



# **ANNUAL REPORT**

**2013/2014**

**MOHOKARE LOCAL MUNICIPALITY FS 163**

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## Glossary of terms

ABET	Adult Based Education and Training
ABSA	Amalgamated Banks of South Africa
AIDS	Acquired Immune Deficiency Syndrome
CBO	Community Based Organization
CPF	Community Policing Forum
DBSA	Development Bank of South Africa
DEAT	Department of Tourism, Environment and Economic Affairs
DFA	Development Facilitation Act No 67 of 1995
DLA	Department of Land Affairs
CGTA	Cooperative Governance and Traditional Affairs
DM	District Municipality DE
	Department of Energy
DoA	Department of Agriculture
DoE	Department of Education
DoH	Department of Health
DoSD	Department of Social Development
PRT	Department of Police Roads & Transport
DSAC	Department of Sport, Arts and Culture
DWA	Department of Water Affairs
ECA	Environmental Conservation Act
EMS	Emergency Medical Services
FSDC	Free State Development Corporation
FSPGDS	Free State Provincial Growth & Development Strategy
EIA	Environmental Impact Assessment
ES	Equitable Share (grant)
FBO	Faith Based Organizations
GRAP	Generally Recognised Accounting Principles
GIS	Geographical Information System
GVA	Gross Value Added
HDI	Human Development Index
HIV	Human Immune Deficiency Virus
HoD	Head of department
HR	Human Resource
IDC	Independent Development Corporation
IDP	Integrated Development Plan
IDT	Independent Development Trust
ISRDS	Integrated Sustainable Rural Development Strategy
IT	Information Technology
ITP	Integrated Transportation Plan
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area
LED	Local Economic Development
MM	Municipal Manager
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MSIG	Municipal Systems & Institutional Grant
NDC	National Development Corporation
NEMA	National Environmental Management Act
NER	National Electrification Regulator
NGO	Non - Governmental Organizations
NSDP	National Spatial Development Perspective
NSS	National Sanitation Strategy XDM
	Xhariep District Municipality PMS
	Performance Management System
PPP	Public Private Partnership
RDP	Reconstruction and Development Programme
REDS	Regional Electricity Distributors
RTP	Responsible Tourism Planning
SADC	Southern African Development Community
SALGA	South African Local Government Association
SANDF	South African National Defense Force
SAPS	South African Police Service

SCM	Supply Chain Management
SDBIP	Service Delivery Implementation Budget Plan
SGB	School Governing Body
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SMME	Small Medium and Micron Enterprises
SOE	State Owned Enterprises
SoR	State of Environment Report
STDs	Sexual Transmitted Diseases
TB	Tuberculosis
TLC	Transitional Local Council
VAT	Value Added Tax
VIP	Ventilated Improved Pit (dry sanitation facility)
WSDP	Water Services Development Plan



Councillor: M.A. Shasha

Foreword by the Mayor  
Foreword by the Municipal Manager  
& Executive Summary

**Chapter 1:**

**A. Mayor's Foreword**

This document is the result of various Municipal interactions with its key stakeholders, both internally and externally. It reflects the Municipal successes and the challenges faced during the 2013/2014 financial year.

We will built on the successes of the past and face the challenges head-on to ensure better services to all in Mohokare. We all need to work together to achieve the objectives that will ultimately lead us to our vision of delivering a stable living environment and sustainable living conditions for all citizens.

Our objectives will also help us to drive National Government's agenda of job creation, enhancing its infrastructure and ensuring that all citizens in our area have access to the basic services they require.

With effective leadership, clearly defined strategies and our shared vision we can achieve the success for all our communities within the Mohokare Local Municipality.

This report is a reflection of municipal activities for the said financial year (2013/2014) compiled by this municipality.

Regards,

A handwritten signature in black ink, appearing to be 'M.A. Shasha', written in a cursive style.

**Cllr. M.A. Shasha**  
**Mayor**

## B. Municipal Manager's Foreword



Once again it is time for us to report on the successes and challenges faced and account for the administrative performance of Mohokare Local Municipality during the 2013/2014 financial year.

Our goal for the past financial year was clear and unambiguous, to deliver municipal services to the best of our abilities.

One of the main challenges faced during the year was the balancing of the budget, with a slowdown in revenue collection due to increasing tariffs, as well as a shrinking revenue base due to a decline in population numbers. This challenge was professionally approached, and admirably managed, with strict financial management, increased oversight in terms of expenditure and a very cautious approach to further capital commitments.

We believe very strongly that we are on the right track as a Municipality. Our Revenue Enhancement Strategy was adopted by Council and should be able to assist us recover what is owed to the Municipality, so that we are able to continue to deliver services to our people. The following measures, amongst others, have been implemented:

- Deductions have been implemented from salaries of municipal employees in terms of payment of services;
- Contracts for rental of municipal flats at market related tariffs;
- Writing-off of debts (indigents);
- Handing over of debtors.

The progress achieved in terms of infrastructure and capital projects are captured in detail in the section of Technical Services on page 94.

This Municipality is committed to tangible and visible deliverables to better the lives of its residents and believe that for democratic governance to be meaningful; all stakeholders must be fully engaged to participate in all processes.

Mohokare Local Municipality had a good year and once again maintained a positive service delivery record. We will continue in our efforts to provide infrastructure, basic service delivery and sustainable economic growth with people at the center of development.

I am optimistic that we stood up against the challenges which faced us and that we are without doubt on track with what we envisage for Local Government, not only a local level but also within a regional and national perspective.

I am also satisfied that this report is a true and just reflection of what really happened in Mohokare Local Municipality in 2013/2014.

**Kind Regards**

A handwritten signature in black ink, appearing to be 'T.C Panyani', enclosed within a large, hand-drawn oval shape.

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**T.C Panyani**

**Municipal Manager**

## **1.1. Executive Summary**

### **1.1.1. Municipal Vision, Mission & Values**

#### **Vision**

A performance-driven municipality that utilizes its resources efficiently to respond to community needs

#### **Mission**

To be a community-driven municipality that ensures sustainable quality service delivery applying principles of good governance.

With the following values:

Batho Pele Principles  
Good governance  
Community Based Planning  
Integrity  
Social Cohesion  
Accountability  
Customer / Client Centered Approach

Mohokare will;

- Strive to meet challenging but achievable company objectives and financial goals, with well-planned and clearly communicated strategies
- Encourage a winning spirit and a positive working environment through the development of supportive, appreciative, and rewarding working relationships
- Recognize diversity by treating individuals with respect and dignity
- Promote team building

### 1.1.2. Municipal Manager's Overview

In giving an overview of this annual report it is worth noting the following milestones achieved;

- Securing universal access to waterborne sanitation for all households through the Regional Bulk Water Scheme; where which this project will ensure that all the households in Mohokare outstanding of water borne access to sanitation are connected to the network system, promoting decency in the services that we provide.
- Universal access to water by all households in Mohokare.
- We are gradually making strides to achieving the Blue Drop and Green Drop status for Mohokare, even in the face of infrastructural developmental challenges that have financial implications and based on the revenue collection might prove difficult yet not impossible to implement.
- Acquisition of land for residential purposes; The current shortage of land in Mohokare does not equal the demand for sites and human settlements and the procurement of the Mooifontein farm in Zastron is seen as an achievement to ensure that we continue to allocate land specifically for residential purposes.
- We have managed to resuscitate relations between labour and the employer, hence the regular sitting of the employer/employee structure.
- Timeously submission of the Annual Financial Statements and the Draft Annual Performance Report; Improvement on these compliance matters is evident, seeing that these documents will be submitted on time.
- The filling of all critical section 56 positions except that of Director: Community Services.

In light of the milestones achieved it is very important that I also note challenges that the municipality must overcome in order to function properly, but not limited to the following;

- Poor revenue base for the Municipality

This annual performance report gives a clear picture of service delivery within Mohokare, and in closing, learning is the journey to success, therefore let us all be part of local government to ensure improvement of our people's lives.

Kind regards,



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**TC Panyani**

**Municipal Manager**

### 1.1.3. Municipal Functions, Population and Environmental Overview

In terms of the powers and functions for municipalities as promulgated by the Constitution of the Republic of South Africa, municipalities are dictated by this document to guide their functioning, below is the powers and functions that relate Mohokare Local Municipality;

<u>Funcio</u>	<u>Authorizations</u>
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity reticulation	Yes
Fire Fighting	Yes, including DM function
Local tourism	Yes
Municipal airport	Yes
Municipal Planning	Yes
Municipal Health Services	No
Municipal public transport	Yes
Pontoons and ferries	Yes
Storm water	Yes
Trading regulations	Yes
Water (Potable)	Yes
Sanitation	Yes
Amusement facilities /Beaches	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlors and crematoria	Yes, including DM function
Cleansing	Yes
Control of public nuisance	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	Yes, including DM function
Municipal parks and recreation	Yes
Municipal roads	Yes, including DM function
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes, including DM function
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes
Municipal public works	Yes

## Population and Environmental Overview

The current realities range from socio-economic aspects to engineering infrastructure and within each category of analysis the critical issues and challenges are identified.

To analyse current realities various sources of information and data were used, such as:

- Census 2001 with 2003, 2006 and 2007 and 2011 Community Survey projections by Stats SA and the Municipal Demarcation Board.
- Extrapolated data from the previous IDP documents
- The Xhariep District Potential Analysis report
- XDM latest data and information.
- Any other appropriate and relevant reports specific to the Mohokare Local Municipality within the public domain.

In the 2010/2011 financial year, the Municipality in partnership with the Independent Development Trust (IDT), were in the process of completing the ward profiles for all 6 wards in the area. Since the report can only be incorporated into this document once it has been tabled and adopted by council, in the interim, we use the statistics provided by stats SA and other sources.

## Demographic Realities and Socio Economic dynamics

The community survey conducted in 2007, estimated the population of Mohokare to be at ±41 867 with 10 216 households.

### The 2007 census estimated the population as follows:

Table A: Population distribution by gender and age

Age	0 – 6	7 – 13	14 - 18	19 – 25	26 – 35	36 - 45	46 - 60	61 – 80	81 - 120
<b>Male</b>									
Black	3228	3182	2354	2492	3005	2175	1848	742	120
Coloured	57	135	33	78	211	136	26	3	30
Indian or Asian	-	-	-	-	-	-	-	-	-
White	111	98	31	37	148	151	44	341	-
<b>Total Male</b>	<b>20816</b>								
<b>Female</b>									
Black	3016	2801	2073	2610	2768	2212	2298	1390	244
Coloured	137	61	61	29	180	89	-	61	-
Indian or Asian	-	-	-	-	-	-	-	-	-
White	57	142	57	108	70	85	141	271	92
<b>Total Female</b>	<b>20972</b>								
Percentage of both female & male age groups	15,78	15,33	11,01	12,79	15,24	11,58	10,41	6,71	1,16

**The estimated population as per the Census of 2011 is as follows:**

As per census 2007 Mohokare Local Municipality's population was estimated to be at  $\pm 41\ 867$  with 10 216 households. The census 2011 estimates the population to be **34 146** with **10793** households which implies an average household size of 4 people per household. This shows a massive population decrease of **7721** in just 4 years.

**% Population per gender and race**

Race	Male	Female	Grand Total
<b>Black African</b>	43	48	<b>91</b>
Coloured	1	1	<b>2</b>
Indian or Asian	0	0	<b>0</b>
<b>White</b>	3	3	<b>6</b>
Other	0	0	<b>0</b>
<b>Grand Total</b>	<b>48</b>	<b>52</b>	<b>100</b>

Source: Stats SA

This implies that the municipal developmental focus should be more on the age group of 21-35, which is our youth. More youth empowerment programmes are essential for LED.

This section will focus on the measurement of households living conditions at municipal level. It is hoped that this will make it possible to gauge municipal performance in terms of service delivery.

**Table B: Percentage distribution of households by type of main dwelling:**

	Census 2001	CS 2007	CS 2011
House or brick structure on a separate stand or yard	74,9	67,3	83.64
Traditional dwelling/hut/structure made of traditional materials	4,2	0,2	0.69
Flat in block of flats	1,0	1,0	0.57
Town/cluster/semi-detached house (simplex: duplex: triplex)	0,5	-	0.06
Semi-detached house	-	-	0.89
House/flat/room in back yard	0,7	1,1	0.95
Informal dwelling / shack			
In backyard	2,9	7,7	7.76
Not in backyard e.g. in an informal/squatter settlement	14,7	21,5	4.48
Room/flatlet not in backyard but on shared property	0,8	0,3	0.51
Caravan or tent	0,3	-	0.08
Private ship/boat	-	-	-
Worker's hostel (bed/room)	-	0,9	-
Other	-	0,0	0.35
Unspecified			
Total	100,0	100,0	100

**Table C: % distribution of households by type of water source:**

	Census 2001	CS 2007	CS 2011
Piped water			78.46
Inside dwelling	16,5	20,0	-
Inside yard	63,0	68,8	-
From access point outside the yard	18,4	4,7	-
Borehole	0,6	3,5	14.60
Spring	0,2	0,7	0.22
Dam/pool	0,5	0,5	1.31
River/Stream	0,1	0,2	0.20
Water vendor	0,0	0,3	0.21
Water tanker	-	-	2.99
Rainwater tank	0,2	1,2	1.18
Other	0,4	-	0.81
Total	100,0	100,0	100

**Table D: % distribution of households by tenure status:**

	Census 2001	CS 2007	CS 2011
Owned and fully paid off	44,7	47,3	32.41
Owned but not yet paid off	8,3	2,4	11.93
Rented	13,2	18,4	24.77
Occupied rent free	33,8	31,6	28.11
Other	-	0,3	2.78
Total	100,0	100,0	100

**Table E: % distribution by type of toilet facilities:**

	Census 2001	CS 2007	CS 2011
Flush toilet (connected to sewerage system)	53,7	57,1	70.55
Flush toilet (with septic tank)	3,5	3,3	2.01
Dry toilet facility	-	0,5	-
Chemical toilet	0,3	0,7	0.03
Pit latrine with ventilation (VIP)	5,5	4,2	3.16
Pit latrine without ventilation	7,5	-	3.74
Bucket latrine	17,8	11,7	11.86
Other	-	-	1.09
None	17,8	11,7	7.56
Total	100,0	100,0	100

**Table F: % distribution of households by type of energy/fuel used for lighting:**

	Census 2001	CS 2007	CS 2011
Electricity	72,6	80,3	89.74
Gas	0,2	0,3	0.08
Paraffin	7,1	4,7	1.53
Candles	18,9	13,9	8.06
Solar	0,8	0,5	0.35
Other	0,3	0,3	-
None	-	-	0.23
Total	100,0	100,0	100

**Table G: % distribution of households by type of refuse disposal:**

	Census 2001	CS 2007	CS 2011
Removed by local authority			
At least once a week	60,1	67,0	62.99
Less often	2,1	12,3	6.50
Communal refuse dump	3,8	0,8	2.41
Own refuse dump	29,6	14,8	24.30
No rubbish disposal	4,4	4,3	2.45
Other	-	0,8	1.34
Total	100,0	100,0	100

**Table H: % distribution of households by type of energy/fuel used for heating:**

	Census 2001	CS 2007	CS 2011
Electricity	19,2	28,5	28.58
Gas	1,4	1,0	3.09
Paraffin	31,7	43,9	40.67
Wood	35,9	21,4	18.0
Coal	6,7	3,0	0.86
Animal dung	3,7	1,3	0.82
Solar	0,2	-	0.07
Other	1,2	0,8	-
None	-	-	7.89
Total	100,0	100,0	100

**Table I: %%distribution of households by type of energy/fuel used for cooking:**

	Census 2001	CS 2007	CS 2011
Electricity	23,9	49,8	76.02
Gas	4,4	4,2	5.11
Paraffin	43,3	36,6	12.31
Wood	24,0	8,1	5.45
Coal	0.6	-	0.10
Animal dung	3,3	1,0	0.59
Solar	0,4	0,3	0.12
Other	0,2	-	0.01
None	-	-	0.25
Total	100,0	100,0	100

## Level of education

It should be noted that the Municipality engages in the process of awarding certain amount of money to learners who achieve best at their respective high schools. However this activity did not take place during the year under review, this is due to the financial constraints.

	CS 2007	CS 2011
Grade 0 – Grade 7 /Std 5 /ABET 3	15 999	13 353
Grade 8 / Std 6 / Form 1 - Grade 12 / Std 10 / Form 5	11 947	12 307
NTC I / N1/ NIC/ V Level 2		12
NTC II / N2/ NIC/ V Level 3		21
NTC III /N3/ NIC/ V Level 4		24
N4 / NTC 4		14
N5 /NTC 5		11
N6 / NTC 6		24
Certificate with less than Grade 12 / Std 10		17
Diploma with less than Grade 12 / Std 10		37
Certificate with Grade 12 / Std 10	136	101
Diploma with Grade 12 / Std 10	405	303
Higher Diploma		282
Post Higher Diploma Masters; Doctoral Diploma		30
Bachelors Degree	176	195
Bachelors Degree and Post graduate Diploma	193	69
Honours degree	214	99
Higher Degree Masters / PhD	95	47
Other		31
No schooling	4 629	2674
Unspecified		-
Not applicable		4494
<b>Grand Total</b>	<b>33 794</b>	<b>34146</b>

## Health

Mohokare has 2 hospitals, each in Zastron and Smithfield. Up to now all clinics have operated only from 7:00 to 15:00 making it less accessible for people employed during the day. However there are mobile clinics that are available for areas that are far from the clinics located in Matlakeng, Mofultsepe and Roleleathunya, farm areas also are serviced through the mobile clinic facility. There is a shortage of staff at clinics, which hampers the extension of operating hours. Doctors are also not available full time at clinics.

More people are infected with HIV/Aid and this put a lot of strain on the existing health resources and facilities. There are no HIV and AIDS care centers in Mohokare, other than NGOs assisting in this regard, e.g. the Home-based care givers and the Tshepanang HIV and AIDS group in Smithfield.

Emergency services: Ambulances are under the control of the Free State Provincial Government, Department of Health. The perception of the community is that emergency services are under capacitated in terms of human resources and equipment, And a service delivery challenge with regards to EMS is that some internal Municipal roads are not trafficable, this hampers the effectiveness of this critical service.

The following table gives an overview of the current situation with regard to health facilities.

TOWN / AREA	HOSPITALS	CLINICS
Zastron	1	0
Matlakeng	0	1
Rouxville	0	0
Roleleathunya	0	1
Smithfield	1	0
Mofultsepe	0	1

Source: Department of Health

### 1.1.4. Service Delivery Overview

Mohokare Local Municipality is charged with providing acceptable service standards in relation to the provision access to Quality drinking water, bulk water, sanitation, roads & storm water, provision of electricity, facilitate in the provision of sustainable human settlements.

The following table gives a brief picture of the level of service provision within the Municipality:

Basic Service (Household access to:)	% provision		
	MTEF Period		
	2011/12	2012/13	2013/14
Water	100%	100%	100%
Sanitation	90.4%	100%	100%
Electricity	97%	100%	100%
Refuse removal	100%	100	100%

It is notable that Mohokare local municipality provides 100% of households with access to drinking / portable water, however the shortfalls within the sanitation provision are also worrying and the municipality has begun with the first phase of ensuring that buckets in are finally eradicated through the regional bulk water scheme, which will oversee the completion of the bucket system in Mohokare.

Electricity projects are ongoing and are implemented as per funding criteria of the department of Energy.

In terms of refuse removal, the greatest need is the equipment/machinery, with an increase in equipment, more progress can be witnessed.

### 1.1.5. Financial Health Overview

Mohokare is a highly grant dependent municipality with a high number of indigent households, as a result the municipality cannot generate sufficient income to fund its operations adequately.

Endeavors are being made through the assistance of other government departments and government entities to assist the municipality in turning around its financial viability and improving its cash flow management.

In the current year the annual financial statements were prepared in compliance with the GRAP accounting framework and the municipality complied with provisions of GRAP 17 (Property, Plant and Equipment). The basis of accounting is consistent with prior years with the exception that no exemptions were issued by National Treasury for the current year.

#### Pricing of Services

In order to remain financially viable and sustainable, the municipality must generate sufficient resources. As limited scope exists to generate alternative revenue, it is necessary to increase rates and tariffs annually.

The determining of tariffs is the responsibility of Council, as per the provision of the Local Government Municipal Systems Act. Affordability was an important factor when considering the rates and tariff increases. Consideration was also given to the alignment between the resources of the municipality, level of service and customer expectations.

#### Rates

The rates increased by 10% during the year under audit

#### Service Charges

The 10% increase in water tariffs are as a result of (amongst other factors), the water loss intervention programme, the increase in maintenance of ageing infrastructure and the roll out of infrastructure to new areas / developments.

#### Indigents

Furthermore, the number of indigents has increased from 1559 to 1578 for the year under audit and in order to provide free services to residents who cannot afford to pay also contributed to the need to increase tariffs.

The cost of the indigents was funded from the equitable share allocated to Council by National Treasury in terms of the Division of Revenue Act.

### **General**

The following service delivery challenges also influenced the levels of tariffs and service charges for the municipality:

- The developmental challenge to address the service delivery backlogs in all towns of the municipality.
- The declining local economy will be insufficient to absorb the unemployed and this will have a service delivery impact and harm the ability of the municipality to sustain its revenue base to finance extended services.

The other general contributory factors for the increase in levels of rates and service charges were:

- Salary increase of 6.79% with effect from 1 July 2013;
- Provision for the filling of critical vacancies;
- Rollout of infrastructure and the provision of basic services; and
- Increased maintenance of network and structures.

Intervention measures planned for 2013/14 Government debt

Over the years Mohokare Local Municipality has developed a good relationship with the Provincial and National Governments. There have been notable successes in recovering outstanding debts; however there are still a number of unresolved issues. We expect this relationship to yield fruit in the form of increase payment for services rendered.

Secondly, the municipality has engaged in the process of gathering data of all vacant ervens billed per month, investigate ownership and advertised in the provincial gazette to recover the sites for re-allocation.

Thirdly, categorization of debtors per:

- \_ Department:
- \_ Business:
- \_ Households:

One of the most pertinent issues is the debt accumulated over a number of years. The total outstanding debt is standing at R88 527 385.14 with a collection rate of 45%. To accelerate collection and increase the collection rate, the council reviewed the credit control and debt collection policy on the 28 May 2014.

Lastly, the municipality further employs the services of its lawyer to assist in the collection of outstanding debts.

Council properties

Council properties are not ratable as per the rates policy.

**Arrest a debt**

The process of conducting road shows per wards to identify all qualifying indigents is being accelerated so that more customers are targeted. The main intention of the Municipality is to contain debt on customers so that it doesn't become too large to manage.

Embark on a process of putting maps of wards on the financial system of the municipality to print monthly accounts per ward; the intention is to involve ward councillors in the process of debt coverage by going door to door per ward.

The last resort will be recommendation to council to write-off the account of all affected households or insolvent business.

**Recession and National Credit Act**

The recession had a negative impact on the collection of outstanding debts. Customers could not afford to pay outstanding amounts.

Certain consumers were granted extended terms to pay. These customers could not raise loans to pay outstanding Municipal accounts because of the National Credit Act. The banks requirements for granting loans became stringent and that had a huge impact in recovering outstanding amounts.

**Asset Register**

A GRAP compliant asset register had now been compiled and the infrastructure assets had been unbundled. The biggest challenge now is the maintenance of the assets and the asset register.

**Institutional Transformation**

The municipality had succeeded into reviewing the IDP successful in-house.

The municipality's budget is compiled per the format as prescribed by the MFMA.

**Key Challenges Facing the Municipality**

Mohokare Local Municipality's economy is very weak with only agricultural activities as its main economic activities and experiencing a high unemployment rate. The above factors place a large task on the Municipality to revive its economy in order to create job opportunities. The key challenges for the municipality are:

- To develop a coherent local economic development strategy to create job opportunities.
- To ensure sustainability of the Municipality through sound administration and financial management.
- Deepening participatory democracy and good governance.
- To enhance effective service delivery to the community.

### **1.1.6. Organizational Development Overview**

One of the most critical and key instruments towards a positive output in organizational development is the integrated performance management system, however Mohokare has had a long outstanding challenge of the absence of such a system (PMS). The Performance Management Systems Manager resigned during the 2013/2014 financial year. Subsequent to that, the municipality has since appointed a PMS Manager as well as the PMS Official.

Currently the municipality is in the stage of having its framework approved by Council.

The municipality is having an organizational structure in place that is approved by Council and in terms of the structure, the organization comprises of the Municipal Manager, Chief Financial Officer, Director of Technical Services, Director of Corporate Services, and Director of Community Services.

For compliance matters, the Annual Performance Agreements are only signed by the Municipal Manager and Section 54A and 56 managers; this has not been cascaded to all other staff below the fixed contract term posts of managers.

### 1.1.8. Statutory Annual Report Process

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize 4 <sup>th</sup> quarter Report for previous financial year	
4	Submit draft 2013/2014 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
7	Mayor tables the unaudited Annual Report	
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
9	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
10	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	
11	Municipalities receive and start to address the Auditor General's comments	September – October
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	November
13	Audited Annual Report is made public and representation is invited	
14	Oversight Committee assesses Annual Report	
15	Council adopts Oversight report	December
16	Oversight report is made public	
17	Oversight report is submitted to relevant provincial councils	
18	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	January

**1.1.9. Concillors and staff**

**Her worship the Mayor: Councillor MA Shasha**



**TOP MANAGEMENT TEAM**  
**Municipal Manager**  
**Mr. C. T. Panyani**



**Director Technical Services**  
**Mr. M.N Tsoamotse**



**Chief Financial Officer**  
**Mr. P.M Dyonase**



**Director: Corporate Services**  
**Me. L. V Nqoko-Rametse**



## Councillors



**FRONT: MJ Sehanka, MA Shasha (Mayor), S Pokane, I Mehlomakulu  
BACK: L Lekhula, TE Backward, KS Khasake, MA Letele**

## Chapter 2: Governance: Political & Administrative

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### 2.1. Political Governance

Mohokare Local Municipality was established in terms of the provincial Gazette No. 14 of 28 February 2000 issued in terms of Section 21 of the Local Government Notice and Municipal Demarcation Act No.27 of 1998

Mohokare is a Local Municipality and was established on 5 December 2000. Mohokare is made up of three former TLC Local Authorities which are Zastron, Rouxville and Smithfield. The 2008/2009 demarcation processes saw this Municipality increase from having only 5 wards to 6 wards and this process brought about a gain of one more seat in the council, meaning that Mohokare now has a total number of 11 public representatives constituting the council, however this did not change the type of a council Mohokare was, it remained to be a plenary type of a Council.

Subsequent to the successfully held May 18, 2011 Local Government elections, the Council changed as outlined below:

- |  |                          |
|--|--------------------------|
| 1. Mayor & Ward 4 Councilor:               | Cllr. M.A. Shasha        |
| 2. Ward 1 Councilor                        | Cllr. T. Khasake         |
| 3. Ward 2 Councilor                        | Cllr. M. Letele          |
| 4. Ward 3 Councilor                        | Cllr. L. Lekhula         |
| 5. Ward 5 Councilor                        | Cllr. E.T. Backward      |
| 6. Ward 6 Councilor                        | Cllr. R. Thuhlo          |
| 7. Democratic Alliance PR Councilor        | Cllr. I. Riddle          |
| 8. Democratic Alliance PR Councilor        | Cllr. S. Pokane          |
| 9. African National Congress PR Councilor  | Cllr. M. J. Sehanka      |
| 10. African National Congress PR Councilor | Cllr. N. I. Mehloimakulu |
| 11. African National Congress PR Councilor | Cllr. S. B. Majenge      |

Councillors are elected by the local registered voters in their respective wards and represent their respective constituents in local council. Mohokare has a total of eleven (11) seats with nine (9) councilors from the ANC and two (2) from the DA.

### 2.1.1 Council Committees

The new Council of Mohokare Local Municipal Council resolved to establish section 79 committees and named them as follows:

<b>COMMITTEE</b>	<b>MEMBERS</b>
OVERSIGHT COMMITTEE	Cllr I. Riddle (Chairperson) Cllr I. Mehloamakulu Cllr B. Majenge Ps L. Thene (Community Member) Me L Lephuting (Community Member) Mr. V Vapi (Audit Committee member)
<b>SEC 79 COMMITTEES:</b>	<b>MEMBERS</b>
Corporate Services	Cllr L. Lekhula (Chairperson) Cllr M. Sehanka Cllr M. Letele Cllr S. Pokane
Technical Services	Cllr B. Majenge (Chairperson) Cllr L. Lekhula Cllr O. Khasake Cllr I. Riddle
Planning & LED	Cllr E. Backward (Chairperson) Cllr I. Mehloamakulu Cllr R. Thuhlo Cllr S. Pokane
Finance Committee	Cllr R. Thuhlo (Chairperson) Cllr A. Letele Cllr M. Sehanka Cllr I. Mehloamakulu
Community Services	Cllr T. Khasake (Chairperson) Cllr B. Majenge Cllr E. Backward Cllr I. Riddle

Important to note from the above committees is the following:

- a) That the Audit committee is a district shared committee utilized by all Municipalities within the Xhariep District.

### 2.1.2. Council Resolutions

The Council is the policy maker, decision maker and the ultimate accountability for this structure is to the communities that they represent, therefore all business that Council undertakes is of the interest of its constituency which are communities in Mohokare jurisdiction.

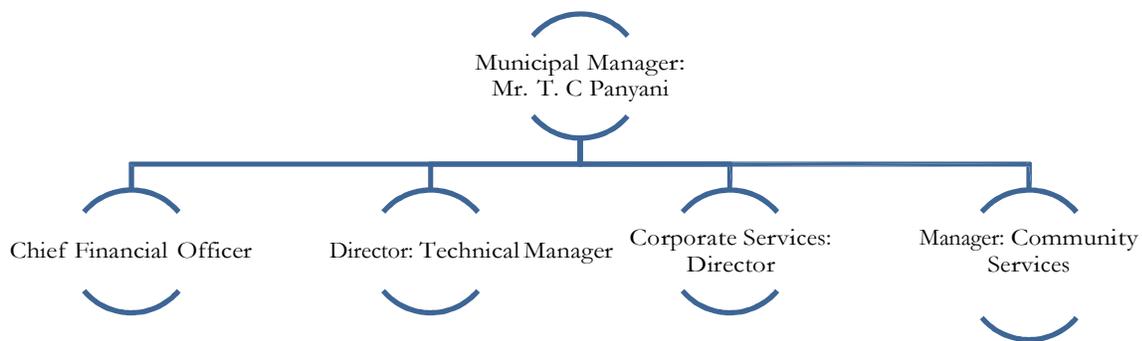
The Council implements its objectives by taking resolutions on how to improve people's lives and the implementation of these resolutions is delegated to the Accounting Officer, the Municipal Manager.

## 2.2. Administrative Governance

Mohokare Local Municipality strives for improved service delivery and efficiency in customer care relations, in order to do these tasks the Municipality has an organizational structure that talks to the needs of Council and the Powers and Functions of a plenary type Municipality.

The Municipal Manager as the Accounting Officer has ensured that the organizational structure that will enable the implementation of service delivery tasks is reviewed.

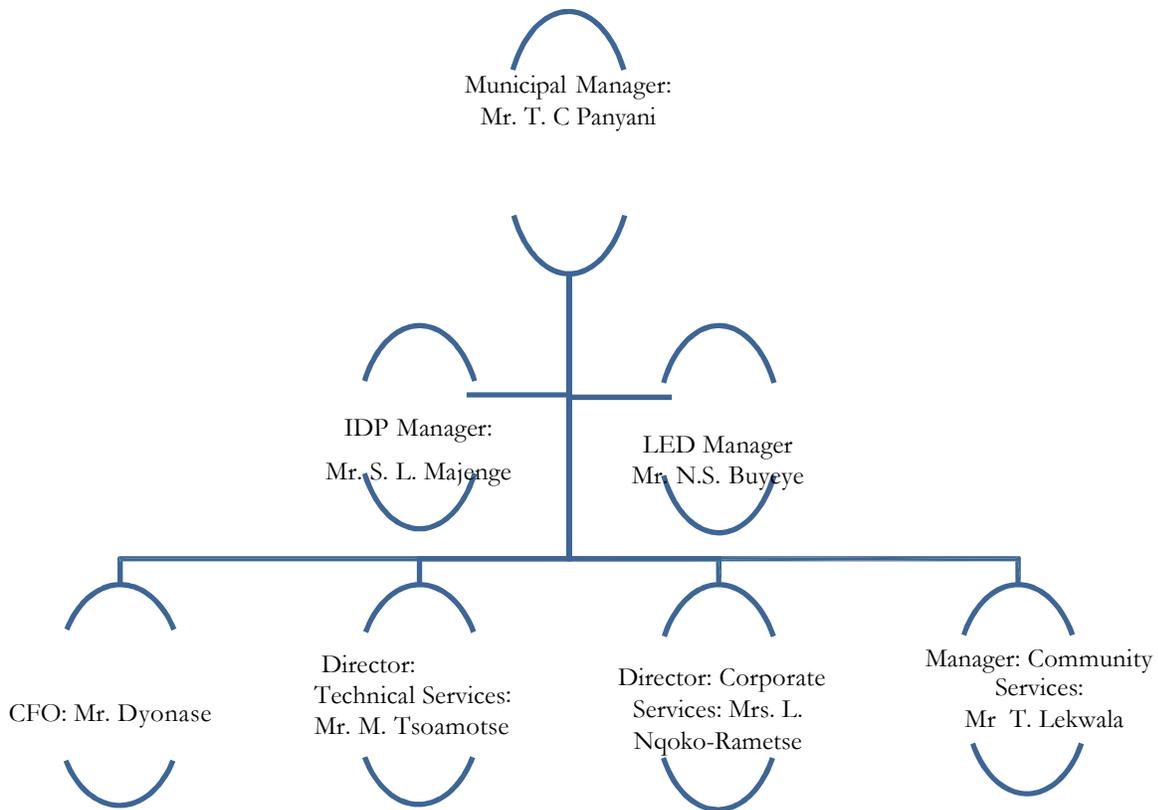
The Municipality is headed by the Municipal Manager and Managers directly accountable to the Municipal Manager, currently the top management structure of Mohokare Local Municipality is as shown below;



During the 2013/2014 financial year, all posts of Managers directly accountable to the Municipal Manager were filled during the year under review, top management posts are outlined as follows:

Chief Financial Officer:	Mr. P.M Dyonase
Director: Technical Services:	Mr. M. N. Tsoamotse
Manager: Community Services:	Mr. T Lekwala
Director: Corporate Services:	Mrs. L. V Nqoko- Rametse

The Municipal Manager and the Heads of Department extended to the Integrated Development Planning Manager & the Local Economic Development Manager form the management of Mohokare Local Municipality. Therefore, the Management structure is as shown below;



## **2.3 Inter-governmental Relations**

The Inter-governmental Relations Framework Act 13 of 2005 seeks to establish a framework for the National, Provincial and Local governments to promote and facilitate intergovernmental Relations to provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes and to provide for matters connected herewith.

Informed by guiding legislation and policies related to IGR structures, Xhariep District Municipality established an IGR forum where which Mohokare as a Municipality is a member of, this forum holds meetings quarterly to engage on issues pertaining to service delivery. There are two structures of IGR, the Political IGR and the Technical IGR; The Political IGR is the structure for Mayors and Councilors and the technical structure for Municipal Managers and Key Manager and Officials.

The Municipality guided by the framework and other policies in good relations with other government departments for the sole reason of service delivery; it can be noted that the Mohokare Regional Bulk Water Scheme project funded by the Municipal Infrastructure Grant is a result of good relations between the Municipality and other government sectors such as the department of water affairs and the Office of the Premier.

### **2.3.1. Relationship with municipal entities**

Mohokare Local Municipality does not have any entities.

## **Chapter 3: Public Accountability and Participation**

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### **3. Public Accountability and Participation**

Public accountability pertains to the obligations of persons or entities entrusted with public resources to be answerable for the fiscal, managerial and program responsibilities that have been conferred on them and to report to those that have conferred these responsibilities.

It is clear that municipalities included, have an obligation to account for the way resources are allocated and used, and the results achieved. In other words, the main objectives of all public accountability initiatives are to ensure that public money is spent most economically and efficiently.

Chapter four (4) of the Local Government Municipal systems act 32 of 2000 states that a municipality must develop a culture of municipal governance that complements formal representative government, with a system of participatory governance. This promotes accountability and participation.

Mohokare utilizes general ward meetings, mass meetings and public notices to disseminate public information; this is done through a council adopted annual schedule of meetings with the communities.

#### **3.1. Public Meetings**

##### **3.1.1. Communication, Participation and Forums**

Mohokare has a communications policy adopted by council and communicates to communities through the council adopted schedule of meetings as mentioned earlier; there are quarterly held mass meetings for the Mayor and Ward Councilors hold their ward meetings bi-monthly; and Ward Committees have been established.

During the review or development of the Integrated Development Plan and the Budget consultation sessions are held with stakeholders and community meetings are also held to facilitate the process.

There is also a stakeholders forum chaired by the Mayor, constituted by all government departments offering services in the jurisdiction of Mohokare Local Municipality, this stakeholder forum holds monthly regular meetings and are well attended.

The ward committees meetings are held monthly and ward meetings are held quarterly.

### 3.2 IDP Participation

Mohokare Local Municipality reviews annually the IDP document as dictated by the Local Government Systems act and the MFMA. This process is owned and undertaken and owned by the Council through the adoption of the budget time-lines and the process plan that will be advertised in local newspapers, meetings are then convened for stakeholders and communities to ensure extensive participation by the local community.

