality during a reporting period, the municipality 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 municipality 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 municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality 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 municipality has no realistic alternative but to make the payments.

Post-employment benefits

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

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

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

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

Long term service awards

Employees qualify for additional leave for various period of uninterupted service in accordance with SALGBC condition of service. The long term service award measured in accordance with GRAP 25 through an actuarial valuation.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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

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

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

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

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.15 Employee benefits (continued)

Accumulated leave days

Accumulated leave benefit accrues to employees up to maximum of 48 leave days. The benefits are paid in the events of death, disability, retrenchment or/and retirement. Employees who have leave days in excess of the 48 days for periods, before the conditions of service came to effect, are measured in accordance with GRAP 25 through an actuarial valuation.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes (as a minimum):

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

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

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

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

1.16 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.

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

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

Provisions are not recognised for future operating deficits.

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

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.16 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an municipality:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

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

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

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

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.16 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in municipality or deficit.
- if the adjustment results in an addition to the cost of an asset, the municipality consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation municipality or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in municipality or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in municipality or deficit; and
 - an increase in the liability is recognised in municipality or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in municipality or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to municipality or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in municipality or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in municipality or deficit as a finance cost as it occurs.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.16 Provisions and contingencies (continued)

Termination benefits

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

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

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

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

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

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate.

The rate used to discount the benefit reflects the time value of money.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. The municipality changed its accounting policy for provisions, contingent liabilities and contingent assets in 2015. The change in accounting policy is made in accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework.

1.17 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.

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.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.17 Revenue from exchange transactions (continued)

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.

Interest, royalties and dividends

Revenue arising from the use by others of municipality 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 municipality or deficit, using the effective interest rate method.

1.18 Revenue from non-exchange transactions

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

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

Control of an asset 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.

Exchange transactions are transactions in which one municipality 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.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in 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 non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.19 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an municipality directly to the nature of the expenditure to be funded i.e. capital or current.

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

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Budget information in accordance with GRAP 1 and GRAP 24 has been provided in a note to these financial statements and forms part of the unaudited financial statements. Explanations for material variances are provided where actual amounts differ from budgeted amounts by at least 10%. When the 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 accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.22 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.

1.23 Irregular expenditure

Irregular expenditure as defined in section 32 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.24 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

Variances above 10 percent are considered significant.

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

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.25 Related parties

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

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.25 Related parties (continued)

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

1.26 Commitments

A commitment arises when a decision is made to incur a liability e.g purchase order, delivery schedules or contract for construction of infrastructure assets. A commitment becomes a liability when the intention agree to an outflow of resources, outflow of resources becomes a present obligation.

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2016	No material impact

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015			2014		
3. Property, plant and equipment						
	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	11 980 776	-	11 980 776	11 980 776	-	11 980 776
Buildings	185 667 583	(37 564 874)	148 102 709	183 994 583	(32 363 656)	151 630 927
Infrastructure	7 057 877 841	2 756 457 013	4 301 420 828	6 982 203 792	2 610 307 916	4 371 895 876
Other property, plant and equipment	58 219 119	(15 676 098)	42 543 021	57 304 989	(11 761 291)	45 543 698
Leased assets	5 065 008	(4 095 229)	969 779	5 061 589	(2 849 876)	2 211 713
Total	7 318 810 327	2 813 793 214	4 505 017 113	7 240 545 729	2 657 282 739	4 583 262 990

Appendices

Mopani District Municipality Annual Financial Statements for the year ended 30 June 2015 Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued) Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Under Construction	Disposals	Depreciation	Total
Land	11 980 776	-	-	-	-	11 980 776
Buildings	151 830 927	-	1 673 000	-	(5 201 218)	148 102 709
Infrastructure	4 371 895 876	31 192 098	44 481 951	-	(146 149 097)	4 301 420 828
Other property, plant and equipment	45 543 698	1 265 716	-	(177 157)	(4 099 077)	42 543 021
Leased assets	2 211 711	3 420	-	-	(1 245 352)	969 779
	4 583 262 988	32 461 234	46 154 951	(177 157)	(156 684 744)	4 505 017 113

Appendices

Mopani District Municipality Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued) Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Under Construction	Disposals	Depreciation	Total
Land	10 910 776	1 800 000	-	(730 000)	-	11 980 776
Buildings	89 785 931	2 985 318	64 019 143	-	(5 159 463)	151 630 927
Infrastructure	4 214 353 196	77 788 796	222 611 489	-	(142 857 605)	4 371 895 876
Other property, plant and equipment	45 868 380	4 036 462	-	(355 303)	(4 005 841)	45 543 698
Leased Assets	3 542 736	190 516	-	-	(1 521 539)	2 211 713
	4 364 461 019	86 801 090	286 630 632	(1 085 303)	(153 544 448)	4 583 262 990

Pledged as security

None of the above Property, Plant and Equipment was pledged as security

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015			2014		
4. Intangible assets						
	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 097 760	(465 469)	632 291	1 097 760	(260 056)	837 704
Blyde Water Utility	13 991 354	(5 015 805)	8 975 549	13 991 354	(4 316 237)	9 675 117
Total	15 089 114	(5 481 274)	9 607 840	15 089 114	(4 576 293)	10 512 821

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	837 704	(205 413)	632 291
Blyde Water Utility	9 675 117	(699 568)	8 975 549
Total	10 512 821	(904 981)	9 607 840

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	414 578	683 181	(100 222)	837 704
Blyde Water Utility	10 374 685	-	(699 568)	9 675 117
Total	10 789 263	683 181	(799 790)	10 512 821

Blyde Water Intangible Asset

The Blyde Water intangible asset relates to the water conveyance agreement between Blyde River Water Utility Company (Pty) Ltd and the municipality, which gives rise to a right for the municipality to use a pipe network for conveyance of water over a period of 20 years commencing on 1 April 2008 to 31 March 2028.

5. Heritage assets

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	432 000	-	432 000	432 000	-	432 000

Reconciliation of heritage assets 2015

	Opening balance	Total
Mayoral chain	432 000	432 000

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
6. Inventories		
Consumable stores	15 487 961	34 825 254
Water- Greater Tzaneen Local Municipality	60 779	59 359
	15 548 740	34 884 613

Water Inventory is made up of the following:

Municipality		
Greater Tzaneen municipality	60 779	39 218
Greater Giyani municipality	-	10
Greater Letaba municipality	-	20 131
	60 779	59 359

7. Receivables from exchange transactions

Staff debtors	259 024	294 410
PMDS and pay progression	5 751 664	5 751 664
Audit committee proportion - LM's	2 612 341	2 612 341
Councillors	170 168	170 168
Service providers	883 837	960 478
Bursaries (Greater Tzaneen)	49 737	49 737
Ba - Phalaborwa municipality	313 777 693	265 734 913
Greater Giyani municipality	13 380 618	3 220 769
Department of Water Affairs	1 867 886	10 417 233
Total	338 752 968	289 211 713

Included in the PMDS & pay progression are overpayments made to officials transferred from DWA.

The high value of receivables of Ba - Phalaborwa municipality pertains to water related transactions billed and collected on behalf of Mopani district municipality as per the Water Service Provider agreements.

8. VAT receivable

VAT	11 303 986	58 755 180
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Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
9. Consumer debtors		
Gross balances		
Water	478 119 869	405 509 415
Sewerage	97 332 143	80 586 495
Total gross balances	575 452 012	486 095 910
Less: Allowance for impairment		
Water	(240 554 075)	(226 863 831)
Sewerage	(36 319 255)	(29 049 724)
Total allowance for impairments	(276 873 330)	(255 913 555)
Net balance		
Water	237 565 794	178 645 584
Sewerage	61 012 888	51 536 771
Total net balance	298 578 682	230 182 355
Water		
Current (0 -30 days)	13 252 117	21 226 217
31 - 60 days	8 432 645	7 623 467
61 - 90 days	9 523 803	7 180 044
91 - 120 days	7 344 127	6 727 855
121 - 365 days	85 954 445	112 297 965
> 365 days	353 612 732	250 453 867
Impairment	(240 554 075)	(226 863 831)
Total	237 565 794	178 645 584
Sewerage		
Current (0 -30 days)	2 305 218	3 571 994
31 - 60 days	1 753 946	1 658 389
61 - 90 days	1 625 675	1 223 901
91 - 120 days	1 593 064	1 367 961
121 - 365 days	18 103 712	22 029 287
> 365 days	71 950 528	50 734 963
Impairment	(36 319 255)	(29 049 724)
Total	61 012 888	51 536 771
Reconciliation of allowance for impairment		
Balance at beginning of the year	(255 913 555)	(235 028 510)
Reversal of allowance	(20 959 775)	(20 885 045)
Total	(276 873 330)	(255 913 555)
Consumer debtors per local municipality		
Consumer debtors	-	-
Ba - Phalaborwa municipality	364 003 601	310 205 126
Greater Tzaneen municipality	79 758 156	86 334 469
Greater Giyani municipality	54 853 513	57 557 354
Greater Letaba municipality	38 005 364	31 048 941
Maruleng municipality	1 711 905	1 126 019
Total	538 332 539	486 271 909

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	7 855 400	20 980 815
Short-term deposits	106 471 392	62 145 466
	114 326 792	83 126 281

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA BANK - Cheque Account - 405-277-1364	7 855 400	20 980 815	(6 787 631)	7 855 400	20 980 815	(6 787 631)
ABSA BANK - Call Account - 408-091-1671	81 446 221	62 145 466	-	81 446 221	62 145 466	-
ABSA BANK - Call Account - 408-091-1613	25 025 171	-	-	25 025 171	-	-
Total	114 326 792	83 126 281	(6 787 631)	114 326 792	83 126 281	(6 787 631)

11. Finance lease obligation

Minimum lease payments due		
- within one year	1 061 085	1 251 665
- in second to fifth year inclusive	3 054	1 060 718
- later than five years	-	-
Present value of minimum lease payments	1 064 139	2 312 383
Present value of minimum lease payments due		
- in second to fifth year inclusive	1 061 085	1 251 665
- later than five years	3 054	1 060 718
	1 064 139	2 312 383
Non-current liabilities	3 054	-
Current liabilities	1 061 084	2 312 383
	1 064 138	2 312 383

It is municipality policy to lease certain equipment under operation leases.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
DWA Refurbishment Grant	10 985 824	14 170 219
Municipal Infrastructure Grant (MIG)	63 469 177	172 039 949
Rural Transport Grant	167 206	1 909 206
EPWP Grant	-	219 419
Forencis Audit Grant	10 968 137	-
Total	85 590 344	188 338 793

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

2015	2014
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12. Unspent conditional grants and receipts (continued)

See note 18 for the reconciliation of grants from other subsidies of government

National Treasury offset an amount of R30 million against the 2013/14 Equitable Shares for the repayment of 2012/13 roll over which was declined for approval as a result of it not being cash backed. A further R180 million was offset against the 2014-15 Equitable Share.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014				
13. Provisions (Employee costs)						
Reconciliation of provisions (employee costs) - 2015						
	Opening Balance	Additions	Utilised during the year	Reversed during the year	Long Service Awards	Total
Performance bonus provision	5 682 029	-	-	(19 435)	73 913	5 736 507
Leave provision	27 228 339	3 877 928	(702 603)	-	-	30 403 664
Post retirement medical aid benefits	10 134 709	-	-	(1 120 030)	-	9 014 679
Long service awards	14 212 106	208 152	-	-	13 828	14 434 086
Total	57 257 183	4 086 080	(702 603)	(1 139 465)	87 741	59 588 936
Reconciliation of provisions (employee costs) - 2014						
	Opening Balance	Additions	Utilised during the year			Total
Performance bonus provision	8 241 375	-	(2 559 346)			5 682 029
Leave provision	29 881 677	13 779 834	(16 433 172)			27 228 339
Post retirement medical aid benefits	8 299 157	1 835 552	-			10 134 709
Longs service awards	13 787 270	424 836	-			14 212 106
Total	60 209 479	16 040 222	(18 992 518)			57 257 183
Non-current liabilities					54 346 625	33 180 997
Current liabilities					5 242 311	24 076 186
					59 588 936	57 257 183

Post retirement medical aid benefits

Long service awards

An actuarial valuation has been performed in respect of long service benefits which employees may become entitled to upon completion of a certain numbers of years service.