The 2013/ 2014 IDP and the Budget were successfully reviewed using the processes stated above. The advertised process plan that was adopted by council is outlined here below;

<u>Activity No</u>	<u>IDP AND BUDGET ACTIVITY OBJECTIVE</u>	<u>DATE</u>	<u>TIME</u>
1	<b>IDP AND BUDGET STEERING COMMITTEE MEETING</b>  <u>OBJECTIVE:</u> PROCESS & METHODOLOGY, PREVIOUS YEAR EVALUATION, PROJECTS SCREENING.	19 Sept 2013	10H00
2	<b>MUNICIPAL DEPARTMENT'S BILLATERAL SESSIONS.</b>  <u>OBJECTIVE:</u> IDENTIFICATION OF SERVICE GAPS AND FORMULATION OF DEPARTMENTAL PRIORITIES, OBJECTIVES, STRATEGIES AND PROJECTS.	23 - 26 Sept 2013  30 - 03 Oct 2013  7 - 10 Oct 2013  14 - 17 Oct 2013  21 - 24 Oct 2013	09H00
3	<b>IDP AND BUDGET STEERING COMMITTEE MEETING</b>  <u>OBJECTIVE:</u> PROCESS & METHODOLOGY, PREVIOUS YEAR EVALUATION, PROJECTS SCREENING.	29 October 2013	10h00
3	<b>AREA LEVEL WARD COMMITTEE CONSULTATION SESSIONS.</b>  <u>OBJECTIVE:</u> REVIEW PRIORITIES, RE-PRIORITISATION, VISION AND MISSION, OBJECTIVES, STRATEGIES AND PROJECTS.	05 November 2013  06 November 2013  07 November 2013	10H00
	<b>STRATEGIC PLANS PRESENTATIONS BY PROVINCIAL DEPARTMENTS</b>  <u>OBJECTIVE:</u> GATHER PROVINCIAL PLANS AND BUDGET IMPLICATIONS FOR MOHOKARE	12 November 2013  13 November 2013  14 November 2013	09H00
	<b>IDP AND BUDGET STEERING COMMITTEE MEETING</b>  <u>OBJECTIVE:</u> PROCESS & METHODOLOGY, PREVIOUS YEAR EVALUATION, PROJECTS SCREENING.	18 November 2013	10H00
	<b>AREA LEVEL STAKEHOLDERS CONSULTATION</b>	19 November 2013	10H00

	<p><b>SESSIONS (IDP REP FORUMS).</b></p> <p><b>OBJECTIVE:</b> REVIEW PRIORITIES, RE-PRIORITISATION, VISION AND MISSION, OBJECTIVES, STRATEGIES AND PROJECTS.</p>	<p>20 November 2013</p> <p>21 November 2013</p>	
5	<p><b>IDP AND BUDGET STEERING COMMITTEE MEETING</b></p> <p><b>OBJECTIVE:</b> PROCESS &amp; METHODOLOGY, PREVIOUS YEAR EVALUATION, PROJECTS SCREENING.</p>	11 December 2013	17H00
6	<p><b>IDP &amp; BUDGET ROADSHOWS</b></p> <p><b>OBJECTIVE:</b> ROADSHOWS ENABLE COMMUNITY, STAKEHOLDERS, OTHER GOVERNMENT DEPARTMENTS INPUTS AND COMMENTS</p>	February 2014	15H00
	<p><b>IDP AND BUDGET STEERING COMMITTEE MEETING</b></p> <p><b>OBJECTIVE:</b> PROCESS &amp; METHODOLOGY, PREVIOUS YEAR EVALUATION, PROJECTS SCREENING.</p>	4 March 2014	10H00
7	<p><b>TABLING OF THE 1<sup>ST</sup> DRAFT IDP AND BUDGET TO COUNCIL:</b></p> <p><b>OBJECTIVE:</b> ADOPTION TO ENABLE COMMUNITY AND STAKEHOLDER INPUTS AND COMMENTS</p>	March 2014	10H00
8	<p><b>PUBLICATION / ADVERTISEMENT OF DRAFT IDP AND BUDGET DOCUMENTS.</b></p> <p><b>OBJECTIVE:</b> COMMENTS FROM COMMUNITY, STAKEHOLDERS AND ROLE PLAYERS.</p>	April 2014	A.S.A.P.
10	<p><b>PRESENTATION OF FINAL DRAFT IDP AND BUDGET DOCUMENTS TO COUNCIL.</b></p> <p><b>OBJECTIVE:</b> FINAL ADOPTION OF THE REVIEWED IDP AND THE BUDGET DOCUMENT FOR THE STRATEGIC PERIOD OF 2014/2015</p>	30 <sup>TH</sup> May 2014	10H00

## **4. Corporate Governance**

Corporate governance is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. The term can refer to internal factors defined by the officers, stockholders or constitution of a corporation, as well as to external forces such as consumer groups, clients, and government regulations.

Well-defined and enforced corporate governance provides a structure that, at least in theory, works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws. To that end, organizations have been formed at the regional, national, and global levels.

Municipalities too, are expected to practice well-defined corporate governance.

### **4.1. Risk Management; Anti-Corruption & Fraud Prevention**

The Municipality does have a Risk Management Charter in place. The Fraud and Corruption Policy, and Fraud Prevention Strategy was adopted in May 2013 and reviewed in June 2014.

Macro- operational Risk Registers were completed for all departments.

The Fraud and Corruption Policy Workshops were in March 2014.

### **4.2 Supply Chain Management (SCM)**

Supply Chain Management (SCM) is the oversight of materials, information, and finances as they move in a process from supplier to manufacturer to wholesaler to retailer to consumer. Supply chain management involves coordinating and integrating these flows both within and among companies. It is said that the ultimate goal of any effective supply chain management system is to reduce inventory (with the assumption that products are available when needed).

Mohokare Local Municipality has a Supply Chain Management policy and procurement policies that are reviewed annually and guide procurement processes as dictated by the Municipal Finance Management Act.

The Municipality has the following bid committees;

- Bid Specifications Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

The Bid Committees were functional for the year under review.

### 4.3. By-Laws

The Council did not assent to any by-laws during the reporting period. All the by-laws being considered are currently at the public participation stage.

Section 10 (1) of our Establishment Notice (Provincial Notice 181 of 2000) reads as follows:

“By-laws and resolutions (including standing delegations) of a disestablished municipality ... (a) Continue in force in the area in which they were applicable subject to any amendment or repeal by the competent municipality”

Apart from the aforesaid by-laws being considered, there are the by-laws of the disestablished municipalities in Mohokare area of jurisdiction that are still valid in their respective areas until they have been rationalized by Mohokare municipality.

In terms of section 15 of the Local Government Municipal Structures Act our municipality must review and where necessary rationalize these existing by-laws. The process was delayed due to financial constraints of our municipality followed by an initiative from the department of Cooperative Governance and Traditional Affairs whereby a standard set of by-laws will be promulgated, the current annual year ended with the process still pending from the side of the department.

### 4.4. Website

According to section 75 of the MFMA the accounting officer of the municipality must place on the website documents referred to in section 21A of the Municipality Systems Act, No. 32 of 2000.

The documents are the following:

- Budget Related Policies
- Performance agreements
- All service delivery agreements
- Long-term borrowing contracts
- Supply Chain management contracts above R100 000
- Information statement containing a list of assets over a prescribed value that have been disposed in terms of section 14(2) or (4) during the previous quarter.

Contracts having future budgetary implications to which section 33 of the MFMA applies

All quarterly reports tabled in the council in terms of section 52(d) of the MFMA.

Any other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.

Most of the indicated documents do appear on the municipal website, however it should be noted that there is a serious training need that has to be addressed to ensure that the website is current and constantly updated, the website can be accessed through the following domain [www.mohokare.gov.za](http://www.mohokare.gov.za).

## Chapter 5: Service Delivery Performance (Part I)

### 5. Service Delivery Performance (Part I)

The municipality continues to experience challenges in terms of service delivery machinery and equipment, but despite these challenges it is doing its best in terms of providing the best service under the circumstances.

Service delivery in Mohokare Local Municipality mainly focuses on the following areas;

- Access to water
- Sanitation
- Electricity
- Refuse collection
- Human Settlement (Housing)
- Roads & Storm Water
- Free Basic Services and Indigent Support

#### 5.1 Basic Services

The Municipality is mandated to provide basic services through its technical services department which is sub-divided into the following division: roads & storm water, sanitation, water, electricity and the Project Management Unit.

In order to deliver on this mandate the technical services has been provided with both Capital and Operational budget. The Capital budget is been managed by the Project Management unit whereas the Operational budget is managed through the three units namely Zastron, Rouxville and Smithfield.

**Please refer to page 96 for a detailed report on the performance of service delivery.**

##### 5.1.1. Refuse Collection

Access to Refuse		
Refuse Collection	% provision	
	MTEF period	
	2012/13	2013/14
Household access to refuse collection	100%	100%

Job Level	2012/13	Ending 30 <sup>th</sup> June 2014			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3		37	30	7	18.9
4-6	58	4	4	0	0
7-9					
10-12	03	3	3	0	0
13-15					
16-18					
19-20					
<b>TOTAL</b>	<b>61</b>	<b>44</b>	<b>37</b>	<b>7</b>	<b>15.9</b>

<b>FINANCIAL PERFORMANCE</b>	<b>COMMUNITY SERV</b>			<b>WASTE MANAGEMENT</b>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	-	0.00%	(3,073,399.43)	-	-100.00%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	(3,073,399.43)	-	-100.00%
Government Grants and Subsidies Received	-	-	0.00%	-	-	0.00%
<b>Revenue from Exchange Transactions</b>	(3,524,040.00)	(4,770,882.14)	35.38%	(5,603,585.16)	(5,801,899.33)	3.54%
Services Charges	(3,524,040.00)	(4,770,882.14)	0.00%	(5,603,585.16)	(5,801,899.33)	0.00%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	-	-	0.00%	-	-	0.00%
<b>Total Revenue</b>	<b>(3,524,040.00)</b>	<b>(4,770,882.14)</b>	<b>35.38%</b>	<b>(8,676,984.59)</b>	<b>(5,801,899.33)</b>	<b>-33.13%</b>
<b>EXPENDITURE</b>						
Employee Related Costs	2,766,570.00	2,714,246.38	-1.89%	4,116,687.13	4,184,397.49	1.64%
Debt Impairment	412,730.00	-	-100.00%	1,200,000.00	-	-100.00%
Depreciation	2,000,000.00	-	-100.00%	3,112,000.00	-	-100.00%
Finance Charges	-	5,618,814.75	0.00%	-	-	0.00%
Transfers and Grants	828,460.00	13,811,090.95	1567.08%	1,077,000.00	-	-100.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	90,310.00	64,438.04	-28.65%	91,338.74	61,964.49	-32.16%
Repairs and Maintenance	528,500.00	215,017.25	-59.32%	251,390.15	144,433.28	-42.55%
<b>Total Expenditure</b>	<b>6,626,570.00</b>	<b>22,423,607.37</b>	<b>238.39%</b>	<b>9,848,416.02</b>	<b>4,390,795.26</b>	<b>-55.42%</b>

**Capital Expenditure: Refuse Collection Period ending 30<sup>th</sup> June 2014**

Details	Budget	Adjusted Budget	Actual Expenditure	Variance %	Project Value
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 5.1.2. Human Settlements (Housing)

It should be noted that within this division (Human Settlements), the Provincial department of Human Settlements make provision of government housing subsidy schemes and the Municipality facilitates the verification regarding site/stand ownership, allocation etc... However the Municipality has in its employ, as it is our responsibility to assist the Community in provision of sites, ascertain data as per the valuation of the Municipality, matters related to disputes and rental, repairs and maintenance of municipal houses and buildings staff dedicated to housing services.

Access to Housing			
Human Settlements	%		
	MTEF period		
	2011/12	2012/13	2013/14
Allocation of Houses	400	500	500
Backlog in housing provision	500	600	600

Job Level	2012/13	Ending 30 <sup>th</sup> June 2014			
	Posts filled	Number of Posts	Posts filled	Vacancies	% Variance
0-3	0				
4-6	2	3	2	1	33.3
7-9	0				
10-12	1	1	1	0	0
13-15	1				
16-18	0				
19-20	0				
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>33.3</b>

FINANCIAL PERFORMANCE	COMMUNITY SERV			HOUSING		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	(210.00)	-	0.00%	(307,427.66)	(131.58)	-99.96%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	(210.00)	-	-100.00%	(87.72)	(131.58)	50.00%
Government Grants and Subsidies Received	-	-	0.00%	(307,339.94)	-	0.00%
<b>Revenue from Exchange Transactions</b>	(301,390.00)	(301,881.84)	0.16%	(387,910.68)	(369,536.96)	-4.74%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	(299,140.00)	(300,612.72)	0.49%	(386,682.60)	(367,863.62)	-4.87%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	(2,250.00)	(1,269.12)	-43.59%	(1,228.08)	(1,673.34)	36.26%
<b>Total Revenue</b>	(301,600.00)	(301,881.84)	0.09%	(695,338.34)	(369,668.54)	-46.84%
<b>EXPENDITURE</b>						
Employee Related Costs	473,610.00	402,338.63	-15.05%	526,715.76	544,525.80	3.38%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	-	-	0.00%	-	-	0.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	41,590.00	84,075.87	102.15%	13,274.67	8,271.18	-37.69%
Repairs and Maintenance	-	-	0.00%	-	-	0.00%
<b>Total Expenditure</b>	515,200.00	486,414.50	-5.59%	539,990.43	552,796.98	2.37%

<b>Capital Expenditure: Human Settlement Period ending 30<sup>th</sup> June 2014</b>					
Details	Budget	Adjusted Budget	Actual Expenditure	Variance %	Project Value
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Important to note is that the Human Settlement Budget for provision of Houses solely rests with and is the responsibility of the Free State department of Cooperative Governance and Traditional Affairs.

### 5.1.3. Roads and storm water

Mohokare Local Municipality has a great challenge in terms of the maintenance of Roads & Storm Water channels, given the financial status of the municipality, it makes it difficult to fund the full maintenance of roads and storms water channels from own funds. However, the Municipality has prioritized the upgrading of access roads by implementation of Capital budget on this division. This is evident with the completion of the 2 km paved access road in Rouxville, the 2.9 km access road in Zastron which is still under construction (60% completion) and the inclusion of the 3km access road in Smithfield in the MIG implementation plan of 2015/16.

EMPLOYEES: ROADS & STORM WATER					
Job Level	2012/2013	Ending 31 <sup>st</sup> July 2014			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3		16	13	3	18.75
4-6	21	5	5	0	0
7-9					
10-12	03	4	1	3	75
13-15					
16-18					
19-20					
<b>TOTAL</b>	<b>24</b>	<b>25</b>	<b>19</b>	<b>6</b>	<b>24</b>

Please note that the Traffic Management is included within the financial performance of Roads and Storm Water Services, this is due to the arrangement as set out in the 2010/2011 Budget

The table below indicates the different aspects of roads and storm water that were attended to.

Name of Services	Inspection Concerns/observations
1. Tar Roads	1. Tar Potholes to be closed using Tar while using gravel temporarily
2. Gravel roads	2. Maintenances of gravel Roads at Rouxville, Smithfield and Zastron
3. Community Services illegal dumping sites and sport Grounds	3. Grading of Sports Ground per units 4. Plenty of illegal dumping sites.
4. Stormwater management	5. Rouxville Stormwater management 6. Smithfield Stormwater management 7. Zastron Stormwater management
5. Tafficable Road	8. Painting of Stop signs and all relevant road markings

### 5.1.4 Free Basic Services and Indigence Support

Free Basic Household Services	% Provision	
	METF Period	
	2012/13	Ending 30 <sup>th</sup> June 2014
Households receiving free basic water	8 464	8 464
Households receiving free basic sanitation	354	354
Households receiving free basic electricity	354	354
Households receiving free refuse removal	354	354

FINANCIAL PERFORMANCE: COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED						
Service Delivered	Jun-13			Jun-14		
	Budget	Actual	Variance	Budget	Actual	Variance
Water	1 055 238	0	1 055 238	1 185 890	685 340.37	500 549.63
Sanitation	0	0	0	1 427 020	994 290.80	432 729.20
Electricity	362 172	1 091 381	-729 209	1 372 550	438 418.94	934 131.06
Refuse	0	0	0	1 077 000	731431.93	345 568.07
<b>TOTAL</b>	<b>1 417 410</b>	<b>1 091 381</b>	<b>326 029</b>	<b>5 062 460</b>	<b>2 849 482.04</b>	<b>2 212 977.96</b>

### 5.1.4 Summary Employees: Technical Services

SUMMARY EMPLOYEES: TECHNICAL SERVICES (Excl Refuse and Human Settlements)					
Job Level	2012/13	Ending 30 <sup>th</sup> June 2013			
	Number of Posts Filled	Number of Posts	Posts filled	Vacancies	% Variance
Office of Director	11	8	6	2	25
PMU	4	4	2	2	50
Water Services	63	47	46	1	0
Sanitation	69	70	49	21	30
Electricity (inc interns)	4	4	2	2	50
Roads & Engineering	24	25	19	6	20
<b>TOTAL</b>	<b>175</b>	<b>158</b>	<b>124</b>	<b>34</b>	<b>21.5</b>

## 5.2. Office of the Municipal Manager



**Mr. CT Panyani**

### 5.2.1 Planning, Development and Environmental Management

This unit is housed in the Office of the Municipal Manager, hence the staff breakdown that follows below. Mohokare has dedicated positions within the organizational structure to ensure proper planning and development, to even explore the potential of tourism promotion in our area. Being a municipality that shares a border with Lesotho presents opportunities that need to be explored and projects initiated. The landscape of the Municipality is not posing serious challenges in terms of property development, business development and better management of land.

The presence of a spatial development framework gives more opportunities to potential positive development and the framework guards against illegal practices in terms of land development.

Town planning has at its aim to see to the optimum organization, use of land and properties so that sustainable development and settlement can be developed in an organized and legal way in accordance to the principles within the local IDP and Spatial Development Framework.

Town planning is an umbrella division as it connects with different disciplines within the municipal sphere. LED, tourism, Environmental Health, Community Services, Rural development as well as Infrastructure to name a few

The National Building Regulations and Building Standards Act 103 of 1977 is the guideline that must be used for approval or not, of a building plan. The Town planning Schemes as well as the title deed must also be taken into account. Building plans are a legal requirement.

A new Draft Spatial Planning and Land Use Management Bill, 2011 is currently on the table for discussion. This bill will repeal the following acts used in Town planning:

- Removal of Restrictions Amendment Act No. 55 of 1977
- Removal of Restrictions Amendment Act No. 18 of 1984
- Physical Planning Act No. 88 of 1967
- Physical Planning Amendment Act No. 87 of 1983

- Physical Planning Amendment Act No.104 of 1984
- Physical Planning Amendment Act No. 92 of 1985
- Physical Planning Act No. 125 of 1991
- Development Facilitation Act No. 67 of 1995

Employees: Planning (inc IDP, Town Planner & PMS but excl LED)					
Job Level	2012/13	Ending 30 <sup>th</sup> June 2013			
	Number of Posts Filled	Number of Posts	Posts filled	Vacancies	% Variance
0-3					
4-6					
7-9					
10-12	02	2	1	1	50
13-15	03	3	3	0	0
16-18					
19-20					
<b>TOTAL</b>	<b>05</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>50</b>

FINANCIAL PERFORMANCE: PLANNING (incl LED)						
	2011/12	2012/13	30 <sup>th</sup> June 2014			
Details	Actual	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total operating revenue	0	0	(1 526 580)	(1 117 599.79)	0	(1 117 599.79)
Expenditure:						
Employees	1 245 903	(1 544 628.99)	1 559 680	1 764 803.07	1 850 962.10	(86 159.03)
Repairs and maintenance	0	0	0	0	11 200.00	(11 200.00)
Other	256 623	(378 349.54)	353 050	242 439.99	116 640.76	125 799.23
Total operating expenditure	1 502 526	(1 922 978.53)	1 912 730	2 007 243.06	1 978 802.86	28 440.20
<b>Net operating revenue/ expenditure</b>	<b>-1 502 526</b>	<b>1 922 978.53</b>	<b>386 150</b>	<b>889 643.27</b>	<b>(1 978 802.86)</b>	<b>(1 089 159.59)</b>

## 5.2.2 Spatial Planning

### TOWN PLANNING DIVISION

#### Introduction to Town Planning

Town planning from a municipal perspective focuses on land use and the development thereof in such a way as to be sustainable, in other words, planning and development must be done as to enhance the environment for man and animal in a harmonious way as to be sure that future generations will be able to enjoy the legacy from their parents in a sustainable manner.

#### **1. Town planning Strategy**

Manages the key performance areas and result indicators associated with the creation, regeneration, enhancement and management of public spaces through the provision of a professional management consultancy service disseminating advice and guidance on international best practice trends, design, specification, procurement and implementation sequences in respect of urban design and architectural projects and monitoring and reporting on the outcomes of the section.

For this to be possible, town planning has certain policy documents as well as guidelines to assist in above goals.

1. Integrated Development Plan
2. Spatial Development Framework
3. Town planning schemes, LUMS and Spatial Planning and Land Use Management Bill (SPLUMB)/ Spatial Planning and Land Use Management Act (SPLUMA)
4. Policies
5. By-laws
6. National Building Regulations Act

#### **2. Progress made to provide basic standards**

Town planning has an umbrella effect and is an all-inclusive subject spreading over many different divisions.

## **2.1 IDP**

The IDP is the guideline and structure within the municipal framework that is needed to be followed in terms of where exactly planning and development is intended to take place in the 5 year period within the municipal boundaries.

### **2.1.1 Mooifontein**

This farm was earmarked for future human settlement and the town planning. This division within the Mohokare Municipality is in the process of development of this land with the assistance of several stakeholders.

### **2.1.2 Zastron Structure Plan**

A Structure plan was developed by Mr. Casper Badenhorst to assist in a holistic development plan for Zastron. This plan links Zastron, Matlakeng and the future Mooifontein development as to create one community.

## **2.2 Spatial Development Framework (SDF)**

The National Department of Rural Development and Land Reform has appointed a company from Stellenbosch to assist in the development of a new SDF. The SDF was approved by the Mohokare Council in March 2014 and received a 88% score during the assessment phase during the IDP assessments.

The SDF goes hand in hand with the IDP and indicates where planning and future development can take place. The SDF explains exactly what the current status quo per town is and where changes can be made. The SDF includes a spatial analysis showing local key spatial issues and objectives.

## **2.3 Town planning schemes, LUMS and Spatial Planning and Land Use Management Bill**

To be able to implement the IDP and SDF, certain guidelines are in place that needs to be adhered to. These guidelines are found in the Town planning schemes and LUMS for each town and municipality. The town planning schemes for Rouxville and Zastron dates back from 1990 and 1991 and therefore a new set of guidelines are being developed, namely the Land Use Management Scheme. LUMS are currently not available yet.

The Spatial Planning and Land Use Management Act, no16 of 2013 (SPLUMA) was signed in August 2013 and implementation date will be 1 July 2014. SPLUMA revokes all other acts eg. Black Communities Development Act no 4 of 1994 and the Physical Planning no 125 of 1991

Within abovementioned documents, there are paths to follow as to adhere to the specifications within to ensure the progress in terms of provision of basic standards to the local communities.

### 2.3.1 Land uses, Title deeds, Zoning and Zoning certificates

Land use is governed by the proper land use assigned to a specific erf or area. Land use is stipulated by zoning. Development is regulated by the SDF and IDP in accordance with the specific zoning.

Land use must be in accordance with Title deeds of said property and the Town Planning Scheme. Possible revenue for the municipality can be generated in terms of rates and taxes if the Land use is changed. Requests for rezoning must be taken seriously as well as the compliance by property owners to the land use allocated to their erven. Densification of urban areas must be a focal point for the municipality and urban sprawl must be dissuaded.

Four zoning certificates were issued in the period 1 July 2013 to 30 June 2014

### POSSIBLE DEVELOPMENTS

Areas were identified within the new Spatial Development Framework for possible developments and the Town Planning Unit held meetings with PULA and MISA to set up a quantitative analysis of what these developments will entail in terms of monetary cost to the municipality. The following projects were costed:

TOWN	ERF/AREA	WORK TO BE DONE	ESTIMATED COST
ROLELEATHU NYA	1173	PARK CLOSURE, REZONNING, SUBDIVISION	R43 120.00
SMITHFIELD	ERVEN 366 AND 401	SUBDIVISION	R20 320.00
ROUXVILLE	TOWNLANDS ROUXVILLE 108	TOWNSHIP ESTABLISHMENT	R244 412.00
SMITHFIELD	TOWNLANDS SMITHFIELD 177 <i>DEVELOPPMENT OF INDIUSTRIAL SITES</i>	TOWNSHIP ESTABLISHMENT	R211 412
ZASTRON	TOWNLANDS FARM VERLIESFONTEIN	TOWNSHIP ESTABLISHMENT	R244 412

	354		
ZASTRON	ERVEN 486-489	REZONING AND CONSOLIDATION	R33 720.00
ZASTRON	ERF 751	REZONING AND SUBDIVISION	R33 720.00
ZASTRON/MAT LAKENG	ERF 2949	PARK CLOSURE, REZONING AND CONSOLIDATION	R43 120.00
ZASTRON	CEMETERY ON S2	REZONING AND SUBDIVISION	R33 720.00
SMITHFIELD	54 SITES IN MOFULATSHEPE	REZONING AND SUBDIVISION, PARK CLOSURES, STREET CLOSURES AND INCORPORATION INTO THE GENERAL PLAN	503501.52

### 2.3.2 . Rezoning, Consolidation and subdivision

Depending on the regulations per title deed of a said erf, an application can be done for rezoning, subdivision or/and consolidation of erven. The legal implication is to follow with the title deed issued against specific erf as well as the specific Town Planning Scheme for land use as well as the SDF. It may have positive financial implications for the municipality in terms of a potential income and densification of land use.

It is recommended that depending on the direct impact to the immediate surroundings, a recommendation will be sent forth to the Mohokare municipality's management as well as the Council for approval or not, of a specific application. Densification of urban areas must be a focal point for the municipality and urban sprawl must be dissuaded.

### **2.3 ZONING AND REZONING, CONSOLIDATION, SUBDIVISION**

ERF NR.	OWNER	REQUEST FOR:	ACTION TAKEN
395 Zastron	L. LEPHUTING	SUBDIVISION	<u>Resolution 2009/52</u> Council approved the application by Me. Lucy Lephuting for the subdivision of Erf 395 into two (2) portions each equaling 1070m <sup>2</sup> to build houses for residence provided that all costs will be carried by the applicant
23/513 Zastron	MISTY LAKE TRADE & INVEST 68 PTY LTD	SUBDIVISION	ITEM 13.6.3.5 Resolution  Council approves the subdivision of erf 513 when the recommendations as set out above have been fully met.
383 Rouxville	P.J. FOCHE	SUBDIVISION	IN PROCESS

### **2.4 CONSENT USE APPLICATIONS**

ERF NR.	OWNER	REQUEST FOR:	ACTION TAKEN
17/03/2014	Q. MOLETSANE	Consent to open a warehouse on  industrial site as per town planning scheme	Change in land use application: CONSENT USE - Funeral parlour Erf 712 Zastron  In process. Advertisements at strategic locations as well as in Zastronner Feb/March 2014
January 2014	I. NEL (RX)  A. VAN ZYL (RX)  R. VAN PLETSEN(RX)  A BOTHA (ZASTRON	Consent use requests for use of pavements. Four received 3 Rouxville 1 Zastron	NOT APPROVED IN ALL FOUR CASES

### **3.3.3 Encroachment queries**

Encroachment is a very serious and problematic situation being dealt with continuously. Problems occur where the boundary of a site is unclear or unknown because no land surveyor pens are available. It has either been removed illegally or driven so deep into the earth, that it cannot be found. Property owners simply decide by themselves to put up a fence without checking at the municipal offices for assistance in identifying boundary lines.

Layout plans, title deeds, land surveyor's pens and aerial photographs can be used to assist in identifying boundaries. Each complaint must be investigated. If the municipal officers are unable to show out boundaries, it is necessary for the owner of the property, to contact a private land surveyor or a town planner to assist in identifying the correct boundaries but this has cost implications to the individual.

### **3.3.4 General queries**

Town planning includes a wide variety of municipal information in terms of land use and therefore a lot of general queries are handled. Most information given is in terms of requirements needed on and for building plans. Secondly information is required for the process and whole can be contacted for the designing and providing of services like building plans and in terms of possible consolidation and subdivision of erven. A draft building plan manual has been written and approved by Council.

Most site related queries are for business sites and church sites. A huge need exists. Furthermore, site measurements and copies of existing building plans are identified needs through queries being received.

### **3.3.5 Building plans**

A need was identified for specifications of what is needed on a building plan and therefore a tick list was designed by the town planner to assist in this effect. Problems exist in terms of the community's unawareness of submitting building plans. A PowerPoint presentation was drawn up to explain what is needed and will be distributed to all pay points and libraries for individuals to access the information.

3 BUILDING PLAN REPORT 1/07/2013 – 31/06/2014

DATE	INVOICE	SURNAME	ERF NR	TOWN	NEW PLAN	EXTENSION	APPROVED	NOT APPROVED	STATUS
29/07/13	PAID	E. BOTHA	R/172	ZASTRON	GARAGE			X	
13/07/08	NOT PAID	SEBETSELI L. F.	561	ROLELEATHUNYA	X			X	
13/03/07	23000318	BKB	715	ZASTRON	STORE BKB		X		
13/06/08	0601/8507/0000	L.F. Sebetseli	561 Ext 4	Roleleathunya		x		X	
29/08/2013	NOT PAID	Q. Moletsane	209	Mofulatshepe		x		x	
2013/04/09	15001462	M.M. Mashoai	2044	ROLELEATHUNYA	GARAGE	x	X		
23/09/2013	13006224	S.L. Tamanyana	192 Murray Str. Rouxville	ROUXVILLE		x		X	
14/11/01	NOT PAID	T. GOMO		ROUXVILLE	UNKNOWN			X	EXPLAINED TO OWNER. WILL RESUBMIT
15/01/14	19001778	DJ PRETORRIUS	ERF 1	ROUXVILLE		x	Approved		
15/01/14	MUN BUILDING	LANDFILL SITE	LAND FILL SITE	ROUXVILLE	X		X		
15/01/14	NOT PAID	ATORO				x		X	EXPLAINED TO OWNER. WILL RESUBMIT
21/01/14	199002011	HUIS VERGESIG	125-127	ZASTRON	X		X		
17/01/14	NOT PAID	ATORO	22	ROUXVILLE	x			x	EXPLAINED TO

									OWNE R. WILL RESUB MIT
30/01/ 14	NOT PAID	X ZHUANG	NOT GIVE N	ROUX VILLE	X			X	
14/06/ 02	0601/ 8507/ 0000	L.F. Sebetseli	561 Ext 4	Rolelea thunya		x	Approved		requests consent to build garage on building line
2014/1 2/02	PAID	K.P. SEKHUTH E	ERF 423	ZASTR ON		x	Approved		
24/02/ 14	15047	G. Puzi	Erf 737 Ext 5	Rolelea thunya	X		APPROV ED		
02/04/ 14	13008 220	Apostolic Church/Luck y Mokoena	ERF 54 - 55	Rolelea thunya	X		approved		
19/06/ 14	EFT payme nt receiv ed	BUTHELEZ I	712	Zastron	Funeral parlour x		approved		
04/06/ 14	15923	E. Elias		Smithfi eld	x		approved		
19/06/ 14	15851	B.P. Bokoloshi	619	SOMI DO PARK		X	approved		

### 2.2.2. Problems relating to building plan: 8

ERF NR	TOWN	PROBLEM	ACTION TAKEN
3 Gustavus str	Zastron	Non-compliance to specifications	Comments written and attached to building plan
R/172	Zastron	Non-compliance to specifications	Comments written and attached to building plan
1/239	Zastron	Non-compliance to specifications	Comments written and attached to building plan
359	Zastron	Non-compliance to specifications	Comments written and attached to building plan
619 Somido park	Smithfield	Non-compliance to specifications	Comments written and attached to building plan
787 Somido park	Smithfield	Non-compliance to specifications	Comments written and attached to building plan
869	Smithfield	Non-compliance to specifications	Comments written and attached to building plan
1224 Greenfields	Smithfield	Non-compliance to specifications	Comments written and attached to building plan

### 3.3.6 Involvement in other projects and Business plans

- **Creation of Hawker sites and –stalls.**

Erven 486 - 488 in Zastron has been identified for possible development. – Quotation received

- Business hub development to link Zastron and Matlakeng has been identified
- Scanning of all infrastructure plans and diagrams at *INFOFILE* in Bloemfontein. Pulling in all infrastructure and asset information into SPISYS for the practical use and development planning of the Mokare local Municipality
- 10% of parks to be rezoned for residential use

### 3.4 Policies/plans

Building Control Policy	MMOTPL001 (P37)	Policies and Procedures Manual
Town Planning Policy	MMOTPL002 (P40)	Policies and Procedures Manual

### 3.5 By-laws

The following By-laws are in place

- Standard Control of Street Vendors, Peddlers and Hawkers By-law
- Standard Advertising By-Law
- Standard Informal Settlements By-law

*The Draft by law on Spatial Planning and Land Use Management will be circulated in the next financial year with the assistance of Cogta and National Department of Rural Development and Land Reform*

#### **4 Fee Structure**

The fee structure was updated by the town planner as the Dept. of Finance was assisted in updating the fees for the next financial year. These fees were advertised and can be implemented within the new financial year.

#### **4 Measures taken to improve performance and major efficiencies delivered.**

Weekly reports, formats and tick sheets were introduced by the town planning division to organize the work done on a daily basis and to ensure continuity as well as follow-ups to queries, problems and requests in terms of town planning.

With the approval of the Spatial Development Plan (SDF) the town planning division has the tools to focus on development and land use to the betterment of the local communities, eg. Development of hawker stalls to regulate informal trading, assisting the Local Development division in terms of the location of possible projects which will assist in terms of job creation and development of the local communities.

#### **5 Attach trends, comments and variances**

One of the biggest challenges experienced by the town planning division is the search for possible areas to develop more residential sites as there is such a huge need experienced. The three new developments stated underneath are in need of basic services and the Dept. Technical services has reported in terms of MIG for funding to develop the necessary infrastructure.

Extension 10 Zastron	725 erven
Extension 6 Rouxville	855 erven
Greenfields Smithfield	467 erven

Currently there is a need for church, crèche and business sites. It may be necessary to develop a policy in terms of a definition of what is a church, the needs of such an organization and the structure that must be put up on a site zoned for institutional purposes.

### **Building regulations**

Adherence to building regulations is a huge challenge as people are not clued up on what is expected of them. Structures are built without building plans. Education is necessary to explain the importance thereof.

### **Control of hawkers**

Control of hawkers and informal businesses is proving to be a huge challenge. Erven are identified for development of a site for hawkers with formalized structures to accommodate hawkers and their businesses.

### **Town planning Schemes**

Absence of a town planning scheme in Smithfield, make decisions in terms of town planning, e.g. land use very difficult and will the Spatial Planning and Land Use Act (SPLUMA), when implemented, assist because it will substitute all current town planning schemes.

SPLUMA will bring big changes on municipal level as most functions now being done on a provincial level, will be cascaded down to municipal level, and will all municipalities need to have registered town planner

### **LIQUOR LICENSE APPLICATION:**

**NONE RECEIVED during the 2013/2014 financial year.**

### **Encroachment queries**

Encroachment is a very serious and problematic situation being dealt with continuously. Problems occur where the boundary of a site is unclear or unknown because no land surveyor pens are available. It has either been removed illegally or driven so deep into the earth, that it cannot be found. Property owners simply decide by themselves to put up a fence without checking at the municipal offices for assistance in identifying boundary lines.

Layout plans, title deeds, land surveyor's pens and aerial photographs can be used to assist in identifying boundaries. Each complaint must be investigated. If the municipal officers are unable to show out boundaries, it is necessary for the owner of the property, to contact a private land surveyor or a town planner to assist in identifying the correct boundaries but this has cost implications to the individual.

- With the new Matlakeng access road, a lot of encroachments in terms of the pavements were identified and will have to be rectified in time before work can begin on the upgrading of the road. Letters were issued to individuals and assistance came from the Dept. of Infrastructure and PMU to resolve issues.
- Erf 343 in Rouxville
- Mr. 347 in Rouxville
- Erven 11 and 12 Rietpoort
- Erf 753 Erf Zastron

#### PROFESSIONAL REGISTRATION

The town planner was registered professionally on 25/11/2013.

This is a true reflection of work done for the period 1 July 2013 to 31 July 2014 by the Town Planning Unit.



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E.E. Meades

### **5.2.3. Local Economic Development (Including Tourism Markets)**

Mohokare has dedicated positions within the organizational structure to ensure proper planning and development, to even explore the potential of tourism promotion in our area. Being a municipality that shares a border with Lesotho presents opportunities that need to be explored and projects initiated. The landscape of the Municipality is not posing serious challenges in terms of property development, business development and better management of land.

Local Economic Development is a process through which public, business, labor, government and non-governmental sector partners work collectively to identify, utilize and harness resources to stimulate local economy, with an aim of increasing local income and creating new job opportunities through enhancing the community's ability to adapt to and cope with changing economic conditions.

#### **LED Strategy**

The LED Strategy was adopted in 2006 and has been reviewed in 2014 and the draft thereof has been adopted by council at one of its meetings held in Rouxville in April 2014. Be it noted that the strategy was reviewed with the assistance of SALGA, COGTA, Treasury as well as MISSA and at no cost to the municipality. In short Mohokare municipal LED Strategy has been reviewed on a zero based budget.

#### **High impact projects**

Current there are no high impact projects running in the municipality. Be it noted that 80% of municipality's population is indigent and grant dependent, and this arrangement poses serious challenges when it comes to investment.

The LED Unit has proposed the following projects for funding and implementation:

- Large scale poultry farming
- Aquaculture
- Piggery
- Charcoal production
- Textile factory
- Sand stone brick making
- Meat processing factory
- Tourism hub
- Solar energy plant
- Milk processing factory
- Beef farming
- Bakery
- Refreshment station at Smithfield truck stop
- Car wash at the truck stop

#### **Poverty alleviation support**

From June 2012, COGTA through its Community Work Program created 106 jobs for local people. The work is multi sectoral that covers areas of Agriculture, Environment, Construction, Social and Economic. This program contributes to public and community goods and services.

#### **Measures taken to improve performance**

NQF Level 4 training on LED (LGSETA and DBSA) provided to the LED Officer

## **Economic Activity**

Per sector

Agro-processing – 10

Hospitality – 5

Food security vegetable farming – 14

Aqua-culture has been funded but still has to get off the ground

Research done

No research done with the entities.

## **Job Opportunities**

### **Employment research**

Be it noted that the municipality is faced with a serious challenge of unemployment. Research indicates that 80% of the entire population in Mohokare is registered as indigents. This abnormally high percentage of grant dependent individuals makes it practically impossible for investors to come and invest in the area. As a result of this challenge the LED unit conducted its own research on alternative means of job creation and the following were identified:

- Upgrading and managing Kloof dam resort through PPP
- Commercialization of Magaleen border post
- Cooperatives program
- Commercial land audit

### **UPGRADING AND MANAGING THE KLOOF DAM RESORT THROUGH PPP**

The Kloofdam resort is a municipal property which used to be rented out to individuals for overnight stay as well as for hosting picnics and braai festivities particularly during the festive season. This resort is currently not in use since municipality does not have staff to manage it and requires a lot of money to put it back to its former glory. Business plan has been compiled and sent to the office of the premier requesting financial assistance for the upgrading of the resort and municipality is still awaiting a response in this regard.

Alternatively the municipality can put it on advertisement and get a private person to run it on partnership basis. This arrangement can lead to job creation and income generation for the municipality.

### **COMMERCIALIZATION OF MAGALEEN BORDER POST**

Magaleen border post is shared between the town of Zastron in the Free State and the mountain kingdom town of Mhahleshhoek. Prior to the eighties the post was commercialized and trade between the said towns was booming with the town of Zastron reaping most economic benefits since Lesotho citizens were the ones who were doing their shopping on this side of the border. For reasons unknown to the business communities in both towns, the then regime decided to de-commercialize the border sometime in the mid-eighties, subjecting hundreds of our people to jobless and poverty. Research has proved that re-commercializing the border will lead to economic development which in turn will lead to job creation and poverty alleviation, particularly for the Zastron residents. Be it noted that the current economic development of Zastron is owed largely to the past business transactions which happened between our area and Lesotho.

### **COOPERATIVES PROGRAM**

This program is one of the best solutions towards job creation and poverty alleviation. Municipality through its partnership with IDT registered ten cooperatives with then members each, totaling hundred beneficiaries in all. In an event that all ten cooperatives get financial assistance and start operating fully, they can create jobs for almost 250 individuals, which is a significantly large number according to our area's population size. This is a reason why the LED unit still pursues this program further against suggestions that this it does not work.

### **COMMERCIAL LAND AUDIT**

Municipality has vast pieces of land along N6 both in Rouxville and Smithfield. Unfortunately the said land is not audited and therefore still unknown to the potential investors out there. If the said land can be audited and the report thereof advertised, there is a possibility that municipality can attract the needed investment into the area bearing in mind the strategic geographic position of the land in question.

### **CONCLUSION**

Be it noted that municipality does not fund projects, the Municipality's primary task is to create enabling environment for business growth and local economic development.

From financial year 2008/09 to 2010/11 local economic development highly depended on projects which were funded by sector departments as well as National Government (COGTA, Public Works and Treasury). However, it must be noted that the 2010/11 EPWP program was suspended due to budgetary constraints.

Mohokare Local Municipality is currently engaging in strategies of addressing unemployment, through focusing on the cooperatives program, ten (10) cooperatives have been registered and trained in Mohokare and the project is on its third face.

We are also in also in a process of establishing tourism forums which are intended to assist the municipality to unearth/ explore local tourism potential and also tap on opportunities that are availed by this sector.

Only one (1) co-operative had received funding and the funding application for three co-operatives has been done to NDA and awaiting as to which and how many will be funded to each.

Local Economic Development is a process through which public, business, labor, government and non-governmental sector partners work collectively to identify, utilize and harness resources to stimulate local economy, with an aim of increasing local income and creating new job opportunities through enhancing the community's ability to adapt to and cope with changing economic conditions.

The Expanded Public Works Program (EPWP) accounts for the creation of most job opportunities as indicated on the table below, with remarkable growth during 2010/11 financial year. However, EPWP projects for the year under review could not be ascertained.

Job Level	2012/13	Ending 30 <sup>th</sup> June 2014			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
7-9					
10-12	02	2	0	2	100
13-15	01	1	1	0	0
16-18					
19-20					
<b>TOTAL</b>	<b>03</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>67</b>

Be it noted that the LED Unit consisted of two officials from 2011/2012 financial year till end June 2014. The LED officer has since been appointed as the Unit manager for Zastron and the LED manager is the only official left in the Unit. The Unit of Local Economic Development has now two critical vacancies; the LED officer and the tourism officer. The continuous vacancy of these two significant posts poses a very serious challenge to local economic development and the sooner they are filled the better.

Please note that the financial performance information of Local Economic Development is included in the previous section of Planning Services.

Be it noted that municipality does not fund projects, the Municipality's primary task is to create enabling environment for business growth and local economic development.

From financial year 2008/09 to 2010/11 local economic development highly depended on projects which were funded by sector departments as well as National Government (COGTA, Public Works and Treasury). As indicated in the table above, EPWP accounts for the creation of most job opportunities in the municipality. However, it must be noted that the 2010/11 EPWP program has been suspended due to budgetary constraints.

Mohokare Local Municipality is currently engaging in strategies of addressing unemployment, through focusing on the cooperatives program, ten (10) cooperatives have been registered and trained in Mohokare and the project is on its third face.

We are also in also in a process of establishing tourism forums which are intended to assist the municipality to unearth / explore local tourism potential and also tap on opportunities that are availed by this sector.

#### **5.2.4. Environmental Management**

Mohokare Local Municipality as a plenary type of Council and as per the direction and guidance of the Local Government Municipal Powers & Functions, is not responsible for Environmental Management, this is a district function, however as a sphere of Government we deem ourselves responsible for the well-being of our communities, even though legislatively we can only facilitate the implementation part of the environmental management.

## **ENVIRONMENTAL PERFORMANCE REPORT**

### **INTRODUCTION**

The term environment refers to organizations natural and human surroundings. An organization's environment extends from within the organization itself to the global system, and it includes, air, water, land, flora, fauna, as well as human beings. Environmental management basically refers to the management of the environment in ways that help the environment. The Mohokare Local Municipality has to fulfill a legislative mandate as per its objects of local government in terms of section 152(d) of the Constitution of the Republic of Southern Africa. It also aims provide its inhabitants with their environment rights in terms of section 24 of the Constitution. This legislative mandate is performed by the municipality by the Community Services Directorate. The Directorate is responsible for the effective and efficient management of the service in order to promote a safe and healthy environment for its inhabitants, whilst at the same time promoting justifiable economic and social development.

### **LEGISLATION**

In the context of environmental management, the Mohokare Local Municipality is required by law to adhere to the principals and objectives of environmental law. Examples of legislation that the municipality is required to implement for effective and efficient good governance, includes among others the following:

- Environmental Management Act, 1998 (Act 107 of 1998):
- National Environmental Management: Waste Act, 2008 (Act no 59 of 2008)  
National Environmental Management: Air Quality Act, 2004 (Act no 39 of 2004)  
National Environmental Management: Biodiversity Act,
- National Water Act, 1998 (Act no 39 of 1998)
- Water Services Act, 2007 (Act no 30 of 2007)
- Environmental Conservation Act, 1989 (Act no 73 of 1989)

### **ENVIRONMENTAL PROGRAMMES AND ACTIVITIES**

The Mohokare Local Municipality actively participated in environmental health and management service provision with the assistance of its mother body, the Xhariep District Municipality. The following are highlights of environmental performance activities carried out and strides made by the municipality in meeting its constitutional mandates

## **CONSTRUCTION OF A GUARD HOUSE AT THE ROUXVILLE LANDFILL SITE**

The Environmental Health Department has taken it on itself to no longer take the backseat; but to be implementing agents of compliance. The department located in the municipal jurisdiction of the Mohokare Local Municipality has recommended to the management and council the construction of a Guard House at the Rouxville Landfill site.

The purpose of this exercise is to improve environmental practice in terms of waste management.

Management and Council have approved the implementation of the proposal and the following will be the benefits of the said project:

- It will assist with the reporting of the Waste Tonnages received on the landfill
- It will aim to promote recycling initiatives
- Provide waste management skills to the semi-labor skilled employees of the municipality
- Provide for an effective waste management administration and reporting
- Serve as a baseline to determine how effective the project will be and whether similar projects can be implemented in the two other towns
- To meet strategic objective no three (3) “Keep Mohokare Safe and Green” as per the adopted Integrated Development Plan of the Municipality for 2013-2014

## **LANDFILL SITE IMPROVEMENT ACTION PLAN FOR THE MOHOKARE LOCAL MUNICIPALITY – ZASTRON AND ROUXVILLE**

This report provides for compliance actions in terms of the National Environmental Management: Waste Act that was promulgated for enforcement in the year 2008. The act provides for implementation of waste management activities in a holistic manner by all; by means of stakeholder engagement, involvement and participation to comply with section 24 of the Constitution of the Republic.

The Waste Management Directorate of the Mohokare Local Municipality have implemented the following waste activities to ensure compliance on the landfill and recommendations made by the Office to address other areas of concern:

- A total of 45 EPWP employees have been allocated to all landfill sites
- Employees are responsible for the cleaning, maintenance and general management of waste activities on landfill sites
- The municipality has till date implemented recommendations made by the EHP and currently the operations at the Zastron and Rouxville landfill site are in good order
- The overall environmental outlook of the landfill sites has drastically improved; for the benefit of both the community and the environment

- The landfill is more accessible for disposal of building rubble, general household refuse and garden waste by the community
- Construction of the Rouxville Guard House is currently under way; and progress is satisfactory as construction will be complete by the 15<sup>th</sup> of November 2013 (if no challenges)
- Municipal employees at Zastron have been deployed to landfills and provide effective services

Challenges are still posed at the Smithfield and Matlakeng Landfill sites as no progress has been made. The landfill sites remain in the following condition:

- Unsightly
- Wind-blown waste is visible to those who reside in close proximity to the landfill, especially residents of Mofulatsepe
- The construction of the Guard House at Smithfield has still not taken effect
- General dumping without any management takes place

An annexure to this report provides an insight on the actions taken at the landfills and the improvements made. A commitment to improve landfill practices at Smithfield and Matlakeng Landfill sites are already being instituted by this office.

**ZASTRON LANDFILL SITE:**

Improvements made. Cleaner and more accessible landfill site



**MATLAKENG LANDFILL SITE:**

There is minimal landfill management activities, non-compliance, illegal disposal of waste etc.



**ROUXVILLE LANDFILL SITE: GUARD HOUSE**



**REPORT ON WORLD HANDWASH & FOOD DAY CELEBRATED AT ZASTRON WITH EARLY CHILDHOOD DEVELOPMENT PRACTITIONERS**

The Environmental Health Practitioner, based at Zastron commemorated World Food and World Handwash Day which is annually celebrated on the 15<sup>th</sup> and 16<sup>th</sup> of October respectively. On the 21<sup>st</sup> of October 2013; the Environmental Health Office went outbound to do a community outreach programme to ensure that these important Environmental Health related days are celebrated.

The Environmental Health Office thought it best to bring awareness on these two important matters at Early Childhood Development Centres at Zastron. On the day the office brought focus on the importance of hand hygiene, personal hygiene and environmental hygiene in and around the Early Childhood Development Centre and specifically to direct to Early Childhood Development Practitioners; in light of World Handwash Day.

The focus of World Food day was brought specifically to Food Handlers employed by the ECDs. The following important issues were addressed with these individuals:

- The requirements of the Regulation that Governs the General Hygiene of Food Premises and the Transport of Food
- The importance of ensuring that food is prepared in a hygienic work environment
- The careful storage and stock rotation of food products
- The importance of wearing good personal protective clothing

On the day, a total of 22 ECD Practitioners and Food Handlers were reached on the day.



### **OUTREACH CAMPAIGN TO EDUCATE AND HIGHLIGHT FOOD HYGIENE PRINCIPLES AND REQUIREMENTS TO FOOD HANDLERS AT FOOD PREPARATION ESTABLISGMENTS, ZASTRON**

The Environmental Health Office at Zastron conducted an outreach campaign to all food handlers located in the municipal town of Zastron. The campaign was conducted to enlighten food handlers on the principles and requirements of food hygiene. The campaign was conducted on the 25<sup>th</sup> of November 2013 at all establishments where food is stored, prepared, and served to the general public.

On the day of the said campaign the following aspects were highlighted and important focus areas presented to the audience present:

1. The importance of food hygiene
2. The procedure to wash hands and the importance of hand wash
3. The importance of reporting injuries on duty and illness that may borne food related outbreaks to managers and owners of food preparation establishments
4. The common food borne diseases and the manner by which these are spread
5. The importance of wearing personal protective clothing; and
6. The duties of food handlers at the food preparation establishment

The campaign drew an audience that was informed and ready with questions on matters ranging from the importance of hand wash to the reasons on why it is important to inform the employer of injuries acquired on duty as well as illness that may affect the health of the general public.

In light of the above; it is seen befitting by the Environmental Health Office that more of these outreach programmes be done with not only formal food handlers; but also those who prepare meals to the public on streets and public open spaces. On the day of the campaign a total of thirty five (35) people were in attendance and an attendance register was signed as proof of the above awareness campaign. Annexure to this report depicts the audience and how important employers and employees regard hand washing

#### **ANNEXURE**



## NATIONAL WATER WEEK 2014

Twenty Fourteen (2014) is the 20<sup>th</sup> year of Democracy and Freedom Celebrated by the South African Government. President Jacob Zuma launched the 20 year review which is aimed at reflecting on how the country has progressed since the dawn of democracy in 1994, and the challenges that the country still faces and how these can best be addressed. In line with the celebration; the National Department of Water Affairs themed the 2014 National Water week as ‘Water is Life - 20 Years of Water Delivery for Social and Economic Development’ and the Department celebrated the success of Government’s water delivery programmes and management during the two decades of democracy.

On the 19<sup>th</sup> of March 2014, the Environmental Health Practitioner based at Zastron pronounced itself on the theme and thought it best to celebrate this day with scholars of the Zama Primary School, Zastron. The target group for the day was the Grade 6 learners of this school and the following aspects on water was presented and discussed:

- The meaning of the 2014 theme for the National Water Week Celebrations
- The importance of water; the uses of water and most importantly the conservation of water for present and future generation
- The importance of empowering society, to be always conscious of the fact that water is a scarce resource and that we are the only ones who can preserve its worth

On the day a total of 106 learners was in attendance and actively participated on the day of the awareness bringing. The day was packed with fun interactions and really good question posing that really proved good engagement and a good transfer of awareness and knowledge on aspects at hand. The Annex portrays the engagements by these learners.

### ANNEXURE





## **CLEAN UP CAMPAIGN JOINED BY THE PLANTING OF TREES AND ENVIRONMENTAL AWARENESS: SMITHFIELD**

The Environmental Health Office based in the Municipal jurisdiction of the Mohokare Local Municipality applied for funding from Food and Trees for Africa. On the 23<sup>rd</sup> of March 2014; the office was informed that its application for funding was approved and that it had received 20 trees and 5 bags of compost.

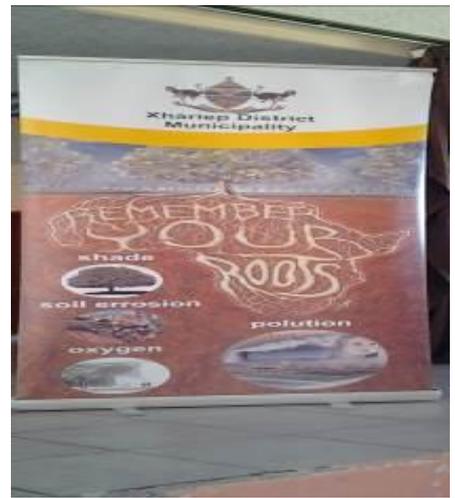
In celebration of this; the Environmental Health Practitioner saw it befitting to organize an Environmental Outreach Campaign at Smithfield. The outreach campaign was hosted on the 9<sup>th</sup> of April at the George Rantee Hall. On the day; participating schools of Mofulatsepe- and Smithfield Primary attended the day in celebration with the municipality and the sector department of Health. The day saw the following matters presented to all present, including councillor Thuhlo, employees of the Mohokare's Extended Public Works Programme:

- Purpose of the day: Unit Manager: Smithfield
- Health Promotion Awareness conducted by the Health Promotion Practitioner
- Water Conservation: Mr. T.E. Fobane: Acting Manager: Technical Services

The day was a fun filled and well represented by all stakeholders who were invited to attend and present topics which are relevant and on point. On the day; the 20 trees were planted at the following pre-identified places:

1. George Rantee Hall, Mofulatsepe Smithfield
2. Newly established park in the Smithfield Town
3. Smithfield Primary School and;
4. Mofulatsepe Primary School

**ANNEXURE**



**ABOVE: TREE PLANTING, HEALTH PROMOTION MATERIAL USED ON THE DAY**



**ABOVE: PRESENTATIONS, TREES AND MANURE RECEIVED**

## **REPORT ON HEALTH EDUCATION AT MOOIFONTEIN PRIMARY SCHOOL: ZASTRON**

The Environmental Health Office based at Zastron conducted in the conjunction with officials of the Department of Health and Environmental and Health Awareness Campaign. On the 21<sup>st</sup> of May 2014; an integrated school health initiative was the approach taken between the Environmental Health Office and the teachers of the school to ensure that learners understand the Environmental techniques demonstrated and taught to them as well as a teaching and learning approach by use of teachers.

On the day of the said awareness campaign, learners from Grade two (2) to Grade six (6) formed part of the campaign and participated as such. The day saw the awareness bringing on topics ranging from Environmental Cleanliness, Hand and Personal Hygiene, Handwash Technique and general environmental topics brought to their attention.

On the day; a total of 62 learners attended the day. The learners actively participated on the topics discussed and a Question and Answer shed a light on how well presentation content was perceived and received by the learners.

It should be noted that this initiative will not be the first or the last at the Mooifontein Primary School as the Environmental Health Department is a committed stakeholder of the school's Health Promoting Initiative. Annexure is proof of the above campaign.

## **MOOIFONTEIN PRIMARY SCHOOL: HEALTH PROMOTION INITIATIVE**





## **ROUXVILLE WASTEWATER TREATMENT PLANT: DE-SLUDGING AND THE ENVIRONMENTAL HEALTH INPUTS TO ENSURE ENVIRONMENTAL COMPLIANCE & SAFETY**

The Rouxville Wastewater Treatment Plant which is authorized and licensed for operation in the name of the Mohokare Local Municipality is currently experiencing a severe overloading problem. The problem relates to the formation of sludge (see Annex with images) in ponds over a course of many years; thus causing these to fill up much quicker and subsequently not being able to carry the design capacity and therefore not effectively treating wastewater to optimum standards.

The municipality therefore requested environmental inputs on how to deal with sludge and to effectively utilize it. The National Department of Water Affairs was invited to a meeting where technical expertise on the utilization and disposal of wastewater sludge was provided.

If sludge is not treated with caution it may have the following negative environmental impacts:

- It produces a very offensive odor and attracts pests and rodents and becomes a breeding site for these
- It has the potential of being a source of a disease as it contains and harbors harmful bacteria and may cause disease in humans and animals
- It has the potential to pollute ground water sources that will ultimately influence the quality of drinking water on farms and the raw water at catchment etc.

Going forward from the presentation done by the DWA, the Mohokare Local Municipality is currently implementing guidelines provided on the effective utilization and disposal of the sludge by doing the following:

1. Quotations are currently sourced by the Supply Chain Management Unit of the Municipality to seek to appoint an accredited laboratory for the analyses of the wastewater sludge.
2. The results of the analyses will determine the best method for utilization and disposal of wastewater sludge

3. The oxidation ponds are currently being emptied to allow sludge to dry for sampling for analyses
4. The current recommendation is for the municipality to engage the department of Environmental Affairs; on receipt of results to get authorization for the use of the wastewater sludge as excess cover material at the Rouxville Landfill Site
5. This report serves to provide management with an insight on the crucial role that Environmental Health plays in ensuring that the environment, the inhabitants of Mohokare and the environmental resources is protected at all times through the effective implementation of environmental management legislation. A more detailed report on the analyses and the engagements with the DEA will follow.

### ANNEXURE



**IMAGES ABOVE DEPICT THE SLUDGE BUILD-UP IN THE OXIDATION PONDS AND CURRENT PRACTICE OF EMPTYING THE PONDS TO ALLOW SLUDGE TO DRY FOR SAMPLING AND ANALYSIS**

## **REPORT ON THE STATUS OF ATMOSPHERIC EMISSIONS LICENSING FOR THE XHARIEP DISTRICT MUNICIPALITY**

Air Quality Management is the responsibility of District Municipalities as per the Air Quality Act, 2004 (Act No 39 of 2004). On the 23<sup>rd</sup> of January 2014; a meeting was attended with officials of the Sub-Directorate: Air Quality and Climate Change of the DETEA. The purpose of the said meeting was to gain insight on the status of the applications received by the Environmental Health Division for two (2) applications for Atmospheric Emissions Licensing.

The following were the recommendations made by the officials and a way forward with regard to applications in question:

- That an extension of six (6) more months be approved by the Xhariep District Municipality for the Provisional Atmospheric Emissions License that was issued to the Goedemoed Correctional Service Centre as per the request by means of a letter forwarded with reasons to as to why revocation of the license should be reconsidered
- That Koffiefontein Diamond Mine be informed by a formal letter of the hold-up to finalize the decision making its application for an AEL
- That Xhariep District Municipality assists with the compilation of information that will assist with the completion of the Free State Air Quality Emissions Inventory prepared for by Gondwana Environmental Solutions

The following actions have been implemented by the EHP currently responsible for the Air Quality Management of the Xhariep District Municipality:

- A letter has been prepared for Koffiefontein Diamond Mine with reasons for the hold-up of their application and recommended actions to speed up their application
- A letter regarding the approval of request to extend the Provisional Atmospheric Emissions License has been provided to the Manager: Environmental Health which needs further approval by the Municipal Manager. This letter is accompanied by conditions that need to be complied with by the service provider responsible for the commissioning of the incinerator
- The information requested by Gondwana Environmental Solutions has been compiled by all Environmental Health Practitioners that supplements the development and completion of the Free State Air Quality Emissions Inventory

SUMMARY EMPLOYEES: OFFICE OF THE MM					
Job Level	2012/12	Ending 30 <sup>th</sup> June 2014			
	Number of Posts Filled	Number of Posts	Posts filled	Vacancies	% Variance
Office of the MM	02	11	9	2	18.18
Planning (exl LED)	05	5	4	1	20
LED	03	3	1	2	66.67
Internal Audit	03	3	2	1	33.3
Risk Manag (Shared Servic	02	2	2	0	0
Security Services	11	11	1	10	91
<b>TOTAL</b>	<b>26</b>	<b>35</b>	<b>19</b>	<b>16</b>	<b>45.7</b>

<b>FINANCIAL PERFORMANCE</b>	<b>Municipal Manager</b>			<b>PLANNING &amp; DEVELOPMENT</b>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	-	0.00%	(1,117,599.79)	-	-100.00%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	-	-	0.00%	(1,117,599.79)	-	0.00%
<b>Revenue from Exchange Transactions</b>	-	-	0.00%	-	-	0.00%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	-	-	0.00%	-	-	0.00%
<b>Total Revenue</b>	-	-	0.00%	(1,117,599.79)	-	-100.00%
<b>EXPENDITURE</b>						
Employee Related Costs	1,612,210.00	1,544,628.99	-4.19%	1,764,803.07	1,845,149.85	4.55%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	-	-	0.00%	-	-	0.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	424,340.00	426,841.32	0.59%	242,439.99	117,769.53	-51.42%
Repairs and Maintenance	-	530.00	0.00%	-	-	0.00%
<b>Total Expenditure</b>	<b>2,036,550.00</b>	<b>1,972,000.31</b>	<b>-3.17%</b>	<b>2,007,243.06</b>	<b>1,962,919.38</b>	<b>-2.21%</b>

FINANCIAL PERFORMANCE	Municipal Manager			MUNICIPAL MANAGER		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	(742,370.00)	-	-100.00%	(1,692,329.82)	(555,040.00)	-67.20%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	(742,370.00)	-	-100.00%	(1,692,329.82)	(555,040.00)	-67.20%
<b>Revenue from Exchange Transactions</b>	-	-	0.00%	-	-	0.00%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	-	-	0.00%	-	-	0.00%
<b>Total Revenue</b>	(742,370.00)	-	-100.00%	(1,692,329.82)	(555,040.00)	-67.20%
<b>EXPENDITURE</b>						
Employee Related Costs	1,378,380.00	1,126,175.77	-18.30%	1,354,703.01	1,170,110.00	-13.63%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	-	-	0.00%	-	-	0.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	373,470.00	340,287.42	-8.88%	313,553.12	267,949.00	-14.54%
Repairs and Maintenance	-	-	0.00%	-	-	0.00%
<b>Total Expenditure</b>	1,751,850.00	1,466,463.19	-16.29%	1,668,256.13	1,438,059.00	-13.80%

### 5.3 OFFICE OF COMMUNITY SERVICES



**Community Services Manager  
Mr. TA Lekwala**

#### 5.3.1 Library Services

EMPLOYEES: LIBRARY SERVICES					
Job Level	2012/13	Ending 30 <sup>th</sup> June 2014			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3					
4-6					
7-9					
10-12	03	02	02	0	0
13-15					
16-18					
19-20					
<b>TOTAL</b>	<b>03</b>	<b>02</b>	<b>02</b>	<b>0</b>	<b>0</b>

FINANCIAL PERFORMANCE	COMMUNITY SERV			LIBRARIES		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	-	0.00%	(558,799.90)	-	-100.00%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	-	-	0.00%	(558,799.90)	-	-100.00%
<b>Revenue from Exchange Transactions</b>	(30.00)	-	-100.00%	-	-	0.00%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	(30.00)	-	-100.00%	-	-	0.00%
<b>Total Revenue</b>	(30.00)	-	-100.00%	(558,799.90)	-	-100.00%
<b>EXPENDITURE</b>						
Employee Related Costs	1,276,010.00	995,236.88	-22.00%	1,056,647.85	967,048.52	-8.48%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	-	-	0.00%	-	-	0.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	14,530.00	5,992.11	-58.76%	-	-	0.00%
General Expenditure	2,400.00	2,481.27	3.39%	2,370.19	22,616.27	854.20%
Repairs and Maintenance	-	-	0.00%	-	-	0.00%
<b>Total Expenditure</b>	1,292,940.00	1,003,710.26	-22.37%	1,059,018.04	989,664.79	-6.55%

The Municipality is still awaiting the finalization of the dissolution of services process with regards to the library services, because the department of Sport, Arts & Culture is supposed to absorb the Human Capital that the Municipality is currently funding. There are 5 (five) libraries in Mohokare Local Municipality and they operate in the following manner:

Operating hours and days  
Rouxville Public Library

Days	Time of starting work	Interval of work (Lunch)	Time of finishing
Monday	8h00	13H00-13H30	16H30
Tuesday	8h00	13H00-13H30	16H30
Wednesday	8h00	13H00-13H30	16H30
Thursday	8h00	13H00-13H30	16H30
Friday	8h00	13H00-13H30	16H30
Saturday	8h00		13h00

Roleleathunya: Albert Nzula Public Library

Days	Time of starting work	Interval of work (Lunch)	Time of finishing
Monday	8h00	13H00-13H30	16H30
Tuesday	8h00	13H00-13H30	16H30
Wednesday	8h00	13H00-13H30	16H30
Thursday	8h00	13H00-13H30	16H30
Friday	8h00	13H00-13H30	16H30
Saturday	8h00		13h00

Smithfield/Mofulatshepe

Days	Time of starting work	Interval of work (Lunch)	Time of finishing
Monday	8h00	13H00-13H30	16H30
Tuesday	8h00	13H00-13H30	16H30
Wednesday	8h00	13H00-13H30	16H30
Thursday	8h00	13H00-13H30	16H30
Friday	8h00	13H00-13H30	16H30
Saturday	8h00	N/A	13h00

Zastron: Zastron Public Library

Days	Time of starting work	Interval of work (Lunch)	Time of finishing
Monday	8h00	13H00-13H30	16H30
Tuesday	8h00	13H00-13H30	16H30
Wednesday	8h00	13H00-13H30	16H30
Thursday	8h00	13H00-13H30	16H30
Friday	8h00	13H00-13H30	16H30
Saturday	8h00		13h00

Matlakeng: Matlakeng Public Library

Days	Time of starting work	Interval of work (Lunch)	Time of finishing
Monday	8h00	13H00-13H30	16H30
Tuesday	8h00	13H00-13H30	16H30
Wednesday	8h00	13H00-13H30	16H30
Thursday	8h00	13H00-13H30	16H30
Friday	8h00	13H00-13H30	16H30
Saturday	8h00		13h00

**5.3.2. Traffic Safety & Management**

The traffic management division is currently the operating from the Smithfield offices in the Tow Hall, Personnel consists of 5 (five) Males, 3 traffic officers, 1 Security Manager and 1 AdministratioClerk.

There is also 1 (one) camera utilized to issue penalties to defaulters and summon those who fail to pay before the court

Camera operations in terms of taking images and processing them through a system, verifying personal data, offence, car registration, owner's details/particulars and adjudication before sending 341 notices is not in place.

All operations with the cameras was suspended by the Director of Public Prosecution Free State and all outstanding camera fines were withdrawn by the Director of Public Prosecution Free State, no further prosecution on those fines or payments allowed.

The Traffic offices were re-opened in mid-December 2010, Law Enforcement is done by hand and results are good but not as it were with camera operations:

EMPLOYEES: TRAFFIC					
Job Level	2012/13	Ending 30 <sup>th</sup> June 2014			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3					
4-6	01	1	1	0	0
7-9	05				
10-12		5	2	3	60
13-15	01	1	1	0	0
16-18					
19-20					
<b>TOTAL</b>	<b>07</b>	<b>7</b>	<b>4</b>	<b>3</b>	<b>42.8</b>

<b>FINANCIAL PERFORMANCE</b>	<b>COMMUNITY SERV</b>			<b>POLICE, TRAFFIC &amp; STREET PARKING</b>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	(111,830.00)	(59,316.21)	-46.96%	(1,226,439.87)	(126,240.00)	-89.71%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	(111,830.00)	(59,316.21)	-46.96%	(500,000.00)	(126,240.00)	-74.75%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	-	-	0.00%	(726,439.87)	-	-100.00%
<b>Revenue from Exchange Transactions</b>	-	(1,802,433.65)	0.00%	-	(67,927.76)	0.00%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	-	(1,802,433.65)	0.00%	-	(67,927.76)	0.00%
<b>Total Revenue</b>	(111,830.00)	(1,861,749.86)	1564.80%	(1,226,439.87)	(194,167.76)	-84.17%
<b>EXPENDITURE</b>						
Employee Related Costs	1,078,190.00	960,358.41	-10.93%	1,051,009.74	1,096,855.21	4.36%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	-	-	0.00%	-	-	0.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	-	-	0.00%	-	25,253.38	0.00%
General Expenditure	99,790.00	188,769.54	89.17%	209,820.95	158,465.03	-24.48%
Repairs and Maintenance	25,650.00	5,308.00	-79.31%	35,000.00	-	-100.00%
<b>Total Expenditure</b>	1,203,630.00	1,154,435.95	-4.09%	1,295,830.69	1,280,573.62	-1.18%

### 5.3.3. Disaster Management

Disaster management as stated before is a district function in terms of the allocation of powers and functions and information was not yet available by the time of printing the 2013/14 draft annual performance report.

### 5.3.4 Social Facilities (Parks, Recreation, Sports Facilities& Cemeteries)

EMPLOYEES: SOCIAL FACILITIES					
Job Level	2012/13	Ending 30 <sup>th</sup> June 2014			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3		30	29	1	3.3
4-6	28	3	1	2	66.6
7-9					
10-12	01	1	1	0	0
13-15					
16-18					
19-20					
<b>TOTAL</b>	<b>29</b>	<b>34</b>	<b>31</b>	<b>3</b>	<b>8.8</b>

### 5.3.5 Other Community Service

<u>FINANCIAL PERFORMANCE</u>	<u>COMMUNITY SERV</u>			<u>SPORTS &amp; RECREATION</u>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	-	0.00%	(782 319.85)	-	-100.00%
Government Grants and Subsidies Received	-	-	0.00%	(782 319.85)	-	-100.00%
<b>Revenue from Exchange Transactions</b>	(490.00)	(202.62)	-58.65%	(149.12)	(74.56)	-50.00%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	(490.00)	(202.62)	-58.65%	(149.12)	(74.56)	-50.00%
<b>Total Revenue</b>	(490.00)	(202.62)	-58.65%	(782 468.97)	(74.56)	-99.99%
<b>EXPENDITURE</b>						
Employee Related Costs	1 601 780.00	1 256 729.98	-21.54%	1 234 349.70	1 213 873.32	-1.66%
General Expenditure	9 420.00	14 890.71	58.08%	8 600.00	72.50	-99.16%
Repairs and Maintenance	105 680.00	81 624.83	-22.76%	122 000.00	2 607.00	-97.86%
<b>Total Expenditure</b>	1 716 880.00	1 353 245.52	-21.18%	1 364 949.70	1 216 552.82	-10.87%

<b>FINANCIAL PERFORMANCE</b>	<b>COMMUNITY SERV</b>			<b>PUBLIC SAFETY - CONTROL OF ANIMALS</b>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	-	0.00%	(106 171.98)	-	- 100.00%
Government Grants and Subsidies Received	-	-	0.00%	(106 171.98)	-	- 100.00%
<b>Revenue from Exchange Transactions</b>	(190.00)	(79.82)	-57.99%	(5 473.16)	(43 981.58)	0.00%
Services Charges	-	-	0.00%	-	-	0.00%
Other Income	(190.00)	(79.82)	-57.99%	(5 473.16)	(43 981.58)	703.59%
<b>Total Revenue</b>	(190.00)	(79.82)	-57.99%	(111 645.14)	(43 981.58)	- 60.61%
<b>EXPENDITURE</b>						
Employee Related Costs	185 920.00	169 973.54	-8.58%	190 592.24	191 162.63	0.30%
General Expenditure	-	18 000.00	0.00%	-	57 617.66	0.00%
Repairs and Maintenance	-	-	0.00%	-	-	0.00%
<b>Total Expenditure</b>	185 920.00	187 973.54	1.10%	190 592.24	248 780.29	30.53%

<u>FINANCIAL PERFORMANCE</u>	<u>COMMUNITY SERV</u>			<u>CEMETERI</u>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	(150.00)	-	-100.00%	(11 176.00)	-	- 100.00%
Government Grants and Subsidies Received	(150.00)	-	-100.00%	(11 176.00)	-	- 100.00%
<b>Revenue from Exchange Transactions</b>	(63 900.00)	(43 968.91)	-31.19%	(53 626.98)	(48 615.65)	-9.34%
Services Charges	-	-	0.00%	-	-	0.00%
Other Income	(63 900.00)	(43 968.91)	-31.19%	(53 626.98)	(48 615.65)	-9.34%
<b>Total Revenue</b>	(64 050.00)	(43 968.91)	-31.35%	(64 802.98)	(48 615.65)	- 24.98%
<b>EXPENDITURE</b>						
Employee Related Costs	340.00	(251.80)	-174.06%	-	-	0.00%
General Expenditure	-	-	0.00%	-	-	0.00%
Repairs and Maintenance	790.00	(390.19)	-149.39%	24 000.00	-	- 100.00%
<b>Total Expenditure</b>	1300.00	(641.99)	-156.81%	24 000.00	-	- 100.00%

FINANCIAL PERFORMANCE	COMMUNITY SERV			OTHER COMMUNITY SERVICES		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	-	0.00%	(3,424,609.50)	(555,040.00)	-83.79%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	-	-	0.00%	(3,424,609.50)	(555,040.00)	-83.79%
<b>Revenue from Exchange Transactions</b>	(2,000.00)	-	-100.00%	(100,000.00)	-	-100.00%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	(2,000.00)	-	-100.00%	(100,000.00)	-	0.00%
<b>Total Revenue</b>	(2,000.00)	-	-100.00%	(3,524,609.50)	(555,040.00)	-84.25%
<b>EXPENDITURE</b>						
Employee Related Costs	3,876,560.00	4,036,604.62	4.13%	4,410,264.85	4,413,000.98	0.06%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	-	-	0.00%	-	-	0.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	220,250.00	406,898.53	84.74%	340,480.69	404,664.11	18.85%
Repairs and Maintenance	124,920.00	61,819.01	-50.51%	101,440.00	32,535.08	-67.93%
<b>Total Expenditure</b>	4,221,730.00	4,505,322.16	6.72%	4,852,185.54	4,850,200.17	-0.04%

FINANCIAL PERFORMANCE	COMMUNITY SERV.			PROPERTY SERVICES		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	-	0.00%	(782,319.85)	-	-100.00%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	-	-	0.00%	(782,319.85)	-	0.00%
<b>Revenue from Exchange Transactions</b>	(25,000.00)	(81,735.07)	0.00%	(93,505.36)	(25,816.13)	-72.39%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	(25,000.00)	(81,735.07)	0.00%	(93,505.36)	(25,816.13)	-72.39%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	-	-	0.00%	-	-	0.00%
<b>Total Revenue</b>	(25,000.00)	(81,735.07)	226.94%	(875,825.21)	(25,816.13)	-97.05%
<b>EXPENDITURE</b>						
Employee Related Costs	-	-	0.00%	-	-	0.00%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	-	-	0.00%	-	-	0.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	1,330,040.00	755,650.11	-43.19%	150,000.00	177,012.64	18.01%
General Expenditure	-	70,946.02	0.00%	742,081.17	414,075.59	-44.20%
Repairs and Maintenance	1,379,800.00	554,149.99	-59.84%	449,560.58	168,464.41	-62.53%
<b>Total Expenditure</b>	2,709,840.00	1,380,746.12	-49.05%	1,341,641.75	759,552.64	-43.39%

FINANCIAL PERFORMANCE	COMMUNITY SERV.			COMMUNITY HALL		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	-	0.00%	(139,700.00)	-	-100.00%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	-	-	0.00%	(139,700.00)	-	-100.00%
<b>Revenue from Exchange Transactions</b>	(20,010.00)	(55,731.87)	178.52%	(25,036.66)	(18,219.57)	-27.23%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	(20,010.00)	(13,745.26)	-31.31%	(25,036.66)	(18,219.57)	-27.23%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	-	(41,986.61)	0.00%	-	-	0.00%
<b>Total Revenue</b>	(20,010.00)	(55,731.87)	178.52%	(164,736.66)	(18,219.57)	-88.94%
<b>EXPENDITURE</b>						
Employee Related Costs	590,840.00	323,303.21	-45.28%	101,079.44	93,626.53	-7.37%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	-	-	0.00%	-	-	0.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	8,510.00	7,385.98	-13.21%	10,000.00	2,000.00	-80.00%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	12,850.00	1,176.71	-90.84%	10,135.60	8,646.41	-14.69%
Repairs and Maintenance	122,500.00	963.53	-99.21%	132,300.00	-	-100.00%
<b>Total Expenditure</b>	734,700.00	332,829.43	-54.70%	253,515.04	104,272.94	-58.87%

### 5.3.6 Summary Employees: Community Services

SUMMARY EMPLOYEES: COMMUNITY SERVICES					
Job Level	2012/13	Ending 30 <sup>th</sup> June 2013			
	Number of Posts Filled	Number of Posts	Posts filled	Vacancies	% Variance
Office of Director	08	11	7	4	36.3
Sports Facilities	01	0	0	0	0
Amenities	29	34	31	3	8.8
Human Settlement	04	4	3	1	25
Land	06	6	4	2	33.3
Waste Management	61	44	37	7	15.9
Traffic	07	7	4	3	42.9
Library Services	03	2	2	0	0
<b>TOTAL</b>	<b>119</b>	<b>108</b>	<b>88</b>	<b>21</b>	<b>19.44</b>

## 5.4. Corporate Services



**Me. L.V. Nqoko-Rametse**

### 5.4.1 Policy Development

Corporate Services facilitated the development of different municipal policies as to address the backlog on those policies not in place. The following policies exist within the Municipality:

1. Code of Conduct and Ethics
2. Language Policy
3. Cemeteries Policy
4. Customer Care Policy
5. Commonage Policy
6. Records Management Policy
7. Fleet Policy
8. Policy Guidelines for Civic Funerals (Councillors and Directors)
9. Information Technology Policy
10. Policies & Procedures for Fruitless and Wasteful Expenditure
11. Performance Management Framework
12. Communications Strategy & Policy
13. Placement Policy
14. Employment Equity Policy
15. Risk Management Strategy, Policy & Framework
16. Travelling & Subsistence Policy
17. Paupers Burial Policy
18. Organisational Design Policy
19. Employment Policy
20. Training & Development Policy
21. Leave Policy
22. Relocation Policy
23. Vehicle and Equipment Policy
24. Legal Aid Policy
25. Occupational Health & Safety Policy
26. Employee Benefits Policy
27. Smoking in the Workplace Policy
28. Working Hours Policy
29. Labour Relations Policy
30. Employment Equity Policy
31. Harassment Policy
32. Occupational Health & Safety Policy
33. Indigent Policy

34. Rates Policy
35. Credit Control Policy
36. Tariff Policy
37. Banking and Investment & Cash Management Policy
38. Loans Policy
39. Accounting Policy
40. Asset Management Policy
41. Supply Chain Management Policy
42. Budget Policy
43. Bad Debt Write-off Policy
44. Sites for Churches Policy
45. Notch Progression Policy
46. EPWP Policy
47. Land Disposal Policy
48. Draft Public Participation Policy

The following policies were reviewed/ adopted during the year under audit:

1. Budget Related Policies
2. Sites for Churches Policy
3. Notch Progression Policy
4. EPWP Policy
5. Land Disposal Policy
6. Public Participation Policy (draft)

The following plans (strategies) were reviewed/ adopted during the year under audit:

1. Building Plan Control Manual
2. Building Plan Regulations & Specifications
3. Workplace Skills Plan
4. Organizational Structure
5. Ward Plans
6. Records Management File Plan
7. Disaster Management Plan
8. Spatial Development Framework
9. Delegation of Powers
10. Commonage Management Plan
11. Disaster Management Plan
12. Human Settlements Sector Plan
13. Fire Maintenance Plan (draft)
14. Integrated Waste Management Plan
15. Mohokare LED Strategy
16. HIV/Aids Wellness Plan

## 5.4.2.Administration

EMPLOYEES: ADMINISTRATION					
Job Level	2012/13	Ending 30 <sup>th</sup> June 2014			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3					
4-6	08	8	5	3	37.5
7-9		1	0	1	100
10-12	04	6	5	1	16.67
13-15	01	1	1	0	0
16-18					
19-20		1	1	0	0
<b>TOTAL</b>	<b>13</b>	<b>17</b>	<b>12</b>	<b>5</b>	<b>29.4</b>

<b>FINANCIAL PERFORMANCE</b>	<b>Corporate Serv.</b>			<b>OTHER ADMINISTRATION</b>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	(2 428 940.00)	(800 000.00)	-67.06%	(6 625 699.05)	(1 996 650.17)	-69.87%
Government Grants and Subsidies Received	(2 428 940.00)	(800 000.00)	-67.06%	(6 625 699.05)	(1 996 650.17)	-69.87%
<b>Revenue from Exchange Transactions</b>	-	-	0.00%	-	-	0.00%
Services Charges	-	-	0.00%	-	-	0.00%
Other Income	-	-	0.00%	-	-	0.00%
<b>Total Revenue</b>	(2 428 940.00)	(800 000.00)	-67.06%	(6 625 699.05)	(1 996 650.17)	-69.87%
<b>EXPENDITURE</b>						
Employee Related Costs	4 543 790.00	4 058 585.78	-10.68%	4 425 928.09	4 501 112.17	1.70%
Contracted Services	822 360.00	301 003.96	-63.40%	1 594 354.98	803 161.72	0.00%
General Expenditure	3 497 310.00	2 851 388.94	-18.47%	2 533 099.15	2 930 863.59	15.70%
Repairs and Maintenance	150.00	5 186.87	3357.91%	75 512.00	44 283.31	-41.36%
<b>Total Expenditure</b>	8 863 610.00	7 216 165.55	-18.59%	8 628 894.22	8 279 420.79	-4.05%

### 5.4.3 Human Resource Management (HR, Labor Relations, SDF, Employee Wellness)

EMPLOYEES: HUMAN RESOURCES MANAGEMENT					
Job Level	2011/12	Ending 30 <sup>th</sup> June 2013			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
4-6	01	2	1	1	50
7-9	01				
10-12	06	3	3	0	0
13-15	01	1	1	0	0
<b>TOTAL</b>	<b>09</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>16.67</b>

<b>FINANCIAL PERFORMANCE</b>	<b>Corporate Serv.</b>			<b>HUMAN RESOURCE</b>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	(70.00)	-	-100.00%	(1,117,599.79)	-	-100.00%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	(70.00)	-	-100.00%	(1,117,599.79)	-	0.00%
<b>Revenue from Exchange Transactions</b>	-	-	0.00%	(176,000.00)	(320,180.81)	81.92%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	-	-	0.00%	(176,000.00)	(320,180.81)	81.92%
<b>Total Revenue</b>	<b>(70.00)</b>	<b>-</b>	<b>-100.00%</b>	<b>(1,293,599.79)</b>	<b>(320,180.81)</b>	<b>-75.25%</b>
<b>EXPENDITURE</b>						
Employee Related Costs	1,625,650.00	1,445,256.02	-11.10%	1,612,168.26	1,736,555.65	7.72%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	-	-	0.00%	-	-	0.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	186,660.00	127,504.05	-31.69%	416,240.53	230,735.48	-44.57%
Repairs and Maintenance	-	40.00	0.00%	256.00	80.00	0.00%
<b>Total Expenditure</b>	<b>1,812,310.00</b>	<b>1,572,800.07</b>	<b>-13.22%</b>	<b>2,028,664.79</b>	<b>1,967,371.13</b>	<b>-3.02%</b>

There were no employee wellness activities that took place during the year under review.