Long service awards

The LSA liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The previous actuarial valuation of the Municipality's LSA liability was undertaken as at 30 June 2013. This valuation is referred to in Section 6 of the actuary's report, where its results are compared to these results

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

2015 2014

13. Provisions (Employee costs) (continued)

Discount rates

GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the liabilities should be used.

Consequently, a discount rate of 7.81% per annum has been used. This is derived by using a liability-weighted average of the yields corresponding to the average term until payment of long service awards, for each employee. The corresponding liability-weighted index-linked yield is 1.19%. These rates do not reflect any adjustment for taxation. These rates were deduced from the Johannesburg Stock Exchange (JSE) Zero Coupon bond yield after the market close on 30 June 2015.

History of liabilities, assets and experience adjustments

History of liabilities and assets

The table below summarises the accrued liabilities and the plan assets for the current period and the previous three periods.

	Year ended 30/06/2012	Year ended 30/06/2013	Year ended 30/06/2014	Year ended 30/06/2015
Accrued liability	(10 849 874)	(11 768 048)	(12 422 520)	(12 737 431)

History of experience adjustments (gains/losses)

The table below summarises the experience adjustments for the current and previous two periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred

	Year ended 30/06/2013	Year ended 30/06/2014	Year ended 30/06/2015
Liability: (Gain) / Loss	143 778	563 365	500 576

Provision 3

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

	Year ended 30/06/2015	Year ended 30/06/2016	Year ended 30/06/2017
Employee benefit cost provision			
Past year and future projected liability	12 422 520	12 737 431	12 708 344
Opening accrued liability	798 788	859 855	927 288
Current service cost	900 552	928 980	922 718

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
13. Provisions (Employee costs) (continued)		
Interest cost	(1 816 766)	(1 817 922)
Expected benefit vestings	(117 436)	(29 087)
Total annual expense	432 347	-
Closing accrued liability	12 737 431	12 636 955
	-	-

Rate of future accumulation of unused leave

The balance of the number of unused leave days at the valuation date was provided by the municipality.

In order to estimate the number of unused leave days at the date of retirement or withdrawal, an assumption regarding the future rate of accumulation of unused leave days per annum is required. This rate was estimated using the following assumptions:

- Employees with a balance of 48 days or more unused leave at the valuation date were assumed to have 48 days unused leave at the date of retirement or withdrawal. This implies that the rate of future unused accumulation is zero.
- For employees with more than one year's past-service and less than 48 days of unused leave at the valuation date, a constant rate of future leave accumulation per annum was calculated as:
 - a) Unused leave days balance at valuation date) divided by (past-service at valuation date)
- For employees with less than one year's past-service, the rate of future leave accumulation per annum was assumed as the average of the rates of accumulation
- For employees with more than one year's past-service and zero or less than zero accumulated leave at the Valuation Date, the rate of future leave accumulation per annum is assumed to be zero. This implies that no long-term provision is made for these employees as they are expected to take their full complement of leave each year.

Current portion of leave expected to be taken

The amount of leave becoming due to each employee for the ensuing year is estimated to be the lesser of 24 days and the difference between the maximum (48 days) and their current balance of unused leave days.

14. Payables from exchange transactions

Trade payables	531 127 376	500 247 050
Retentions	70 057 700	70 864 874
Other payables	2 162 273	1 651 759
Ba - Phalaborwa municipality	159 290 794	160 262 973
Greater Letaba municipality	1 330 319	1 284 608
Greater Tzaneen municipality	110 987 254	102 646 175
Maruleng municipality	28 113 675	17 559 961
Greater Giyani municipality	(2 069 694)	1 826 807
Total	900 999 697	856 344 207

Given the huge debt book the municipality experienced cash flow problems and was not able to pay its creditors within 30 days.

The huge balance of payables pertains to inter municipality transactions with the local municipalities for which the district municipality has a service level agreement for the provision of water and sanitation to the locals

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
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14. Payables from exchange transactions (continued)

GRAP 104 has been considered in the valuation of these payables.

15. Consumer deposits

Consumer Deposits	4 385 240	3 349 635
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Breakdown of consumer deposits:

	2015	2014	Total
Greater Letaba	(8 957)	39 457	30 500
Greater Tzaneen	2 115 683	3 152 162	5 267 845
Maruleng	158 015	158 015	316 030
Total	2 264 741	3 349 634	5 614 375

16. Revenue

Service charges	158 809 610	134 866 082
Interest received outstanding debtors	15 905 432	13 778 874
Other income	2 909 309	6 178 884
Interest received	3 405 705	2 858 966
Government grants & subsidies	672 387 419	1 007 385 796
Total	853 417 475	1 165 068 602

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	158 809 610	134 866 082
Interest earned - outstanding receivables	15 905 432	13 778 874
Other income	2 909 309	6 178 884
Interest received	3 405 705	2 858 966
Total	181 030 056	157 682 806

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue	
Government grants and subsidies	672 387 419 1 007 385 796

17. Service charges

Sale of water	137 662 660	111 836 288
Sewerage and sanitation charges	21 146 950	23 029 794
Total	158 809 610	134 866 082

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
18. Government grants and subsidies		
Operating grants		
Equitable share grant	560 753 000	504 909 000
DWA WSOG (In kind)	1 867 882	3 663 137
DWA (Refurbishment) grant	20 822 570	11 191 605
EPWP grant	2 195 000	1 000 000
Finance Management Grant (FMG)	1 250 000	1 250 000
LGW SETA grant	419 006	369 578
Municipal system improvement grant (MSIG)	934 000	890 000
LP Econ (Biosphere) grant	147 667	-
Forensic audit grant	5 931 863	-
Total operating grants	594 320 988	523 273 320
Capital grants		
Regional bulk water - mamefja sekororo	15 587 416	88 322 945
Regional bulk water (DWA)	-	20 402 185
Municipal infrastructure grant (MIG)	59 930 823	348 975 744
Rural transport grant	2 548 192	1 005 602
MWIG projects	-	16 906 000
RHIG	-	8 500 000
Total capital grants	78 066 431	484 112 476
Total operating and capital grants	672 387 419	1 007 385 796

Equitable share

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

DWA refurbishment

Balance unspent at beginning of year	14 170 219	14 170 219
Current-year receipts	-	18 000 000
Conditions met - transferred to revenue	(3 184 395)	(18 000 000)
Total	10 985 824	14 170 219

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to ensure that the transferred schemes are fully functional and are operational.

Municipal Infrastructure Grant

Balance unspent at beginning of year	172 039 949	206 289 094
Current-year receipts	-	375 582 000
Conditions met - transferred to revenue	(108 570 772)	(348 975 743)
Payment withheld from equitable share	-	(30 000 000)
Unapproved rollover	-	(30 855 402)
Total	63 469 177	172 039 949

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to improve access to basic service infrastructure for poor communities.

Finance management grant

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
18. Government grants and subsidies (continued)		
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
Total	-	-

The purpose of the grant is to improve capacity in financial management.

Rural transport grant

Balance unspent at beginning of year	1 909 206	1 909 206
Current-year receipts	-	1 726 000
Conditions met - transferred to revenue	(1 742 000)	(1 726 000)
Total	167 206	1 909 206

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to improve data on rural roads to guide infrastructure development.

Extended public works programme grant

Balance unspent at beginning of year	219 419	219 419
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	(219 419)	(1 000 000)
Total	-	219 419

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to improve opportunities for sustainable employment due to experience and learning gained.

19. Other income

Certificates - inflammables	-	117 495
Sundry Income	115 999	288 866
Insurance claims	208 670	160 983
Mayor's charity cup	-	2 125 853
Reconnection fees	2 555 645	3 123 862
Tender fees	445 710	722 871
Commission received	100 618	105 663
Income forgone	(517 333)	(466 709)
Total	2 909 309	6 178 884

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
20. General expenses		
Advertising	716 138	639 541
Auditors remuneration	3 774 462	1 535 794
Bank charges	146 480	152 093
Computer expenses	-	1 035
Consulting and professional fees (including legal expenses)	23 576 961	18 068 734
Entertainment	-	15 326
Insurance	6 566 864	1 938 031
Conferences and seminars	58 190	126 176
IT expenses	140 784	21 476
Lease rentals on operating lease	-	293 957
Levies	5 909 673	5 196 643
Magazines, books and periodicals	-	110 000
Motor vehicle expenses	196 407	49 844
Fuel and oil	4 445 098	3 995 240
Postage and courier	359	1 106
Protective clothing	41 479	143 028
Water and electricity	1 529 699	1 555 364
Software expenses	59 355	376 233
Performance management	8 204	8 002
Telephone and fax	2 519 061	2 777 140
Subsistence and travel	4 958 074	6 550 223
Catering	-	159 528
Audit committee allowance	629 332	2 088 953
Disaster Relief Fund	973 139	1 556 479
Forensic Audit	2 125 209	-
MWIG - projects expenditure	869 758	17 130 792
Performance management	900 520	1 248 130
Stores and materials	29 287 563	4 409 160
Other expenses	6 004 975	33 004 544
Water & Electricity	1 301 844	-
Total	96 739 628	103 152 572

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
21. Employee related costs		
Basic	150 874 965	126 009 322
Bonus	10 925 061	8 380 151
Medical aid - company contributions	7 202 649	9 175 023
UIF	1 334 700	1 304 945
Workman compensation	119 520	154 749
SDL	1 984 939	1 837 079
Other payroll levies	5 939 556	5 175 585
Leave pay provision charge	-	(39 054)
Post employments benefits	935 649	1 220 850
Defined contribution plans	24 227 476	22 159 657
Overtime payments	17 932 747	13 740 328
Long-service awards	281 352	295 483
Car allowance	12 880 562	11 874 262
Housing benefits and allowances	6 702 633	7 150 891
Leave redemption	8 372 507	(1 420 590)
Bargaining council	20 338	(2 035 443)
Cellphone allowance	62 754	40 660
Shift allowance	1 338 207	496 007
Total	251 135 615	205 519 905
Remuneration of municipal manager		
Annual remuneration	978 290	916 305
Car allowance	642 093	636 423
Contributions to UIF, medical and pension funds	517 319	498 256
Total	2 137 702	2 050 984
Remuneration of chief finance officer		
Annual remuneration	385 887	759 710
Car allowance	-	217 603
Contributions to UIF, medical and pension funds	-	54 860
Total	385 887	1 032 173
The position of the chief financial officer was vacant as from the 01 december 2012. There were personnel appointed to act on the position during these periods.		
Remuneration of director community services		
Annual remuneration	710 372	786 698
Car allowance	144 145	232 101
Contributions to UIF, medical and pension funds	338 080	294 000
Total	1 192 597	1 312 799
Remuneration of director corporate services		
Annual remuneration	202 213	594 884
Car allowance	-	180 378
Contributions to UIF, medical and pension funds	-	50 569
Total	202 213	825 831