#### 5.4.4 Office of the Mayor

EMPLOYEES: OFFICE OF THE MAYOR (Exc COUNCILLORS)					
Job Level	2011/12	Ending 30 <sup>th</sup> June 2013			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3	0	6	6	0	0
4-6	09	2	1	1	50
7-9					
10-12	06	6	5	1	20
19-20					
<b>TOTAL</b>	<b>15</b>	<b>14</b>	<b>12</b>	<b>2</b>	<b>14.3</b>

<u>FINANCIAL PERFORMANCE</u>	<u>Municipal Manager</u>			<u>COUNCIL</u>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	-	0.00%	(6 114 639.19)	-	- 100.00%
Government Grants and Subsidies Received	-	-	0.00%	(6 114 639.19)	-	- 100.00%
<b>Revenue from Exchange Transactions</b>	-	-	0.00%	-	-	0.00%
Services Charges	-	-	0.00%	-	-	0.00%
Other Income	-	-	0.00%	-	-	0.00%
<b>Total Revenue</b>	-	-	0.00%	(6 114 639.19)	-	- 100.00%
<b>EXPENDITURE</b>						
Employee Related Costs	2 212 080.00	1 991 832.22	-9.96%	2 611 121.10	2 668 224.69	2.19%
Remuneration of Councilors	2 668 880.00	2 844 699.14	6.59%	2 986 379.93	3 065 338.51	2.64%
General Expenditure	1 850 250.00	1 711 187.60	-7.52%	1 805 552.97	2 194 915.86	21.56%
Repairs and Maintenance	-	10 356.95	0.00%	256.00	7 038.00	0.00%
<b>Total Expenditure</b>	6 731 210.00	6 558 075.91	-2.57%	7 403 310.00	7 935 517.06	7.19%

#### 5.4.5 Summary Employee: Corporate Services

SUMMARY EMPLOYEES: CORPORATE SERVICES					
Job Level	2012/13	Ending 30 <sup>th</sup> June 2014			
	Number of Posts Filled	Number of Posts	Posts filled	Vacancies	% Variance
Office of Director	02	2	1	1	50
Human Resources	09	6	5	1	20
Administration	13	17	12	5	30
Legal Services	01	0	0	0	0
Political Office	15	14	12	2	10
<b>TOTAL</b>	<b>40</b>	<b>39</b>	<b>30</b>	<b>9</b>	<b>20</b>

# MOHOKARE LOCAL MUNICIPALITY



**MOHOKARE**  
LOCAL MUNICIPALITY

## **TECHNICAL SERVICES ANNUAL REPORT**



**Mr. M.N. Tsoamotse**

**2013/2014 FINANCIAL YEAR**

Prepared by  
Mohokare Local Municipality  
P.O Box 20  
Zastron  
9950  
Tel: 051 673 9600  
Date: 22 July 2013

**Technical Services**

**1. PURPOSE OF REPORT**

This report serves to inform the Department of Corporative Governance and Traditional Affairs, Treasury and other sector departments on the Service Delivery performance of Mohokare Local Municipality in the 2013/14 financial year.

The report seeks to evaluate the performance of the Municipality in meeting its targets as set out in the Service Delivery and Budget Implementation Plan (SDBIP).

**1. BACKGROUND**

The Municipality is mandated to provide basic services through its technical services department which is sub-divided into the following division: roads & storm water, sanitation, water, electricity and the Project Management Unit.

In order to deliver on this mandate the technical services has been provided with both Capital and Operational budget. The Capital budget is been managed by the Project Management unit whereas the Operational budget is managed through the three units namely Zastron, Rouxville and Smithfield.

The Capital budget is exclusively composed of grants from sector departments through provision as set out by Treasury.

**2. DISCUSSION**

**Capital Budget – Financial performance**

The table below gives a summary of the financial performance for all the service delivery grants allocated for the year.

<b>NAME OF GRANT</b>	<b>ALLOCATION</b>	<b>TRANSFERRED AMOUNT</b>	<b>EXPENDITURE</b>	<b>EXPENDITURE IN %</b>
Municipal Infrastructure Grant	R 17 887 000.00	R 17 887 000.00	R 17 887 000.00	100%
Regional Bulk Infrastructure Grant	R 20 900 000.00	R 20 900 000.00	R 20 900 000.00	100%
Municipal Water Infrastructure Grant	R 1 000 000.00	R 1 000 000.00	R 0.00	0%
<b>TOTAL</b>	<b>R 39 787 000.00</b>	<b>R 39 787 000.00</b>	<b>R 38 787 000.00</b>	<b>97%</b>

From the above, it can be deduced that the municipality has managed to spend 97% of its overall annual allocation. The three percent that could not be spend although allocated to the Municipality its implementation was entrusted with the Local Water board which due to its challenges could not implement the project within the given timeframes hence the none expenditure. An application for roll-over has been submitted to Treasury in this regard.

## I. Projects Implemented under MIG

**Table 1: Expenditure per project**

Project Description	MIG Approved Project Value	Overall Expenditure on the Project	Expenditure for 2013/14
Mohokare PMU	R 894 350.00	R 894 350.00	R 894 350.00
Mohokare: Upgrading of the Caledon water scheme to Smithfield	R 12 770 000.00	R 12 752 133.08	R 1 815 204.59
Upgrading of the Zastron sewage treatment works	R22 902 596.68	R 11 700 492.32	R 1 165 143.88
Smithfield: Upgrading of the oxidation ponds	R 20 098 770.32	R 20 098 770.32	R 4 119 310.05
Upgrading of Roleleathunya Sports Ground	R 2 832 600.00	R 2 780 176.55	R 215 067.53
Upgrading of internal streets in Matlakeng ( 2.9 km)	R 16 895 195.89	R 6 671 273.28	R 6 671 273.28
Zastron: Installation of 16 high mast lights in Refengkhotoso	R 4 293 187.00	R 4 046 271.67	R 346 271.67
Upgrading of Matlakeng Sports ground	R 2 660 379.00	R 2 660 379.00	R 2 660 379.00
<b>Total</b>			<b>R 17 887 000.00</b>

## I. Project Implemented under RBIG – Financial performance

NAME OF PROJECT	EXPENDITURE
Upgrading of the Rouxville Water Treatment Plant	R 13,900,000.00
Upgrading of the 15km raw water pipeline in Zastron	R 7,000,000.00
<b>TOTAL</b>	

### 1.3 PHYSICAL PROGRESS ON PROJECTS - MIG

#### Mohokare: Upgrading of the Caledon water scheme to Smithfield

The project is complete and the municipality is in position of a close- out report.

#### Upgrading of the Zastron sewage treatment works

The project was sent to provincial CoGTA for budget maintenance. The civil works has been completed but due to the limitation of funds, the mechanical and electrical components of the plant are still outstanding. The project has been sent to provincial DWA for addition funding.

#### Upgrading of Roleleathunya Sports Ground

The project is complete.

#### Upgrading of internal streets in Matlakeng (2.9 km)

The project is progressing well and is currently at 65% completion. The anticipated completion date is end November 2014; hence this project shall overlap into the new financial year of 2014/15.

### **Zastron: Installation of 16 high mast lights in Refengkhotoso**

The project is complete and is currently in retention. The last 5% retention shall be paid out during the 2014/15 financial year.

### **Upgrading of Matlakeng Sports ground**

The project is at 90% completion and is expected to be complete by end of July 2014. This project was sent to provincial CoGTA for a budget maintenance amount of R 536,312.87.

## **1.4 PHYSICAL PROGRESS ON PROJECTS – RBIG**

### **Upgrading of the Rouxville Water Treatment Works**

Physical progress on site was at 70% way below the contractual agreement; Progress on site was badly affected by the poor workmanship of the contractor resulting with the termination of the contract. The Municipality went out on tender again and appointed a new contractor to complete the outstanding works- completion period is November 2014.

### **Upgrading of the 15 km raw water pipeline in Zastron**

The Municipality procured all the pipes utilizing its Supply chain process; it further went out on tender to appoint a contractor. The project hand over to the contractor was done on the 17<sup>th</sup> of July 2014 with a completion period of 12<sup>th</sup> of March 2015

## **3.2 SOCIAL AND ECONOMIC BENEFITS**

Implementation of projects within the Municipality is targeted to provide social and economic benefits to the community within the boundaries of the Municipality. This should be achieved through employment opportunities and development of local sub-contractors.

Below are the employment figures for the year per project under the MIG program

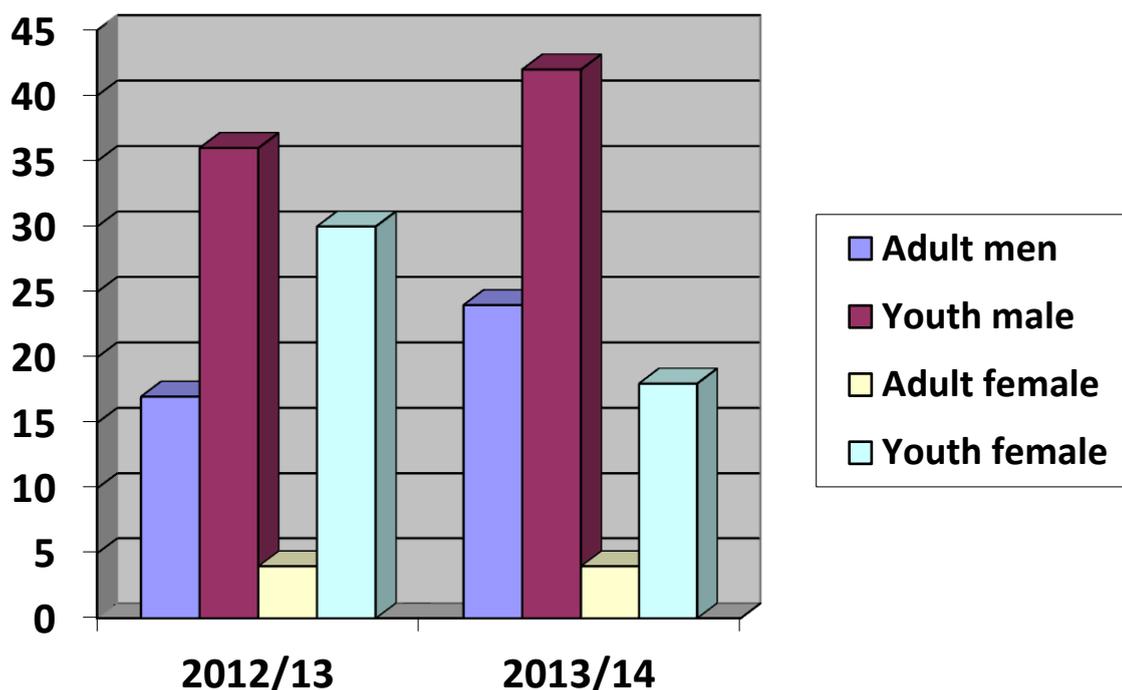
**Table 2: Labour Employment**

Project Description	Male		Females		Disabled	Total
	Youth	Adult	Youth	Adult		
Mohokare: Upgrading of the Caledon water scheme to Smithfield	0	2	0	0	0	2
Upgrading of the Zastron sewage treatment works	4	2	0	0	0	6
Smithfield: Upgrading of the oxidation ponds	3	1	0	0	0	4
Upgrading of Roleleathunya Sports Ground	0	0	0	0	0	0
Upgrading of internal streets in Matlakeng ( 2.9 km)	25	17	9	1	0	52
Zastron: Installation of 16 high mast lights in Refengkhotoso	0	0	0	0	0	0
Upgrading of Matlakeng Sports ground	10	2	9	3	0	24
<b>Total</b>	<b>42</b>	<b>24</b>	<b>18</b>	<b>4</b>	<b>0</b>	<b>88</b>

From the above table it can be seen that a total number of 88 job opportunities was created through implementation of this programme and representation on gender and disability status was as follows:

Male Adults : 27.3%  
 Male Youth : 47.7%  
 Female Adults : 4.5%  
 Female Youths : 20.5%  
 Disabled : 0%

The bar- graph below indicates the comparison in terms of Labour employments for 2012/13 and 2013/14.



From the above information it can be noted that people with disabilities were not employed. The majority of labour is composed of youth male and female respectively. The municipality has room for improvement on gender and age distribution. This shall be taken into consideration in the 2014/15 financial year.

Below is the employment figures created under the RBIG programme

### External Support from other Sector department

The Xhariep District was identified as one of the 24 district Municipalities that needed urgent support within the country. The support was formulated with the establishment of a Municipal Infrastructure Support Agency which was mandated to identify critical areas of support together with the Municipality. Working with the Municipality the following were achieved:

Development of:

- Water services and Sanitation master plan

- Roads and Storm water master plan
- Blue drop improvement plan
- Green drop improvement plan
- Waste master plan
- Refenghotso sewage investigation

## Operational budget

### Water

The Municipality is both a water services authority and water services provider for all its three towns. Waters is supplied from three independent water systems from the following water sources:

Smithfield : Caledon River and Smithfield dam  
 Rouxville : Kalkoenkrans and Paisley dam  
 Zastron : Montagu dam

### Quality and quantity

Below is the amount of supplied water per town:

Name Water Services Supply system	Quantity of purified(Treated) water (kl)	Targeted treated water per supply system (kl)
Rouxville Water Treatment Plant	622 548	468 000
Smithfield Water Treatment Plant	622 548	612 000
Zastron Water Treatment Plant	1 289 640	972 000

The Municipality was evaluated by the department on its blue drop assessment program and the results are still to be issued for publication. The preliminary assessment report indicates an average improvement on the following areas:

EMPLOYEES: WATER SERVICES					
Job Level	2012/2013	Ending 31 <sup>st</sup> July 2014			
	Number of posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3		20	19	1	2.1
4-6	60	24	24	0	0
7-9l					
10-12	3	3	3	0	0
13-15					
16-18					
19-20					
<b>TOTAL</b>	<b>63</b>	<b>47</b>	<b>46</b>	<b>1</b>	<b>2.1</b>

<b>FINANCIAL PERFORMANCE</b>	<b>TECHNICAL SERV</b>			<b>WATER DISTRIBUTION</b>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	(1,282,040.00)	(28,200,652.27)	0.00%	(7,264,398.65)	(16,121,232.19)	121.92%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	(1,282,040.00)	(28,200,652.27)	2099.67%	(7,264,398.65)	(16,121,232.19)	121.92%
<b>Revenue from Exchange Transactions</b>	(5,909,450.00)	(9,806,123.67)	65.94%	(9,500,000.00)	(14,000,941.79)	47.38%
Services Charges	(5,909,450.00)	(9,806,123.67)	0.00%	(9,500,000.00)	(14,000,941.79)	47.38%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	-	-	0.00%	-	-	0.00%
<b>Total Revenue</b>	<b>(7,191,490.00)</b>	<b>(38,006,775.94)</b>	<b>428.50%</b>	<b>(16,764,398.65)</b>	<b>(30,122,173.98)</b>	<b>79.68%</b>
<b>EXPENDITURE</b>						
Employee Related Costs	5,082,470.00	4,769,793.12	-6.15%	6,088,142.57	6,404,961.24	5.20%
Debt Impairment	665,420.00	5,311,381.09	698.20%	2,100,000.00	-	-100.00%
Depreciation	3,000,000.00	17,127.00	-99.43%	4,168,000.00	-	-100.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	912,220.00	-	-100.00%	1,185,890.00	-	-100.00%
Bulk Purchases	-	1,084,777.82	0.00%	900,000.00	877,363.63	-2.52%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	6,298,510.00	3,215,081.60	-48.95%	3,438,435.39	3,983,983.37	15.87%
Repairs and Maintenance	1,101,570.00	574,934.67	-47.81%	1,302,604.11	545,164.42	-58.15%
<b>Total Expenditure</b>	<b>17,060,190.00</b>	<b>14,973,095.30</b>	<b>-12.23%</b>	<b>19,183,072.07</b>	<b>11,811,472.66</b>	<b>-38.43%</b>

## Sanitation

Completion of the Smithfield waste water treatment plant further shows a commitment by the Municipality to deliver on its mandate in protection of the environment by discharging effluent that complies with the prescribed waste water standards. The completion of this treatment plant will further assist the Municipality in the improvement of its Green drop status. However the Municipality still faces challenges in completion of the Zastron waste water treatment plant (Mechanical and Electrical works) due to lack of funds, the matter is still been pursued with relevant sector department

EMPLOYEES: SANITATION					
Job Level	2012/13	Ending 31 <sup>st</sup> July 2014			
	Number of posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3		40	40	0	
4-6	66.00	27	6	21	30%
7-9					
10-12	3.00	3	3	0	0
13-15					
16-18					
19-20					
<b>TOTAL</b>	<b>69</b>	<b>70</b>	<b>49</b>	<b>21</b>	<b>30%</b>

<b>FINANCIAL PERFORMANCE</b>	<b>TECHNICAL SERV</b>			<b>WASTE WATER MANAGEMENT</b>		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	(16,361,892.00)	(1,123,000.00)	0.00%	(5,587,998.96)	(17,886,999.50)	220.10%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	(16,361,892.00)	(1,123,000.00)	0.00%	(5,587,998.96)	(17,886,999.50)	220.10%
<b>Revenue from Exchange Transactions</b>	(8,214,360.00)	(7,279,237.47)	-11.38%	(8,377,320.38)	(8,647,177.52)	3.22%
Services Charges	(5,714,360.00)	(7,279,237.47)	27.38%	(8,377,320.38)	(8,647,177.52)	3.22%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	(2,500,000.00)	-	-100.00%	-	-	0.00%
<b>Total Revenue</b>	<b>(24,576,252.00)</b>	<b>(8,402,237.47)</b>	<b>-65.81%</b>	<b>(13,965,319.34)</b>	<b>(26,534,177.02)</b>	<b>90.00%</b>
<b>EXPENDITURE</b>						
Employee Related Costs	6,880,860.00	6,521,254.74	-5.23%	7,718,020.89	8,239,143.04	6.75%
Debt Impairment	530,400.00	-	-100.00%	1,600,000.00	-	-100.00%
Depreciation	6,000,000.00	382,505.00	-93.62%	7,336,000.00	-	-100.00%
Finance Charges	164,900.00	161,515.92	-2.05%	239,114.14	148,706.75	-37.81%
Transfers and Grants	1,097,710.00	-	-100.00%	1,427,020.00	401,020.36	-71.90%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	505,270.00	406,493.59	-19.55%	737,150.61	98,724.98	-86.61%
Repairs and Maintenance	21,280.00	75,658.88	255.54%	-	41,640.53	0.00%
<b>Total Expenditure</b>	<b>15,200,420.00</b>	<b>7,547,428.13</b>	<b>-50.35%</b>	<b>19,057,305.64</b>	<b>8,929,235.66</b>	<b>-53.15%</b>

## Roads and Storm water

The Municipality has prioritized the upgrading of access roads by implementation of Capital budget on this division. This is evident with the completion of the 2 km paved access road in Rouxville, the 2.9 km access road in Zastron which is still under construction (60% completion) and the inclusion of the 3km access road in Smithfield in the MIG implementation plan of 2015/16.

In terms of maintenance, the department has an appointed a supervisor who is responsible for all roads and stormwater maintenance work. The day to day task included the following:

- Operations supervision.
- Grading of gravel roads.
- Patching of potholes.
- Painting of road markings.
- Identification of roads that need to be replaced.

Maintenance of roads was considered for all three towns.

EMPLOYEES: ROADS & STORM WATER					
Job Level	2012/2013	Ending 31 <sup>st</sup> July 2014			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3		16	13	3	18.75
4-6	21	5	5	0	0
7-9					
10-12	03	4	1	3	75
13-15					
16-18					
19-20					
<b>TOTAL</b>	<b>24</b>	<b>25</b>	<b>19</b>	<b>6</b>	<b>24</b>

Please note that the Traffic Management is included within the financial performance of Roads and Storm Water Services, this is due to the arrangement as set out in the 2010/2011 Budget.

FINANCIAL PERFORMANCE	TECHNICAL SERV			ROADS TRANSPORT		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	(52,591.00)	(4,070,760.99)	7640.41%	(1,514,599.53)	1,072,574.44	-170.82%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	(52,591.00)	(4,070,760.99)	7640.41%	(1,514,599.53)	1,072,574.44	-170.82%
<b>Revenue from Exchange Transactions</b>	(100.00)	(30,077.05)	29977.05%	(110.00)	-	-100.00%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	(30,077.05)	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	(100.00)	-	-100.00%	(110.00)	-	-100.00%
<b>Total Revenue</b>	<b>(52,691.00)</b>	<b>(4,100,838.04)</b>	<b>7682.81%</b>	<b>(1,514,709.53)</b>	<b>1,072,574.44</b>	<b>-170.81%</b>
<b>EXPENDITURE</b>						
Employee Related Costs	2,182,690.00	2,129,296.68	-2.45%	3,401,156.24	3,462,561.37	1.81%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	5,000,000.00	-	-100.00%	6,280,000.00	-	-100.00%
Finance Charges	83,330.00	-	0.00%	-	23,782.08	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	212,560.00	200,653.65	-5.60%	145,313.80	121,990.44	-16.05%
Repairs and Maintenance	879,380.00	810,232.41	-7.86%	545,314.94	388,337.03	-28.79%
<b>Total Expenditure</b>	<b>8,357,960.00</b>	<b>3,140,182.74</b>	<b>-62.43%</b>	<b>10,371,784.98</b>	<b>3,996,670.92</b>	<b>-61.47%</b>

The table below indicates the different aspects of roads and storm water that were attended to.

Name of Services	Inspection Concerns/observations
1. Tar Roads	2. Tar Potholes to be closed using Tar while using gravel temporarily
3. Gravel roads	2. Maintenances of gravel Roads at Rouxville, Smithfield and Zastron
3. Community Services illegal dumping sites and sport Grounds	3. Grading of Sports Ground per units 4. Plenty of illegal dumping sites.
4. Stormwater management	6. Rouxville Stormwater management 7. Smithfield Stormwater management 8. Zastron Stormwater management
5. Tafficable Road	9. Painting of Stop signs and all relevant road markings

### Electricity

Mohokare Local Municipality is a electricity services authority, however the municipality is not an electricity services provider. The municipality outsourced the electricity division to Centlec who shall ensure that electrification of households within the jurisdiction of Mohokare LM is done.

The Technical department still remains responsible for the following functions:

- Meter Transfers
- New Connections

	EMPLOYEES: ELECTRICITY				
Job Level		Ending 31 <sup>st</sup> July 2014			
	2012/13	Number of Posts	Posts filled	Vacancies	% Variance
0-3					
4-6					
7-9					
10-12	02	4	2	2	50
13-15	01	0	0	0	0
16-18					
19-20					
Intern	01				
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>50</b>

FINANCIAL PERFORMANCE	TECHNICAL SERV			ELECTRICITY DISTRIBUTION		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	(8,079,645.29)	0.00%	(2,905,759.46)	-	-100.00%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	-	(8,079,645.29)	0.00%	(2,905,759.46)	-	-100.00%
<b>Revenue from Exchange Transactions</b>	(20,000,000.00)	(20,307,552.22)	1.54%	(20,000,000.00)	-	-100.00%
Services Charges	(20,000,000.00)	(20,307,552.22)	1.54%	(20,000,000.00)	-	-100.00%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	-	-	0.00%	-	-	0.00%
<b>Total Revenue</b>	(20,000,000.00)	(28,387,197.51)	41.94%	(22,905,759.46)	-	-100.00%
<b>EXPENDITURE</b>						
Employee Related Costs	820,930.00	750,705.95	-8.55%	788,615.89	758,089.82	-3.87%
Debt Impairment	-	-	0.00%	-	-	#DIV/0!
Depreciation	4,000,000.00	-	-100.00%	5,000,000.00	-	-100.00%
Finance Charges	-	385,319.90	0.00%	-	-	0.00%
Transfers and Grants	1,055,810.00	2,980,819.17	182.33%	1,372,550.00	2,576,301.41	87.70%
Bulk Purchases	17,516,990.00	17,027,231.38	0.00%	16,000,000.00	88,053.84	-99.45%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	1,238,100.00	8,150,834.22	558.33%	1,060,163.22	230,141.14	-78.29%
Repairs and Maintenance	2,539,060.00	609,946.67	-75.98%	2,010,172.29	3,178.84	-99.84%
<b>Total Expenditure</b>	27,170,890.00	29,904,857.29	10.06%	26,231,501.40	3,655,765.05	-86.06%

## 5.6. Organizational Development Performance: (Performance Report Part II)

### 5.6.1 Introduction to the Municipal Personnel

The Municipality manages the workforce guided by legislation and relevant policies and procedures promulgated through the South African constitution, matters of workplace policies that protect the workforce, policies that protect the interest of the employer, policies that manage the employer / employee relations and interaction, the respect of unions in the workplace and processes of bargaining at relevant structures are all taken into consideration by the Municipality.

EMPLOYEES					
Description	2012/13	Ending 30 <sup>th</sup> June 2014			
	Number of Employees	Number of Posts	Number of Employees	Vacancies	% Variance
Water	54	47	46	1	2.1
Sanitation	47	70	49	21	30
Electricity	3	4	2	2	50
Roads & Storm-water	22	25	19	6	24
Technical Services (exc the above)	9	12	8	4	33.3
Refuse Collection	61	44	37	7	15.9
Human Settlement	3	4	3	1	25
Traffic Safety & Management	4	7	4	3	42.9
Community Services (exc Refuse, Human Settlement & Traffic)	38	53	43	10	18.9
Planning	4	5	4	1	20
Local Economic Development	2	3	1	2	66.7
Office of the MM (exc Planning & LED)	3	27	14	13	48.1
Finance	26	47	40	7	14.9
Corporate Services	28	31	24	7	22.6
<b>TOTALS</b>	<b>304</b>	<b>379</b>	<b>294</b>	<b>85</b>	<b>22.4</b>

b. The following policies were reviewed/ adopted during the year under audit:

1. Budget Related Policies
2. Sites for Churches Policy
3. Notch Progression Policy
4. EPWP Policy

5. Land Disposal Policy
6. Public Participation Policy (draft)

The HR Manual is inclusive of personnel related policies and procedures

## LABOUR RELATIONS

### c. Suspensions

Position	Nature of Alleged misconduct	Date of suspension	Details of Disciplinary action taken/ status of case	Date Finalized
P.A of the Mayor	Failure to perform duty diligently	19 December 2012	Matter was settled	20 March 2014
Admin Clerk	Illegal selling of Municipal property	06 February 2014	Sanction of six days suspension without pay was imposed	24 March 2014

### d. Dismissals

Position	Nature of Alleged misconduct	Date the alleged offence was committed	Details of Disciplinary action taken/Status of case	Date Finalized
General Worker	Absenteeism/abscondment	02 December 2013	Dismissal	19 March 2014

### e. Pending Cases

Position	Nature of Alleged misconduct	Date the alleged offence was committed	Reason(s) why the matter is pending/ Status of case
Admin Officer	Bringing Municipality into disrepute	20 March 2014	We await outcome from presiding officer after the hearing was held on 17 July 2014
Debtors Clerk	Disrupting operations of the municipality	04 April 2014	The matter is partly heard and was postponed to 18 August 2014 because of the unavailability of one witness
Housing Officer	Fraud/ Gross dishonesty	October 2007	Employee was dismissed on 31 July 2009 and the matter is at arbitration stage at SALGBC

### f. Performance Rewards

As earlier mentioned, the Municipality does not have a performance management system, this would also enable the identification of good performance versus poor performance, therefore good performance is currently not recognized, and only long-term service bonus is applicable to all employees of the

Municipality.

## g. Skills Development and Training

<b>SKILLS MATRIX</b>												
Management Level	Number of skilled employees required and actual as at 30 <sup>th</sup> June 2014											
	Learnership			Skills programmes and other short courses			Other forms of training			Total		
	Actual 30/06/13	Actual 30/06/14	Target	Actual 30/06/13	Actual 30/06/14	Target	Actual 30/06/13	Actual 30/06/14	Target	Actual 30/06/13	Actual 30/06/14	Target
MM & Sec 57		0	0		0	2		0	0		0	2
Councillors, senior officials & managers		0	0		2	15		8	11		10	26
Technicians & associate professionals		0	0		1	1		0	0		1	2
Professionals		0	0		2	3		0	0		2	3
<b>Total</b>		<b>0</b>	<b>0</b>		<b>5</b>	<b>21</b>		<b>8</b>	<b>11</b>		<b>13</b>	<b>32</b>

### FOR THE FINANCIAL YEAR ENDING 30 JUNE 2014

No	Course Name	Skills Area	Type of Intervention	Start Date	End Date	Target Category	Total trained
1	.V. Ramotsabi	Human Resource	PDMP	18/02/2013	12/2014		1
2	S.S. Kaibe	Security	Security Management course	03/03/2014	16/05/2014		1
3	I.Mehlomekhuli	Basic Computer	Computer Literacy	22/05/2014			1
4	T.S Khasake	Basic Computer	Computer Literacy	22/05/2014			1
5	L. Lekhula	Basic Computer	Computer Literacy	22/05/2014			1
6	E.T Backward	Basic Computer	Computer Literacy	22/05/2014			1
7	S. Pokane	Basic Computer	Computer Literacy	22/05/2014			1
8	M.J. Sehanka	Basic Computer	Computer Literacy	22/05/2014			1

No	Course Name	Skills Area	Type of Intervention	Start Date	End Date	Target Category	Total trained
9	B.S. Majenge	Basic Computer	Computer Literacy	22/05/2014			1
10	R.J. Thuhlo	Basic Computer	Computer Literacy	22/05/2014			1
11	T.E.Fobane	Engineering	Spread sheet as engineer tool	31/03/2014	01/04/2014		1
12	E. Wasserval	SAICA	IFRS Updates	03/2014	03/2014		1
13	J.J Botes	SAICA	IFRS Updates	03/2014	03/2014		1

#### Skills Development Budget and expenditure

	2012/13	2013/14
Budget	483 350	221 600
Actual expenditure	310 277	126 384
<b>Over/ under expenditure</b>	173 073	95 215
<b>% over/ under expenditure</b>	<b>55.78%</b>	<b>75.33%</b>

The above table shows that for the year under review the municipality only spent 56% of its Skills Development budget. This is an improvement from the over expenditure of the previous year, however considering that a lot of officials still have skills gap, it is recommended that 100% of the skills budget be spend.

EMPLOYEE EXPENDITURE			
	2011/12	2012/13	2013/14
<b>Personnel Expenditure</b>	<b>38 730 502.15</b>	<b>44 965 002.81</b>	<b>51 970 277.55</b>

The salary bill shows a 16.1% year on year increase. This can be attributed to the appointment of general workers and of accountants, as well as the annual increase.

## 5.7 FINANCIAL SERVICES



Mr PM Dyonase

### 5.7.1 Information Technology

IT systems are critical to the maintenance of the Financial Systems that are used by the municipality. IT systems range from tangible systems such as physical servers, server room peripherals, computer workstations, and the network infrastructure as cabling, switches and routers.

After much assessment the following projects were identified by the IT Unit to empower the IT environment.

#### **INFORMATION TECHNOLOGY PROJECTS**

Project Name	Baseline	Outcome
Data Center/Server Room Rebuild	The server room was not on par with requirements of standard server room (i.e. Window in the server room)	- An optimal and up to standard server room has been build. The server room incorporated a new: <ol style="list-style-type: none"> <li>1. UPS – Uninterrupted Power Supply</li> <li>2. Fire-Rated Door</li> <li>3. Raised Access Flooring</li> <li>4. Biometric Access System</li> </ol>
New Server Installation	An old server, about 10 years old	- A new server was procured to install the critical financial systems of the municipality. - The increased accessibility of the system, increased safety of system from failure
Telephone Management System	There was no system to control telephone usage	- A new telephone management system has been installed on the new server

Project Name	Baseline	Outcome
		<ul style="list-style-type: none"> <li>- This system is able to allow management to control usage of telephone lines.</li> <li>- The system has helped to decrease a high debt owed to the municipality</li> </ul>
Procurement of new computers	The computer had over-laped their life-span, unable to accommodate new software, and sluggish as a result	<ul style="list-style-type: none"> <li>- After an assessment made in the previous financial year – 2013/2014, 29 HP 450 Laptops and 6 HP Desktop Towers were procured, to replace the old obsolete infrastructure.</li> <li>- The desktop came were installed with Windows 8 software and license.</li> </ul>
Procurement of software	An outdated software which did not have support anymore, and there vulnerable to security threats	<ul style="list-style-type: none"> <li>- The outdated software on the server, was replaced with the following:               <ol style="list-style-type: none"> <li>1. MS Server 2012</li> <li>2. vmWAre Esxi</li> </ol> </li> </ul>
Network Infrastructure Refresh	The obsolete internal network was running at 100Mb/per sec bandwidth speed, and this speed was slowing down the running of financial systems, internet and remote file access.	<ul style="list-style-type: none"> <li>- As there was a need to access the internal network from outside (i.e. from home), there was no secure and decrypted communication line established.</li> <li>- To improve on the above, the following infrastructure was procured and installed               <ul style="list-style-type: none"> <li>▪ Cisco SE500 Network Switches – this improved the network speed to 1000Mb/per sec bandwidth speed. This speed allows for faster access to network systems. This infrastructure can now allow heavy traffic such as video streaming for future projects, and further it paves way implementation of wireless network.</li> <li>▪ Sophos UTM – this network device component stands between the internal network and outside network to control traffic and decrypt information. It establishes a secured (Secure Socket Layer protocol) line, to enable decrypted communication</li> </ul> </li> </ul>

Project Name	Baseline	Outcome
		between internal network and outside network, this means that even if the information could be intercepted on the outside network, it will be unreadable
Anti-Virus Software	A mix of trial anti-virus was a means of mitigation against virus.	- A new Anti-Virus was installed, call Kaspersky Anti-Virus

EMPLOYEES: IT & ASSETS					
Job Level	2012/13	Ending 30 <sup>th</sup> June 2014			
	Number of Posts	Number of Posts	Posts filled	Vacancies	% Variance
0-3					
4-6	4	4	2	2	25
7-9	1	1		0	
10-12	2	2	0	1	12.5
13-15	1	1	0	0	
16-18					
19-20					
<b>TOTAL</b>	<b>8</b>	<b>8</b>	<b>2</b>	<b>3</b>	<b>37.5</b>

FINANCIAL PERFORMANCE	FINANCE			INFORMATION TECHNOLOGY		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	-	-	0.00%	-	-	0.00%
Property Rates	-	-	0.00%	-	-	0.00%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	-	-	0.00%	(1,285,239.79)	-	-100.00%
<b>Revenue from Exchange Transactions</b>	-	-	0.00%	-	-	0.00%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	-	-	0.00%	-	-	0.00%
Interest Earned - Outstanding Debtors	-	-	0.00%	-	-	0.00%
Dividends Received	-	-	0.00%	-	-	0.00%
Other Income	-	-	0.00%	-	-	0.00%
<b>Total Revenue</b>	-	-	0.00%	-	-	0.00%
<b>EXPENDITURE</b>						
Employee Related Costs	333,780.00	298,791.00	-10.48%	341,201.69	519,545.35	52.27%
Debt Impairment	-	-	0.00%	-	-	0.00%
Depreciation	-	-	0.00%	-	-	0.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	-	-	0.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	-	-	0.00%	-	-	0.00%
General Expenditure	595,940.00	332,438.00	-44.22%	744,288.40	579,586.27	-22.13%
Repairs and Maintenance	46,440.00	12,787.00	-72.47%	5,545.18	1,732.87	-68.75%
<b>Total Expenditure</b>	<b>976,160.00</b>	<b>644,016.00</b>	<b>-34.03%</b>	<b>1,091,035.27</b>	<b>1,100,864.49</b>	<b>0.90%</b>

## 5.7.2 Summary Employees: Financial Services

SUMMARY EMPLOYEES: FINANCIAL SERVICES					
Job Level	2012/13	Ending 30 <sup>th</sup> June 2014			
	Number of Posts Filled	Number of Posts	Posts filled	Vacancies	% Variance
Office of the CFO (inc interns)	9	9	8	1	11.1
Revenue	27	27	25	2	7.4
Budget & Reporting	1	1	1	0	0
Expenditure	2	2	2	0	0
IT & Asset	5	5	2	3	60
SCM	3	3	2	1	33.33
<b>TOTAL</b>	<b>50</b>	<b>47</b>	<b>40</b>	<b>7</b>	<b>14.9</b>

FINANCIAL PERFORMANCE	FINANCE			BUDGET & TREASURY		
	Budget 2012-13	Actual Expenditure 2012-13	Variance Budget to Actual	Budget 2013-14	Actual Expenditure 2013-14	Variance Budget to Actual
<b>REVENUE</b>						
<b>Revenue from Non-exchange Transactions</b>	(58,721,050.00)	(58,874,109.00)	0.26%	(17,475,236.69)	(58,090,127.60)	232.41%
Property Rates	(5,476,900.00)	(6,372,109.00)	16.35%	(13,406,467.00)	(4,012,087.60)	-70.07%
Fines	-	-	0.00%	-	-	0.00%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Government Grants and Subsidies Received	(53,244,150.00)	(52,502,000.00)	-1.39%	(4,068,769.69)	(54,078,040.00)	1229.10%
<b>Revenue from Exchange Transactions</b>	(12,847,300.00)	(5,349,547.00)	-58.36%	(4,802,286.79)	(1,113,317.51)	-76.82%
Services Charges	-	-	0.00%	-	-	0.00%
Rental of facilities and Equipment	-	(58,559.00)	0.00%	(66,110.00)	(75,547.56)	14.28%
Licenses and Permits	-	-	0.00%	-	-	0.00%
Interest Earned - External Investments	(2,380.00)	(87,508.00)	3576.81%	(6,176.22)	(66,720.23)	980.28%
Interest Earned - Outstanding Debtors	(254,310.00)	(1,732,437.00)	581.23%	(498,452.46)	(603,760.67)	21.13%
Dividends Received	(9,980.00)	(8,316.00)	-16.67%	(8,925.31)	(8,925.31)	0.00%
Other Income	(12,580,630.00)	(3,462,727.00)	-72.48%	(4,222,622.80)	(358,363.74)	-91.51%
<b>Total Revenue</b>	(71,568,350.00)	(64,223,656.00)	-10.26%	(22,277,523.48)	(59,203,445.11)	165.75%
<b>EXPENDITURE</b>						
Employee Related Costs	5,301,560.00	4,629,682.00	-12.67%	5,033,235.61	5,834,671.01	15.92%
Debt Impairment	321,910.00	-	-100.00%	710,050.00	-	-100.00%
Depreciation	1,000,000.00	21,694,049.00	2069.40%	2,056,000.00	-	-100.00%
Finance Charges	-	-	0.00%	-	-	0.00%
Transfers and Grants	-	-	0.00%	787,550.00	-	-100.00%
Bulk Purchases	-	-	0.00%	-	-	0.00%
Contracted Services	6,330,420.00	5,096,385.00	-19.49%	2,104,308.64	3,433,027.44	63.14%
General Expenditure	7,852,500.00	9,080,699.00	15.64%	9,075,213.95	6,962,798.62	-23.28%
Repairs and Maintenance	65,980.00	18,585.00	-71.83%	-	42,041.85	0.00%
<b>Total Expenditure</b>	20,872,370.00	40,519,400.00	94.13%	19,766,358.20	16,272,538.92	-17.68%

### 5.7.3 Debtors Age Analysis

Days	0-30 Amount	31-60 Amount	61-90 Amount	91-120 Amount	121-150 Amount	151-180 Amount	181-365 Amount	>365 Amount	Total Amount
<b>Debtors by Income Source</b>									
Rates	48,562	51,485	47,549	283,221	282,743	270,198	1,353,641	4,508,505	6,845,904
Electricity	27	27	27	27	27	28	138	147,826	148,127
Water	1,115,937	966,562	805,369	715,912	675,942	636,601	4,838,261	19,715,324	29,469,908
Sewerage	504,232	491,653	462,532	462,759	469,132	433,018	2,530,236	13,500,725	18,854,287
Refuse	338,276	328,350	321,150	318,492	318,585	313,070	1,817,454	10,275,155	14,030,532
Housing	51,896	19,635	18,680	19,760	23,298	18,093	101,422	835,286	1,088,070
Other	102,895	101,903	100,818	100,156	100,619	99,007	569,556	15,496,797	16,671,751
<b>Total</b>	<b>2,161,825</b>	<b>1,959,615</b>	<b>1,756,125</b>	<b>1,900,327</b>	<b>1,870,346</b>	<b>1,770,015</b>	<b>11,210,708</b>	<b>64,479,618</b>	<b>87,108,579</b>
<b>Debtors by Customer Classification</b>									
Government	10,550	10,517	9,706	10,451	10,128	12,818	44,718	399,112	508,000
Business	102,699	71,383	71,948	232,036	231,349	217,233	1,631,375	2,899,431	5,457,454
Households	1,750,534	1,650,052	1,477,481	1,459,211	1,438,841	1,354,050	8,465,288	53,490,580	71,086,037
Other	298,042	227,663	196,990	198,629	190,028	185,914	1,069,327	7,690,495	10,057,088
<b>Total</b>	<b>2,161,825</b>	<b>1,959,615</b>	<b>1,756,125</b>	<b>1,900,327</b>	<b>1,870,346</b>	<b>1,770,015</b>	<b>11,210,708</b>	<b>64,479,618</b>	<b>87,108,579</b>

# REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE AND THE COUNCIL ON THE MOHOKARE LOCAL MUNICIPALITY

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of the Mohokare Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and budget statement 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 South Africa 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 of South Africa, 2013 (Act No. 2 of 2013) (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 these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### Basis for qualified opinion

#### Receivables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence in respect of other receivables stated at R17 797 303 (2013: R18 308 584) and the value of the impairment for other receivables stated at R17 632 076 (2013: R17 962 593) in note 3 to the financial statements. In addition, I was unable to confirm service debtors with a value of R1 814 890 as disclosed in note 3 to the financial statements. This was because the records of the municipality were not sufficient to support these disclosures. I was unable to confirm these balances by alternative means. Consequently, I was unable to determine whether any adjustment was necessary in respect of other receivables.

7. In addition to the matter reported in paragraph 6, due to the misclassification of debtors per customer classification, as disclosed in note 3.2 to the financial statements, national and provincial government receivables were overstated and household receivables understated by R18 097 330. Additionally, there was a resultant impact on the deficit for the period and the accumulated surplus as well as a consequential impact on the cash flow statement.

#### **Service charges**

8. I was unable to obtain sufficient appropriate audit evidence in respect of revenue from the sale of water, as meter readings taken during the year were inaccurate and incomplete. I was unable to confirm revenue from water sales by alternative means. Consequently, I was unable to determine whether any adjustment was necessary relating to revenue from water sales stated at R9 877 534 (2013: R7 496 769) in note 20 to the financial statements.

#### **Irregular expenditure**

9. I was unable to obtain sufficient appropriate audit evidence that management had identified, investigated and recorded all instances of irregular expenditure for the current and prior year, as controls over the system were ineffective. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to irregular expenditure stated at R130 196 434 (2013: R129 258 580) in note 40.3 to the financial statements.

#### **Fruitless and wasteful expenditure**

10. I was unable to obtain sufficient appropriate audit evidence that management had identified, investigated and recorded all instances of fruitless and wasteful expenditure for the current and prior year, as the controls over the system were ineffective. I was unable to confirm fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to fruitless and wasteful expenditure stated at R6 829 242 (2013: R4 947 535) in note 40.2 to the financial statements.

#### **Qualified opinion**

11. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Mohokare Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

#### **Emphasis of matters**

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

#### **Restatement of corresponding figures**

13. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2014 in the financial statements of the municipality at, and for the year ended, 30 June 2013.

#### **Material losses**

14. As disclosed in note 32.1 to the financial statements, material losses of R7 287 849 (2013: R9 223 183) were incurred as a result of electricity and water distribution losses, and R15 691 377 (2013: R12 333 732) as a result of the write-off of irrecoverable debtors.

#### **Material impairments**

15. As disclosed in note 3 to the financial statements, receivables from exchange transactions were impaired by R79 167 080 (2013: R70 845 752); and as disclosed in note 4 to the financial statements, receivables from non-exchange transactions were impaired by R6 980 116 (2013: R6 275 779).

### **Unauthorised expenditure**

16. As disclosed in note 40.1 to the financial statements, the municipality incurred unauthorised expenditure of R27 617 260 (2013: R41 481 969) during the year under review, due to the overspending of the municipal budget.

### **Going concern**

17. As disclosed in note 52 to the financial statements, the municipality's cash management was under pressure due to an amount of R7 000 000 of unspent municipal infrastructure grants that had been withheld from the equitable share of the municipality as well as the poor collection rate of receivables.

### **Additional matter**

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

### **Unaudited disclosure notes**

19. 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**

20. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report, non-compliance with legislation as well as 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**

21. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2014:
  - KPA 1: Basic service delivery and infrastructure development on pages x to x
22. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
23. 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 (FMPPPI)*.
24. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
25. The material findings in respect of the selected development priority are as follows:

## **KPA 1: Basic service delivery and infrastructure development**

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

26. Section 41(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) requires the integrated development plan (IDP) to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 24% of the reported objectives and indicators and 40% of the targets were not consistent with those in the approved IDP. This was due to the municipality not having sufficiently developed policies and processes to guide the process of performance reporting as well as capacity constraints brought about by a lack of skilled and experienced persons in its performance management department.
27. Section 41(c) of the MSA requires actual achievements against all planned indicators and targets to be reported annually. The annual performance report submitted for audit purposes did not include the actual performance of 34% of all planned objectives, indicators and targets specified in the IDP for the year under review. This was due to a lack of information systems to record and document actual achievements against targets. Management, the audit committee and the internal audit unit also provided limited review of the completeness of the reported information.
28. The FMPPI requires the following:
  - Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 57% of the targets were not specific.
  - Performance targets must be measurable. I could not measure the required performance for 57% of the targets.
  - The period or deadline for delivery of targets must be specified. A total of 84% of the targets were not time bound.
  - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 52% of the indicators were not well defined.
  - Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator. A total of 91% of the indicators were not verifiable.

This was because management did not adhere to the requirements of the FMPPI, due to a lack of proper systems and processes, technical indicator descriptions as well as sufficient skills and experience in its performance management department.

### **Reliability of reported performance information**

29. 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 to the reliability of the reported performance information. This was due to limitations placed on the scope of my work due to the absence of information systems and the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information. The auditee's records did not permit the application of alternative audit procedures.

### **Additional matter**

30. I draw attention to the following matter:

### **Achievement of planned targets**

31. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development priority reported in paragraphs 26 to 29 of this report.

### **Compliance with legislation**

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

### **Strategic planning and performance management**

33. The municipality did not conduct its affairs in a manner consistent with its IDP, as required by section 36 of the MSA, section 21(2)(a) of the MFMA and municipal planning and performance management regulation 6.
34. Although reviewed annually, the IDP was not reviewed based on an assessment of the municipality's performance measurements, as required by section 34 of the MSA and municipal planning and performance management regulations 3 and 11.
35. The municipality did not establish a performance management system, as required by section 38(a) of the MSA.
36. Performance targets for the financial year with regard to each of the development priorities and key performance indicators set in the IDP were not measurable, as required by section 41(1)(b) of the MSA and municipal planning and performance management regulation 12(1) and 12(2)(e).
37. The annual performance report for the year under review did not include a comparison with the previous financial year and measures taken to improve performance, as required by section 46(1)(b) and (c) of the MSA.

### **Budgets**

38. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

### **Annual financial statements, performance report and annual report**

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

### **Audit committee**

40. The audit committee was not constituted in the manner required by section 166(4)(a) of the MFMA. One member of the audit committee resigned during the year and another member's contract was not renewed. This resulted in the audit committee not having the required minimum of three members. The latest audit committee member position became vacant in March 2014.
41. The audit committee did not advise the council on matters relating to internal financial control, accounting policies, effective governance, performance management and performance evaluation, as required by section 166(2)(a) of the MFMA.

42. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness, and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.
43. The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by municipal planning and performance management regulation 14(4)(a)(i).
44. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
45. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.
46. The audit committee did not respond to the council on the issues raised in the audit reports of the auditor-general, as required by section 166(2)(c) of the MFMA.

#### **Internal audit**

47. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

#### **Human resource management and compensation**

48. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury, as required by minimum competency levels regulation 14(2)(a).
49. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies, as required by minimum competency levels regulation 14(2)(b).

#### **Procurement and contract management**

50. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value above R200 000 had been procured by means of inviting competitive bids, as required by supply chain management (SCM) regulation 19(a).
51. Sufficient appropriate audit evidence could not be obtained that bid specifications had been drafted by bid specification committees composed of one or more officials of the municipality, as required by SCM regulation 27(3).
52. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding had been advertised for the required minimum period, as required by SCM regulation 22(1) and 22(2).
53. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act of South Africa, 2000 (Act No. 38 of 2000) and CIDB regulation 18.

#### **Expenditure management**

54. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
55. 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.

### **Conditional grants**

66. The municipality did not evaluate its performance in respect of programmes or functions funded by allocations of the municipal systems improvement grant and the local government financial management grant, as required by section 12(5) of DoRA.

### **Revenue management**

67. The credit-control and debt-collection policy of the council was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of the MFMA.
68. An adequate management, accounting and information system was not in place to account for revenue, debtors and the receipt of revenue, as required by section 64(2)(e) of the MFMA.
69. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

### **Liability management**

70. Short-term debt was not repaid within the financial year, as required by section 45(4) of the MFMA.

### **Consequence management**

71. 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.

### **Internal control**

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

### **Leadership**

73. The leadership did not adequately respond to the matters reported by the external auditors in the previous financial year, and did not implement consequential performance management for managers and officials that did not implement municipal policies and procedures.
74. In addition, organisational party politics attempted to destabilise the municipality and to deliberately undermine the leadership.

### **Financial and performance management**

75. The work ethic of certain municipal officials, including senior and middle management, was not at the required level. This resulted in officials not performing their job function, which placed undue pressure on the leadership of the municipality.
76. Management did not adequately respond to the audit matters reported in the previous financial year, and did not establish a performance management system and technical indicator descriptions. Within the performance management and SCM departments there was a lack of sufficient skills and experience, resulting in ineffective monitoring and review.
77. Management did not adequately respond to the recommendations of the external auditors to implement processes to monitor and report on compliance with laws and regulations. This resulted in a situation where compliance was still not actively managed.

## **Governance**

68. The governance structures of the municipality were not sufficiently capacitated and as a result did not deliver on their mandates. Consequently, the governance structures did not take into account all the risks that affected the municipal environment and did not monitor the implementation of the recommendations of the risk management division. Furthermore, the internal audit division did not achieve its annual audit plan; and the audit committee did not deliver on its legislated responsibilities.

## **OTHER REPORTS**

### **Investigation**

69. Three investigations are being conducted by an independent consulting firm on request of the municipality and the Office of the Premier. The investigations were initiated based on allegations of irregularities in procurement and payments. The investigations are currently in the reporting phase.

*Auditor - General*

Bloemfontein

30 November 2014



**A U D I T O R - G E N E R A L  
S O U T H A F R I C A**

*Auditing to build public confidence*

Combined Action Plan Mohokare Local Municipality 2014	
<i>Legend for indication of status:</i>	
% Progress	Current status on implementation of Recommendations
0%	- No progress
20%	- Task started
40%	- Task partially complete
60%	- Task progressing well
80%	- Task virtually complete
100%	- Task complete

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<b>Commitments</b>					
<p>During the evaluation of the commitments register submitted for audit purposes it was noted that the following contract expenditure exceeded the contract value for the specific indicated contract. This resulted in no commitment being disclosed but it was identified that as at 30 June 2014 the contract has not been completed. This would mean that there should be variation orders on this contract that increased the original contract value but none is included in the contract register or considered in the calculation of commitments. This indicates that the commitments are understated by an unknown amount.</p>	<p><a href="#">EX134</a></p>	<p>This occurred due to the fact that management doesn't have controls in place that will enable the municipality to update registers on a monthly basis to ensure that the expenditure incurred on the project doesn't exceed the contract value.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better communication between the Finance Department and the Technical Department;</li> <li>- Proper record keeping by both the Finance and Technical Departments so overspending of contracts can be identified timeously;</li> <li>- Monthly meetings between the Technical Department and the Finance Department to ensure that all records are up to date;</li> <li>- The Commitment Register should be kept up to date during the course of the year and be reconciled with all payments made to contractors on a monthly basis.</li> </ul>	<p>31 January 2015 and monthly reporting thereon going forward</p>	<p>Finance Department Chief Financial Officer</p> <p>Technical Department Director Technical Services</p>
<p>Through recalculation of the commitments register it was identified that certain commitments exceeded the contract value. No proof could be obtained that the contract had been finally completed as at 30 June 2014 and for this reason it indicates a risk that commitments might be understated as the true value of the contract is not reflected in the calculation of the commitment.</p>	<p><a href="#">EX134</a></p>	<p>This occurred due to the fact that management doesn't have controls in place that will enable the municipality to update registers on a monthly basis to ensure that the expenditure incurred on the project doesn't exceed the contract value.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better communication between the Finance Department and the Technical Department;</li> <li>- Proper record keeping by both the Finance and Technical Departments so overspending of contracts can be identified timeously;</li> <li>- Monthly meetings between the Technical Department and the Finance Department to ensure that all records are up to date;</li> <li>- The Commitment Register should be kept up to date during the course of the year and be reconciled with</li> </ul>	<p>31 January 2015 and monthly reporting thereon going forward</p>	<p>Finance Department Chief Financial Officer</p> <p>Technical Department Director Technical Services</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
			all payments made to contractors on a monthly basis.		
<b>Employee Costs</b>					
No evidence could be obtained that the municipality submitted a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the Regulations on Minimum Competency Levels reg14(2)(a).	<a href="#">EX175</a>	The issue occurred because management has not monitored compliance to laws and regulations relevant to performance reporting	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Ensure that all legislation to be complied to by the Human Resources Department are identified and included in the MLM Compliance Calendar;</li> <li>- 'Ensure that the report as required by National and Provincial Treasury is submitted within the required timeframe i.e. 30 January 2015 and 30 July 2015;</li> <li>- Ensure that the above information is included in the Annual Report</li> </ul>	<p>30 January 2014</p> <p>30 July 2015</p>	Office of the Municipal Manager Municipal Manager

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
Overtime paid to employees was calculated incorrectly. This could be attributed to the following reasons: - A lack of supervisory review of the calculation of overtime; - The value is not calculated by the salary system and therefore subjected to higher risk of human error; - The municipality used the incorrect number of working days in the year, (250 instead of 261 working days) to calculate the overtime payments; - The municipal HR policies are not specific enough on the formula for the calculation of overtime	<a href="#">EX47</a>	The matter occurred due to controls ensuring that all overtime payments are reviewed in a timely manner, were not functioning at all times.	Management will be able to resolve this matter by conducting the following steps: - Design and implement a system where overtime calculations are reviewed and signed off by a more senior official.	28-Feb-15	Finance Department Chief Financial Officer
While the AGSA was performing procedures on employee costs, certain employees were noted as not falling in the salary scales set by the South African Bargaining Council.	<a href="#">EX163</a>	This occurred mainly due to the lack of monitoring and implementation of employees' salaries in accordance with the appropriate salary levels and job titles as per the South African Bargaining Council agreement.	Management will be able to resolve this matter by conducting the following steps:  - Management should ensure that employees are remunerated according to the applicable salary scales as per the South African Bargaining Council agreement. - A report thereon should be submitted to the Accounting Officer in writing to ensure that we have proof that this exercise has been done.	31-Jan-15	Office of the Municipal Manager Municipal Manager
<b>Compliance</b>					
<b>Compliance: Conditional Grant non-compliance to DoRA section 12 (5)</b> No evidence could be obtained that MLM evaluated its performance in respect of programs funded by the Local Government Financial Management Grant and Municipal Systems Improvement Grant within two months after the end of the financial year and submitted these evaluations to the transferring national officer at Provincial Treasury.	<a href="#">EX221</a>	Management did not effectively monitor the requirements of the legislation and therefore missed the set deadline to evaluate the performance of programs funded by the indicated grants within two months after year end.	Management will be able to resolve this matter by conducting the following steps:  - Ensure that these evaluation reports for the 2014/15 financial year are done as required by legislation; - Ensure that this event is included in the legislation calendar of MLM.	31-Aug-15	Finance Department Chief Financial Officer

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Compliance: MFMA section 45(4)</b> MLM applied for an overdraft facility during the 2013/14 financial year. It could not be determined whether the overdraft facility incurred were, repaid within the financial year; and not renewed or refinanced where such renewal or refinancing will have the effect of extending the short term debt into a new financial year.</p>	<p><a href="#">EX219</a></p>	<p>This was caused by weak internal controls in place over cash management and sufficient budgeting of revenue and expenditure in order to ensure bank overdraft were only utilised for a short term and repaid.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Ensure better cash flow planning and projections;</li> <li>- Devise a payment plan to ensure that the bank balance on 30 June 2015 is positive and that the short term debt (overdraft) is repaid.</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>
<p><b>Compliance: Other disclosures</b> During the audit performed it was noted that note 41.7 stated that no known matters (of non compliance) existed at reporting date. However, during the audit, the following various non compliance matters were identified:</p> <p>1) Material losses through criminal conduct - Refer to exception 104 raised (audit communication 10) 2) Non compliance to Section 70(2) regarding banking reporting to Treasury and Auditor-General - Refer to exception 96 raised (audit communication 10) 3) Non compliance to section 65(2) ( e ) suppliers not paid within 30 days. - Refer to exception 172 raised (in process of issuing) 4) PAYE/SITE/UIF no paid within the 7 days reporting requirement of Income Tax Act - Refer to exception 42 raised (audit communication 7) 5) Non compliance to Section 32(4)(a) of the MFMA - Refer to exception 18 raised (audit communication 3) 6) Non compliance to Section 32(a) of the MFMA - Refer to exception 18 raised (audit communication 3) 7) Non compliance to section 9 (b) - Refer to exception 9 raised (audit communication 3)</p>	<p><a href="#">EX171</a></p>	<p>This was caused by weak internal controls by management of the municipality over the reporting of non compliance matters and to insufficient review of the financial statements.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Ensure better adherence to applicable laws and regulations through complying with the compliance calendar as set up by the PMS department</li> <li>- Ensure that all non compliance matters identified and confirmed during the course of the financial year are included in the AFS disclosures.</li> </ul>	<p>30-Jun-15</p>	<p>Finance Department Chief Financial Officer</p>
<p><b>Compliance: Credit Control Policy</b> No proof could be obtained that management implemented its credit control policy effectively.</p>	<p><a href="#">EX216</a></p>	<p>The issue occurred because management is unable to implement its credit control policy for fear of public unrest and the political ramifications of such actions.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Implement the credit control policy.</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Compliance: Internal Audit</b> Through inspection of the information that is submitted to the AC by internal audit to facilitate the discussion at the quarterly meetings, the AGSA could not be provided with sufficient evidence that proof that matters of non-compliance to the applicable legislation was discussed with any of the committee or the accounting officer as required by subsection 2(b)(vii).</p>	<p><a href="#">EX69</a></p>	<p>Control processes were not effective to ensure compliance to laws and regulations.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Structure internal audit reports submitted to the AC to include all the requirements of S 165 of the MFMA</li> </ul>	<p>28-Feb-15</p>	<p>Office of the Municipal Manager Municipal Manager</p>
<b>Audit Committee</b>					
<p>During the year, two members of the audit committee resigned / contracts not renewed that resulted in the audit committee not being properly constituted. The latest audit committee member position became vacant in March 2014 and since then, only two members remained. As a result of the fact that the audit committee was not properly constituted the following key requirements of law could not be adhered to: - MFMA 166(2)(a) - MFMA 166(2)(b) - Municipal planning and performance management regulation 14(4)(a)(i) - MFMA 166(2)(a)(vii) - MFMA 166(2)(a)(iv) - MFMA 166(2)(c)</p>	<p><a href="#">EX97</a></p>	<p>The audit committee membership was not timeously reviewed to ensure continuity.</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Ensure that the membership of the audit committee is restored in line with the MFMA.</p>	<p>31-Dec-14</p>	<p>Office of the Municipal Manager Municipal Manager</p>
<b>Unauthorised, Irregular, Fruitless and Wasteful expenditure</b>					
<p><b>Irregular expenditure - Investigation Committee</b> The AGSA takes note that an investigation committee was established in order to investigate unauthorised, irregular and fruitless and wasteful expenditure. Through inspection of the report received from the committee, no specific cases which were investigated by the committee could be identified. Further, the last meeting for which minutes was received from the committee was on 21 November 2013. This indicates that the committee was not functional throughout the year.</p>	<p><a href="#">EX140</a></p>	<p>The issue occurred because the appointed committee did not deliver on their mandate.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Ensure that the committee is functional and that monthly meetings are held</li> <li>- Ensure that reports regarding the expenditure investigated are compiled and available to the AGSA.</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Irregular expenditure - Prior year</b> During the AG's consideration of irregular expenditure, they identified that certain irregular expenditure in a prior financial year were not identified and included in the register of irregular expenditure and consequently in the disclosure in the financial statements.</p> <p>Section 126 of the MFMA indicates that it is the responsibility of the accounting officer to prepare the financial statements of the municipality which in terms of section 122 should be prepared based on Generally Accepted Accounting Practice.</p>	<p><a href="#">EX68</a></p>	<p>The issue occurred due to a breakdown in internal control in respect of supply chain management processes in the previous financial year. As a result these expenses continue to be irregular and current review processes of the financial statements did not detect and correct these omissions.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- In the 2014/15 financial year a total review will be done on expenditures from 1 July 2009 to ensure the accuracy of Irregular expenditures.</li> <li>- The assistance of Provincial Treasury will be acquired in the process to clear this matter from the Audit report.</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department Chief Financial Officer</p>
<p><b>Amounts per supporting documentation and irregular expenditure register does not agree</b> During the AG's consideration of irregular expenditure, they noted that the amount for irregular expenditure as included in the register did not agree to the amount per the relevant supporting documentation.</p>	<p><a href="#">EX127</a></p>	<p>The error occurred as management incorrectly interpreted the definition of expenditure in considering the value of disclosed irregular.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Ensure that all items included in the irregular expenditure register are supported by the relevant supporting documentation</li> <li>- Ensure that all items are included in the register exclusive of VAT</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Fuel Usage</b> During the evaluation of the fuel usage reconciliations the following was noted:</p> <p>a) The reconciliations were compiled by the finance intern, reviewed by the payroll officer, but not reviewed by the CFO, except for the month of June 2014.</p> <p>b) Through the evaluation of the reconciliations, it was noted that the reconciling items were not cleared and no official were held responsible for the fuelling vouchers not submitted to the LM (reconciling items) after fuelling of the vehicle. All reconciling items amounted to fruitless and wasteful expenditure</p>	<p><a href="#">EX174</a></p>	<p>This is caused by insufficient controls in place at the municipality over their fleet vehicles and petrol cards.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Ensure that all reconciliations are reviewed and signed off as proof of review by the CFO.</li> <li>- Circulate a memorandum to all officials with the next payroll run, to communicate to them that should vouchers of the fuel filling not be submitted within the timeframe set out by payroll department, the amount will be deducted from their next payroll. This is in order to keep officials responsible for fuel usage</li> <li>- Create a fleet management policy which stipulates at least the following: <ul style="list-style-type: none"> <li>a) A trip authority should be provided to the unit managers before the petrol cards are issued to them</li> <li>b) Upon return of the trip, both the vouchers as well as evidence of attendance of the meeting/workshop/indaba should be provided to the unit manager</li> <li>c) The unit manager should evaluate the evidence provided to them. Any inconsistencies should be followed up.</li> <li>d) On a monthly basis, on a date set out by payroll, any unsupported amounts should be communicated to payroll office in order to deduct the amount from the official's next salary.</li> </ul> </li> <li>- Ensure that all fuel purchases for which no proof could be obtained</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
			<p>are deducted from the responsible employee's salary</p> <ul style="list-style-type: none"> <li>- Ensure that proper review and follow up of reconciling items are done on a monthly basis.</li> </ul>		
<p><b>Irregular expenditure register incomplete</b>  During the audit of expenditure, contract management, commitments and employee cost, irregular expenditure were identified which were not disclosed</p>	<p><a href="#">EX137</a></p>	<p>The issue arose because management did not establish controls over daily and monthly processing of transactions and reconciling of transactions.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- In the 2014/15 financial year a total review will be done on expenditures from 1 July 2014 to ensure the accuracy of Irregular expenditure.</li> </ul>	<p>30-Jun-15</p>	<p>Finance Department  Chief Financial Officer</p>

**Conditional Grants**

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p>As at the financial year end management has disclosed in its financial statements that it has conditional grant funding to the extent of R6 163 160.40 which has not met the conditions set for the grant and therefore the municipality cannot recognise the amounts as revenue received.</p> <p>The AGSA note with concern that despite the fact that these conditions were not met, the grant funds owing to the transferor are not supported by available municipal funds. The municipality has not separated these funds from its other budgeted funds and as a result has used the unspent funds as temporary finance for its own budget shortfall.</p> <p>As the grants are given through the Division of Revenue Act and can only be spent in line with the framework that has been set utilising such funds for purposes other than what is prescribed in the framework will result in the incurrence of irregular expenditure as prescribed by section 33 of DORA.</p>	<p><a href="#">EX112</a></p>	<p>The issue has arose because management has not separated the grant funds from its own and managed such funds separately.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- All unspent grants should be kept in a separate account from the day to day operating expenditure account where it should be kept until the money is to be spent on what it was awarded for.</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department Chief Financial Officer</p>
<p><b>Supply Chain Management</b></p>					
<p><b>Procurement: Awards between R2,000 and R10,000</b></p> <p>Non-compliance in terms of procurement within the abovementioned bracket were identified during the course of the audit as no proof could be obtained that the following requirements for the selected sample was satisfied:</p> <ul style="list-style-type: none"> <li>- No deviation letters where less that three quotations were obtained</li> <li>- Expenses which could be recovered from Free State Fleet Management was not forwarded to their offices in a timely manner</li> <li>- No evidence of reports of approval from the CFO</li> <li>- No report to the AO or CFO on a monthly basis in terms of all quotations received and accepted</li> </ul>	<p><a href="#">EX142</a></p>	<p>The issue occurred as the management control environment over procurement processes as weak and compliance to SCM laws and regulations are not monitored.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Awards between R10,000 and R30,000</b>  Non-compliance in terms of procurement within the abovementioned bracket were identified during the course of the audit as no proof could be obtained that the following requirements for the selected sample was satisfied:</p> <ul style="list-style-type: none"> <li>- Items tested did not contain written quotations from at least three different suppliers;</li> <li>- No declaration of independence were included in some of the items selected for testing;</li> <li>- An overall non-compliance rate of 45% was noted in the items tested indicating an overall material error</li> </ul>	<p><a href="#">EX153</a></p>	<p>The issue occurred as the management control environment over procurement processes as weak and compliance to SCM laws and regulations are not monitored.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>
<p><b>Procurement: Awards between R30,000 and R200,000</b>  The following list of laws and regulations relate to the exceptions noted on transactions audited for procurement processes between R 30 000 and R 200 000 for which competitive bidding was followed. Applicable laws and regulations are listed in accordance to each part of the audit process audited.</p> <p>a) SCM reg. 12(1)(c) &amp; 17(a); b) SCM reg 17(c) &amp; 36(2); c) SCM reg 17(c); d) SCM reg 36(2); e) SCM reg 17(b); f) SCM reg. 12(3); g) SCM reg. 5; h) MFMA sec 62(1)(a); i) MFMA sec 95(a); j) SCM reg 18(a); k) PPR 3(b); l) PPR 4(1); m) PPR 4(3); n) SCM reg. 16(d); o) SCM reg 13(a); p) PPR 14; q) SCM reg 13(b);; r) SCM reg 43PPR 14; s) SCM reg 13(b); t) SCM reg 43; u) PPPFA Sec 2(1)(a); v) PPR 4(4); w) PPR 4(5)</p> <p>Contrary to the above mentioned requirements, no evidence could be obtained to support the application of required SCM laws and regulations. Management provided the auditors with the invoices only.</p> <p>Contrary to the above mentioned requirements, no evidence could be obtained that where less than three quotations were obtained that it has been reported to the council.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over</p>	<p><a href="#">EX152</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p>financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p>		<p>The fact that exceptions were noted regarding the procurement processes result in the following:            (a) Non-compliance to the applicable laws and regulations;            (b) The incurrence of irregular expenditure</p>	<p>specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.            - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.            - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>		

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000</b>Applicable laws and regulations:(a) SCM reg. 27(3); (b) SCM reg. 22(1)(b)(i); (c) SCM reg. 22(2); (d) SCM reg 22(1)(a); (e) SCM reg 23(c)(iii); (f) MFMA sec 112 - fairness; (g) CIDB SFU 4.2.1.4 &amp; 5; (h) CIDB act Section 22 (3); and (i) CIDB regulation 18(1A), (1)Several issues in contravention to the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX187</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Valuation Roll</b></p> <p>Applicable laws and regulations:            (a) SCM reg. 27(3); (b) SCM reg. 22(1)(b)(i); (c) SCM reg. 22(2); (d) SCM reg 22(1)(a); (e) SCM reg 23(c)(iii); (f) MFMA sec 112 - fairness; (g) SCM reg 28(1)(b); (h) SCM reg 28(1)(c); and (i) SCM reg 38(1)(d)(i)</p> <p>Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX194</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p> <p>The fact that exceptions were noted regarding the procurement processes result in the following:            (a) Non-compliance to the applicable laws and regulations;            (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.</li> <li>- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.</li> <li>- Minutes of the bid evaluation committee meetings should be</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	<u>Completion date</u>	<u>Responsible Branch / Directorate and Official:</u>
			made available to the AGSA to ensure that all requirements from their side are met.		

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Supply &amp; Delivery Of A Network Server Equipment</b></p> <p>Applicable laws and regulations: (a) MFMA sec 62(1)(a); (b) MFMA sec 95(a); (c) SCM reg. 27(3); (d) SCM reg. 22(1)(b)(i); (e) SCM reg. 22(2); (f) SCM reg 22(1)(a); (g) SCM reg 23(c)(iii); (h) SCM reg 28(2)(a); (i) PPR 8; (j) SCM reg 28(1)(b); (k) SCM reg 28(1)(c); (l) SCM reg 38(1)(d)(i); (m) SCM reg. 28(1)(a)(ii); (n) PPR 6(1); (o) PPR 6(4) &amp; 11(4); (p) PPR 6(5) &amp; 11(5); (q) PPPFA Section 2(1)(f); (r) PPR 7(1) Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX195</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed. The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrance of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Water Treatment Chemicals (Dagne Water Division)</b>  Applicable laws and regulations:  (a) MFMA sec 62(1)(a); (b) MFMA sec 95(a); (c) SCM reg. 27(3); (d) SCM reg. 22(1)(b)(i); (e) SCM reg. 22(2); (f) SCM reg 22(1)(a); (g) SCM reg 23(c)(iii); (h) PPR 8</p> <p>Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX196</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p> <p>The fact that exceptions were noted regarding the procurement processes result in the following:  (a) Non-compliance to the applicable laws and regulations;  (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.</li> <li>- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.</li> <li>- Minutes of the bid evaluation committee meetings should be</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department  Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	<u>Completion date</u>	<u>Responsible Branch / Directorate and Official:</u>
			made available to the AGSA to ensure that all requirements from their side are met.		

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Upgrading of 15km Pipeline Montague dam</b> Applicable laws and regulations: (a) SCM reg. 27(3); (b) SCM reg. 22(1)(b)(i); (c) SCM reg. 22(2); (d) SCM reg 22(1)(a); (e) SCM reg 23(c)(iii); (f) MFMA sec 112 - fairness; (g) CIDB SFU 4.2.1.4 &amp; 5; (h) CIDB act Section 22 (3); and (i) CIDB regulation 18(1A), (1) Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX186</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed. The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Travelling Agencies (Hama Nathi Travel Agencies)</b>  Applicable laws and regulations:  (a) MFMA sec 62(1)(a); (b) MFMA sec 95(a); (c) SCM reg. 27(3); (d) SCM reg. 22(1)(b)(i); (e) SCM reg. 22(2); (f) SCM reg 22(1)(a); (g) SCM reg 23(c)(iii); (h) PPR 8</p> <p>Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX193</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p> <p>The fact that exceptions were noted regarding the procurement processes result in the following:  (a) Non-compliance to the applicable laws and regulations;  (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.</li> <li>- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.</li> <li>- Minutes of the bid evaluation committee meetings should be</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department  Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	<u>Completion date</u>	<u>Responsible Branch / Directorate and Official:</u>
			made available to the AGSA to ensure that all requirements from their side are met.		

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Upgrading of internal streets in Matlakeng</b> Applicable laws and regulations: (a) SCM reg. 22(1)(b)(i); (b) SCM reg. 22(2); (c) SCM reg 22(1)(a); (d) SCM reg 23(c)(iii); (e) MFMA sec 112 - fairness; (f) CIDB SFU 4.2.1.4 &amp; 5; (g) CIDB act Section 22 (3); and (h) CIDB regulation 18(1A), (1). Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX184</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed. The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Preparation Of Fixed Assets Register - Movables (Ducharme)</b></p> <p>Applicable laws and regulations:            (a) SCM reg. 27(3); (b) SCM reg 23(c)(iii); (c) MFMA sec 112 - fairness; (d) SCM reg 28(1)(b); (e) SCM reg 28(1)(c); and (f) SCM reg 38(1)(d)(i)</p> <p>Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX197</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p> <p>The fact that exceptions were noted regarding the procurement processes result in the following:            (a) Non-compliance to the applicable laws and regulations;            (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.</li> <li>- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.</li> <li>- Minutes of the bid evaluation committee meetings should be</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	<u>Completion date</u>	<u>Responsible Branch / Directorate and Official:</u>
			made available to the AGSA to ensure that all requirements from their side are met.		