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
21. Employee related costs (continued)		
The position of the director corporate services was vacant as from the 01 august 2012. There were personnel appointed to act on the position during these period.		
Remuneration of director planning and development		
Annual remuneration	833 551	780 641
Car allowance	257 334	228 646
Contributions to UIF, medical and pension funds	394 777	289 652
Total	1 485 662	1 298 939
Remuneration of director engineering services		
Annual remuneration	755 756	707 820
Car allowance	235 389	283 831
Contributions to UIF, medical and pension funds	380 777	352 000
Total	1 371 922	1 323 651
Remuneration of director water services		
Annual remuneration	721 651	660 182
Car allowance	345 226	287 858
Contributions to UIF, medical and pension funds	506 088	127 100
Cellphone allowances	36 407	36 000
Total	1 609 372	1 111 140
Remuneration of director office of the executive Mayor		
Annual remuneration	675 681	611 088
Car allowance	278 610	273 074
Contributions to UIF, medical, housing and pension funds	101 617	128 580
Cellphone allowance	36 407	-
Total	1 092 315	1 012 742
Executive Mayor's allowances		
Annual remuneration	504 592	410 028
Car allowance	163 239	183 680
Contributions to UIF, medical and pension Funds	-	92 687
Cellphone	31 769	39 828
Total	699 600	726 223
The Executive Mayor has been provided with a Council vehicle.		
Speaker's allowances		
Annual remuneration	324 713	341 846
Car allowance	121 633	243 488
Contributions to UIF, medical and pension Funds	-	60 326
Cellphone	15 651	19 872
Total	461 997	665 532

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014		
22. Remuneration of Councillors				
Councillors' remuneration and allowances	13 497 820	7 613 973		
Councillors' pension contribution	691 431	695 631		
Total	14 287 171	8 380 164		
Remuneration per councillor - 2014	Salary	Cellphone Allowance	Travel Allowance	Total
Mushwana O.J	375 596	19 872	192 568	- 588 036
Lewele M	303 201	19 872	237 046	- 560 119
Machethe L.N	320 481	19 872	159 145	- 499 498
Manganye H.G	320 481	19 872	203 937	- 544 290
Ramaremla T.P	303 201	19 872	222 894	- 545 967
Maloko M.L	303 201	19 872	218 257	- 541 330
Nkanyani R.P	320 481	19 872	193 129	- 533 482
Nkuna C.	176 264	12 396	69 123	- 257 783
Moshobane S.H	176 264	12 396	151 985	- 340 645
Hlatshwayo C	207 370	12 396	114 445	- 334 211
Ngobeni A	207 370	12 396	132 614	- 352 380
M.S	128 192	12 396	83 758	- 224 346
Raganya M.P	128 192	12 396	119 769	- 260 357
Monyela K.J	150 815	12 396	50 271	- 213 482
Mokoele S.G	128 192	12 396	65 269	- 205 857
Cronje P.W	128 192	12 396	52 536	- 193 124
Mabunda M.A	128 192	12 396	50 271	- 190 859
Makhurupetji - Malatji M.N	128 192	12 396	99 920	- 240 508
Mohlala M.F	128 192	12 396	60 900	- 201 488
Makhubele P.P	5 566	-	1 855	- 7 421
Makhubele B.M	3 710	-	1 237	- 4 947
Baloyi H.I	5 566	-	46 982	- 52 548
Makhubele T.A	5 566	-	1 855	- 7 421
Moshwana T.J	5 566	-	48 265	- 53 831
Rikhotso A	5 566	-	1 855	- 7 421
Rikhotso M.Q	5 566	-	48 672	- 54 238
Ncha M.L	9 792	-	19 298	- 29 090
Mushwana D.G	9 792	-	26 461	- 36 253
Mohale N.L	9 792	-	64 222	- 74 014
Ndove D.L	9 792	-	-	- 9 792
Mbhalati J.H.S	9 792	-	49 407	- 59 199
Sibiya M	9 792	-	60 418	- 70 210
Mokgobi M.L	9 792	-	77 766	- 87 558
Makwala S.C	9 792	-	28 430	- 38 222
Mafona M.E	5 566	-	23 237	- 28 803
Selowa M.G	5 566	-	50 710	- 56 276
Senyolo T.L	5 566	-	1 855	- 7 421
Mamogale M.C	9 792	-	12 395	- 22 187
Flemming J.G	9 792	-	15 328	- 25 120
Malesa M.G	9 792	-	-	- 9 792
Makwala M.O	9 792	-	34 675	- 44 467
Mashele J.G	9 792	-	40 232	- 50 024
Mametja M.R	5 566	-	60 606	- 66 172
Magoro M.C	5 566	-	34 469	- 40 035
Mabale S.P	5 566	-	35 177	- 40 743
Mantlhaka A.M	5 566	-	64 264	- 69 830
Rababalela T.J	5 566	-	38 218	- 43 784
Mashele M.B	8 160	-	11 671	- 19 831
	4 279 159	287 856	3 377 397	- 7 944 412

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
22. Remuneration of Councillors (continued)		
Remuneration per councillor - 2015	Salary	Cellphone Allowance
Rakgoale C.N	504 592	31 769
Sedibeng W.D	324 713	15 651
Matlou L.J	167 196	1 033
Mathonsi N.V	366 190	21 864
Mushwana O.J	583 683	21 864
Lewele M.M	290 330	21 864
Machethe L.N	307 610	21 864
Manganyi H.G	166 448	3 851
Nkuna C	292 187	29 340
Ramaremla T.P	502 075	21 241
Moshobane H.S	450 995	33 701
Hlatswayo C	324 374	29 340
Maloko M.L	290 330	21 864
Ngobeni L.R	263 880	29 340
Nkanyani R.P	541 157	21 864
Mabasa M.H	216 463	29 340
Raganya M.P	216 463	29 340
Monyela K.J	240 386	29 340
Mokoale S.G	216 463	29 340
Cronje P.W	216 463	29 340
Mabunda M.A	216 463	29 340
Makhubele P.P	7 408	-
Makhubele B.M	31 190	-
Baloyi H.I	265 374	16 684
Makhubele T.A	76 375	-
Moshwana T.J	76 375	-
Rikhotso A	36 412	-
Rikhotso M.Q	76 375	-
Ncha M.L	37 060	-
Mushwana D.G	60 299	-
Mohale N.L	60 299	-
Ndove D.L	390 032	17 307
Mbhalati J.H.S	60 299	-
Sibiya M	254 221	16 684
Mokgobi M.L	60 299	-
Makwala S.C	60 299	-
Mafona M.E	76 375	-
Selowa M.G	186 375	-
Makhurupetji - Malatji M.N	390 032	17 307
Senyolo T.J	76 375	-
Mamogale M.C	60 299	-
Flemming C.L	77 228	-
Malesa M.G	77 228	-
Makwala M.O	77 228	-
Mashele J.G	77 228	-
Mametja M.R	446 852	17 307
Magoro M.C	44 834	-
Makhura M.N	428 206	30 586
Mohlala M.F	216 463	29 340
Siwela M.D	40 091	-
Mabale S.P	76 375	-
Mantshakga A.M	76 375	-
Rababalela T.J	2 319	-
Mashele M.B	14 127	-
	10 694 888	647 705
		3 787 097
		15 129 690

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
23. Regional bulk infrastructure projects		
Regional bulk infrastructure projects expenditure	13 564 075	71 449 541
24. Debt impairment		
Debt impairment	2 776 708	22 197 923
Written off	-	13 898 331
Total	2 776 708	36 096 254
Included in the debt impairment are long outstanding debtors from the five Local Municipalities within the District on Water and Sewer accounts.		
25. Investment revenue		
Interest revenue		
Current account	3 405 705	2 858 966
26. Depreciation and amortisation		
Property, plant and equipment	156 287 882	154 846 029
27. Interest paid		
Interest paid	461 993	607 869
28. Auditors' remuneration		
Fees	3 774 462	1 535 794
29. Contracted services		
Information technology services	4 124 744	5 354 837
Operating leases	1 252 092	8 094 847
Specialist services	6 460 139	6 432 512
Agency fee	-	3 025 035
Total	11 836 975	22 907 231
30. Grants and subsidies paid		
Other subsidies		
Bursaries	3 235 237	2 659 109
Free basic water	1 160 315	1 086 371
	4 395 552	3 745 480
Grants paid to LMs	-	-
Other subsidies	4 395 552	3 745 480
	4 395 552	3 745 480
31. Bulk purchases		
Water	186 532 674	254 125 179
The district municipality purchase bulk water on behalf of local municipalities.		

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
32. Cash generated from operations		
Surplus	20 913 573	418 026
Adjustments for:		
Depreciation and amortisation	156 287 882	154 846 029
Loss on disposal of assets and liabilities	177 017	355 003
Debt impairment	2 776 708	36 096 254
Movements in provisions	2 331 753	57 257 183
Water and sanitation transactions	177 319	(184 115 750)
Other non-cash items	39 385 267	2 581 933
Changes in working capital:		
Inventories	19 335 873	(34 884 613)
Receivables from exchange transactions	(49 541 255)	(289 211 713)
Consumer debtors	(71 173 035)	(266 278 609)
Payables from exchange transactions	44 655 490	856 344 207
VAT	47 451 194	(58 755 180)
Unspent conditional grants and receipts	(102 748 449)	188 338 793
Consumer deposits	1 035 605	3 349 635
	111 064 942	466 341 198
33. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	433 303 568	89 617 947
• Orders	-	6 239 944
• Operating contract	-	10 404 119
Total	433 303 568	106 262 010

This committed expenditure relates to capital projects and will be financed by grants and surpluses, existing cash resources and funds internally generated.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
34. Contingent liabilities		
Flotek Pipes / Mopani District Municipality		
The matter involves a service provider who did not honour his obligation to the supplier of material. And as a result same sued the MDM and the Constructor for dishonouring the agreement. The case is pending.		
The claim against the municipality amounts to 4 000 000.00.		
Anna Magaretha Botes / Mopani District Municipality		
The plaintiff is suing the MDM for the injury she suffered at MDM sewerage minehall in Modjadjiskloff. The case is pending.		
The claim against the municipality amounts to 2 000 000.00.		
Mokgadi Valencia Mashilo / Pastor Mafumo & MDM		
The plaintiff is suing MDM as a result of motor vehicle collision involving MDM employee. The case is pending.		
The claim against the municipality is amounts to 150 000.00		
Mahlane Martin Moswati / Mopani District Municipality		
The plaintiff is suing MDM as a result of motor vehicle collision involving MDM employee. The case is pending.		
The claim against the municipality amounts to 150 000.00.		
Esorfrankie Pipelines & Cycad Pipes / Mopani District Municipality		
The plaintiff is suing MDM for awarding the tender to a JV which was not qualifying. JV grading was 8 and the tender was for a grade 9 company. The case is pending.		
The claim against the municipality amounts to 10 000 000.00		
Kgafela Construction / Mopani District Municipality		
The plaintiff is suing MDM for cancelling the contract to build an office building in Tzaneen disaster center. The case is pending. The claim against the municipality amounts to 30 000 000.00		
Bedrock Mining / Mopani District Municipality		
The plaintiff is suing MDM as a result of veld fire at a farm belonging to Greater Tzaneen Municipality. MDM is sued for been responsible for fire services and disaster management.		
The claim against the municipality amounts to 25 000 000.00		
Palm Nursery Trust & Others / Mopani District Municipality		
The plaintiff is suing MDM for failure to prevent a veld fire. The case is pending. The claim against the municipality amounts to R5 000 000.		
Richachres Investments Nine Pty Ltd / Mopani District Municipality		
The invoices pieces of land been transferred to the of MDM. The case is pending. The claim against the Municipality amounts to 10 000 000.00.		

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
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34. Contingent liabilities (continued)

Hippo Steel / Silver Solution (Pty) Ltd

The plaintiff is suing the contractor and the municipality as a result of a failure to pay them for services rendered. The case is pending.

The claim against the Municipality amounts to 4 000 000.00.

Nolwandle Ntimbane / Mopani District Municipality

The plaintiff is suing MDM for failure terminate contract for Modjadji Mabele tar road. The case is pending.

The claim against the municipality amounts to 25 000 000.00.

Limpopo Water Initiative / Mopani District Municipality

The plaintiff is suing MDM for failing to honour its financial obligations. The case is pending.