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Preparation Of Fixed Assets Register</b>Applicable laws and regulations:(a) SCM reg. 27(3); and(b) SCM reg 23(c)(iii)Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX198</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Short-Term Insurance (AON)</b>  Applicable laws and regulations:  (a) SCM reg. 27(3); (b) SCM reg. 22(1)(b)(i); (c) SCM reg. 22(2); (d) SCM reg 22(1)(a); and (e) SCM reg 23(c)(iii)</p> <p>Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX199</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p> <p>The fact that exceptions were noted regarding the procurement processes result in the following:  (a) Non-compliance to the applicable laws and regulations;  (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.</li> <li>- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.</li> <li>- Minutes of the bid evaluation committee meetings should be</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department  Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	<u>Completion date</u>	<u>Responsible Branch / Directorate and Official:</u>
			made available to the AGSA to ensure that all requirements from their side are met.		

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Construction of a 15km Raw Water Pipeline</b>Applicable laws and regulations:(a) SCM reg. 27(3); (b) SCM reg. 22(1)(b)(i); (c) SCM reg. 22(2); (d) SCM reg 22(1)(a); (e) SCM reg 23(c)(iii); (f) SCM reg 28(1)(b); and (g) CIDB SFU 4.2.1.4 &amp; 5Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX200</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Upgrading Of The Rouxville/Roleleathunya WTW (Lohan Civil)</b></p> <p>Applicable laws and regulations:            (a) SCM reg. 27(3); (b) SCM reg. 22(1)(b)(i); (c) SCM reg. 22(2); (d) SCM reg 22(1)(a); (e) SCM reg 23(c)(iii); (f) MFMA sec 112 - fairness; (g) SCM reg 28(1)(b); (h) CIDB SFU 4.2.1.4 &amp; 5; (i) CIDB act Section 22 (3); (j) CIDB regulation 18(1A), (1)</p> <p>Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX201</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p> <p>The fact that exceptions were noted regarding the procurement processes result in the following:            (a) Non-compliance to the applicable laws and regulations;            (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.</li> <li>- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.</li> <li>- Minutes of the bid evaluation committee meetings should be</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	<u>Completion date</u>	<u>Responsible Branch / Directorate and Official:</u>
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Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Oxidation Ponds Smithfield</b> Applicable laws and regulations: (a) SCM reg. 22(1)(b)(i); (b) SCM reg. 22(2); (c) SCM reg 22(1)(a); (d) SCM reg 23(c)(iii); (e) CIDB SFU 4.2.1.4 &amp; 5; (f) CIDB act Section 22 (3); and (g) CIDB regulation 18(1A), (1) Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX183</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed. The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Revenue Enhancement</b>  Applicable laws and regulations:  (a) SCM reg. 27(3); (b) SCM reg. 22(1)(b)(i); (c) SCM reg. 22(2); (d) SCM reg 22(1)(a); (e) SCM reg 23(c)(iii); (f) PPR 6(2); and (g) PPR 10</p> <p>Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX188</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p> <p>The fact that exceptions were noted regarding the procurement processes result in the following:  (a) Non-compliance to the applicable laws and regulations;  (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.</li> <li>- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.</li> <li>- Minutes of the bid evaluation committee meetings should be</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department  Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	<u>Completion date</u>	<u>Responsible Branch / Directorate and Official:</u>
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Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Traffic Management</b>Applicable laws and regulations:(a) SCM reg. 27(3); (b) SCM reg. 22(1)(b)(i); (c) SCM reg. 22(2); (d) SCM reg 22(1)(a); and (e) SCM reg 23(c)(iii)Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX189</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Quality Management System</b>  Applicable laws and regulations:  (a) SCM reg. 27(3); (b) SCM reg. 22(1)(b)(i); (c) SCM reg. 22(2); (d) SCM reg 22(1)(a); (e) SCM reg 23(c)(iii); (f) MFMA sec 112 - fairness; (g) CIDB SFU 4.2.1.4 &amp; 5; (h) CIDB act Section 22 (3); and (i) CIDB regulation 18(1A), (1)</p> <p>Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX190</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p> <p>The fact that exceptions were noted regarding the procurement processes result in the following:  (a) Non-compliance to the applicable laws and regulations;  (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.</li> <li>- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.</li> <li>- Minutes of the bid evaluation committee meetings should be</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department  Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	<u>Completion date</u>	<u>Responsible Branch / Directorate and Official:</u>
			made available to the AGSA to ensure that all requirements from their side are met.		

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Telephone System</b>Applicable laws and regulations:(a) SCM reg. 27(3); (b) SCM reg. 22(1)(b)(i); (c) SCM reg. 22(2); (d) SCM reg 22(1)(a); (e) SCM reg 23(c)(iii); (f) MFMA sec 112 - fairnessSeveral issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX191</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Supply And Installation Of Photocopying Machines</b></p> <p>Applicable laws and regulations:            (a) MFMA sec 62(1)(a); (b) MFMA sec 95(a); (c) SCM reg. 27(3); (d) SCM reg. 22(1)(b)(i); (e) SCM reg. 22(2); (f) SCM reg 22(1)(a); (g) SCM reg 23(c)(iii); (h) MFMA sec 112 - fairness; (i) SCM reg 28(1)(b); (j) SCM reg 28(1)(c); (k) SCM reg 38(1)(d)(i); and (l) PPR 6(1)</p> <p>Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX192</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p> <p>The fact that exceptions were noted regarding the procurement processes result in the following:            (a) Non-compliance to the applicable laws and regulations;            (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.</li> <li>- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.</li> <li>- Minutes of the bid evaluation committee meetings should be</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	<u>Completion date</u>	<u>Responsible Branch / Directorate and Official:</u>
			made available to the AGSA to ensure that all requirements from their side are met.		

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Personal Protective Clothing (Raw Networks)</b>Applicable laws and regulations:(a) MFMA sec 62(1)(a); (b) MFMA sec 95(a); (c) SCM reg. 27(3); (d) SCM reg. 22(1)(b)(i); (e) SCM reg. 22(2); (f) SCM reg 22(1)(a); (g) SCM reg 23(c)(iii); (h) PPR 8Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX202</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Competitive bidding - Awards above R200,000 - Upgrading of Matlakeng Sports ground</b></p> <p>Applicable laws and regulations:  (a) SCM reg. 22(1)(b)(i); (b) SCM reg. 22(2); (c) SCM reg 22(1)(a); (d) SCM reg 23(c)(iii); (e) CIDB SFU 4.2.1.4 &amp; 5; (f) CIDB act Section 22 (3); and (g) CIDB regulation 18(1A), (1)</p> <p>Several issues in contravention of the abovementioned regulations were identified. Please refer to the hyperlinked exception for more information.</p>	<p><a href="#">EX185</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance.</p> <p>The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.</p> <p>The fact that exceptions were noted regarding the procurement processes result in the following:  (a) Non-compliance to the applicable laws and regulations;  (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better management of the Supply Chain Management Division</li> <li>- Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations</li> <li>- All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis.</li> <li>- Ensure better record keeping and safeguarding of these documents</li> <li>- No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession</li> <li>- Registers as required should be kept up to date by the SCM accountant on a weekly basis</li> <li>- All tenders awarded should be published on the municipal website</li> <li>- Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid.</li> <li>- Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements.</li> <li>- Minutes of the bid evaluation committee meetings should be</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department  Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	<u>Completion date</u>	<u>Responsible Branch / Directorate and Official:</u>
			made available to the AGSA to ensure that all requirements from their side are met.		

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Legal fees - Appointment of legal representation</b>Applicable laws and regulations:(a) MFMA S.12(1); (b) MFMA S.12(2); (c) MFMA S.12(3); (d) SCM reg.13©Contrary to the above mentioned requirements, no evidence could be obtained:(a) to prove the application of supply chain management laws and regulations; and/or(b) the authorisation of the deviation from supply chain management laws and regulations in regard to the appointment of legal representation.</p>	<p><a href="#">EX109</a></p>	<p>The issues resulted because management have not implemented sufficient internal controls regarding procurement and contract management processes to prevent non-compliance to the applicable laws and regulations and in instances where controls are in place management supervisory processes did not detect the non compliance. The AGSA are also of the opinion that the reason for the unavailability of the information is due to a lack of control over financial documents, including a lack of sufficient space and the maintenance of control registers. Supporting documentation attached to procurement documentation are for some instances noted inadequate and do not contain sufficient detail of the original procurement process followed.The fact that exceptions were noted regarding the procurement processes result in the following: (a) Non-compliance to the applicable laws and regulations; (b) The incurrence of irregular expenditure</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Better management of the Supply Chain Management Division - Ensure that the SCM Department reports on a monthly basis on all requirements as per SCM regulations - All reports and registers as required by SCM regulations should be compiled and reviewed on a monthly basis. - Ensure better record keeping and safeguarding of these documents - No supplier/contractor should be paid if we do not have a signed contract/ valid VAT invoices in our possession - Registers as required should be kept up to date by the SCM accountant on a weekly basis - All tenders awarded should be published on the municipal website - Minutes of the meetings of the bid specification committees should be taken and safeguarded to be presented to the AGSA as support that the bid specification committee did meet and discuss the specifications for the specific bid. - Ensure that compliance to all relevant laws and regulations as stipulated are maintained. Design a template (checklist) to ensure that all steps as required are taken to meet all legislative requirements. - Minutes of the bid evaluation committee meetings should be made available to the AGSA to ensure that all requirements from their side are met.</p>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Procurement: Use of consultants - Fruitless and wasteful expenditure</b>            The appointment of Ramabulane Management Services to address MLM's problems in regards to VAT calculations did not achieve its contracted agreement as the AGSA identified problems during the audit of VAT of MLM.</p>	<p><a href="#">EX151</a></p>	<p>The matter occurred due to the fact that:</p> <p>(a) Management appointed the consultant, whilst the municipality was fully capacitated and able to calculate and record the VAT;            (b) Various problems in regards to the revenue accounting records were not firstly addressed to ensure that the source information used by the consultant (Ramabulane Management Services) were correct; and            (c) Management does not have a policies/procedures in place to administer and monitor the appointment and performance of appointed consultants.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <p>- Management should take responsibility for completing VAT returns in-house as we are capacitated to do so.</p>	<p>31-Mar-15</p>	<p>Finance Department            Chief Financial Officer</p>
<b>Operating expenditure</b>					
<p><b>Expenditure: Specifications</b>            SCM Regulation 46(3) stipulates certain requirements in regards to procurement processes.</p> <p>Through inspection of supporting documentation as per the sample tested by the AGSA, the following items of non-compliance were identified:</p> <ul style="list-style-type: none"> <li>- Instances where no quotations were attached to the invoices;</li> <li>- Instances where no proof of receipt of the specific goods/services was attached to the invoices/quotations</li> </ul>	<p><a href="#">EX149</a></p>	<p>The issue occurred as the management control environment over procurement processes are weak and compliance to SCM laws and regulations are not monitored.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- No invoice should be processed if the required quotations, order, etc. is not attached to the invoice;</li> <li>- Delivery notes should be issued for each item of goods/services ordered and it should be signed for by both the SCM Clerk and the person whom ordered the goods/services</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department            Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Expenditure: Non-compliance to SCM Regulations</b> Transactions were entered into with contractors/vendors for which it could not be determined whether they form part of the registered and approved list of vendors of the LM as stipulated in the SCM Regulations par 14, as no valid vendor code could be obtained for the identified vendors.</p>	<p><a href="#">EX150</a></p>	<p>Management is not actively managing its approved supplier list.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Management should review the vendor/contractor list on a quarterly basis and update it accordingly</li> <li>- No invoices from vendors without a valid vendor code should be processed for payment.</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department Chief Financial Officer</p>
<p><b>Expenditure: Non-compliance to SCM Regulations</b> During the audit, the AGSA identified several payments which did not adhere to supply chain management Regulations. For further details, please refer to the hyperlinked exception</p>	<p><a href="#">EX203</a></p>	<p>This was caused by weak internal controls over SCM regulations not being implemented/evaluated by SCM department.</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Management should implement proper controls over the SCM department to ensure that all regulations are adhered to.</p>	<p>28-Feb-15</p>	<p>Finance Department Chief Financial Officer</p>
<p><b>Expenditure: Non-compliance MFMA</b> Contravention of section 65(2)(e) of the MFMA took place during the course of the year as MLM did not see to it that all creditors are paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure, as required by legislation.</p>	<p><a href="#">EX16</a></p>	<p>The issue occurred because of the following:</p> <ul style="list-style-type: none"> <li>• The severe cash flow constraints of the municipality</li> <li>• Lack of controls to track the date of receipt of an invoice and to track the distribution/movements of a particular invoice at any given time</li> </ul>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- start a mail register that track the date of receipt of an invoice;</li> <li>- ensure that invoices are date stamped and that track the distribution of the invoice through the various departments of the LM until it reaches the financial department for final payment.</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Expenditure: Non-compliance MFMA</b>            Contravention of section 65(2)(e) of the MFMA took place during the course of the year as MLM did not see to it that all creditors are paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure, as required by legislation.</p>	<p><a href="#">EX172</a></p>	<p>The issue occurred because of the following:</p> <ul style="list-style-type: none"> <li>• The severe cash flow constraints of the municipality</li> <li>• Lack of controls to track the date of receipt of an invoice and to track the distribution/movements of a particular invoice at any given time</li> </ul>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- start a mail register that track the date of receipt of an invoice;</li> <li>- ensure that invoices are date stamped and that track the distribution of the invoice through the various departments of the LM until it reaches the financial department for final payment.</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department            Chief Financial Officer</p>
<p><b>Payroll</b></p>					
<p><b>Subsistence &amp; Travel Allowance: Non compliance 30 days Payment</b>            Payments to suppliers were not made within 30 days after receipt of invoices or statements as required by section 65(2)e of the MFMA</p>	<p><a href="#">EX206</a></p>	<p>Controls ensuring the payment of suppliers within 30 days of the receipt of invoices or statements did not function at all times. In addition the Municipality has experienced period where it had cash flow problems that result in management not being able to make payment within the prescribed timeframes.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Better cash flow budgeting to ensure that all creditors are paid within the 30 day timeframe as set out legislatively</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department            Chief Financial Officer</p>
<p><b>Subsistence &amp; Travel Allowance: Non compliance with SCM Regulations</b>            Payments not adhering to SCM Regulations 17, 18 and 19 were identified during the course of the audit by the AGSA. Please refer to the hyperlinked exception for further details.</p>	<p><a href="#">EX207</a></p>	<p>This was caused by weak internal controls over SCM regulations not being implemented/evaluated by SCM department when it comes to travel and subsistence expenditure.</p> <p>The issues identified result in the incurrance of irregular and fruitless and wasteful expenditure that was not identified and accounted for by management.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Ensure that all S&amp;T expenses complies with the regulations of SCM</li> <li>- Design a template (checklist) which are attached to each S&amp;T invoice to ensure that all the legislative requirements are met.</li> </ul>	<p>28-Feb-15</p>	<p>Finance Department            Chief Financial Manager</p>
<p><b>Integrated Development Plan</b></p>					

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>IDP review process non-compliance</b></p> <p>During the performance of the audit, the AGSA obtained an understanding of the detailed business process that relate to performance management it was identified that the municipality did not have a formally documented process for the review of the IDP. Non existence of the documented process resulted in non-compliance.</p> <p>No evidence could be obtained that proved that the annual review of the Integrated Development Plan (IDP) by council was based on the performance results from a performance management assessment done by the municipality .</p> <p>No evidence could be obtained that prove that the informal processes of performance management and review used, provide for procedures by which the performance management system is linked to the municipality's IDP.</p> <p>The Municipality did not have an IDP review process in place for the period of 2013/14. The approved IDP review process plan for 2014/15 financial year does not include the contents of the subsequent review of the IDP after the initial IDP has been adopted after the elections.</p>	<p><a href="#">EX28</a></p>	<p>The IDP is not being reviewed in accordance with the requirements of legislation and resulted in non-compliance.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Design and develop the necessary policies to guide the review process of the IDP to include all the requirements of the law.</li> </ul>	<p>31-Mar-15</p>	<p>Office of the Municipal Manager Municipal Manager</p>

**Performance Management Systems**

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>No supporting evidence for the selected indicators/objectives</b> During the audit of the reported performance information, management was unable to provide the AGSA with sufficient appropriate audit evidence to support the actual performance reported in respect of the selected indicators. Please refer to the hyperlinked exception for further information</p>	<p><a href="#">EX226</a></p>	<p>The matter occurred due to the fact that the municipality does not have a proper performance management system in place and has not developed any documentation protocols for performance reporting. Performance reporting in the municipality has not been developed to the level where reliable and verifiable information is produced for reporting on the strategic objectives that has been set in the municipalities IDP and SBDIP</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Design and develop processes to ensure that all information reported by the relevant departments are supported by corroborating evidence - Design and develop the required policies to ensure that all PMS requirements are documented as required by laws and regulations - Ensure alignment between the IDP, the SDBIP and the Annual Report</p>	<p>28-Feb-15</p>	<p>Office of the Municipal Manager Municipal Manager</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Inconsistency between planned and reported performance information</b>  Applicable legislation: S.41(1), S.41(2) and S.46(1) of the Municipal Systems Act</p> <p>Contrary to the above requirements it has been established on assessment performed between planned objectives, indicators, and targets that the reported ones have been changed from the initially agreed on with the director of the technical services.</p> <p>For more detail, please refer to the hyperlinked exception.</p>	<p><a href="#">EX133</a></p>	<p>The above misstatements occurred due to the following factors:</p> <p>a) Municipality did not apply the principles and requirement necessary for the performance information.</p> <p>b) Those charged with governance did not charge out their duties of overseeing that the process is being followed</p> <p>c) Annual report was not prepared in accordance with the agreed indicators and targets</p> <p>d) Proper outline or formatting was not performed on the structure of the annual report to ensure proper alignment.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Design and develop processes to ensure that all information reported by the relevant departments are supported by corroborating evidence</li> <li>- Design and develop the required policies to ensure that all PMS requirements are documented as required by laws and regulations</li> <li>- Ensure alignment between the IDP, the SDBIP and the Annual Report</li> </ul>	<p>28-Feb-15</p>	<p>Office of the Municipal Manager Municipal Manager</p>
<p><b>Performance indicators and targets are not measurable</b>  The National Treasury Framework for managing programme performance information (FMPPPI) requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. The framework continues by indicating the requirement that it must be possible to validate the processes and systems that produce the indicator, that performance targets be specific in clearly identifying the nature and required level of performance and that performance targets be measurable.</p> <p>During the audit of the reported performance information the AGSA identified that certain performance indicators/measurements from the selected objectives do not have a clear, unambiguous data definition they are not specific and measurable.</p> <p>Please refer to the hyperlinked exception for further details.</p>	<p><a href="#">EX224</a></p>	<p>The matter occurred due to the fact that the municipality does not have a proper performance management system in place and has not developed any documentation protocols for performance reporting. Performance reporting in the municipality has not been developed to the level where reliable and verifiable information is produced for reporting on the strategic objectives that has been set in the municipalities IDP and SBDIP.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Design and develop a proper Performance Management System</li> <li>- Design and develop processes to ensure that all information reported by the relevant departments are supported by corroborating evidence</li> <li>- Design and develop the required policies to ensure that all PMS requirements are documented as required by laws and regulations</li> <li>- Ensure alignment between the IDP, the SDBIP and the Annual Report</li> <li>- Review all targets included and</li> </ul>	<p>28-Feb-15</p>	<p>Office of the Municipal Manager Municipal Manager</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
			ensure that the SMART principle can be applied to all.		
<p><b>Performance indicators are not consistent</b>  The National Treasury Framework for managing programme performance information (FMPPi) requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. The framework continues by indicating the requirement that it must be possible to validate the processes and systems that produce the indicator, that performance targets be specific in clearly identifying the nature and required level of performance and that performance targets be measurable</p> <p>During the audit of the reported performance information, the AGSA identified that certain performance indicators/measurements from the selected objectives do not have a clear, unambiguous data definition and/or are not consistent.</p> <p>For further detail, please refer to the hyperlinked exception.</p>	<p><a href="#">EX222</a></p>	<p>The matter occurred due to the fact that the municipality does not have a proper performance management system in place and has not developed any documentation protocols for performance reporting. Performance reporting in the municipality has not been developed to the level where reliable and verifiable information is produced for reporting on the strategic objectives that has been set in the municipalities IDP and SBDIP.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Design and develop a proper Performance Management System</li> <li>- Design and develop processes to ensure that all information reported by the relevant departments are supported by corroborating evidence</li> <li>- Design and develop the required policies to ensure that all PMS requirements are documented as required by laws and regulations</li> <li>- Ensure alignment between the IDP, the SDBIP and the Annual Report</li> <li>- Review all targets included and ensure that the SMART principle can be applied to all and that all targets are consistent for the year under review.</li> </ul>	<p>28-Feb-15</p>	<p>Office of the Municipal Manager Municipal Manager</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Selected performance indicators are not reported in the Annual Report</b>The National Treasury Framework for managing programme performance information (FMPPI) requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. The framework continues by indicating the requirement that it must be possible to validate the processes and systems that produce the indicator, that performance targets be specific in clearly identifying the nature and required level of performance and that performance targets be measurable. During the audit of the reported performance information, the AGSA identified that certain performance indicators/measurements from the selected objectives was not reported on, in the annual report. For further detail, please refer to the hyperlinked exception.</p>	<p><a href="#">EX223</a></p>	<p>The matter occurred due to the fact that the municipality does not have a proper performance management system in place and has not developed any documentation protocols for performance reporting. Performance reporting in the municipality has not been developed to the level where reliable and verifiable information is produced for reporting on the strategic objectives that has been set in the municipalities IDP and SBDIP.</p>	<p>Management will be able to resolve this matter by conducting the following steps: - Design and develop a process where it is ensured that all relevant information is included in the Annual Report and that all of these information are corroborated by supporting documentation.</p>	<p>28-Feb-15</p>	<p>Office of the Municipal Manager Municipal Manager</p>
<p><b>Shortcomings in the Performance Management System</b> Whilst obtaining an understanding of the business processes related to performance reporting, the AGSA identified the following critical weaknesses in the processes of the municipality. These weaknesses is the main contributing factor for the current poor state of performance reporting:</p> <p>(i) Management has not developed technical indicators to clarify the information needs for its performance indicators and targets; (ii) Management is not ensuring that it sets measurable targets for KPI's; (iii) Management is not ensuring that the necessary supporting evidence is defined, identified and safeguarded in respect of performance information (iv) Standard Operating Procedures for performance information collections, collation and verification have not been developed and documented; (v) Monitoring and review processes are not in place; and (vi) No independent monitoring and verification is performed of the work done by consultants.</p>	<p><a href="#">EX29</a></p>	<p>The matter occurred as management did not adequately monitor the compliance to laws and regulations and a performance management system policy was not approved and adopted by council, for the 2013-14 financial year. In addition, management did not adequately respond to the findings raised by the Auditor-General as this matter was already reported in 2012/13.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <p>- Design and implement a process which will track compliance to laws and regulations and ensure that all legislative requirements are adhered to.</p>	<p>28-Feb-15</p>	<p>Office of the Municipal Manager Municipal Manager</p>

**Receivables**

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Debtors classification</b> During the testing of receivables, instances were identified where the classification as per the debtors type per age analysis (SEBATA) were not deemed to be appropriate given the nature of the debtors and the confirmation procedures performed to the municipal valuation roll.</p>	<p><a href="#">EX71</a></p>	<p>The matter occurred due to a weakness in the control environment in the revenue section of the municipality and a lack of priority in the section to confirming the integrity of the consumer data on the billing system of the municipality.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Design and implement a process where the classification of all debtors are reviewed and all incorrect classifications are corrected.</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>
<p><b>Receivables - Limitation of scope (existence)</b> During the testing of the existence of debtors, there were instances where the existence of the debtor could not be confirmed as the debtor did not make any payments since July 2014 and were not available for physical verification.</p>	<p><a href="#">EX129</a></p>	<p>The matter occurred due to the nature of the debtors and the unavailability of the persons for confirmation.</p>			
<p><b>Receivables - Prior period unresolved findings</b> Please refer to the hyperlinked exception for information regarding the prior period findings which were unresolved</p>	<p><a href="#">EX64</a></p>	<p>The issue arose because of the breakdown in the control environment during 2012/13. This breakdown in the control environment resulted in unreliable financial information on the systems of the municipality and the loss of documentation.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Investigate the matters raised and determine whether we have the proof to make the required adjustments to the AFS.</li> </ul>	<p>31-Mar-15</p>	<p>Finance Department Chief Financial Officer</p>

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
<p><b>Receivables - Incorrect water meter readings</b>            During the testing performed on receivables, debtors were identified whose accounts for water in respect of June 2014 were not comparable with average usage in previous months. The water usage billed was very high and considering the nature of the debtor, it is unlikely that the reading is correct.</p>	<p><a href="#">EX62</a></p>	<p>The matter occurred due to a lack in controls pertaining to the monthly water meter readings</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <p>Processes will be put in place to ensure the following:</p> <ol style="list-style-type: none"> <li>1. • That where a reading is obtained from meter man, such readings are tested and then set out in the exception report.               <ol style="list-style-type: none"> <li>1. o The exception report to be scrutinized by the Snr Clerk/accountant and further readings are requested.</li> <li>2. o New readings are captured and a 2nd exception report is verified and signed off by the accountant.</li> </ol> </li> <li>2. • Where meter man does not have a reading for any reason, processes will be put in place to ensure that an interim account is billed.</li> <li>3. • All covered meters to be reported to the meter readers to clear.</li> <li>4. • All broken meters / meters stopped to be reported to the Technical department.</li> <li>5. • Details of changed meters to be obtained from Technical Department and put on system.</li> </ol>	<p>31-Mar-15</p>	<p>Finance Department            Chief Financial Officer</p> <p>Technical Department            Director Technical Services</p>
<b>Revenue</b>					
<b>Revenue - Completeness of revenue</b>					

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
During testing of the completeness of water charges levied, a sample of readings from different properties were taken on 3 July 2014. The debtors' accounts of these houses were obtained and instances were identified where the accounts indicate that the meters were not read as the accounts did not have a reading for the month of June 2014. For more detail refer to the hyperlinked exception	EX95	The issue occurred because of a lack of control processes in the revenue section of the municipality.	Management will be able to resolve this matter by conducting the following steps: - Implementation of the revenue enhancement policy which will ensure that all services rendered are levied.	31-Mar-15	Finance Department Chief Financial Officer
<b>Revenue - Prior period unresolved findings</b> Please refer to the hyperlinked exception for information regarding the prior period findings which were unresolved	<a href="#">EX66</a>	The issue arose because of the breakdown in the control environment during 2012/13. This breakdown in the control environment resulted in unreliable financial information on the systems of the municipality and the loss of documentation.	Management will be able to resolve this matter by conducting the following steps:  - Investigate the matters raised and determine whether we have the proof to make the required adjustments to the AFS.	31-Mar-15	Finance Department Chief Financial Officer
<b>Revenue - Service charges incorrect</b> During the audit of service charges the following instances were identified: WATER - No readings for certain accounts - Meters not read and account holder only billed for interim reading - Differences in the amounts actually billed and what should have been billed - Readings taken at year end by the auditors differs from those taken by the AGSA - Water meter readings which did not move for the whole financial year	<a href="#">EX51</a>	The issues occurred due to lack of implementation of controls in the revenue section of the municipality. The fact that these matters that have been identified and reported in previous years and are not improving indicates a lack of proper management in the component. The component, that is fully staffed in terms of the municipal approved establishment, also makes use of consultants to perform their functions and for reporting purposes and despite these resources and the cost associated therewith cannot resolve these issues and improve the financial controls. Proper revenue management is extremely important for the financial well being of the municipality as the revenue informs the extent of what the municipality is able to deliver. It would thus appear that the directorate do not have persons	Management will be able to resolve this matter by conducting the following steps:  Processes will be put in place to ensure the following: 1. • That where a reading is obtained from meter man, such readings are tested and then set out in the exception report. 1. o The exception report to be scrutinized by the Snr Clerk/accountant and further readings are requested. 2. o New readings are captured and a 2nd exception report is verified and signed off by the accountant. 2. • Where meter man does not have a reading for any reason, processes will be put in place to ensure that an interim account is billed. 3. • All covered matters to be reported to the meter readers to	31-Mar-15	Finance Department Chief Financial Officer

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
		with the correct skills and experience to lead this component.	clear. 4. • All broken meters / meters stopped to be reported to the Technical department. 5. • Details of changed meters to be obtained from Technical Department and put on system.		
<b>Revenue - Service charges incorrect</b> During the audit of service charges the following instances were identified: REFUSE - Tariffs does not agree to the approved tariff list - Tariffs billed at incorrect rates due to incorrect classification of debtors	<a href="#">EX51</a>		Management will be able to resolve this matter by conducting the following steps:  - Design and implement controls to ensure that the correct tariffs are uploaded in the system and that a regular spot check on accounts are performed to identify possible errors.	31-Mar-15	Finance Department Chief Financial Officer
<b>Revenue - Service charges incorrect</b> During the audit of service charges the following instances were identified: SEWERAGE - Tariffs billed at incorrect rates due to the incorrect classification of debtors	<a href="#">EX51</a>		Management will be able to resolve this matter by conducting the following steps:  - Design and implement controls to ensure that the correct tariffs are uploaded in the system and that a regular spot check on accounts are performed to identify possible	31-Mar-15	Finance Department Chief Financial Officer

Audit finding	Exception to which the finding relates	Root cause	Remedial Actions	Completion date	Responsible Branch / Directorate and Official:
			errors.		
<b>WIP Contracts</b>					
<p><b>Limitation of scope</b>  The following contracts could not be obtained for verification during the 2013/14 audit and should be requested from the service provider and kept on file for the 2014/15 audit</p> <ul style="list-style-type: none"> <li>- Colemo Projects (R5,3million was paid to them before dismissal)</li> <li>- ISA &amp; Partners (R4, 252, 980)</li> </ul>		<p>The issue occurred because of a lack of control processes over documentation in the Project Management Unit of the municipality.</p>	<p>Management will be able to resolve this matter by conducting the following steps:</p> <ul style="list-style-type: none"> <li>- Design and implement a file where all contracts on current capital work in progress (even if it was entered into in a prior financial year) are kept to ensure that record keeping is up to date</li> </ul> <p>This file should include the following documents per contract as a minimum:</p> <ul style="list-style-type: none"> <li>- <b>Signed Appointment letter</b></li> <li>- <b>Signed contract</b></li> <li>- <b>All invoices relating to the respective projects for the 2014/15 financial year</b></li> </ul> <ul style="list-style-type: none"> <li>- Ensure that all contracts which was not obtained in the previous year is also on file</li> </ul>	28-Feb-15	<p>Technical Services  Department  Director Technical Services</p>



**MOHOKARE**  
LOCAL MUNICIPALITY



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[www.mohokare.co.za](http://www.mohokare.co.za)

# 2013/2014

***ANNUAL FINANCIAL STATEMENTS***

***for the year ended***

***30 June 2014***

**MOHOKARE LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL**  
**STATEMENTS for**  
**the year ended 30**  
**June 2014**

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**MOHOKARE LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**GENERAL INFORMATION**

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**SPEAKER**

M.A. Shasha

**MEMBERS OF COUNCIL**

Speaker	M.A. Shasha	
Chief Whip	R.J. Thuhlo	
Councillors:	O.T. Khasake	L. Lekhula
	S. Pokane	E.T. Backward
	M.J. Sehanka	B.S. Majenge
	M.A. Letele	I.S. Riddle
	I. Mehlomakhu	

**GRADING OF THE LOCAL AUTHORITY**

Grade 2

**AUDITORS**

External – Auditor General of South Africa  
Internal – Internal audit unit functioning from 1 October 2013.  
(Vacant from 1 July 2013 to 30 September 2013)  
Elmien Wilken (Chief Audit Executive)

**PRIMARY BANKER**

ABSA Bank

**REGISTERED OFFICE**

Civic Center  
Hoofd Street  
Zastron  
9950

PO Box 20  
Zastron  
9950

Telephone: (051) 673-9600

Facsimile: (051) 673-1550  
E-Mail: [info@mohokare.gov.za](mailto:info@mohokare.gov.za)  
Website: <http://www.mohokare.gov.za>

**MUNICIPAL MANAGER**

T.C. Panyani

**CHIEF FINANCIAL OFFICER**

J.V. Nkosi (Until July 2013)

P. Dyonase (Acting from July 2013)

**MOHOKARE LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**GENERAL INFORMATION (continued)**

**APPROVAL OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 7 to 96, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

These Annual Financial Statements will be presented to the Council for information during September 2014.

---

**TC PANYANI**  
**MUNICIPAL MANAGER**  
31 August 2014

---

**P Dyonase**  
**CHIEF FINANCIAL OFFICER**  
31 August 2014

3

8  
9

1

**MOHOKARE LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2014**

**GENERAL INFORMATION (continued)**

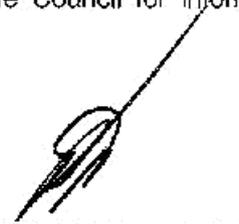
**APPROVAL OF FINANCIAL STATEMENTS**

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These Annual Financial Statements will be presented to the Council for information during September 2014.



**TC PANYANI**  
**MUNICIPAL MANAGER**  
31 August 2014



**P Dyonase**  
**CHIEF FINANCIAL OFFICER**  
31 August 2014

**MOHOKARE LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**MEMBERS OF THE COUNCIL**

---

COUNCILLORS

---

O T Khasake	ANC
L Lekhula	ANC
S Pokane	DA
E T Backward	ANC
R J Thuhlo	ANC
M J Sehanka	ANC
B S Majenge	ANC
M A Letele	ANC
I S Riddle	DA
I Mehlomakulu	ANC
A M Shasha	ANC

---



**Mohokare Local Municipality**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014**

	Note	Actual 2014	2013 R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>37 419 667</b>	<b>38 328 417</b>
Inventories - Consumables	2	790 723	657 099
Inventories - Properties held for transfer	2	27 640 500	27 640 500
Receivables from Exchange Transactions	3	2 463 457	2 474 323
Receivables from Non-exchange Transactions	4	649 064	785 370
Sundry debtors	4	1 004 996	1 273 906
VAT Receivable	5	4 542 713	5 209 146
Cash and Cash Equivalents	6	328 214	288 073
<b>Non-Current Assets</b>		<b>473 526 135</b>	<b>464 401 682</b>
Property, Plant and Equipment	7	455 253 835	446 140 123
Investment Property	8	17 746 665	17 746 665
Biological Assets	9	240 031	326 970
Investments	10	285 604	187 924
<b>Total Assets</b>		<b>510 945 802</b>	<b>502 730 099</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>56 587 384</b>	<b>44 007 137</b>
Consumer Deposits	11	615 562	213 657
Payables	12	47 323 634	30 578 537
Deferred Grant Revenue	18	90 439	-
Unspent Conditional Grants and Receipts	13	6 072 722	12 855 049
Bank Overdraft	6	2 076 232	86 319
Current Portion of Long-term Liabilities	14	408 795	273 575
<b>Non-Current Liabilities</b>		<b>29 247 645</b>	<b>21 060 092</b>
Long-term Liabilities	14	12 756 991	8 062 386
Non-current Provisions	15	16 490 654	12 997 706
<b>Total Liabilities</b>		<b>85 835 028</b>	<b>65 067 229</b>
<b>Total Assets and Liabilities</b>		<b>425 110 774</b>	<b>437 662 870</b>
<b>NET ASSETS</b>		<b>425 110 774</b>	<b>437 662 870</b>
Accumulated Surplus / (Deficit)	16	425 110 774	437 662 870

**Total Net Assets**

425 110 774

437 662 870

Mohokare Local Municipality  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Actual 2014 R	2013 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>			
Property Rates	17	6 055 112	6 115 712
Traffic Fines		874 540	59 316
Gains on Fair Value adjustments		211 931	40 089
Licences and Permits		132	-
Government Grants and Subsidies Received	18	94 606 442	92 259 798
Donations Received	19	970 424	3 087 751
<b>Revenue from Exchange Transactions</b>			
Service Charges	20	40 965 596	38 485 990
Rental of Facilities and Equipment	21	574 998	454 688
Interest Earned - External Investments	22	175 822	117 585
Interest Earned - Outstanding Debtors	22	8 084 890	3 693 698
Dividends Received		8 925	8 316
Other Income	23	964 837	1 527 251
Profit on Sale of Livestock:-		43 982	-
Sale of Livestock		252 482	-
Carrying value of Livestock		(208 500)	-
<b>Total Revenue</b>		<b>153 537 631</b>	<b>145 850 194</b>
<b>EXPENDITURE</b>			
Employee Related Costs	24	52 766 457	41 066 145
Remuneration of Councillors	25	3 065 340	2 844 699
Depreciation and Amortisation	26	25 782 147	27 073 686
De-commissioning cost	7	1 375 457	317 380
Impairment Losses	27	22 554 982	14 209 172
Repairs and Maintenance		1 698 199	3 044 792
Finance Costs	28	2 191 427	1 344 791
Bulk Purchases	29	19 755 688	18 119 395
Contracted Services	30	5 393 623	6 147 924
Grants and Subsidies Paid	31	3 014 720	6 951 827
General Expenses	32	28 193 557	21 852 661
Loss on Disposal of Property, Plant and Equipment		298 128	344 725
<b>Total Expenditure</b>		<b>166 089 727</b>	<b>143 317 197</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>(12 552 096)</b>	<b>2 532 997</b>

Refer to Appendix E(1) for explanation of budget variances

**Mohokare Local Municipality**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014**

Description	Accumulated Surplus / (Deficit)	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
<b>Balance at 30 June 2012</b>	<b>274 812 178</b>	<b>274 812 178</b>	<b>274 812 178</b>
<b>2013</b>			
Surplus/(Deficit) for the year	11 310 486	11 310 486	11 310 486
Correction of comparative figures in the Income Statement	(8 777 489)	(8 777 489)	(8 777 489)
<b>Balance at 30 June 2013</b>	<b>277 345 175</b>	<b>277 345 175</b>	<b>277 345 175</b>
<b>Correction of prior period errors</b>	<b>160 317 695</b>	<b>160 317 695</b>	<b>160 317 695</b>
<b>Re-Stated Balance at 30 June 2013</b>	<b>437 662 870</b>	<b>437 662 870</b>	<b>437 662 870</b>
<b>2014</b>			
Surplus/(Deficit) for the year	(12 552 096)	(12 552 096)	(12 552 096)
<b>Balance at 30 June 2014</b>	<b>425 110 774</b>	<b>425 110 774</b>	<b>425 110 774</b>

Details on the movement of the Funds and Reserves are set out in Note 34.