The claim against the municipality amounts to 30 000 000.00.

Johannes Swart / Leb P Construction & MDM and others.

The plaintiff is suing MDM for failing to honour its financial obligations. The case is pending.

The claim against the Municipality amounts to 2 000 000.00.

SARS / Tlong Re Yeng JV & MDM

SARS intends to collect money owed by the JV from MDM coffers. The case is pending.

The claim against the municipality amounts to 143 447.17.

Contingent assets

Kgafela Construction CC

Mopani district municipality sued Kgafela Construction CC for 14,140,976.84 for damages allegedly occasioned by Kgafela's failure to adhere to tender conditions. Legal costs are estimated at 2 000 000.

SARS

Mopani District Municipality submitted VAT returns amounting to R44 071 764.97 relating to prior years after the municipality changed from invoice basis to the payments basis.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
35. Related parties		
Relationships		
Accounting Officer		Refer to disclosure note on remuneration of senior management
Constituent local municipalities of Mopani district		
Ba - Phalaborwa municipality		
Greater Giyani municipality		
Greater Tzaneen municipality		
Greater Letaba municipality		
Maruleng municipality		
Audit committee		Refer to General Information page for details on composition of the Audit Committee
Members of key management		Refer to disclosure note on remuneration of senior management
Remuneration of councillors		Refer to disclosure note on remuneration of Councillors
Lepelle Northern Water		Lepelle Northern Water has been appointed to implement various projects in the Greater Giyani municipality as an intervention by the National Department of Water and Sanitation

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

2015 2014

36. Prior period errors

1. The finance lease in respect of Ba - Phalaborwa Local Municipality motor vehicles was incorrectly accounted for as a loan, resulting in understatement of the unearned finance income liability by R413,343 and interest expense by the same amount.
2. The finance lease in respect of Ba - Phalaborwa Local Municipality motor vehicles was recorded at the incorrect amount R12 439 052 per contract and ledger as compared to the amount of R12 436 032 actually received from BPM) resulting in overstatement of the gross investment in lease by R3 020.00
3. An Adjustment to account for assets amounting to R22 405 006 acquired on credit in 2012-13 was credited against accumulated surplus instead of other creditors. This resulted in accumulated surplus being overstated by R22 405 006 and other creditors being understated by the same amount.
4. Staff Debtors repayments amounting to R7 462 were misposted against the payroll costs in prior years instead of reducing the debtors balances. This resulted in overstatement of staff debtors and accumulated surplus by R7 462.
5. The 2013 - 14 Provision for performance bonus and a stock adjustment, both balance sheet items amounting to R94 770 and R4.71 respectively were incorrectly disclosed under general expenses in the 2013 - 14 Caseware AFS. This resulted in understatement of General Expenses by R94 775 and understatement of Provision for performance bonus and inventory by R94 770 and R4.71 respectively.
6. A number of employees were overpaid on termination of employment in the previous financial years, but these overpayments amounting to R69 878 were not recorded as debtors in the period in which the overpayments occurred. This resulted in understatement of Other debtors and Accumulated surplus by R69 878.
7. The 2013 - 14 Provision for performance bonus and a stock adjustment, both balance sheet items amounting to R94 770 and R4.71 respectively were incorrectly disclosed under general expenses in the 2013 - 14 Caseware AFS. This resulted in understatement of General Expenses by R94 775 and understatement of Provision for performance bonus and inventory by R94 770 and R4.71 respectively.
8. 2013 - 14 Other Creditors i.r.o Modjadji Water Treatment Works Project amounting to R2 118 919 were not recorded in the correct financial year. This resulted in understatement of Other Creditors by R2 118 919 understatement of PPE (WIP) i.r.o cost of work done by R1 078 870, understatement of input VAT by R260 218 and overstatement of Retention liability i.r.o retention due to be paid to the Service Provider by R779 831.00
9. 2013 - 14 Other creditors i.r.o Kampersrus Sewage Plant Project amounting to R72 120 were not recorded in the correct financial year. This resulted in understatement of Other Creditors by R72 120.00 understatement of PPE (WIP) i.r.o cost of work done by R63 263, understatement of input VAT by R8 857.
10. 2013 - 14 Other Creditors i.r.o Giyani System N (Mapuve) & Bulk Supply Main to Siyandani Project amounting to R195 493 were not recorded in the correct financial year. This resulted in understatement of other creditors by R195 493, understatement of PPE (WIP) i.r.o cost of work done by R171 485, understatement of input VAT by R24 008
11. 2013-14 credit transactions amounting to R5 898 527 were not accrued for as at 30 June 2014, and were instead incorrectly captured as 2014-15 expenses when the suppliers were paid in 2014-15. This resulted in understatement of the creditors by R5 898 527 while expensed, input VAT and Salary suspense were understated by R5 556 272, R333 347 and R8 907 respectively.
12. A 2013-14 retention for Mulhumbolo Trading was incorrectly processed as other creditors.
13. 2014 - 15 expenses amounting to R2 143 780 were incorrectly accrued in 2013-14 financial year.
14. 2014 - 15 PPE amounting to R213 170 were incorrectly processed in 2013-14 financial year. This resulted in

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

2015 2014

36. Prior period errors (continued)

overstatement of expenses by R2 143 780, PPE by R213 170, Other creditors by R2 665 510 and input VAT suspense by R300 139

15. The 2013-14 Revenue from Water Services was understated by R244,618 due to application of incorrect tariffs in the billing system and non-billing of water consumption per meter readings. This resulted in Debtors from water services being understated by R244,618.

16. The 2013-14 Connection fees of R58,559 was not processed by either BPM or MDM resulting in understatement of the Connection fee revenue and BPM inter-municipality debtor by R58,559.

17. The 2013-14 Post Employment Benefit (Water) expense was incorrectly captured as -R16,394 whereas the balance was Rnil in the records of Ba-Phalaborwa Municipality, resulting in the accumulated surplus being understated by R16,394 and the BPM inter-municipality account being overstated by the same amount.

18. The 2013-14 Stores and Material (Water) expense of R139,619 was incorrectly captured as R230,042 in the books of MDM, resulting in the expense being overstated by R90,423 and the BPM inter-municipality account being understated by the same amount.

19. The 2013-14 Sewer Connection Expense of R13,938.77 and the Printing and Stationery Expense (Sewer) of R467.20 were misposted to the Stores and Materials expense (Sewer) in the books of MDM. This resulted in the Sewer Connection Expense and the Printing and Stationery Expense (Sewer) being understated by R13,938.77 and R467.20 respectively while the Stores and Materials expense (Sewer) was overstated by R14,406.

20. The 2013-14 Provision for Bad Debt was incorrectly captured as R54,193,752 whereas the balance was R94,081,285 in the records of Ba-Phalaborwa Municipality, resulting in the provision being understated by R139,887,5334 and the BPM inter-municipality account being understated by the same amount.

21. The 2013-14 Consumables inventory of R6,062,946 was incorrectly captured as R5,967,486 in the books of MDM, resulting in the BPM Inventory being understated by R95,459 and the BPM inter-municipality account being overstated by the same amount.

22. The 2013-14 movements in the GGM provisions balances were misposted to the GGM inter-municipality account balance in the MDM records resulting in overstatement of the inter-municipality account and accumulated surplus by R14,441,374.

23. The 2013-14 Salaries and wages of R936,826 for GGM Water meter readers was misposted to the GGM inter-municipality account in the records of MDM, resulting in the salaries and wages expense being understated by R936,826 while the GGM Inter-municipal account balance was overstated by the same amount.

24. The 2013-14 MDM inventory balance was not updated with the stock count results as at 30/6/2014, resulting in the inventory being understated by R109,516 and the GGM inter-municipality account being overstated by the same amount.

25. The 2013-14 Revenue from Water Services was understated by R535 due to use of incorrect tariffs in the billing system. This resulted in Debtors from water services being understated by R535.

26. During the year ended 30 June 2014, the municipality did not accrue for interest on GGM outstanding debtors amounting to R4,671,586. This resulted in the understatement of consumer debtors and accumulated surplus (Interest on outstanding debtors).

27. During processing of the 2013-14 approved audit adjustments, the interest on debtors for Greater Letaba Municipality was erroneously debited against the Greater Letaba Consumer deposits vote. This resulted in the understatement of Consumer debtors and Consumer Deposits by R49,289.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
36. Prior period errors (continued)		
28. During processing of the 2013-14 approved audit adjustments, the interest on debtors for Greater Letaba Municipality was erroneously debited against the Greater Letaba Consumer deposits vote. This resulted in the understatement of Consumer debtors and Consumer Deposits by R49,289.		
29. During the year ended 30 June 2014, the municipality did not accrue for interest on GTM outstanding debtors amounting to R4,970,666,95 This resulted in the understatement of GTM Inter-municipality balance and accumulated surplus (Interest on outstanding debtors).		
30. The 2013-14 Bargaining Costs expense was incorrectly captured as R2,054,405 (which is the balance for Medical aid cost per the GTM records). The correct Bargaining Costs was actually R6,172. The 2013-14 Bargaining Costs were therefore overstated by R2,048,233.		
31. The 2013-14 Security expense was incorrectly captured as R6,303,678 in the books of MDM, instead of R2,280, an overstatement of R6,301,398.		
32. The 2013-14 Machines and Equipment expense was incorrectly captured as R6,188,735 in the books of MDM, instead of R3,658,714, an overstatement of R2,530,021. The overstatement was as a result of the Council-Owned Buildings and Distribution Network-Internal Labour expenses of R12,479 and R2,694,809 being misposted to Machines and Equipment vote and the Furniture and equipment expense of R177,267 was omitted from the Machines and Equipment expense vote.		
33. The 2013-14 Distribution Network-Internal Labour expense of R2,694,809 was misposted to the Machinery and Equipment vote, resulting in the Network expense balance being understated by R2,694,809.		
34. The 2013-14 GTM Internal charges and recoveries of R1,592,682 were not recorded in the books of MDM, resulting in understatement of expenditure by R2,074,781 and revenue by R482,099.		
35. Per the 2013-14 GTM the local municipality received R38,000,000 from National Treasury in respect of the balance owed by MDM for running the water and sewer services. GTM reflected this receipt by crediting the Inter-municipality account with MDM, however this was not taken into account by MDM during preparation of the AFS and hence the accumulated surplus is understated by R38,000,000 and the GTM Inter-municipality account liability overstated by the same amount.		
36. The 2013-14 Provision for long service leave of R167,802 as per the 2013/14 GTM inter-municipality account with MDM was not accounted for in the accounting records of MDM, resulting in the Provision for long service leave balance being understated by R167,802 and the GTM inter-municipality account liability balance being overstated by R167,802.		
37. The 2013-14 GTM Water Inventory of R39,218 as per the 2013/14 GTM inter-municipality account with MDM was recorded as R26,668 in the accounting records of MDM, resulting in the Water Inventory balance and the GTM inter-municipality account liability balance being understated by R12,550.		
38. The 2013-14 Sundry creditors of R167,802 as per the 2013/14 GTM inter-municipality account with MDM was not accounted for in the accounting records of MDM, resulting in the Sundry creditors balance being understated by R1,518,348 and the GTM inter-municipality account liability balance being overstated by R1,518,348.		
39. The 2013-14 GTM Trade Creditors of R2,128,345 as per the 2013/14 GTM inter-municipality account with MDM was recorded as R2,582,703 in the accounting records of MDM, resulting in the GTM Trade Creditors balance being overstated by R454,357 and the GTM inter-municipality account liability balance being understated by R454,357.		
40. MDM reflected a balance of R1,141,655 as agency fee owing to GTM for running the water and sewer services, however per the records of GTM the balance was R1,210,675 as at 30 June 2014. This resulted in the GTM Agency fees		

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
36. Prior period errors (continued)		
liability balance being overstated by R69,020 and the GTM inter-municipality account liability balance being understated by R69,020.		
41. MDM incorrectly recognised the 2013-14 MLM salaries and wages at R55,555 instead of R2,152,385. This resulted in the salaries and wages being understated by R2,096,830 and the MLM inter-municipality account being overstated by the same amount.		
42. MDM incorrectly credited the MLM agency fee liability of R32,841 to the inter-municipality account instead of the agency fee liability vote. This resulted in the MLM Agency fees liability balance being understated by R32,841 and the MLM inter-municipality account liability balance being understated by R32,841.		
43. MDM incorrectly recognised the 2013-14 MLM salaries and wages at R55,555 instead of R2,152,385. This resulted in the salaries and wages being understated by R2,096,830 and the MLM inter-municipality account being overstated by the same amount.		
44. MDM incorrectly recognised the 2013-14 MLM water and sanitation debtors as R961,080 and R164,587 respectively, instead of R820,160 and R305,852 respectively. This resulted in the water debtors being overstated by R140,913 and the sanitation debtors being understated by R141,265, and the MLM inter-municipality account being understated by R352.		
45. MDM did not recognise the 2013-14 MLM leave expense (increase in provision) of R22,997, resulting in the leave expense and the MLM inter-municipality account being overstated understated by R22,997.		