**Mohokare Local Municipality**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

		Actual	
		2014	2013
		R	R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	Note		
<b>Receipts</b>			
Cash receipts from Ratepayers, Government and Other		111 634 981	122 623 097
Dividends Received		8 925	8 311
Interest Received	22	8 260 712	3 811 283
<b>Payments</b>			
Cash paid to suppliers and Employees		(90 631 776)	(83 943 056)
Interest Paid	28	(2 191 427)	(1 344 791)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	36	<u><u>27 081 415</u></u>	<u><u>41 154 844</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	7	(34 113 494)	(35 449 360)
Proceeds on Disposal of Biological Assets		252 482	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u><u>(33 861 012)</u></u>	<u><u>(35 449 360)</u></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings			
Borrowings		4 829 825	(2 708 678)
Increase / (Decrease) in Short-term Loans			
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u><u>4 829 825</u></u>	<u><u>(2 708 678)</u></u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u><u>(1 949 772)</u></u>	<u><u>2 996 806</u></u>
Cash and Cash Equivalents at Beginning of Period		201 754	(2 795 051)
Cash and Cash Equivalents at End of Period		(1 748 018)	201 754

**Mohokare Local Municipality**  
**BUDGET STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

30 June 2014

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R
<b>FINANCIAL POSITION</b>									
<b>Current Assets</b>									
Inventories	4 851 000	-	-	4 851 000	790 723	-	(4 060 277)	16%	16%
Inventories Held-for-Sale	-	-	-	-	27 640 500	-	27 640 500	0%	0%
Receivables from Exchange Transactions	18 208 000	-	-	18 208 000	2 463 457	-	(15 744 543)	14%	14%
Receivables from Non-exchange Transactions	-	-	-	-	649 064	-	649 064	0%	0%
VAT Receivable	-	-	-	-	4 542 713	-	4 542 713	0%	0%
Cash and Cash Equivalents	289 000	-	-	289 000	328 214	-	39 214	114%	114%
Sundry Debtors	1 158 000	-	-	1 158 000	1 004 996	-	(153 004)	87%	87%
<b>Non-Current Assets</b>									
Property, Plant and Equipment	343 256 000	-	-	343 256 000	455 253 835	-	111 997 835	133%	133%
Investment Property	20 519 000	-	-	20 519 000	17 746 665	-	(2 772 335)	86%	86%
Biological Assets	431 000	-	-	431 000	240 031	-	(190 969)	56%	56%
Intangible Assets	534 000	-	-	534 000	-	-	-	0%	0%
Non-current Investments	-	-	-	-	285 604	-	285 604	0%	0%
Other Non-Current Assets	113 000	-	-	113 000	-	-	(113 000)	0%	0%
<b>Total Assets</b>	<b>389 359 000</b>	<b>-</b>	<b>-</b>	<b>389 359 000</b>	<b>510 945 804</b>	<b>-</b>	<b>122 120 804</b>	<b>131%</b>	<b>131%</b>
<b>Current Liabilities</b>									
Consumer Deposits	164 000	-	-	164 000	615 562	-	451 562	375%	375%
Payables	1 983 000	-	-	1 983 000	47 323 634	-	45 340 634	2386%	2386%
Deferred Grant Revenue	-	-	-	-	90 439	-	90 439	0%	0%
Unspent Conditional Grants and Receipts	-	-	-	-	6 072 722	-	6 072 722	0%	0%
Short-term Loans	470 000	-	-	470 000	-	-	(470 000)	0%	0%
Bank Overdraft	4 915 000	-	-	4 915 000	2 076 232	-	(2 838 768)	42%	42%
Current Portion of Long-term Liabilities	-	-	-	-	408 795	-	408 795	0%	0%
<b>Non-Current Liabilities</b>									
Long-term Liabilities	1 262 000	-	-	1 262 000	12 756 991	-	11 494 991	1011%	1011%
Non-current Provisions	18 977 000	-	-	18 977 000	16 490 654	-	(2 486 346)	87%	87%
<b>Total Liabilities</b>	<b>27 771 000</b>	<b>-</b>	<b>-</b>	<b>27 771 000</b>	<b>85 835 028</b>	<b>-</b>	<b>57 973 589</b>	<b>309.08</b>	<b>309.08</b>
<b>Total Assets and Liabilities</b>									

	<b>361 588 000</b>	-	-	<b>361 588 000</b>	<b>425 110 776</b>	-	<b>64 147 214</b>	<b>118%</b>	<b>118%</b>
<b>Net Assets (Equity)</b>									
Accumulated Surplus / (Deficit)	361 588 000	-	-	361 588 000	425 110 774	-	63 522 774	118%	118%
<b>Total Net Assets</b>	<b>361 588 000</b>	-	-	<b>361 588 000</b>	<b>425 110 774</b>	-	<b>63 522 774</b>	<b>118%</b>	<b>118%</b>

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>FINANCIAL PERFORMANCE</b>									
<b>Revenue from Non-exchange Transactions</b>									
Property Rates	9 271 000	4 633 000	-	13 904 000	6 055 112	-	(7 848 888)	44%	65%
Fair value gains	-	-	-	-	211 931	-	211 931	0%	0%
Fines	3 000 000	(2 500 000)	-	500 000	874 540	-	374 540	175%	29%
Licences and Permits	-	-	-	-	132	-	132	0%	0%
Government Grants and Subsidies Received	59 125 000	(7 000 000)	-	52 125 000	94 606 442	-	42 481 442	181%	160%
Public Contributions and Donations	-	-	-	-	970 424	-	970 424	0%	0%
<b>Revenue from Exchange Transactions</b>									
Service Charges	39 566 000	3 888 000	-	43 454 000	40 965 596	-	(2 488 404)	94%	104%
Rental of Facilities and Equipment	2 469 000	(1 898 000)	-	571 000	574 998	-	3 998	101%	23%
Interest Earned - External Investments	2 000	4 000	-	6 000	175 822	-	169 822	2930%	8791%
Interest Earned - Outstanding Debtors	-	-	-	-	8 084 890	-	8 084 890	0%	0%
Dividends Received	9 000	-	-	9 000	8 925	-	(75)	99%	99%
Other Income	6 515 000	(1 929 000)	-	4 586 000	964 837	-	(3 621 163)	21%	15%
Profit on Sale of Livestock	-	-	-	-	43 982	-	43 982	0%	0%
<b>Total Revenue</b>	<b>119 957 000</b>	<b>(4 802 000)</b>	<b>-</b>	<b>115 155 000</b>	<b>153 537 630</b>	<b>-</b>	<b>38 382 630</b>	<b>133%</b>	<b>128%</b>
<b>Expenditure</b>									
Employee Related Costs	49 016 000	(480 000)	-	48 536 000	52 766 457	-	4 230 457	109%	108%
Remuneration of Councillors	2 963 000	23 000	-	2 986 000	3 065 340	-	79 340	103%	103%
Depreciation and Amortisation	21 952 000	6 000 000	-	27 952 000	25 782 147	-	(2 169 853)	92%	117%
De-commissioning cost	-	-	-	-	1 375 457	-	1 375 457	0%	0%
Impairment Losses	4 748 000	862 000	-	5 610 000	22 554 982	-	16 944 982	402%	475%
Repairs and Maintenance	-	-	-	-	1 698 199	-	1 698 199	0%	0%
Finance Costs	537 000	(225 000)	-	312 000	2 191 427	-	1 879 427	702%	408%
Bulk Purchases	16 000 000	-	-	16 000 000	19 755 688	-	3 755 688	123%	123%
Contracted Services	312 000	(153 000)	-	159 000	5 393 623	-	5 234 623	3392%	1729%
Grants and Subsidies Paid	5 850 000	-	-	5 850 000	3 014 720	-	(2 835 280)	52%	52%
General Expenses	33 461 000	1 174 000	-	34 635 000	28 193 557	-	(6 441 443)	81%	84%
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	298 128	-	298 128	0%	0%
<b>Total Expenditure</b>	<b>134 839 000</b>	<b>7 201 000</b>	<b>-</b>	<b>142 040 000</b>	<b>166 089 726</b>	<b>25 619 190</b>	<b>24 049 726</b>	<b>117%</b>	<b>123%</b>
<b>Surplus/(Deficit)</b>									
Transfers Recognised - Capital	41 887 000	(2 100 000)	-	39 787 000	-	-	-	0%	0%
Contributions Recognised - Capital and Contributed Assets	(49 371 000)	8 004 000	-	(41 367 000)	12 552 096	-	-	-30%	-25%
<b>Surplus/(Deficit) after Capital Transfers and Contributions</b>	<b>(22 366 000)</b>	<b>(6 099 000)</b>	<b>-</b>	<b>(28 465 000)</b>	<b>-</b>	<b>(25 619 190)</b>	<b>14 332 904</b>	<b>-</b>	<b>-</b>

Surplus/(Deficit for the Year

(22 366 000)	(6 099 000)	-	(28 465 000)	-	(25 619 190)	14 332 904	-	-
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Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>CAPITAL EXPENDITURE PER FUNCTION</b>									
Executive and Council	-	-	-	-	78 480	-	78 480	0%	0%
Finance and Administration	331 000	463 000	-	794 000	2 704 590	-	1 910 590	341%	817%
Planning and Development	-	-	-	-	9 000	-	9 000	0%	0%
Community and Social Services	27 000	(27 000)	-	-	2 556 246	-	2 556 246	0%	9468%
Housing	-	-	-	-	312	-	312	0%	0%
Sport and Recreation	3 022 000	(219 000)	-	2 803 000	-	-	(2 803 000)	0%	0%
Waste Management	11 864 000	-	-	11 864 000	22 768 924	-	10 904 924	192%	192%
Roads and Transport	7 230 000	(6 230 000)	-	1 000 000	-	-	(1 000 000)	0%	0%
Water	25 116 000	(1 992 000)	-	23 124 000	11 021 396	-	(12 102 604)	48%	44%
Electricity	1 781 000	-	-	1 781 000	3 684 211	-	1 903 211	207%	207%
<b>Total Sources of Capital Funds</b>	<b>49 371 000</b>	<b>(8 005 000)</b>	<b>-</b>	<b>41 366 000</b>	<b>42 823 158</b>	<b>1 998 070</b>	<b>1 457 158</b>	<b>104%</b>	<b>87%</b>
<b>CASH FLOW</b>									
<b>Cash Flows from/(used in) Operating Activities</b>									
Cash Receipts from Ratepayers, Government and Other	157 083 000	(8 263 000)	-	148 820 000	111 634 981	-	(37 185 019)	75%	71%
Cash Paid to Suppliers and Employees	(105 969 000)	(1 078 000)	-	(107 047 000)	(90 631 776)	-	16 415 224	85%	86%
Dividends received	9 000	-	-	9 000	8 925	-	(75)	99%	99%
Interest received	5 000	500 000	-	505 000	8 260 712	-	7 755 712	1636%	165214%
Interest paid	(605 000)	366 000	-	(239 000)	(2 191 427)	-	(1 952 427)	917%	362%
Transfers and Grants	(5 850 000)	-	-	(5 850 000)	-	-	5 850 000	0%	0%
<b>Cash Flows from/(used in) Investing Activities</b>									
Purchase of Property, Plant and Equipment	(49 371 000)	8 004 000	-	(41 367 000)	(34 113 494)	-	7 253 506	82%	69%
Proceeds on Disposal of Biological Assets	-	-	-	-	252 482	-	252 482	0%	0%
<b>Cash Flows from/(used in) Financing Activities</b>									
New Loans raised	5 800 000	(5 800 000)	-	-	4 829 825	-	4 829 825	0%	83%
Loans repaid	60 000	(60 000)	-	-	-	-	-	0%	0%
<b>Net Increase / (Decrease) in Cash held</b>	<b>1 162 000</b>	<b>(6 331 000)</b>	<b>-</b>	<b>(5 169 000)</b>	<b>(1 949 772)</b>	<b>-</b>	<b>3 219 228</b>	<b>38%</b>	<b>-168%</b>

**Financial Position: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

**Financial Performance: Explanation of Variances between Approved Budget and Actual**

For reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance, please refer to Annexure "E (1)".

**Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual**

For reasons for Variances greater than 10% between Approved Budget and Actual Amount, please refer to Annexure "E (2)".

30 June 2013

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R
<b>FINANCIAL POSITION</b>									
<b>Current Assets</b>									
Inventories	794 000	-	-	794 000	657 099	-	(136 901)	83%	83%
Inventories Held-for-Sale	-	-	-	-	27 640 500	-	27 640 500	0%	0%
Receivables from Exchange Transactions	41 553 000	-	-	41 553 000	2 474 323	-	(39 078 677)	6%	6%
Receivables from Non-exchange Transactions	-	-	-	-	785 370	-	785 370	0%	0%
VAT Receivable	-	-	-	-	5 209 146	-	5 209 146	0%	0%
Cash and Cash Equivalents	26 240 000	-	-	26 240 000	288 073	-	(25 951 927)	1%	1%
Sundry Debtors	6 180 000	-	-	6 180 000	1 273 906	-	(4 906 094)	21%	21%
Current Portion of Long-term Receivables	1 264 000	-	-	1 264 000	-	-	(1 264 000)	0%	0%
<b>Non-Current Assets</b>									
Property, Plant and Equipment	39 244 000	-	-	39 244 000	446 140 123	-	406 896 123	1137%	1137%
Investment Property	-	-	-	-	17 746 665	-	17 746 665	0%	0%
Biological Assets	585 000	-	-	585 000	326 970	-	(258 030)	56%	56%
Non-current Investments	-	-	-	-	187 924	-	187 924	0%	0%
<b>Total Assets</b>	<b>115 860 000</b>	<b>-</b>	<b>-</b>	<b>115 860 000</b>	<b>502 730 099</b>	<b>-</b>	<b>386 870 099</b>	<b>434%</b>	<b>434%</b>
<b>Current Liabilities</b>									
Consumer Deposits	80 000	-	-	80 000	213 657	-	133 657	267%	267%
Payables	57 725 000	-	-	57 725 000	30 578 537	-	(27 146 463)	53%	53%
Unspent Conditional Grants and Receipts	-	-	-	-	12 855 049	-	12 855 049	0%	0%
Provisions	864 000	-	-	864 000	-	-	(864 000)	0%	0%
Bank Overdraft	-	-	-	-	86 319	-	86 319	0%	0%
Current Portion of Long-term Liabilities	576 000	-	-	576 000	273 575	-	(302 425)	47%	47%
<b>Non-Current Liabilities</b>									
Long-term Liabilities	1 260 000	-	-	1 260 000	8 062 386	-	6 802 386	640%	640%
Non-current Provisions	3 713 000	-	-	3 713 000	12 997 706	-	9 284 706	350%	350%
<b>Total Liabilities</b>	<b>64 218 000</b>	<b>-</b>	<b>-</b>	<b>64 218 000</b>	<b>65 067 230</b>	<b>-</b>	<b>849 230</b>	<b>101%</b>	<b>101%</b>
<b>Total Assets and Liabilities</b>	<b>51 642 000</b>	<b>-</b>	<b>-</b>	<b>51 642 000</b>	<b>437 662 868</b>	<b>-</b>	<b>386 020 868</b>	<b>847%</b>	<b>847%</b>
<b>Net Assets (Equity)</b>									

Accumulated Surplus / (Deficit)	51 642 000	-	-	51 642 000	437 662 870	-	386 020 870	847%	847%
<b>Total Net Assets</b>	<b>51 642 000</b>	<b>-</b>	<b>-</b>	<b>51 642 000</b>	<b>437 662 870</b>	<b>-</b>	<b>386 020 870</b>	<b>847%</b>	<b>847%</b>

Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>FINANCIAL PERFORMANCE</b>									
<b>Revenue from Non-exchange Transactions</b>									
Property Rates	6 547 000	(1 421 000)	-	5 126 000	6 115 712	-	989 712	119%	93%
Fair value gains	-	-	-	-	40 089	-	40 089	0%	0%
Fines	53 000	59 000	-	112 000	59 316	-	(52 684)	100%	0%
Licences and Permits	1 000	(1 000)	-	-	-	-	-	0%	0%
Government Grants and Subsidies Received	56 302 000	3 769 000	-	60 071 000	92 259 798	-	32 188 798	154%	164%
Public Contributions and Donations	-	-	-	-	3 087 751	-	3 087 751	0%	0%
<b>Revenue from Exchange Transactions</b>									
Service Charges	14 085 000	18 215 000	-	32 300 000	38 485 990	-	6 185 990	119%	273%
Rental of Facilities and Equipment	551 000	(206 000)	-	345 000	454 688	-	109 688	100%	0%
Interest Earned - External Investments	16 000	(13 000)	-	3 000	117 585	-	114 585	3919%	735%
Interest Earned - Outstanding Debtors	-	-	-	-	3 693 698	-	3 693 698	100%	0%
Dividends Received	8 000	2 000	-	10 000	8 316	-	(1 684)	100%	0%
Other Income	9 374 000	3 285 000	-	12 659 000	1 527 251	-	(11 131 749)	12%	16%
Interest Income – Provisions	-	-	-	-	-	-	-	0.00	0.00
<b>Total Revenue</b>	<b>86 937 000</b>	<b>23 689 000</b>	<b>-</b>	<b>110 626 000</b>	<b>145 850 196</b>	<b>-</b>	<b>35 224 196</b>		
<b>Expenditure</b>									
Employee Related Costs	43 148 000	1 271 000	-	44 419 000	41 066 145	-	(3 352 855)	92%	95%
Remuneration of Councillors	2 626 000	43 000	-	2 669 000	2 844 699	-	175 699	107%	108%
Depreciation and Amortisation	-	21 000 000	-	21 000 000	27 073 686	-	6 073 686	129%	0%
De-commissioning cost	-	-	-	-	317 380	-	317 380	0%	0%
Impairment Losses	6 178 000	(4 248 000)	-	1 930 000	14 209 172	-	12 279 172	736%	230%
Repairs and Maintenance	-	-	-	-	3 044 792	-	3 044 792	0%	0%
Finance Costs	165 000	168 000	-	333 000	1 344 791	-	1 011 791	404%	815%
Bulk Purchases	40 000	(40 000)	-	-	18 119 395	-	18 119 395	0%	45298%
Contracted Services	922 000	437 000	-	1 359 000	6 147 924	-	4 788 924	452%	667%
Grants and Subsidies Paid	1 800 000	(744 000)	-	1 056 000	6 951 827	-	5 895 827	658%	386%
General Expenses	30 672 000	25 761 000	-	56 433 000	21 852 661	-	(34 580 339)	39%	71%
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	344 725	-	344 725	0%	0%
<b>Total Expenditure</b>	<b>85 551 000</b>	<b>43 648 000</b>	<b>-</b>	<b>129 199 000</b>	<b>143 317 198</b>	<b>41 481 969</b>	<b>14 118 198</b>		
<b>Surplus/(Deficit)</b>									
Transfers Recognised – Capital	1 386 000	(19 959 000)	-	(18 573 000)	2 532 998	(41 481 969)	21 105 998	-14%	183%
Contributions Recognised - Capital and Contributed Assets	31 840 000	(3 250 000)	-	28 590 000	-	-	-	0.00	0.00
Contributions Recognised - Capital and Contributed Assets	(33 126 000)	(603 000)	-	(33 729 000)	-	-	-	0.00	0.00
<b>Surplus/(Deficit) after Capital Transfers and Contributions</b>	<b>100 000</b>	<b>(23 812 000)</b>	<b>-</b>	<b>(23 712 000)</b>	<b>2 532 998</b>	<b>(41 481 969)</b>	<b>21 105 998</b>	<b>-11%</b>	<b>2533%</b>

Surplus/(Deficit for the Year

100 000	(23 812 000)	-	(23 712 000)	2 532 998	(41 481 969)	21 105 998	
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Description	Original Total Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>CAPITAL EXPENDITURE PER FUNCTION</b>									
Executive and Council	-	-	-	-	353 652	-	353 652	0%	0%
Finance and Administration	390 000	384 000	-	774 000	2 262 097	-	1 488 097	292%	580%
Community and Social Services	-	-	-	-	1 050 718	-	1 050 718	0%	0%
Housing	-	-	-	-	13 023	-	13 023	0%	0%
Public Safety	-	-	-	-	14 614	-	14 614	0%	0%
Sport and Recreation	-	259 000	-	259 000	2 367 416	-	2 108 416	914%	0%
Waste Management	15 922 000	(338 000)	-	15 584 000	20 849 935	-	5 265 935	134%	131%
Roads and Transport	1 052 000	2 719 000	-	3 771 000	421 961	-	(3 349 039)	11%	40%
Water	15 762 000	(2 420 000)	-	13 342 000	2 425 051	-	(10 916 949)	18%	15%
Electricity	-	-	-	-	5 690 893	-	5 690 893	0%	0%
<b>Total Sources of Capital Funds</b>	<b>33 126 000</b>	<b>604 000</b>	<b>-</b>	<b>33 730 000</b>	<b>35 449 360</b>	<b>-</b>	<b>1 719 360</b>		
<b>CASH FLOW</b>									
<b>Cash Flows from/(used in) Operating Activities</b>									
Cash Receipts from Ratepayers, Government and Other	124 370 000	20 522 000	-	144 892 000	122 623 097	-	(22 268 903)	85%	99%
Cash Paid to Suppliers and Employees	(78 564 000)	(15 939 000)	-	(94 503 000)	(83 943 056)	-	10 559 944	89%	107%
Dividends received	8 000	2 000	-	10 000	8 311	-	(1 689)	83%	104%
Interest received	270 000	(13 000)	-	257 000	3 811 283	-	3 554 283	1483%	1412%
Interest paid	(77 000)	(171 000)	-	(248 000)	(1 344 791)	-	(1 096 791)	542%	1746%
Transfers and Grants	(5 300 000)	62 000	-	(5 238 000)	-	-	5 238 000	0%	0%
<b>Cash Flows from/(used in) Investing Activities</b>									
Purchase of Property, Plant and Equipment	(32 736 000)	(484 000)	-	(33 220 000)	(35 449 360)	-	(2 229 360)	107%	108%
Decrease / (Increase) in Non-current Investments	(500 000)	-	-	(500 000)	-	-	500 000	0%	0%
Decrease / (Increase) in Long-term Receivables	(220 000)	-	-	(220 000)	-	-	220 000	0%	0%
<b>Cash Flows from/(used in) Financing Activities</b>									
New Loans raised	(550 000)	385 000	-	(165 000)	(2 708 678)	-	(2 543 678)	1642%	492%
Increase / (Decrease) in Consumer deposits	120 000	-	-	120 000	-	-	(120 000)	0%	0%
<b>Net Increase / (Decrease) in Cash held</b>	<b>6 821 000</b>	<b>4 364 000</b>	<b>-</b>	<b>11 185 000</b>	<b>2 996 806</b>	<b>-</b>	<b>(8 188 194)</b>		

**Financial Performance: Explanation of Variances between Approved Budget and Actual**

For reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance, please refer to Annexure "E (1)".

**Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual**

For reasons for Variances greater than 10% between Approved Budget and Actual Amount, please refer to Annexure "E (2)".

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2013/14		2012/13
	R		R
<b>Net surplus/(deficit) per the statement of financial performance</b>	<b>(12 552 096)</b>		<b>2 532 997</b>
<b>Revenue from Non-exchange Transactions</b>			
Property Rates	7 848 888		(989 712)
Fines	(374 540)		52 684
Licences and Permits	(132)		-
Government Grants and Subsidies Received	(42 481 442)		(32 188 798)
Public Contributions and Donations	(970 424)		(3 087 751)
<b>Revenue from Exchange Transactions</b>			
Service Charges	2 488 404		(6 185 990)
Rental of Facilities and Equipment	(3 998)		(109 688)
Interest Earned - External Investments	(169 822)		(114 585)
Interest Earned - Outstanding Debtors	(8 084 890)		(3 693 698)
Interest Income - Provisions	-		-
Dividends Received	75		1 684
Fair Value Gains	(211 931)		(40 089)
Other Revenue	3 621 163		11 131 749
Profit on sale of Livestock	(43 982)		-
<b>Expenditure</b>			
Employee Related Costs	4 230 457		(3 352 855)
Remuneration of Councillors	79 340		175 699
Depreciation and Amortisation	(2 169 853)		6 073 686
De-commissioning cost	1 375 457		317 380
Impairment Losses	16 944 982		12 279 172
Repairs and Maintenance	1 698 199		3 044 792
Finance Costs	1 879 427		1 011 791
Bulk Purchases	3 755 688		18 119 395
Contracted Services	5 234 623		4 788 924
Grants and Subsidies Paid	(2 835 280)		5 895 827
General Expenses	(6 441 443)		(34 580 339)
Loss on Disposal of Property, Plant and Equipment	298 128		344 725
<b>Net surplus/deficit per approved budget</b>	<b>(26 885 000)</b>		<b>(18 573 000)</b>

**MOHOKARE LOCAL MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**1. BASIS OF PRESENTATION (continued)**

**1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)**

**1. 2. 3 Impairment of Financial Assets**

Accounting Policy 8.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments* and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

**1. 2. 4 Useful lives of Property, Plant and Equipment and Intangible assets**

As described in Accounting Policies 3.3 the municipality depreciates / amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

**1. 2. 5 Impairment: Write down of Property, Plant and Equipment, Intangible assets, Heritage assets and Inventories**

Accounting Policy 7 on *PPE - Impairment of assets* and Accounting Policy 4.2 on *Intangible assets - Subsequent Measurement, Amortisation and Impairment* and Accounting Policy 9.2 on *Inventory - Subsequent measurement* describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: *Impairment of Cash generating Assets* and GRAP 26: *Impairment of non-Cash generating Assets*. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involves significant judgment by management.

**1. 2. 6 Water inventory**

The estimation of the water stock in the reservoirs is based on the measurement of water via manual level meters, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Note 9.2 of the accounting policy to the Annual Financial Statements.

**1. 2. 7 Defined Benefit Plan Liabilities**

As described in Accounting Policy 13, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 46 to the Annual Financial Statements. No liability existed at year end.

**MOHOKARE LOCAL MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**1. BASIS OF PRESENTATION (continued)**

**1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)**

**1. 2. 8 Provisions and contingent liabilities**

**Provision for Rehabilitation of Refuse Landfill Sites**

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The cost factors as determined have been applied and projected at an inflation rate of 5% (2013: 5.5%) and discounted to the present value:

- a) For landfill sites with a remaining operating life of less than 5 years, at the average short term borrowing cost of 11.14% (2013: 11.3475%).
- b) For landfill sites with a remaining operating life of greater than 5 years, at the average long-term treasury bond rate 4.09% (2013: 11.3475%).

**1. 2. 9 Budget information**

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the notes to the annual financial statements

**1. 3 PRESENTATION CURRENCY**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

**1. 4 GOING CONCERN ASSUMPTION**

The Annual Financial Statements have been prepared on a going concern basis.

**1. 5 OFFSETTING**

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

**1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 20 Related Party Disclosures (Revised)
- GRAP 105 Transfers between entities under common control - issued November 2010
- GRAP 106 Transfers between entities not under common control - issued November 2010
- GRAP 107 Mergers - issued November 2010

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

**MOHOKARE LOCAL MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**1. BASIS OF PRESENTATION (continued)**

**1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)**

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

**GRAP 18 - Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region. Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the Municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

**GRAP 20 – Related party disclosures**

The effective date of the standard has not been determined yet. The standard of GRAP on related parties will replace the IPSAS 20 standard on related party disclosure currently used. No significant impact on the financial statements of the Municipality is expected.

**GRAP 105 – Transfer of Function Between Entities Under common Control**

This standard provides the accounting treatment for transfers of functions between entities under common control. However the impact on the Municipality's financial statements is not expected to be significant due to the fact that the Municipality rarely enters into such transactions. The standard is only expected to have an impact on the Municipality in respect of any future transfers of functions. This standard does not yet have an effective date.

**GRAP 106 – Transfer of Function Between Entities Not Under common Control**

This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the Municipality will enter into any such transactions in the near future. This standard does not yet have an effective date.

**GRAP 107 – Mergers**

This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the Municipality in the foreseeable future. This standard does not yet have an effective date.

**2. ACCUMULATED SURPLUS**

Accumulated surplus is updated on a yearly basis with the net deficit or net loss, whichever is applicable for the financial period's results.

**MOHOKARE LOCAL MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**3. PROPERTY, PLANT AND EQUIPMENT**

**3. 1 Initial Recognition**

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 year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**3. 2 Subsequent Measurement**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, excluding properties held for transfer, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent to initial recognition infrastructure are carried at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2014**

**3. PROPERTY, PLANT AND EQUIPMENT (continued)**

**3. 2 Subsequent Measurement (continued)**

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

**3. 3 Depreciation**

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. 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 shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

<b>Infrastructure</b>	<b>Years</b>	<b>Buildings</b>	<b>Years</b>
Roads and Paving	100		20 - 100
<b><u>Significant components:</u></b>			
Road surface - Gravel	5	<b>Other</b>	
Road structural layer (access)	80	Specialist Vehicles	10
Road surface - Bituminous - Thin	7	Other Vehicles	7
Road structural layer - Collector	50	Office Equipment	4 - 7
Road structural layer - Distributor	30	Furniture and Fittings	4 - 7
Road surface - Bituminous - Med	9	Bins and Containers	4
Road surface - Bituminous - Thick	12	Specialised Plant and Equipment	10
Road surface - Concrete block	15		
Electricity	45 - 50	<b>Community</b>	
<b><u>Significant components:</u></b>			
Mini-Sub	45	Recreational Facilities	15 - 80
MV Power Transformer	45	Security	5
MV Switch gear - circuit breaker	45		
MV Switch gear - isolating link	30		
Circuit breaker panel	50		
Battery charger	10		
Water	20 - 80		
Sewerage	40 - 80		
Landfill Sites	5 - 100		

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

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

**3. 4 Incomplete Construction Work**

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

**3. 5 Finance Leases**

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

**3. 6 Land**

Land is not depreciated as it is deemed to have an indefinite useful life.

**3. 7 Infrastructure Assets**

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

### **3. 8 Derecognition of property, plant and equipment**

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
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The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

**4. Heritage Assets**

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

**4. 1 Initial Recognition**

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

**4. 2 Subsequent Measurement**

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

**4. 3 Derecognition of Heritage assets**

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

**Transitional provisions**

The municipality utilised the transitional provisions under Directive 4, which allows 3 year for the measurement of heritage assets.

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**5. INTANGIBLE ASSETS**

**5. 1 Initial Recognition**

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

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

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with GRAP 21 / GRAP 26.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**5. 2 Subsequent Measurement, Amortisation and Impairment**

After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 102, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives (when the intangible asset is available for use), which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**5. INTANGIBLE ASSETS**

**(continued) 5. 3 Derecognition**

Intangible assets 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 on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**Transitional provisions**

Intangible assets recognised in terms of GRAP 102 have been presented for the financial year ended 30 June 2011 (and retrospectively where practicable) in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 4.

**6. INVESTMENT PROPERTY**

**6. 1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

**6. 2 Subsequent Measurement - Fair Value Model**

Investment property is measured using the fair value model. Investment property is carried at fair value, representing open market value determined by external valuers at the date of the last general valuation (30 July 2013). Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

**6. 3 Derecognition**

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal

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**7. IMPAIRMENT OF ASSETS**

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

**7. 1. Impairment of Cash generating assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

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 recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset"

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

**7. 2 Impairment of Non-Cash generating assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may

no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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**7. IMPAIRMENT OF ASSETS (continued)**

**7. 2 Impairment of Non-Cash generating assets (continued)**

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**8. FINANCIAL INSTRUMENTS**

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

**Initial recognition**

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Fair value methods and assumptions**

The fair values of financial instruments are determined as follows: The fair

values of quoted investments are based on current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

**The effective interest rate method Amortised cost**

The entity uses an appropriate interest rate, taking into account guidance provided in the standards, and applying professional judgement to the specific circumstances, to discount future cash flows. The entity used the following in arriving at the effective interest rate used:

No	Consideration	Inputs related to the consideration
1	Base rate used as starting point	Prime rate of lending 8,5%
2	Adjustments for industry risks	None
3	Adjustment for entity risks	None

**8. 1 Financial Assets - Classification**

A financial asset is any asset that is a cash or contractual right to receive cash.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial asset at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Financial assets measured at fair value are financial assets that meet either of the following conditions:

- (a) derivatives;
- (b) combined instruments that are designated at fair value
- (c) instruments held for trading.

- (d) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- (e) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets measured 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.

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**8. FINANCIAL INSTRUMENTS (continued)**

**8. 1 Financial Assets - Classification (continued)**

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

<b>Type of Financial Asset</b>	<b>Classification in terms of GRAP 104</b>
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Non-Current Investments	Financial asset at fair value
Consumer Debtors	Financial asset at amortised cost
Other Debtors	Financial asset at amortised cost
Investments in Fixed Deposits	Financial asset at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, 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, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: Financial asset at amortised cost.

**8. 2 Financial Liabilities - Classification**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of *Financial Liabilities*, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Financial liabilities measured at fair value or
- (ii) Financial liabilities measured at amortised cost
- (iii) Financial liabilities measured at cost

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

<b>Type of Financial Liabilities</b>	<b>Classification in terms of GRAP 104</b>
Long term Liabilities	Financial liability at amortised cost
Other Creditors	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Short-term Loans	Financial liability at amortised cost
Current portion of Long-Term Liabilities	Financial liability at amortised cost

Financial liabilities that are measured at fair value financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

**8. 3 Initial and Subsequent Measurement**

**8. 3. 1 Financial Assets:**

*Financial asset at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. .*

*Financial Assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.*

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**8. FINANCIAL INSTRUMENTS (continued)**

**8. 3 Initial and Subsequent Measurement (continued)**

**8. 3. 2 Financial Liabilities:**

**Financial liabilities measured at fair value**

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

**Financial Liabilities measured at amortised cost**

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, including consumer deposits, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

**8. 4 Impairment of Financial Assets**

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

**Financial assets carried at amortised cost**

Accounts receivables encompasses long term debtors, consumer debtors and other debtors.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

**Impairment of Financial Assets measured at cost**

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

a similar financial asset. Such impairment losses shall not be reversed.

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**8. FINANCIAL INSTRUMENTS (continued)**

**8. 5 Derecognition of Financial Assets**

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**8. 6 Derecognition of Financial Liabilities**

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the 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, in the Statement of Financial Performance.

**9. INVENTORIES**

**9. 1 Initial Recognition**

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

**9. 2 Subsequent Measurement**

**Consumable stores, raw materials, work-in-progress and finished goods**

Consumable stores are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

**Water inventory**

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

**Unsold properties**

Unsold properties are valued at Fair Value as determined at year end.

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**9. INVENTORIES (continued)**

**9. 2 Subsequent Measurement (continued)**

**Redundant and slow-moving inventories**

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

**10. NON-CURRENT ASSETS HELD-FOR-SALE**

**10. 1 Initial Recognition**

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.

**10. 2 Subsequent Measurement**

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous 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 surplus or deficit.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale, is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

**11. REVENUE RECOGNITION**

**11. 1 General**

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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**11. REVENUE RECOGNITION (continued)**

**11. 2 Revenue from Exchange Transactions**

**11. 2. 1 Service Charges**

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**11. 2. 2 Pre-paid Electricity**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average consumption history.

**11. 2. 3 Finance income**

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

**11. 2. 4 Tariff Charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

**11. 2. 5 Income from Agency Services**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

**11. 2. 6 Sale of Goods (including Houses)**

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

- The municipality has transferred to the buyer 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.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**11. 2. 7 Rentals**

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

**11. 2. 8 Dividends**

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with

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**11. REVENUE RECOGNITION (continued)**

**11. 3 Revenue from Non-exchange Transactions**

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

**11. 3. 1 Rates and Taxes**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

**11. 3. 2 Fines**

Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the entity and the amount of the revenue can be measured reliably.

Fines consist of spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

An estimate is made for revenue from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the entity.

**11. 3. 3 Public contributions**

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired in non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

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**11. REVENUE RECOGNITION (continued)**

**11. 3 Revenue from Non-exchange Transactions (continued)**

**11. 3. 4 Government Grants and receipts**

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

**Conditional Grants and receipts**

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when expenses are incurred to construct the items of property, plant and equipment.

**11. 3. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

**12. PROVISIONS**

Provisions for environmental restoration, rehabilitation, restructuring costs and legal claims are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of 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 best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

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**13. EMPLOYEE BENEFITS**

**13. 1 Short-term Employee Benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

**13. 2 Post employment benefits**

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post employment plans.

**13. 2 1 Defined Contribution Plans**

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**13. 3 Defined Benefit Plans**

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

**13. 3. 1 Post-retirement Health Care Benefits:**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

**13. 3. 2 Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

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**13. EMPLOYEE BENEFITS**

**13. 3 Defined Benefit Plans (continued)**

**13. 3. 3 Provincially-administered Defined Benefit Plans**

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

**13. 3. 4 Defined benefit pension plans**

The municipality has an obligation to provide Post-retirement pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Entity contributes monthly to the funds.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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 to the terms of the related pension liability.

Actuarial gains or losses are accounted for using the "corridor method". Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

**14. LEASES**

**Lease Classification**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**14. 1 The Municipality as Lessee**

**Finance leases**

Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

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**14. LEASES (continued)**

**14. 1 The Municipality as Lessee (continued)**

**Operating leases**

The municipality recognises operating lease rentals as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**14. 2 The Municipality as Lessor**

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

**14. 3 Determining whether an arrangement contains a lease**

At inception of an arrangement, the Municipality determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Municipality the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Municipality separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Municipality's incremental borrowing rate.

**15. BORROWING COSTS**

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2013 in accordance with the requirements of GRAP 5. To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The municipality ceases to capitalise borrowing costs when substantially all the activities necessary to prepare the qualifying assets for its intended use has been completed. Where the construction of the qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, the entity shall cease capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part.

**16. GRANTS-IN-AID**

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

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

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

**MOHOKARE LOCAL MUNICIPALITY**

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**17. VALUE ADDED TAX**

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.

**18. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). 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. Council will implement investigations on the unauthorised expenses. If a liable person has been identified and the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

**19. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Council will implement investigations on the irregular expenses. If a liable person has been identified and the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

**20. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that 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. Council will implement investigations on the irregular expenses. If a liable person has been identified and the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

**21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 35 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 36 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

**22. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Related parties to management will be disclosed regardless if any transactions took place between the Municipality and the related parties. All transactions that took place between the Municipality and any related party will be disclosed in the financial statements at its monetary value.

**23. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

**MOHOKARE LOCAL MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**24. COMPARATIVE INFORMATION**

**24. 1 Prior year comparatives**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

**24. 2 Budget Information**

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2012 to 30 June 2013.

**25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

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

**26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

**MOHOKARE LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**27. CAPITAL COMMITMENTS**

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

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

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

**28. BIOLOGICAL ASSETS**

A biological asset is described as a living animal or plant which is under the control of the Municipality wherefore the fair value or cost can be determined reliably.

**Initial recognition**

Biological assets shall be initially recognised at purchase cost when purcgased or fair value in the case of newborn animals or donated plants.

The determination of fair value for a biological asset may be facilitated by grouping biological assets according to significant attributes; for example, by age or quality. The Municipality selects the attributes corresponding to the attributes used in the market as a basis for pricing.

**Subsequent Measurement**

The fair value of the biological assets shall be determined on an annual basis.

**Gains and losses**

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset shall be included in surplus or deficit for the period in which it arises.

**Disclosure in the Financial statements**

The Municipality shall provide a description of each group of biological assets.

Included in the financial statements shall be a description of:

- (a) the nature of its activities involving each group of biological assets; and
- (b) non-financial measures or estimates of the physical quantities of:
  - (i) each group of the entity's biological assets at the end of the period; and
  - (ii) output of agricultural produce during the period.