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
36. Prior period errors (continued)		
Adjustments affecting the Statement of financial performance		
Adjustment to record previously uncaptured 2013-14 RBIG Grant Revenue and Debtor (Mametja Sekororo).	-	(9 579 257)
Adjustment for 2014-15 licence fee expense that was incorrectly accrued for in 2013-14.	-	(2 365 512)
Adjustment to accrue for 2013-14 liability i.r.o security services.	-	3 925 804
Adjustment to accrue for 2013-14 liability i.r.o bulk water purchases.	-	1 630 205
Adjustment to correct mispost of Sewer Connection and Printing and Stationery expenses in the Stores and Material vote in MDM accounting records.	-	13 939
Adjustment to correct mispost of Sewer Connection and Printing and Stationery expenses in the Stores and Material vote in MDM accounting records.	-	467
Adjustment to correct mispost of Sewer Connection and Printing and Stationery expenses in the Stores and Material vote in MDM accounting records.	-	(14 406)
Adjustment to correct misstatement of provision for doubtful debt in MDM accounting records.	-	399 243
Adjustment to correct the 2013-14 GLM Inter-Municipality Account.	-	49 289
Adjustment to account for 2013-14 Water Connection fees in MDM accounting records.	-	(57 800)
Adjustment to account for 2013-14 Sewer Connection fees in MDM accounting records.	-	(759)
Adjustment to correct overstatement of Long Service allowance expense in MDM accounting records.	-	(167 251)
Adjustment to correct overstatement of Pension / Provident Fund expense in MDM accounting records.	-	(860 717)
Adjustment to correct overstatement of Pension / Provident Fund expense in MDM accounting records.	-	(76 720)
Adjustment to reverse incorrect 2013-14 Post Employment Benefit (Water) expense in MDM accounting records.	-	16 394
Adjustment to correct overstatement of Contracted Services expense in MDM accounting records.	-	(324 657)
Adjustment to correct overstatement of Stores and material expense in MDM accounting records.	-	(90 423)
Adjustment to correct understatement of Revenue from Water Services in BPM and MDM accounting records.	-	(244 618)
Adjustment to correct overstatement of Bargaining Council expense in MDM accounting records.	-	(2 048 233)
Adjustment to correct overstatement of Security expense in MDM accounting records.	-	(6 301 398)
Adjustment to correct overstatement of Machine and equipment expense in MDM accounting records.	-	(2 530 021)
Adjustment to correct understatement of Network expense expense in MDM accounting records.	-	2 694 809
Adjustment to correct understatement of GTM internal chages in MDM accounting records.	-	80 880
Adjustment to correct understatement of GTM Recoveries expense in MDM accounting records.	-	1 993 901
Adjustment to record 2013-14 previously uncaptured interest on debtors (GTM).	-	(482 099)
Adjustment for understatement of leave expense	-	(6 474 714)
Adjustment for interest on debtors per Ex.94	-	28 997
Adjustment for understatement of water revenue	-	(4 671 586)
Adjustment for understatement of the 2013-14 Salaries and wages (Water)	-	(535)
Adjustment for understatement of Decrease in Accrued Leave	-	936 826
Adjustment for understatement of Increase in Accrued Bonus	-	10 241
Adjustment for understatement of Long Service Award provision	-	(39 054)
Adjustment for understatement of Post retirement Medical Contribution	-	37 832
Adjustment for understatement of Provision for Bad Doubtful Debts	-	534 024
Adjustment to bring in the Acc depreciation & depreciation for prior years	-	13 898 331
'Accounting for Depreciation 2013/2014	-	1 521 539
	-	3 830 030

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
36. Prior period errors (continued)		
Adjustment to correct prior year acc. depreciation & depreciation on intangible assets	-	(13 764)
'Reversal of double accounting of fire station paving	-	34 700
'Reallocation of misposted assets	-	(1 713 363)
'Reallocation of misposted assets	-	(10 501 305)
'Reallocation of misposted assets	-	(7 537)
'Reallocation of misposted assets	-	1 013 546
Correction of depreciation 2013/2014	-	(12 863 191)
Correction of Depreciation 2013/2014	-	(2 145 793)
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	331 097
Adjustment on plant & equipment depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(448 864)
Adjustment on office equipment depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	401 975
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(194 864)
Adjustment on motor vehicles depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	332 352
Adjustment on furniture & fittings depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(8 850)
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(300)
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	4 946
Adjustment on emergency equipment depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	104 935
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	119
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	112 625
Adjustment on intangible depreciation in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(44 946)
Adjustment on profit/loss with sale of asset with in the 2013/2014 year. Asset register was reinstated in 2014/2015 year.	-	(143 800)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(1 750 312)
Recognition of interest expense on finance lease liability.	-	278 132
Recognition of interest expense on finance lease liability.	-	(97 919)
Adjustment 2013-14 BPM agency fee.	-	33 810
	-	-
Adjustment affecting the Statement of financial position		
Adjustment to record previously uncaptured 2013-14 RBIG Grant Revenue and Debtor (Mametja Sekororo).	-	-
Adjustment to recognise previously unrecognised Other Creditor i.r.o adjusting post balance sheet event (Settlement agreement with dismissed employee).	-	-
Adjustment to recognise prior period Other Debtors that arose due to overpayments to former employees, but were not recorded in the period in which the overpayments	-	(69 878)
Adjustment to recognise previously unrecognised staff debtors who were overpaid.	-	(81 338)
Adjustment to correct error in recording of 2012-13 other creditors, which were misposted to accumulated surplus.	-	22 405 006
Adjustment to Trade creditors for 2014-15 licence fee expense that was incorrectly accrued for in 2013-14.	-	(300 138)
Reversal of VAT on adjustment for 2014-15 expenses that were incorrectly accrued for in 2013-14.	-	300 138
Adjustments to accrue for 2013-14 liabilities.	-	303 578
VAT on previously unaccrued liabilities	-	(303 578)
Adjustment to accrue for 2013-14 liability i.r.o bulk water purchases.	-	29 768
VAT arising on adjustment to accrue for 2013-14 liabilities i.r.o bulk water purchases.	-	(29 768)
Adjustment to correct the 2013-14 GTM inter municipality account	-	(28 668 223)
Adjustment to recognise 2013-14 Kampersrus Sewage Plant Project.	-	-

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
36. Prior period errors (continued)		
Adjustment to correct understatement of 2013-14 MLM Consumer Debtors.	-	(141 265)
Adjustment to correct understatement of 2013-14 MLM Consumer Debtors.	-	352
Adjustment to correct understatement of 2013-14 MLM Consumer Debtors.	-	140 913
Adjustment to correct misstatement of MLM Agency fee liability to MLM inter-municipality account.	-	(32 841)
Adjustment to correct misstatement of MLM Agency fee liability to MLM inter-municipality account.	-	32 841
Adjustment to correct overstatement of 2013-14 MLM provision for doubtful debt.	-	(18 070)
Adjustment to correct overstatement of 2013-14 MLM provision for doubtful debt.	-	18 070
Adjustment to correct understatement of GTM Water Inventory in MDM accounting records.	-	(12 550)
Adjustment to correct understatement of GTM Water Inventory in MDM accounting records.	-	12 550
Adjustment to correct understatement of Sundry creditors in MDM accounting records.	-	(1 518 348)
Adjustment to correct understatement of Sundry creditors in MDM accounting records.	-	1 518 348
Adjustment to correct overstatement of GTM Trade creditors in MDM accounting records.	-	(454 357)
Adjustment to correct overstatement of GTM Trade creditors in MDM accounting records.	-	454 357
Adjustment to correct overstatement of GTM Agency fees in MDM accounting records.	-	(69 020)
Adjustment to correct overstatement of GTM Agency fees in MDM accounting records.	-	69 020
-95459	-	(109 516)
Adjustment to correct the 2013-14 Inventory balance in MDM accounting records.	-	109 516
Adjustment to correct understatement of 2013-14 Post Employment Benefit (Water) expense in MDM accounting records.	-	(39 887 533)
Adjustment to correct understatement of 2013-14 Post Employment Benefit (Water) expense in MDM accounting records.	-	39 887 533
Adjustment to correct understatement of Consumables inventory in MDM accounting records.	-	(95 459)
Adjustment to correct understatement of Consumables inventory in MDM accounting records.	-	95 459
Adjustment to correct overstatement of GTM inter-municipality account liability balance in MDM accounting records.	-	(38 000 000)
Adjustment to correct 2013-14 BPM loan account./.	-	93 486
Adjustment for understatement of salaries and wages	-	(324 659)
'Adjustment for Creditor raised twice in 2013/2014 year. Correction of creditor	-	763 000
'Adjustment for Creditor raised twice in 2013/2014 year. Correction of creditor	-	(763 000)
'Adjustment to bring in the Acc depreciation & depreciation for prior years	-	1 328 337
'Adjustment to correct prior year acc. depreciation & depreciation on intangible assets	-	(44 198)
'Adjustment to correct prior year acc. depreciation & depreciation on intangible assets	-	(74 075)
'Adjustment to correct opening balance 2013, Buildings are reinstated	-	21 505 002
Adjustment to correct opening balance 2013, Buildings are reinstated	-	(82 728 230)
Clearing of Office Buiding vote to under construction	-	28 500
Clearing of Office Buiding vote to under construction	-	(28 500)
Correction of opening balance of PPE under construction	-	9 007 210
Correction of PPE opening balances	-	516 821 583
Correction of PPE opening balances	-	(336 221 474)
Correction of PPE opening balances	-	19 392
Retention raised & reallocation of asset to the correct capital vote	-	(20 844)
Retention raised & reallocation of asset to the correct capital vote	-	20 844
Retention raised & reallocation of asset to the correct capital vote	-	9 026
Retention raised & reallocation of asset to the correct capital vote	-	(9 026)
Reallocation of misposted assets	-	50 749 727
Reallocation of misposted assets	-	(50 749 727)
Correction of opening balance of PPE under construction	-	118 332 101
Correction of opening balance of PPE under construction	-	(68 288 106)
Correction of opening balance of PPE under construction	-	(20 813 226)

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
36. Prior period errors (continued)		
Prior year Retention raised.	-	(39 558)
Prior year Retention raised.	-	39 558
Adjustment to correct overstatement of Consumer Deposits in MDM accounting records.	-	(347 114)
Adjustment to correct overstatement of Consumer Deposits in MDM accounting records.	-	347 114
Adjustment to correct overstatement of Provision post employment benefits in MDM accounting records.	-	1 418 251
Adjustment to correct overstatement of Provision post employment benefits in MDM accounting records.	-	(1 418 251)
Adjustment to correct overstatement of Provision long service in MDM accounting records.	-	(434 022)
Adjustment to correct overstatement of Provision long service in MDM accounting records.	-	434 022
Adjustment to account for the understatement of input VAT i.r.o the Lephelle Creditor in prior years.	-	(25 883 766)
Adjustment to account for the understatement of the Lephelle Creditor and input VAT in prior years.	-	210 767 811
Adjustment to correct understatement of MLM consumer deposits by both municipalities.	-	(154 611)
Adjustment to correct understatement of MLM consumer deposits by both municipalities.	-	154 611
Adjustment to reverse mispost of Staff debtors' debt repayments.	-	3 327
Adjustment to reverse mispost of Staff debtors' debt repayments.	-	4 136
Adjustment on water infrastructure accumulated depreciation. Asset register was reinstated during the 30 June 2015 year.	-	71 536
Adjustment on water infrastructure depreciation during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	23 066
Adjustment on accumulated depreciation. Asset register was reinstated during the 30 June 2015 year.	-	(4 550 881)
Adjustment on office equipment cost brought forward. Asset register was reinstated during the 30 June 2015 year.	-	1 508 169
Adjustment on office equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	(178 447)
Adjustment on office equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	1 694 153
Adjustment on furniture & fittings cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	3 266 554
Adjustment on furniture & fittings cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	(3 985 885)
Adjustment on furniture & fittings accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	1 194 097
Adjustment on furniture & fittings accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	(452 773)
Adjustment on plant & equipment cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	5 146 560
Adjustment on plant & equipment cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	(3 703 361)
Adjustment on plant & equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	1 205 643
Adjustment on plant & equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	(689 340)
Adjustment on motor vehicles cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	28 990 269
Adjustment on motor vehicles cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	(38 074 280)
Adjustment on motor vehicles accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	(1 373 981)

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
36. Prior period errors (continued)		
Adjustment on motor vehicles accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	2 532 582
Adjustment on emergency equipment cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	2 077 553
Adjustment on emergency equipment cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	(3 603 139)
Adjustment on emergency equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	(365 345)
Adjustment on emergency equipment accumulated depreciation brought forward. Asset register was reinstated during the 30 June 2015 year.	-	1 422 690
Adjustment on finance lease cost brought forward during the 2013/2014 financial year. Asset register was reinstated during the 30 June 2015 year.	-	(4 871 073)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	3 691 966
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(29 305)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	29 305
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(58 610)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	58 610
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(1 710)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	1 710
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(100 890)
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	100 890
Adjustment to bring in the cost for prior year Lease assets. Cost balance 2012/2013	-	(30 855 402)
Adjustment prior years' BPM agency fee.	-	3 649 186
Other Debtors--Adjustment to correct GLM Inter-municipality account	-	14 722 981
Net increase/Decrease in accumulated surplus	-	(245 569 736)

Statement of Financial Position as at 30 June 2015	Balance as previously reported	Prior Period Error	Reclassified (note 37)	Restated balance
Assets				
Current Assets				
Inventories	34 667 088	217 525	-	34 884 613
Receivables from exchange transactions	262 508 187	26 703 526	-	289 211 713
VAT receivable	32 546 442	26 208 738	-	58 755 180
Consumer Debtors	270 755 610	(40 573 255)	-	230 182 355
Cash and Cash equivalents	83 126 281	-	-	83 126 281
Total Current Assets	683 603 608	12 556 534	-	696 160 142
Non-current Assets				
Property, plant and equipment	4 708 061 777	(124 366 787)	(432 000)	4 583 262 990
Intangible assets	10 380 783	132 037	-	10 512 820
Heritage Assets	-	-	432 000	432 000
Total non-current assets	4 718 442 560	(124 234 750)	-	4 594 207 810
Liabilities				
Current liabilities				
Finance lease obligation	-	2 312 383	-	2 312 383
Payables from exchange transactions	695 774 371	163 506 772	-	859 281 143
Consumer deposits	3 492 850	(143 214)	-	3 349 636
Unspent conditional grants and receipts	219 194 195	(30 855 402)	-	188 338 793
Provisions	23 981 416	94 770	-	24 076 186
Total current liabilities	942 442 832	134 915 309	-	1 077 358 141
Non current liabilities				
Provisions	34 865 468	(1 684 471)	-	33 180 997

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014	
36. Prior period errors (continued)			
Net assets			
Accumulated surplus-opening balance	4 456 994 106 (277 583 318)	- 4 179 410 788	
Surplus/deficit)	(32 256 238) 32 013 577	660 687 418 026	
	4 424 737 868 (245 569 741)	660 687 4 179 828 814	
Statement of Financial Performance for the year ended 30 June 2015	Balance as previously reported	Prior period error	
		Reclassified (Note 37)	
		Total	
Revenue			
Service charges	(137 642 728)	(308 972)	- (137 951 700)
Interest earned-outstanding receivables	(2 681 864)	(11 146 300)	- (13 828 164)
Other income	(3 042 127)	(13 939)	- (3 056 066)
Interest received	(2 858 966)	-	- (2 858 966)
Government grants and subsidies	(997 806 539)	(9 579 257)	- 1 007 385 796)
Total revenue	(1 144 032 224)	(21 048 468)	- 1 165 080 692)
Expenditure			
Employee Costs	207 052 796	(1 532 891)	- 205 519 905
Remuneration of Councillors	8 380 164	-	- 8 380 164
Regional Bulk Infrastructure Projects Expenditure	71 449 541	-	- 71 449 541
Mopani Household Sanitation	197 601 189	(2 096 958)	- 195 504 231
Depreciation and amortisation	163 686 795	(8 840 766)	- 154 846 029
Finance Costs	607 869	-	- 607 869
Debt Impairment	21 798 680	14 297 574	- 36 096 254
Repairs and Maintenance	120 164 109	(12 202 991)	- 107 961 118
Bulk Purchases	252 494 974	1 630 205	- 254 125 179
Contracted services	29 657 727	(6 750 496)	- 22 907 231
Grants and subsidies paid	3 745 480	-	- 3 745 480
General Expenses	99 359 012	3 793 560	- 103 152 572
Total expenditure	1 175 998 336	(11 702 763)	- 1 164 295 573
Operating surplus/(deficit)	(31 966 112)	32 739 141	- 773 029
Loss on disposal of assets and liabilities	(290 126)	(64 877)	- (355 003)
	(32 256 238)	32 674 264	- 418 026

37. Unauthorised expenditure

Opening Balance	157 216 544	140 089 736
Add: Unauthorised expenditure during the year	1 038 038	17 126 808
Unauthorised expenditure awaiting condonement	158 254 582	157 216 544

The unauthorised expenditure relates to the over - expenditure on Greater Giyani Vote for Water amounting R806 323.00 and over expenditure on Maruleng Municipality - Water and Sewer Vote amounting to R231 715.15

The unauthorised expenditure has been tabled to Council and is investigated by a Council Committee.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
40. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to SALGA		
Current year subscription / fee	7 409 673	3 483 271
Amount paid - current year	(7 409 673)	(3 483 271)
	-	-
PAYE and UIF		
Current year subscription / fee	26 726 239	23 559 409
Amount paid - current year	(26 726 239)	(23 559 409)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	12 739 140	24 392 278
Amount paid - current year	(12 739 140)	(24 392 278)
	-	-
VAT		
VAT receivable	11 303 986	58 755 180

VAT is payable on the cash basis as from the 30th May 2013. VAT input receivables and VAT output receivable is shown in note 8. All VAT returns have been submitted by the due date throughout the year.

41. Deviation from supply chain management regulations

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. The total deviations for the year amounted to R13 749 637.26. (2014: R3 086 120.34) which has been tabled to council for noting in terms of Section 36(2).

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that deviations must be included as a note to the annual financial statements

Major deviations related to emergency procurement of borehole spares and pipes in order to avoid interruption of essential service (Water Supply).

The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

42. In Kind Service

COGHSTA has provided an in kind service in the form of a Resident Accountant as from December 2012.

National Treasury provided an in kind service in form of an Advisor as from June 2015.

COGHSTA has provided an in kind service in the form an Acting Municipal Manager.

Appendices

Mopani District Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014
43. Distribution Losses		
Sales (kl) Total	762 961	1 368 248
Purchases (kl) Total	2 025 325	4 775 186
Percentage water losses at the plants (%)	62	4

Mopani District Municipality (MDM) as a Water Service Authority (WSA) has service level agreements with its five Local Municipalities, the Local Municipalities distribute water to the consumers on its behalf above are the distribution losses incurred.

The distribution loss percentage is high because it also includes the following elements that comprise non-revenue water:-

1. Unauthorised Consumption
2. Overflows from water storage
3. Unbilled metered consumption

VOLUME II

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation						Accumulated depreciation							
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Land and buildings

Land	11 980 776	-	-	-	-	11 980 776	-	-	-	-	-	-	11 980 776
Buildings	119 975 439	-	-	-	-	65 692 144	185 667 593	(32 363 656)	(5 201 218)	-	-	(37 564 874)	148 102 708
	131 956 215	-	-	-	-	65 692 144	197 648 359	(32 363 656)	(5 201 218)	-	-	(37 564 874)	160 083 484

Infrastructure

Sewer Pump Station	38 854 807	-	-	-	-	119 868 143	158 722 950	(19 597 717)	(1 901 992)	-	-	-	(21 459 769)	137 223 241
Collection/ Reticulation Network	1 051 434 354	-	-	-	-	-	1 051 434 354	(342 865 499)	(21 028 687)	-	-	-	(363 994 166)	687 440 166
Waste Water Treatment	579 408 051	-	-	-	-	-	579 408 061	(317 307 136)	(14 206 494)	-	-	-	(331 513 630)	247 894 431
Water Treatment	409 234 576	29 643 407	-	-	-	147 225 297	586 103 280	(145 912 021)	(12 305 012)	-	-	-	(162 217 033)	423 886 247
Storage	726 984 036	405 686	-	-	-	-	727 390 222	(334 310 763)	(15 376 807)	-	-	-	(349 687 570)	377 702 652
Bulk Supply	11 738 043	112 505	-	-	-	-	11 850 548	-	(109 316)	-	-	-	(109 316)	11 801 232
Distribution/ Reticulation Network	3 535 110 136	780 021	-	-	-	-	3 535 890 157	(1 282 140 045)	(59 960 147)	-	-	-	(1 342 100 192)	2 183 789 955
Boreholes	322 592 874	250 579	-	-	-	-	322 843 453	(117 404 148)	(17 409 860)	-	-	-	(134 814 008)	188 029 444
Water Pump Station	84 174 810	-	-	-	-	-	84 174 810	(36 670 587)	(3 850 782)	-	-	-	(40 521 369)	43 653 441
	6 759 592 297	31 192 098	-	-	-	267 093 440	7 067 877 835	(2 610 307 916)	(146 149 097)	-	-	-	(2 756 457 013)	4 301 420 821

Community Assets

Appendices

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Mayoral Chain	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Specialised vehicles														
Other assets														
Fire Fighting equipment/fire housings	183 398	-	-	-	-	-	183 398	(97 457)	(19 481)	-	-	-	(116 938)	56 460
Emergency / rescue equipment	3 509 683	-	(4 552)	-	-	-	3 505 131	(1 895 064)	(541 802)	2 598	-	-	(2 434 268)	1 070 863
Training equipment	850	-	-	-	-	-	850	(202)	(153)	-	-	-	(355)	495
Trucks, buses and LDVs	15 430 893	-	-	-	-	-	15 430 893	(1 119 369)	(532 857)	-	-	-	(1 652 226)	13 778 666
Passenger Vehicles	6 224 156	888 491	(176 806)	-	-	-	6 935 839	(1 094 725)	(464 147)	55 172	-	-	(1 503 700)	5 432 139
Emergency vehicles	10 291 410	-	-	-	-	-	10 291 410	(1 158 480)	(655 494)	-	-	-	(1 813 974)	8 477 436
Trailers and accessories	558 800	-	-	-	-	-	558 800	(113 796)	(22 357)	-	-	-	(136 153)	422 647
Tractors	7 115 540	-	-	-	-	-	7 115 540	(796 426)	(227 657)	-	-	-	(1 014 123)	6 101 417
Tables and desks	1 402 990	-	-	-	-	-	1 402 990	(533 508)	(162 008)	-	-	-	(695 516)	707 474
Chairs and couches	1 348 827	-	(4 979)	-	-	-	1 343 848	(563 102)	(152 069)	2 581	-	-	(712 590)	631 258
Shelving and bookcases	162 914	59 360	-	-	-	-	222 274	(63 221)	(28 842)	-	-	-	(92 063)	130 211
Cabinets and cupboards	745 150	-	-	-	-	-	745 150	(291 090)	(83 668)	-	-	-	(374 758)	370 392
Beds	180 976	-	-	-	-	-	180 976	(109 951)	(24 529)	-	-	-	(134 480)	46 496
Other furniture and fittings	145 660	49 000	-	-	-	-	195 660	(73 145)	(16 333)	-	-	-	(89 479)	106 182
Plant and equipment Other	929 672	3 930	(1 580)	-	-	-	932 012	(435 179)	(106 032)	165	-	-	(541 040)	390 972
Generators	1 731 983	39 999	-	-	-	-	1 771 982	(769 158)	(161 730)	-	-	-	(930 888)	841 064
Radio equipment	82 020	-	-	-	-	-	82 020	(31 266)	(11 345)	-	-	-	(42 611)	39 409
Compressors	126 557	-	-	-	-	-	126 557	(50 831)	(13 430)	-	-	-	(64 261)	62 296
Earth moving equipments	540 000	-	-	-	-	-	540 000	(67 108)	(48 600)	-	-	-	(115 708)	424 292
Sports equipment	1 500	-	-	-	-	-	1 500	(818)	(164)	-	-	-	(982)	518
Sport and recreational equipment	415	-	-	-	-	-	415	(302)	(75)	-	-	-	(377)	38
Lawnmowers/ gardening equipment	10 864	5 351	(500)	-	-	-	15 715	(5 847)	(1 520)	307	-	-	(7 060)	8 655
Lab equipment	42 903	-	-	-	-	-	42 903	(23 946)	(4 787)	-	-	-	(28 733)	14 170
Office machines	501 444	6 599	(77 716)	-	-	-	430 327	(269 216)	(72 279)	46 163	-	-	(295 334)	134 993
Domestic equipment	131 501	-	-	-	-	-	131 501	(57 976)	(15 905)	-	-	-	(93 881)	47 620
Computer hardware	2 374 510	197 998	(71 121)	-	-	-	2 601 375	(1 112 878)	(447 711)	42 855	-	-	(1 517 734)	983 641
Office equipment - Other	90 154	-	(1 820)	-	-	-	88 334	(47 931)	(10 903)	1 025	-	-	(57 509)	30 825
Audiovisual equipment	509 409	-	(5 400)	-	-	-	504 009	(267 247)	(58 859)	3 643	-	-	(322 463)	181 546
Air Conditioners	753 441	14 700	(5 800)	-	-	-	761 341	(430 277)	(92 738)	4 266	-	-	(518 749)	242 592
Workshop equipment and tools	499 369	-	-	-	-	-	499 369	(214 744)	(58 198)	-	-	-	(272 942)	226 427
Specialized Vehicles	1 677 000	-	-	-	-	-	1 677 000	(67 035)	(53 664)	-	-	-	(120 699)	1 556 301
	57 304 989	1 255 415	(351 286)	-	-	-	58 210 119	(11 761 291)	(4 089 077)	158 775	-	-	(15 691 593)	42 527 525

Appendices

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	131 956 215	-	-	-	-	65 692 144	197 648 359	(32 363 656)	(5 201 218)	-	-	-	(37 564 874)	160 083 484
Infrastructure	6 759 562 287	31 192 098	-	-	-	267 093 440	7 057 877 835	(2 610 307 916)	(146 149 097)	-	-	-	(2 756 457 013)	4 301 420 821
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	57 304 989	1 265 416	(351 286)	-	-	-	58 219 119	(11 761 291)	(4 089 077)	158 775	-	-	(15 691 593)	42 527 525
	6 949 285 501	32 457 514	(351 286)	-	-	332 785 584	7 314 177 313	(2 654 432 863)	(155 439 392)	158 775	-	-	(2 809 713 480)	4 504 463 830
Agricultural/Biological assets														
Intangible assets														
Computer Software	1 097 760	-	-	-	-	-	1 097 760	(260 056)	(205 413)	-	-	-	(465 469)	632 291
Service	13 991 354	-	-	-	-	-	13 991 354	(4 316 237)	(699 568)	-	-	-	(5 015 805)	8 975 549
	15 089 114	-	-	-	-	-	15 089 114	(4 576 293)	(904 981)	-	-	-	(5 481 274)	9 607 840
Leased Assets														
Office Equipment	5 061 588	3 420	-	-	-	-	5 065 008	(2 849 877)	(1 245 352)	-	-	-	(4 095 229)	969 779
	5 061 588	3 420	-	-	-	-	5 065 008	(2 849 877)	(1 245 352)	-	-	-	(4 095 229)	969 779
Total														
Land and buildings	131 956 215	-	-	-	-	65 692 144	197 648 359	(32 363 656)	(5 201 218)	-	-	-	(37 564 874)	160 083 484
Infrastructure	6 759 562 287	31 192 098	-	-	-	267 093 440	7 057 877 835	(2 610 307 916)	(146 149 097)	-	-	-	(2 756 457 013)	4 301 420 821
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	57 304 989	1 265 416	(351 286)	-	-	-	58 219 119	(11 761 291)	(4 089 077)	158 775	-	-	(15 691 593)	42 527 525
Intangible assets	15 089 114	-	-	-	-	-	15 089 114	(4 576 293)	(904 981)	-	-	-	(5 481 274)	9 607 840
Leased Assets	5 061 588	3 420	-	-	-	-	5 065 008	(2 849 877)	(1 245 352)	-	-	-	(4 095 229)	969 779
	6 969 436 203	32 460 934	(351 286)	-	-	332 785 584	7 334 331 435	(2 661 859 033)	(167 589 725)	158 775	-	-	(2 819 289 983)	4 515 041 449

Appendices

Appendix B

Analysis of property, plant and equipment as at 30 June 2014

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	10 810 778	1 800 000	(730 000)	-	-	-	11 980 778	-	-	-	-	-	-	11 980 777
Buildings	116 890 124	2 985 315	-	-	-	64 019 143	183 994 582	(27 204 193)	(5 159 463)	-	-	-	(32 363 656)	151 630 928
	127 900 902	4 785 315	(730 000)	-	-	64 019 143	195 975 360	(27 204 193)	(5 159 463)	-	-	-	(32 363 656)	163 611 703
Infrastructure														
Sewer Pump Station	38 854 807	-	-	-	-	102 387 566	141 242 373	(17 695 725)	(1 901 992)	-	-	-	(19 597 717)	121 644 656
Collection / Retention Network	1 051 434 354	-	-	-	-	-	1 051 434 354	(321 936 812)	(21 028 687)	-	-	-	(342 965 499)	708 468 855
Waste Water Treatment	579 408 067	-	-	-	-	-	579 408 067	(303 100 642)	(14 206 494)	-	-	-	(317 307 136)	262 100 931
Water Treatment	368 429 454	40 805 122	-	-	-	120 223 924	529 458 500	(138 197 639)	(11 714 183)	-	-	-	(149 912 822)	378 546 478
Storage	717 868 656	9 115 971	-	-	-	-	726 984 636	(319 480 658)	(14 829 805)	-	-	-	(334 310 763)	392 673 873
Bulk Supply	9 603 706	2 194 338	-	-	-	-	11 798 044	-	-	-	-	-	-	11 798 043
Distribution / Retention Network	3 521 332 394	13 777 752	-	-	-	-	3 535 110 136	(1 232 562 324)	(58 577 721)	-	-	-	(1 252 140 045)	2 242 970 091
Boreholes	310 687 251	11 895 613	-	-	-	-	322 592 874	(101 656 206)	(15 747 942)	-	-	-	(117 404 148)	205 188 725
Water Pump Station	84 174 810	-	-	-	-	-	84 174 810	(32 819 824)	(3 850 782)	-	-	-	(36 670 586)	47 504 223
	6 681 803 608	77 788 796	-	-	-	222 611 490	6 982 203 794	(2 467 450 310)	(142 857 606)	-	-	-	(2 610 307 516)	4 371 895 875

Appendices

Appendix B

Analysis of property, plant and equipment as at 30 June 2014 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Mayorai Chain	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Specialised vehicles														
Other assets														
Fire Fighting equipment/ fire houses	183 398	-	-	-	-	-	183 398	(77 976)	(19 481)	-	-	-	(97 457)	85 941
Emergency / rescue equipment	3 418 891	90 792	-	-	-	-	3 509 683	(1 344 656)	(550 388)	-	-	-	(1 895 044)	1 614 619
Training equipment	850	-	-	-	-	-	850	(48)	(153)	-	-	-	(202)	648
Trucks, buses and LDVs	13 104 553	2 516 340	(190 000)	-	-	-	15 430 893	(559 458)	(501 759)	41 859	-	-	(1 119 358)	14 311 524
Passenger vehicles	6 226 656	-	(2 500)	-	-	-	6 224 156	(680 055)	(415 578)	909	-	-	(1 094 725)	5 129 431
Emergency Vehicles	9 391 730	958 790	(68 100)	-	-	-	10 291 410	(529 520)	(646 968)	18 008	-	-	(1 158 480)	9 132 930
Trailers and accessories	558 800	-	-	-	-	-	558 800	(91 438)	(22 357)	-	-	-	(113 796)	445 004
Tractors	7 115 540	-	-	-	-	-	7 115 540	(558 728)	(227 697)	-	-	-	(786 426)	6 328 114
Specialised Vehicles	1 677 000	-	-	-	-	-	1 677 000	(13 371)	(53 664)	-	-	-	(67 035)	1 509 965
Tables & desks	1 402 890	-	-	-	-	-	1 402 890	(378 302)	(155 206)	-	-	-	(533 508)	869 482
Chairs and Couches	1 377 353	-	(28 525)	-	-	-	1 348 827	(426 863)	(153 259)	17 021	-	-	(563 101)	785 726
Shelving and Bookcases	132 755	30 158	-	-	-	-	162 914	(42 215)	(21 006)	-	-	-	(63 221)	99 693
Cabinets & Cupboards	745 150	-	-	-	-	-	745 150	(204 154)	(86 935)	-	-	-	(291 090)	454 060
Beds	180 976	-	-	-	-	-	180 976	(84 204)	(25 747)	-	-	-	(109 951)	71 025
Other furniture and fittings	146 660	-	-	-	-	-	146 660	(58 358)	(14 787)	-	-	-	(73 145)	73 515
Plant and Equipment - Other	835 559	94 884	(770)	-	-	-	928 673	(333 704)	(101 889)	420	-	-	(435 173)	494 500
Workshop equipment and tools	405 301	34 068	-	-	-	-	439 369	(158 715)	(56 029)	-	-	-	(214 744)	284 625
Generators	1 702 900	29 084	-	-	-	-	1 731 984	(612 010)	(157 147)	-	-	-	(769 157)	962 827
Radio Equipment	68 231	13 790	-	-	-	-	82 021	(20 451)	(10 815)	-	-	-	(31 266)	50 755
Compressors	95 689	30 868	-	-	-	-	126 557	(37 868)	(12 962)	-	-	-	(50 831)	75 726
Earth moving equipment	540 000	-	-	-	-	-	540 000	(18 508)	(48 600)	-	-	-	(67 108)	472 892
Sports equipment	1 500	-	-	-	-	-	1 500	(655)	(164)	-	-	-	(819)	681
Lawnmowers / gardening equipments	10 864	-	-	-	-	-	10 864	(4 345)	(1 502)	-	-	-	(5 847)	5 016
Lab equipments	42 803	-	-	-	-	-	42 803	(19 159)	(4 797)	-	-	-	(23 946)	18 957
Office machines	484 894	16 550	-	-	-	-	501 444	(189 025)	(70 193)	-	-	-	(269 218)	232 226
Domestic Equipment	131 501	-	-	-	-	-	131 501	(52 071)	(15 905)	-	-	-	(67 976)	63 525
Computer hardware	2 571 787	146 253	(343 530)	-	-	-	2 374 510	(857 075)	(462 965)	207 161	-	-	(1 112 879)	1 261 631
Office equipment - Other	101 246	-	(11 082)	-	-	-	90 164	(42 562)	(11 911)	8 543	-	-	(47 930)	42 222
Audiovisual equipment	508 012	4 597	(3 200)	-	-	-	509 409	(205 423)	(63 609)	1 795	-	-	(267 247)	242 162
Air Conditioners	753 441	-	-	-	-	-	753 441	(337 597)	(92 280)	-	-	-	(430 277)	323 164
Sport and recreational equipment	415	-	-	-	-	-	415	(227)	(75)	-	-	-	(302)	113
	53 917 545	4 036 164	(648 718)	-	-	-	57 304 982	(8 049 166)	(4 005 840)	293 716	-	-	(11 761 290)	45 543 699

Appendices

Appendix B

Analysis of property, plant and equipment as at 30 June 2014

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	127 900 902	4 785 315	(730 000)	-	-	64 019 143	195 975 360	(27 204 193)	(5 159 463)	-	-	-	(32 353 656)	163 611 703
Infrastructure	6 681 803 508	77 788 796	-	-	-	222 611 490	6 982 203 794	(2 467 450 310)	(142 857 606)	-	-	-	(2 610 307 916)	4 371 895 875
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	53 917 546	4 036 164	(648 718)	-	-	-	57 304 992	(8 049 166)	(4 005 840)	293 716	-	-	(11 761 290)	45 543 699
	6 864 053 956	86 610 275	(1 378 718)	-	-	286 630 633	7 235 916 146	(2 502 703 669)	(152 022 909)	293 716	-	-	(2 654 432 862)	4 581 483 277
Leased Assets														
Leased Assets	4 871 073	190 516	-	-	-	-	5 061 589	(1 328 337)	(1 521 539)	-	-	-	(2 849 876)	2 211 713
	4 871 073	190 516	-	-	-	-	5 061 589	(1 328 337)	(1 521 539)	-	-	-	(2 849 876)	2 211 713
Intangible assets														
Computers - software & programming	414 578	683 182	-	-	-	-	1 097 760	(159 834)	(100 222)	-	-	-	(260 056)	837 704
Service	13 991 354	-	-	-	-	-	13 991 354	(3 616 693)	(699 568)	-	-	-	(4 316 237)	9 675 117
	14 405 932	683 182	-	-	-	-	15 089 114	(3 776 503)	(799 790)	-	-	-	(4 576 293)	10 512 821
Investment properties														
Total														
Land and buildings	127 900 902	4 785 315	(730 000)	-	-	64 019 143	195 975 360	(27 204 193)	(5 159 463)	-	-	-	(32 353 656)	163 611 703
Infrastructure	6 681 803 508	77 788 796	-	-	-	222 611 490	6 982 203 794	(2 467 450 310)	(142 857 606)	-	-	-	(2 610 307 916)	4 371 895 875
Heritage assets	432 000	-	-	-	-	-	432 000	-	-	-	-	-	-	432 000
Other assets	53 917 546	4 036 164	(648 718)	-	-	-	57 304 992	(8 049 166)	(4 005 840)	293 716	-	-	(11 761 290)	45 543 699
Leased Assets	4 871 073	190 516	-	-	-	-	5 061 589	(1 328 337)	(1 521 539)	-	-	-	(2 849 876)	2 211 713
Intangible assets	14 405 932	683 182	-	-	-	-	15 089 114	(3 776 503)	(799 790)	-	-	-	(4 576 293)	10 512 821
	6 883 330 961	87 483 973	(1 378 718)	-	-	286 630 633	7 256 066 849	(2 507 808 509)	(154 344 238)	293 716	-	-	(2 661 859 031)	4 594 207 811

Appendices

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2015 Cost/Revaluation Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Depreciation Rand	Disposals Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Administration	308 664	-	-	-	-	-	308 664	(133 600)	(43 475)	-	-	-	(177 075)	131 579
Budget & Treasury Office	35 158 762	179 848	-	(184 549)	-	-	35 154 162	(9 802 894)	(2 961 666)	-	-	58 508	(12 706 052)	22 448 110
Communication and Marketing	156 715	28 837	-	-	-	-	185 552	(79 899)	(22 933)	-	-	-	(102 832)	82 720
Community Services	266 398	-	-	(68 000)	-	-	198 398	(108 205)	(32 735)	-	-	39 518	(101 422)	96 976
Corporate Services	603 913	49 000	-	(15 889)	-	-	637 224	(221 708)	(81 991)	-	-	9 843	(293 556)	343 668
Disaster Management	5 370 453	25 150	-	(28 177)	-	-	5 367 426	(1 115 273)	(439 395)	-	-	17 867	(1 536 802)	3 830 624
Engineering Services	53 161 810	-	332 785 583	-	-	-	385 967 393	(13 669 082)	(2 278 778)	-	-	-	(15 947 860)	370 019 533
Fire Services	52 114 991	10 450	-	(35 962)	-	-	52 089 479	(11 925 425)	(3 056 529)	-	-	21 848	(14 970 106)	37 119 373
General Council	685 479	-	-	(6 849)	-	-	688 630	(58 211)	(31 082)	-	-	3 862	(85 431)	603 199
Human Resources Management	197 199	29 680	-	-	-	-	226 879	(67 860)	(38 878)	-	-	-	(105 739)	120 139
Internal Audit	385 285	6 599	-	-	-	-	392 884	(151 036)	(40 907)	-	-	-	(192 023)	200 861
Legal	38 746	-	-	-	-	-	38 746	(21 296)	(5 327)	-	-	-	(26 423)	12 123
Local Economic Development	96 586	10 450	-	-	-	-	110 036	(26 615)	(15 218)	-	-	-	(41 833)	68 203
Municipal Manager	350 455	-	-	-	-	-	349 055	(154 893)	(53 604)	-	-	878	(207 519)	141 536
Office of the Executive Mayor	893 331	-	-	-	-	-	893 331	(218 356)	(55 751)	-	-	-	(274 107)	619 223
Office of the Speaker	203 212	-	-	(7 169)	-	-	196 043	(84 452)	(31 971)	-	-	4 016	(112 407)	83 636
Planning and Development	15 147 847	40 130	-	(3 492)	-	-	15 184 485	(538 065)	(241 528)	-	-	2 425	(777 169)	14 407 315
Roads, Transport and Electricity	288 901	-	-	-	-	-	288 901	(77 278)	(13 011)	-	-	-	(90 289)	198 611
Water Services	6 803 973 475	32 080 590	-	-	-	-	6 836 054 065	(2 623 404 782)	(148 135 262)	-	-	-	(2 771 540 044)	4 064 514 020
	6 969 436 212	32 460 836	332 785 583	(351 287)	-	-	7 334 331 443	(2 661 859 030)	(157 589 724)	-	-	158 765	(2 819 289 989)	4 515 041 449
Municipal Owned Entities														
Total														
	6 969 436 212	32 460 836	332 785 583	(351 287)	-	-	7 334 331 443	(2 661 859 030)	(157 589 724)	-	-	158 765	(2 819 289 989)	4 515 041 449
Municipality	6 969 436 212	32 460 836	332 785 583	(351 287)	-	-	7 334 331 443	(2 661 859 030)	(157 589 724)	-	-	158 765	(2 819 289 989)	4 515 041 449

VOLUME II

Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year			Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality					
-	36 780 808	(36 780 808)	-	39 221 508	(39 221 508)
004 187 235	97 648 984	906 538 251	670 877 281	231 572 264	439 305 017
-	23 152 357	(23 152 357)	-	8 036 770	(8 036 770)
-	3 178 677	(3 178 677)	-	2 762 933	(2 762 933)
-	5 248 824	(5 248 824)	-	4 685 947	(4 685 947)
-	38 234 689	(38 234 689)	-	36 966 775	(36 966 775)
23 905 753	16 657 434	7 248 319	26 047 079	8 983 569	17 063 510
-	3 324 908	(3 324 908)	-	3 154 376	(3 154 376)
115 810 477	762 906 468	647 095 991	73 730 265	289 549 785	225 819 520
-	739 147	(739 147)	-	821 805	(821 805)
-	205 849 682	(205 849 682)	-	23 472 580	(23 472 580)
143 903 465	193 721 978	(49 818 513)	770 654 625	659 230 312	111 424 313
Municipal Owned Entities					
Other charges					
143 903 465	193 721 978	(49 818 513)	770 654 625	659 230 312	111 424 313
143 903 465	193 721 978	(49 818 513)	770 654 625	659 230 312	111 424 313

Appendices

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2015

	Current year 2012 Act. Bal.	Current year 2012 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service charges	158 809 609	198 470 051	(39 660 442)	(20,0)	Non payment of services by consumers.
Interest received	15 905 432	19 944 361	(4 038 929)	(20,3)	Poor collection of consumer debt by the LMs.
outstanding receivable					
Other income	2 909 310	21 007 230	(18 097 920)	(86,2)	Non payment of the LNW debt by Ba-Phalaborwa for the historic debt which the district municipality has entered into contract LNW for re payment of debt..
Grants and Subsidies	666 607 183	610 966 993	55 640 190	9,1	
Interest received - investment	3 405 705	3 350 000	55 705	1,7	
	847 637 239	853 738 635	(6 101 396)	(0,7)	
Expenses					
Personnel	(251 135 616)	(263 567 318)	12 431 702	(4,7)	
Remuneration of councillors	(14 287 171)	(15 133 659)	846 488	(5,6)	
Regional Bulk Water	(13 564 075)	(44 915 000)	31 350 925	(69,8)	Insufficient RBHIG funds from DWAS.
Projects Expenditure					
Mopani Household Sanitation	(3 321 949)	(14 145 128)	10 823 179	(76,5)	Withheld of MIG funds by National Treasury.
Depreciation	(156 287 882)	(168 751 896)	12 464 014	(7,4)	
Finance costs	(461 993)	(650 000)	188 007	(28,9)	
Debt impairment	(2 776 708)	-	(2 776 708)	-	
Repairs and maintenance - General	(90 986 663)	(147 711 000)	56 724 337	(38,4)	The municipality experienced cash flow challenges in the first half of the financial year.
Bulk purchases	(186 532 674)	(85 065 653)	(101 467 021)	119,3	Payment of old invoices for servicing the historic debt f on the LNW Ba - Phalaborwa account.
Contracted Services	(11 836 974)	(11 765 551)	(71 423)	0,6	
General Expenses	(97 079 387)	(109 533 310)	12 453 923	(11,4)	The municipality experienced cash flow challenges in the first half of the financial year.
	(828 271 092)	(861 238 515)	32 967 423	(3,8)	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	(177 017)	-	(177 017)	-	
	(177 017)	-	(177 017)	-	
Net surplus/ (deficit) for the year	19 189 130	(7 499 880)	26 689 010	355,9	

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Section 5 - Page 93 - 03 December 2015 - 11:45 AM