The Municipality shall disclose the methods and significant assumptions applied in determining the fair value of each group of biological assets

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**1. GENERAL INFORMATION**

Mohokare Local Municipality ("the municipality") is a local government institution in Zastron, Smithfield and Rouxville towns in the Xhariep district, Free State Province. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

**2. INVENTORIES**

	<b>2014</b>	<b>2013</b>
	R	R
Maintenance Materials - at cost	223 527	219 398
Spare Parts - at cost	544 051	418 925
Water - at cost	23 145	18 776
Inventories	<u>790 723</u>	<u>657 099</u>
Properties held for transfer	27 640 500	27 640 500
<b>Total Inventories</b>	<u><u>29 221 947</u></u>	<u><u>28 954 697</u></u>
Consumable Inventory Expensed during the financial period	990 013	973 782

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

Erven held for transfer are properties owned by the Municipality wherefore the ownership will be transferred to new owners. These erven relate mainly to the RDP housing project implemented by the Government.

The cost of water production for the year amounted to R2,53 per kilolitre (2013: R2.53 per kilolitre) in Zastron, R3,02 per kilolitre (2013: R3.02 per kilolitre) in Rouxville and R7,13 per kilolitre (2013: R7.13 per kilolitre) in Smithfield.

No Inventories have been pledged as collateral for Liabilities of the municipality.

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
	R	R	R
<b>As at 30 June 2014</b>			
Service Debtors:	63 833 233	61 535 003	2 298 229
Electricity	771 770	220 415	551 355
Refuse	14 296 840	14 109 863	186 977
Sewerage	18 965 204	18 295 841	669 363
Water	29 799 419	28 908 884	890 535
Other Receivables	17 797 303	17 632 076	165 227
Housing	1 090 630	974 540	116 090
Other Debtors	16 706 673	16 657 536	49 137
<b>Total Receivables from Exchange Transactions</b>	<u><u>81 630 536</u></u>	<u><u>79 167 080</u></u>	<u><u>2 463 457</u></u>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2013</b>			
Service Debtors:	55 011 491	52 883 160	2 128 331
Electricity	1 315 926	280 185	1 035 742
Refuse	12 240 472	12 213 960	26 512
Sewerage	15 934 826	15 260 945	673 881
Water	25 520 266	25 128 070	392 196
Other Receivables	18 308 584	17 962 593	345 993
Housing	871 237	632 614	238 624
Other Debtors	17 437 347	17 329 979	107 368
<b>Total Receivables from Exchange Transactions</b>	<b>73 320 075</b>	<b>70 845 752</b>	<b>2 474 324</b>

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

The municipality receives applications for connections to services like electricity and water, that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no individual consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2014, the municipality is owed R25 156 896 (30 June 2013: R1 080 875) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Receivables as well as the current payment ratio's of the municipality's Receivables.

**3.1 Ageing of Receivables from Exchange Transactions**

**As at 30 June 2014**

	Current 0 - 30 days	31 - 60 Days	Past Due 61 - 90 Days	+ 90 Days	Total
<b>Electricity:</b>					
Gross Balances	27	27	27	771 688	771 770
Less: Provision for Impairment	27	27	27	220 333	220 415
<b>Net Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>551 355</b>	<b>551 355</b>
<b>Refuse:</b>					
Gross Balances	338 276	328 350	321 150	13 309 065	14 296 840
Less: Provision for Impairment	307 134	313 656	308 174	13 180 899	14 109 863
<b>Net Balances</b>	<b>31 142</b>	<b>14 694</b>	<b>12 976</b>	<b>128 166</b>	<b>186 977</b>
<b>Sewerage:</b>					
Gross Balances	504 232	491 653	462 532	17 506 788	18 965 204
Less: Provision for Impairment	410 767	425 253	415 857	17 043 965	18 295 841
<b>Net Balances</b>	<b>93 465</b>	<b>66 400</b>	<b>46 675</b>	<b>462 823</b>	<b>669 363</b>
<b>Water:</b>					
Gross Balances	1 115 937	966 562	805 369	26 911 551	29 799 419
Less: Provision for Impairment	903 270	906 942	767 558	26 331 114	28 908 884
<b>Net Balances</b>	<b>212 667</b>	<b>59 620</b>	<b>37 811</b>	<b>580 437</b>	<b>890 535</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Other Receivables:**

Gross Balances	154 791	121 538	119 498	17 401 475	17 797 303
Less: Provision for Impairment	139 642	111 222	110 804	17 270 408	17 632 076
<b>Net Balances</b>	<b>15 149</b>	<b>10 316</b>	<b>8 694</b>	<b>131 067</b>	<b>165 227</b>

As at 30 June 2014 Receivables of R2 111 034 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	

**All Receivables:**

Gross Balances	1 908 130	1 708 577	75 900 567	79 517 274
Less: Provision for Impairment	1 757 100	1 602 421	74 046 719	77 406 240
<b>Net Balances</b>	<b>151 030</b>	<b>106 156</b>	<b>1 853 848</b>	<b>2 111 034</b>

**As at 30 June 2013**

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

**Electricity:**

Gross Balances	-	-	-	1 315 926	1 315 926
Less: Provision for Impairment	-	-	-	280 185	280 185
<b>Net Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 035 742</b>	<b>1 035 742</b>

**Refuse:**

Gross Balances	371 069	346 736	340 271	11 182 396	12 240 472
Less: Provision for Impairment	369 035	345 169	338 630	11 161 126	12 213 960
<b>Net Balances</b>	<b>2 034</b>	<b>1 567</b>	<b>1 641</b>	<b>21 270</b>	<b>26 512</b>

**Sewerage:**

Gross Balances	567 808	505 989	480 465	14 380 564	15 934 826
Less: Provision for Impairment	422 541	419 638	422 470	13 996 296	15 260 945
<b>Net Balances</b>	<b>145 267</b>	<b>86 351</b>	<b>57 995</b>	<b>384 268</b>	<b>673 881</b>

**Water:**

Gross Balances	2 391 504	615 640	576 126	21 936 996	25 520 266
Less: Provision for Impairment	2 305 484	569 496	534 916	21 718 174	25 128 070
<b>Net Balances</b>	<b>86 019</b>	<b>46 144</b>	<b>41 210</b>	<b>218 822</b>	<b>392 196</b>

**Other Receivables:**

Gross Balances	103 586	149 088	142 928	17 912 983	18 308 585
Less: Provision for Impairment	92 193	138 451	137 568	17 594 380	17 962 592
<b>Net Balances</b>	<b>11 393</b>	<b>10 637</b>	<b>5 360</b>	<b>318 603</b>	<b>345 993</b>

As at 30 June 2013 Receivables of R2 229 610 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	

**All Receivables:**

Gross Balances	1 617 454	1 539 790	66 728 865	69 886 109
Less: Provision for Impairment	1 472 755	1 433 583	64 750 160	67 656 498
<b>Net Balances</b>	<b>144 699</b>	<b>106 207</b>	<b>1 978 705</b>	<b>2 229 610</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**3.2 Summary of Receivables from Exchange Transactions by Customer Classification**

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
<b>As at 30 June 2014</b>				
<i>Current:</i>				
0 - 30 days	1 030 653	102 699	681 868	298 042
<i>Past Due:</i>				
31 - 60 Days	974 580	71 383	634 505	227 663
61 - 90 Days	887 656	71 948	551 983	196 990
+ 90 Days	<u>37 347 069</u>	<u>5 852 847</u>	<u>23 288 541</u>	<u>9 412 109</u>
Sub-total	<u>40 239 958</u>	<u>6 098 878</u>	<u>25 156 896</u>	<u>10 134 804</u>
Less: Provision for Impairment	<u>39 525 541</u>	<u>5 791 234</u>	<u>23 843 638</u>	<u>10 006 666</u>
<b>Total Trade Receivables by Customer Classification</b>	<b><u>714 417</u></b>	<b><u>307 644</u></b>	<b><u>1 313 258</u></b>	<b><u>128 138</u></b>
	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
<b>As at 30 June 2013</b>				
<i>Current:</i>				
0 - 30 days	3 347 638	84 480	49 242	684
<i>Past Due:</i>				
31 - 60 Days	1 509 334	68 350	35 925	772
61 - 90 Days	1 450 567	65 595	31 056	766
+ 90 Days	<u>61 629 357</u>	<u>4 057 805</u>	<u>964 652</u>	<u>23 852</u>
Sub-total	<u>67 936 896</u>	<u>4 276 231</u>	<u>1 080 875</u>	<u>26 074</u>
Less: Provision for Impairment	<u>66 765 749</u>	<u>4 055 619</u>	<u>-</u>	<u>24 385</u>
<b>Total Trade Receivables by Customer Classification</b>	<b><u>1 171 147</u></b>	<b><u>220 612</u></b>	<b><u>1 080 875</u></b>	<b><u>1 689</u></b>
			<b>2014</b>	<b>2013</b>
			<b>R</b>	<b>R</b>

**3.3 Reconciliation of the Provision for Impairment**

Balance at beginning of year	70 845 752	66 679 115
<i>All Consumer Debtors</i>	<u>70 845 752</u>	<u>66 679 115</u>
Impairment Losses recognised - Including VAT	23 739 502	16 179 823
<i>All Consumer Debtors</i>	<u>23 739 502</u>	<u>16 179 823</u>
Amounts written off as uncollectable	(15 418 174)	(12 013 186)
<i>All Consumer Debtors</i>	<u>(15 418 174)</u>	<u>(12 013 186)</u>
<b>Balance at end of year</b>	<b><u>79 167 080</u></b>	<b><u>70 845 752</u></b>

In determining the recoverability of a Receivable, the municipality considers any change in the credit quality of the Receivable from the date credit was initially granted up to the reporting date. Furthermore, the municipality has also placed a strong emphasis on verifying the indigent status of consumers. The concentration of credit risk is limited due to the customer base being spread over a large number of consumers and is not concentrated in any particular sector or geographical area. Accordingly, management believe that there is no further credit provision required in excess of the Provision for Impairment.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**3.4 Ageing of impaired Receivables from Exchange Transactions**

	2014 R	2013 R
<i>Current:</i>		
0 - 30 Days	1 760 840	3 189 253
<i>Past Due:</i>		
31 - 60 Days	1 757 100	1 472 755
61 - 90 Days	1 602 421	1 433 583
+ 90 Days	74 046 719	64 750 160
<b>Total</b>	<b>79 167 080</b>	<b>70 845 752</b>

**3.5 Derecognition of Financial Assets**

No Financial Assets have been transferred to other parties during the year.

**4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2014</b>			
Assessment Rates Debtors	7 629 180	6 980 116	649 064
<b>Total Receivables from Non-exchange Transactions</b>	<b>7 629 180</b>	<b>6 980 116</b>	<b>649 064</b>

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2013</b>			
Assessment Rates Debtors	7 061 149	6 275 779	785 370
<b>Total Receivables from Non-exchange Transactions</b>	<b>7 061 149</b>	<b>6 275 779</b>	<b>785 370</b>

None of the Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

**4.1 Ageing of Receivables from Non-exchange Transactions**

**As at 30 June 2014**

	Current 0 - 30 days	31 - 60 Days	Past Due 61 - 90 Days	+ 90 Days	Total
<b>Assessment Rates:</b>					
Gross Balances	48 562	51 484	47 548	7 481 586	7 629 180
Less: Provision for Impairment	42 292	46 503	42 669	6 848 652	6 980 116
<b>Net Balances</b>	<b>6 270</b>	<b>4 981</b>	<b>4 879</b>	<b>632 934</b>	<b>649 064</b>

As at 30 June 2014 Receivables of R642 794 were past due but not impaired. The age analysis of these Receivables are as follows:

	31 - 60 Days	Past Due 61 - 90 Days	+ 90 Days	Total
<b>All Receivables:</b>				
Gross Balances	51 484	47 548	7 481 586	7 580 618
Less: Provision for Impairment	46 503	42 669	6 848 652	6 937 824
<b>Net Balances</b>	<b>4 981</b>	<b>4 879</b>	<b>632 934</b>	<b>642 794</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

As at 30 June 2013

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Assessment Rates:</b>					
Gross Balances	56 041	56 743	56 261	6 892 104	7 061 149
Less: Provision for Impairment	46 676	47 085	46 342	6 135 677	6 275 779
<b>Net Balances</b>	<b>9 365</b>	<b>9 658</b>	<b>9 919</b>	<b>756 427</b>	<b>785 370</b>

As at 30 June 2013 Receivables of R776 004 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	56 743	56 261	6 892 104	7 005 108
Less: Provision for Impairment	47 085	46 342	6 135 677	6 229 103
<b>Net Balances</b>	<b>9 658</b>	<b>9 919</b>	<b>756 427</b>	<b>776 004</b>

**4.2 Summary of Assessment Rates Debtors by Customer Classification**

		Household
		R
<b>As at 30 June 2014</b>		
<u>Current:</u>		
0 - 30 days		48 562
<u>Past Due:</u>		
31 - 60 Days		51 484
61 - 90 Days		47 548
+ 90 Days		7 481 586
Sub-total		7 629 180
Less: Provision for Impairment		6 980 116
<b>Total Rates Debtors by Customer Classification</b>		<b>649 064</b>

		Household
		R
<b>As at 30 June 2013</b>		
<u>Current:</u>		
0 - 30 days		56 041
<u>Past Due:</u>		
31 - 60 Days		56 743
61 - 90 Days		56 261
+ 90 Days		6 892 104
Sub-total		7 061 149
Less: Provision for Impairment		6 275 779
<b>Total Rates Debtors by Customer Classification</b>		<b>785 370</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>4.3 Reconciliation of Provision for Impairment</b>		
Balance at beginning of year	6 275 779	6 597 107
<i>Assessment Rates Debtors</i>	6 275 779	6 597 107
Impairment Losses recognised	977 540	(782)
<i>Assessment Rates Debtors</i>	977 540	(782)
Amounts written off as uncollectable	(273 203)	(320 546)
<i>Assessment Rates Debtors</i>	(273 203)	(320 546)
<b>Balance at end of year</b>	<b>6 980 116</b>	<b>6 275 779</b>
<b>4.4 Sundry Debtors</b>		
Traffic fines	1 004 996	1 273 906
Payments made in advance	617 850	-
Other Sundry Debtors	10	939 067
	387 136	334 839
<b>5. VAT RECEIVABLE / (PAYABLE)</b>		
Vat Payable.	(1 885 946)	(3 192 755)
Vat Receivable.	6 428 659	8 401 901
Vat Receivable / (Payable)	<b>4 542 713</b>	<b>5 209 146</b>
<p>The Municipality is registered on the payment basis, therefore input and output VAT is declared based on the cashflow of the Municipality.</p> <p>No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.</p>		
<b>6. CASH AND CASH EQUIVALENTS</b>		
Current Investments	163 083	276 607
Bank Accounts	163 951	10 287
Bank Overdraft	(2 076 232)	(86 319)
Cash and Cash Equivalents	1 180	1 180
<b>Total Bank, Cash and Cash Equivalents</b>	<b>(1 748 018)</b>	<b>201 754</b>
<p>For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.</p>		
<b>6.1 Current Investment Deposits</b>		
Call Deposits	163 083	276 607
Deposits available for Operations	163 083	276 607
<b>Total Deposits attributable to Commitments of the Municipality</b>	<b>163 083</b>	<b>276 607</b>
<b>6.2 Bank Accounts</b>		
Cash in Bank	163 951	10 287
Bank Overdraft	(2 076 232)	(86 319)
<b>Total Bank Accounts</b>	<b>(1 912 281)</b>	<b>(76 032)</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

The Municipality has the following bank accounts:

	2014 R	2013 R
<b>Primary Bank Account</b>		
<i>ABSA Bank - Zastron Branch, Zastron - ChequeAccount Number 4052654487:</i>		
Cash book balance at beginning of year	(86 319)	(3 085 214)
Cash book balance at end of year	<u>(2 076 232)</u>	<u>(86 319)</u>
Bank statement balance at beginning of year	55 885	610 138
Bank statement balance at end of year	<u>(2 174 706)</u>	<u>55 885</u>
<b>Other Bank Accounts</b>		
<i>ABSA Bank - Zastron Branch, Zastron - Savings Account Number 2810000018:</i>		
Cash book balance at beginning of year	526	730
Cash book balance at end of year	<u>(137)</u>	<u>526</u>
Bank statement balance at beginning of year	526	730
Bank statement balance at end of year	<u>(137)</u>	<u>526</u>
<i>Standard Bank - Zastron Branch, Zastron - ChequeAccount Number 041952766:</i>		
Cash book balance at beginning of year	5 549	8 711
Cash book balance at end of year	<u>81 007</u>	<u>5 549</u>
Bank statement balance at beginning of year	5 549	8 711
Bank statement balance at end of year	<u>81 007</u>	<u>5 549</u>
<i>First National Bank - Zastron Branch, Zastron - ChequeAccount Number 53593549308:</i>		
Cash book balance at beginning of year	4 212	6 768
Cash book balance at end of year	<u>83 081</u>	<u>4 212</u>
Bank statement balance at beginning of year	4 212	6 768
Bank statement balance at end of year	<u>83 202</u>	<u>4 212</u>

An amount of R6 072 722 (2013: R12 885 049) is attributable to Unspent Conditional Grants.

At year end the municipality had an unpaid overdraft facility to an amount of R2 174 706 on its current account with its banker and therefore incurred interest on the overdrawn current account. The municipality also has a facility to an amount of R150 000 with its banker relating to fleet cards is also Interest is earned at different rates per annum on favourable balances.

**6.3 Cash and Cash Equivalents**

Cash Floats and Advances	1 180	1 180
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<u><b>1 180</b></u>	<u><b>1 180</b></u>

A Pledge of R25 000 in favour of Eskom is held with First National Bank. A Limited cession of R20 000 is held with ABSA Bank

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014**

**7 PROPERTY, PLANT AND EQUIPMENT**

**Reconciliation of Carrying Value**

Description	Land and Buildings	Infra-structure	Community	Other	Assets under Finance-Leases	Total
	R	R	R	R	R	R
<b>Carrying values at 1 July 2013</b>	<b>17 246 913</b>	<b>368 006 027</b>	<b>52 700 663</b>	<b>8 031 881</b>	<b>154 639</b>	<b>446 140 123</b>
Cost	38 506 302	647 006 328	124 468 940	12 436 359	1 291 611	823 709 541
- Completed Assets	38 506 302	582 393 041	122 020 566	12 436 359	1 291 611	756 647 879
- Under Construction	-	64 613 288	2 448 374	-	-	67 061 662
Accumulated Impairment Losses	(137 214)	-	-	(17 127)	-	(154 341)
Accumulated De-commissioning	-	-	(2 393 873)	-	-	(2 393 873)
Accumulated Depreciation:	(21 122 176)	(279 000 302)	(69 374 404)	(4 387 351)	(1 136 972)	(375 021 204)
- Cost	(21 122 176)	(279 000 302)	(69 374 404)	(4 387 351)	(1 136 972)	(375 021 204)
Acquisitions	-	7 556	-	2 703 108	844 509	3 555 173
Re-assessment of Landfill Provision	-	-	2 701 698	-	-	2 701 698
Capital under Construction - Completed:	-	34 010 666	2 555 621	-	-	36 566 287
Capital under Construction - Additions:	2 672 317	27 778 757	107 247	-	-	30 558 322
- Cost	2 672 317	27 778 757	107 247	-	-	30 558 322
Depreciation:	(306 324)	(21 842 223)	(1 472 389)	(1 925 116)	(236 095)	(25 782 147)
- Based on Cost	(306 324)	(21 842 223)	(1 472 389)	(1 925 116)	(236 095)	(25 782 147)
De-Commissioning costs	-	-	(1 375 457)	-	-	(1 375 457)
Carrying value of Disposals:	-	-	-	(298 128)	-	(298 128)
- Cost	-	-	-	(1 248 566)	-	(1 248 566)
- Accumulated Depreciation	-	-	-	949 910	-	949 910
- Accumulated Impairments	-	-	-	529	-	529
Other Movements	-	-	-	-	-	-
- Impairment Losses	-	-	-	(245 747)	-	(245 747)
<b>Carrying values at 30 June 2014</b>	<b>19 612 906</b>	<b>373 950 116</b>	<b>52 661 762</b>	<b>8 265 998</b>	<b>763 053</b>	<b>455 253 835</b>
Cost	41 178 619	674 792 641	127 277 885	13 890 901	2 136 120	859 276 166
- Completed Assets	38 506 302	616 411 262	127 277 885	13 890 901	2 136 120	798 222 470
- Under Construction	2 672 317	58 381 379	-	-	-	61 053 696
Accumulated Impairment Losses	(137 214)	-	-	(262 346)	-	(399 559)
Accumulated De-commissioning	-	-	(3 769 330)	-	-	(3 769 330)
Accumulated Depreciation:	(21 428 499)	(300 842 525)	(70 846 793)	(5 362 557)	(1 373 067)	(399 853 441)
- Cost	(21 428 499)	(300 842 525)	(70 846 793)	(5 362 557)	(1 373 067)	(399 853 441)

**30 June 2013**

Description	Land and Buildings	Infra-structure	Community	Other	Assets under Finance-Leases	Total
	R	R	R	R	R	R
<b>Carrying values at 1 July 2012</b>	<b>18 070 247</b>	<b>359 205 827</b>	<b>55 175 721</b>	<b>6 612 194</b>	<b>338 078</b>	<b>439 402 067</b>
Cost	38 506 302	617 241 753	122 978 952	10 006 458	1 291 611	790 025 076
- Completed Assets	38 506 302	570 360 704	122 978 952	10 006 458	1 291 611	743 144 027
- Under Construction	-	46 881 049	-	-	-	46 881 049
Accumulated Impairment Losses	(137 214)	-	-	-	-	(137 214)
Accumulated De-commissioning	-	-	(2 076 493)	-	-	(2 076 493)
Accumulated Depreciation:	(20 298 841)	(258 035 926)	(65 726 738)	(3 394 265)	(953 533)	(348 409 303)
- Cost	(20 298 841)	(258 035 926)	(65 726 738)	(3 394 265)	(953 533)	(348 409 303)
Acquisitions	-	-	390 337	3 236 411	-	3 626 748
Capital donations received	-	-	1 000 000	-	-	1 000 000
Capital under Construction - Completed:	-	12 032 337	-	-	-	12 032 337
Capital under Construction - Additions:	-	29 764 576	2 448 374	-	-	32 212 950
- Cost	-	29 764 576	2 448 374	-	-	32 212 950
Depreciation:	(823 334)	(20 964 376)	(3 647 666)	(1 454 871)	(183 439)	(27 073 686)
- Based on Cost	(823 334)	(20 964 376)	(3 647 666)	(1 454 871)	(183 439)	(27 073 686)
De-Commissioning costs	-	-	(317 380)	-	-	(317 380)
Carrying value of Disposals:	-	-	(2 348 723)	(344 725)	-	(2 693 448)
- Cost	-	-	-	(806 510)	-	(806 510)
- Re-assessment of Landfill Provision	-	-	(2 348 723)	-	-	(2 348 723)
- Accumulated Depreciation	-	-	-	461 785	-	461 785
- Based on Cost	-	-	-	461 785	-	461 785
Other Movements	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	(17 127)	-	(17 127)
<b>Carrying values at 30 June 2013</b>	<b>17 246 913</b>	<b>368 006 027</b>	<b>52 700 663</b>	<b>8 031 881</b>	<b>154 639</b>	<b>446 140 123</b>
Cost	38 506 302	647 006 328	124 468 940	12 436 359	1 291 611	823 709 541
- Completed Assets	38 506 302	582 393 041	122 020 566	12 436 359	1 291 611	756 647 879
- Under Construction	-	64 613 288	2 448 374	-	-	67 061 662
Accumulated Impairment Losses	(137 214)	-	-	(17 127)	-	(154 341)
Accumulated De-commissioning	-	-	(2 393 873)	-	-	(2 393 873)
Accumulated Depreciation:	(21 122 176)	(279 000 302)	(69 374 404)	(4 387 351)	(1 136 972)	(375 021 204)

- Cost	(21 122 176)	(279 000 302)	(69 374 404)	(4 387 351)	(1 136 972)	(375 021 204)
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*The municipality has identified and measured all Property, Plant and Equipment in terms of GRAP 17. The balances of the Property, Plant and Equipment have accordingly been restated retrospectively.*

*Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.*

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

7 PROPERTY, PLANT AND EQUIPMENT (Continued)	2014 R	2013 R
<b>7.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use</b>		
At Original Cost:		
Land and Buildings	8 179 736	8 179 736
Moveable assets	2 859 093	554 627
<b>Gross Carrying Amount of PPE fully depreciated and still in use</b>	<b>11 038 829</b>	<b>8 734 363</b>

**7.2 Carrying Amount of Property, Plant and Equipment held for disposal/Transfer**

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year.

**7.3 Assets pledged as security**

The municipality did not pledge any of its assets as security.

**7.4 Impairment of Property, Plant and Equipment**

The amount of R245 747 (2013: R17 127) disclosed for impairment losses on Property, Plant and Equipment is in respect of the condition assessments on Movable Assets during the 2013/14 financial period..

Other Assets: Office Equipment	(245 747)	(17 127)
<b>Total Impairment of Property, Plant and Equipment</b>	<b>(245 747)</b>	<b>(17 127)</b>

Impairment losses on Property, Plant and Equipment exist predominantly due to an impaired item of Property, Plant and Equipment that has been physically damaged and has become redundant and idle.

**8. INVESTMENT PROPERTY**

The movement in Investment Property is reconciled as follows:

<b>Carrying values at 1 July</b>	<b>17 746 665</b>	<b>17 746 665</b>
Fair Value	17 746 665	17 746 665
Net Gains / (Losses) from Fair Value Adjustments	-	-
<b>Carrying values at 30 June</b>	<b>17 746 665</b>	<b>17 746 665</b>
Fair Value	17 746 665	17 746 665
<b>Estimated Fair Value of Investment Property at 30 June</b>	<b>17 746 665</b>	<b>17 746 665</b>

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	422 734	300 613
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All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

**8.1 Investment Property carried at Fair Value**

The municipality's Investment Property is valued annually at 30 June at fair value by an independent, professionally qualified, valuer. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties.

The following assumptions were used:

Discount Rate	9.50%	9.50%
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**8.2 Impairment of Investment Property**

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**9. BIOLOGICAL ASSETS**

	2014 R	2013 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<b>240 031</b>	<b>326 970</b>

The movement in Biological Assets is reconciled as follows:

	Cattle	Horses	Total
<b>Carrying values at 1 July 2013</b>	<b>312 310</b>	<b>14 660</b>	<b>326 970</b>
Fair Value	312 310	14 660	326 970
Acquisitions during the Year (Calves born)	63 428	1 500	64 928
Gains from Changes in Fair Value	113 911	340	114 251
Losses during the Year	(46 441)	(3 000)	(49 441)
Disposals during the Year:	(208 500)	-	(208 500)
Decreases due to consumption	(8 177)	-	(8 177)
Losses from Changes in Fair Value	-	-	-
	<b>226 531</b>	<b>13 500</b>	<b>240 031</b>
<b>Carrying values at 30 June 2014</b>	<b>226 531</b>	<b>13 500</b>	<b>240 031</b>
Fair Value	226 531	13 500	240 031
	<b>539 850</b>	<b>14 630</b>	<b>554 480</b>
<b>Carrying values at 1 July 2012</b>	<b>539 850</b>	<b>14 630</b>	<b>554 480</b>
Fair Value	539 850	14 630	554 480
Gains from Changes in Fair Value	-	1 530	1 530
Losses during the Year	(14 130)	(1 500)	(15 630)
Decreases due to consumption	(17 400)	-	(17 400)
Losses from Changes in Fair Value	(196 010)	-	(196 010)
	<b>312 310</b>	<b>14 660</b>	<b>326 970</b>
<b>Carrying values at 30 June 2013</b>	<b>312 310</b>	<b>14 660</b>	<b>326 970</b>
Fair Value	312 310	14 660	326 970

All of the municipality's Biological Assets are held under freehold interests and no Biological Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Biological Assets of the municipality.

**9.1 Biological Assets carried at Fair Value**

The municipality's Biological Assets is valued annually at 30 June at fair value. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar assets.

The following assumptions were used:

Open market prices

**9.2 Non-financial Information**

	2014	2013
Quantities of each Biological Asset:		
Cattle	46	101
Horses	9	10

**10. INVESTMENTS**

**Unlisted**

Local Authority Stock	285 604	187 924
	<b>285 604</b>	<b>187 924</b>
<b>Total Investments</b>		
All Investments	285 604	187 924
	<b>285 604</b>	<b>187 924</b>
<b>Council's valuation of Unlisted Investments</b>		
Local Authority Stock	285 604	187 924
	<b>285 604</b>	<b>187 924</b>

Unlisted Investments comprise the following:

Local Authority Stock are shares held in OVK Operations Limited. 13 193 Ordinary Shares valued at R10.72 (2013: R7.50) per share and 13 731 Holding Shares valued at R10.50 (2013: R6.48) per share

The management of the municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the market value of the shares held with OVK.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

11. CONSUMER DEPOSITS	2014 R	2013 R
Electricity, Water and other	615 562	213 657
<b>Total Consumer Deposits</b>	<b><u>615 562</u></b>	<b><u>213 657</u></b>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

12. PAYABLES	2014 R	2013 R
Trade Creditors	24 594 775	13 263 427
Payments received in Advance	3 787 340	3 319 389
Staff Bonuses	1 200 503	941 238
Staff Leave Accrued	2 983 757	2 250 510
Staff Salaries & Third Parties	12 045 360	7 972 303
Water treatment grant paid to Mohokare in error	2 711 899	2 711 899
Other Creditors	-	119 770
<b>Total Creditors</b>	<b><u>47 323 634</u></b>	<b><u>30 578 537</u></b>

**Staff Leave** accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The average credit period on purchases should be 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did default on payment of its Creditors. The Municipality have negotiated terms of payment with certain of its long outstanding trade creditors.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS	2014 R	2013 R
<b>13.1 Conditional Grants from Government</b>	<b>6 072 722</b>	<b>12 855 049</b>
National Government Grants	<u>6 072 722</u>	<u>12 855 049</u>
<b>Total Conditional Grants and Receipts</b>	<b><u>6 072 722</u></b>	<b><u>12 855 049</u></b>

See Note 18 for the reconciliation of Grants from Government. The Unspent Grants are reported to National Treasury. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**14. LONG-TERM LIABILITIES**

	2014 R	2013 R
Finance Lease Liabilities	733 315	151 879
Government Loans	1 176 342	1 300 844
Other Loans (Centlec Capital Loans)	988 848	1 105 150
Centlec Payable	10 267 281	5 778 087
Sub-total	<u>13 165 786</u>	<u>8 335 960</u>
Less: Current Portion transferred to Current Liabilities:-	408 795	273 575
Finance Lease Liabilities	<u>271 411</u>	<u>151 878</u>
Government Loans	<u>137 384</u>	<u>121 697</u>
<b>Total Long-term Liabilities</b> (Neither past due, nor impaired)	<u><b>12 756 991</b></u>	<u><b>8 062 385</b></u>

**14.1 Summary of Arrangements**

Finance Lease Liabilities relates to IT Equipment with lease terms of 3 years, vehicles purchased with a term of 5 years and Cellphone devices with a lease term of 2 years. The effective interest rate on Finance Leases is between 8% and 11% (2013: 8% to 11%). Capitalised Lease Liabilities are secured over the items of vehicles and equipment leased.

Other Loans are repaid over a period of 20 years and at a zero interest rate. Other Loans are secured over assets used to produce electricity.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

**14.2 Obligations under Finance Lease Liabilities**

**The Municipality as Lessee:**

Finance Leases relate to IT Equipment and Cellphone devices with lease terms not more than 1 year (2013: 3 years) and the purchase of vehicles with a lease term not more than 5 years. The effective interest rate on Finance Leases is between 8% and 11% (2013: 8% and 11%).

The risks and rewards of ownership in respect of the IT Equipment will transfer to the municipality at the conclusion of the agreement.

The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2014 R	2013 R	2014 R	2013 R
<b>Amounts payable under finance leases:</b>				
Within one year	320 540	160 632	320 540	160 632
In the second to fifth years, inclusive	495 960	-	495 960	-
Over five years	-	-	-	-
	<u>816 499</u>	<u>160 632</u>	<u>816 499</u>	<u>160 632</u>
Less: Future Finance Obligations	(83 184)	(8 754)	(83 184)	(8 754)
<b>Present Value of Minimum Lease Obligations</b>	<u><b>733 315</b></u>	<u><b>151 878</b></u>	<u><b>733 315</b></u>	<u><b>151 878</b></u>
Less: Amounts due for settlement within 12 months (Current Portion)			(271 411)	(151 878)
<b>Finance Lease Obligations due for settlement after 12 months (Non-current Portion)</b>			<u><b>461 904</b></u>	<u><b>-</b></u>

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment
- Vehicles

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Included in these classes are the following significant leases:

	2014	2013
	R	R
(i) Gestetner (IT Equipment)		
- Installments are payable monthly in advance		
- Average period outstanding	36 months	36 months
- Average effective interest rate	9.43%	9.43%
- Average monthly installment	R 16 850.00	R 16 850.00
(ii) ABSA Vehicle Financing (5 vehicles)		
- Installments are payable monthly in advance		
- Average period outstanding	36 months	
- Average effective interest rate, based on prime	9.00%	
- Average monthly installment	R 23 175.00	

**14.3 Operating Leases**

The municipality has an operating lease agreement for the rental of the Mayor's vehicle with the Free State Provincial Garage.

- Monthly charges are based on km's travelled and a fixed daily tariff of R1 024.
- No confirmation was received from FSPG in 2013.

	Minimum Operating Lease Payments	
	2014	2013
	R	R
Within one year	67 808	-
In the second to fifth years, inclusive	-	-
Over five years	-	-
	<u>67 808</u>	<u>-</u>

**15. PROVISIONS**

**Non-Current Provisions**

Provision for Rehabilitation of Land-fill Sites

16 490 654	12 997 706
<u>16 490 654</u>	<u>12 997 706</u>

The movement in Non-current Provisions are reconciled as follows:

	Land-fill Sites	Total
	R	R
<b>30 June 2014</b>		
Balance at beginning of year	12 997 706	12 997 706
Contributions to provision	791 250	791 250
Increase due to re-measurement	2 701 698	2 701 698
	<u>16 490 654</u>	<u>16 490 654</u>
<b>Balance at end of year</b>	<u>16 490 654</u>	<u>16 490 654</u>
<b>30 June 2013</b>		
Balance at beginning of year	14 956 091.95	14 956 092
Decrease due to re-measurement	(1 958 386)	(1 958 386)
	<u>12 997 706</u>	<u>12 997 706</u>
<b>Balance at end of year</b>	<u>12 997 706</u>	<u>12 997 706</u>

**15.1 Rehabilitation of Land-fill Sites**

In terms of the licencing of the landfill refuse site, the municipality will incur rehabilitation costs of R18.8 million to restore the sites at the end of its useful life, estimated to be in 2021 for the Matlakeng site, 2031 for the Rouxville and Smithfield sites and 2015 for the Zastron site. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**16. ACCUMULATED SURPLUS**

	2014 R	2013 R
<b>The Accumulated Surplus consists of the following Internal Funds and Reserves:</b>		
Accumulated Surplus / (Deficit) due to the results of Operations	425 110 774	437 662 870
<b>Total Accumulated Surplus</b>	<b>425 110 774</b>	<b>437 662 870</b>

*Accumulated Surplus* has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Note 34 "Correction of Errors" for details of the restatements.

- Restatement of Accumulated Surplus - Note 34.1
- Restatement of Revenue & Expenditure - Note 34.2
- Restatement of General Expenses - Note 34.3
- Restatement of PPE - Note 34.4
- Restatement of Centlec Payable - Note 34.5
- Restatement of Payables - Note 34.6
- Restatement of VAT receivable- Note 34.7
- Restatement of Properties held for Transfer- Note 34.8
- Restatement of Provision for rehabilitation of Landfill sites- Note 34.9

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

**17. PROPERTY RATES**

	Property Valuations		Actual Levies	
	July 2014 R000's	July 2013 R000's	July 2014	July 2013
Residential	299 182	299 182	3 687 679	3 423 927
Commercial	58 595	58 595	540 759	442 913
Agricultural	2 307 525	2 307 525	3 471 329	3 171 478
State	204 314	204 314	81 950	99 688
Rates Rebates			(1 726 605)	(1 022 294)
<b>Total Property Rates</b>	<b>2 869 615</b>	<b>2 869 615</b>	<b>6 055 112</b>	<b>6 115 712</b>

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2009.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate is applied as follows to property valuations to determine property rates:

- Residential Properties: 0,6709 c/R (2012/13: 0,6099 c/R)
- Commercial Properties: 0,9089 c/R (2012/13: 0,8263 c/R)
- State Properties: 0,3172 c/R (2012/13: 0,2884 c/R)
- Agricultural Properties: 0,1449 c/R (2012/13: 0,1317 c/R)

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

18. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED	2014 R	2013 R
National Equitable Share	51 873 000	51 002 000
<b>Operational Grants</b>	<u>51 873 000</u>	<u>51 002 000</u>
<b>Conditional / Unconditional Grants</b>	42 455 403	42 032 188
National: FMG	1 650 000	1 500 000
National: MIG	17 887 000	18 840 000
National: MSIG	890 000	800 000
National: RBIG	16 933 222	12 882 988
National: INEPG	-	2 000 000
GOGTA Grant	2 775 000	5 009 200
LG SETA	320 181	-
Expanded Public Works Programme	1 000 000	1 000 000
National: MWIG	1 000 000	-
<b>Total Government Grants and Subsidies</b>	<u><u>94 328 403</u></u>	<u><u>93 034 188</u></u>
<b>Government Grants and Subsidies:</b>		
Conditional Grants - Capital	35 820 222	35 956 988
Conditional Grants - Operational	6 635 181	6 075 200
Unconditional Grants - Capital	-	-
Unconditional Grants - Operational	51 873 000	51 002 000
<b>Total Government Grants and Subsidies</b>	<u><u>94 328 403</u></u>	<u><u>93 034 188</u></u>
<b>Summary of Transfers:</b>		
Conditions met - transferred to Revenue: Operating Expenses	59 274 442	57 346 742
Conditions met - transferred to Revenue: Capital Expenses	34 746 049	34 913 057
Centlec Electrification Grant	585 951	-
<b>Total Transfers</b>	<u><u>94 606 442</u></u>	<u><u>92 259 798</u></u>
<b>18.1 National: Equitable Share (Unconditional)</b>	<u><u>51 873 000</u></u>	<u><u>51 002 000</u></u>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. In terms of the allocation made by DPLG the funds are also utilised to enable the municipality to execute its functions as the local authority. R7 million was withheld in the financial period ended 30 June 2014. An amount of R44,873 million was paid to Mohokare during the financial period ended 30 June 2014.		
<b>18.2 National: FMG Grant (Conditional)</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 650 000	1 500 000
Conditions met - transferred to Revenue: Operating Expenses	(1 650 000)	(1 500 000)
Conditions still to be met - transferred to Liabilities	-	-
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.		
<b>18.3 National: MIG Funds (Conditional)</b>		
Balance unspent at beginning of year	12 039 610	12 039 610
Current year receipts	17 887 000	18 840 000
Roll-over withheld on Equitable share	(7 000 000)	-
Conditions met - transferred to Revenue: Operating Expenses	(327 675)	(110 597)
Conditions met - transferred to Revenue: Capital Expenses	(17 559 325)	(18 729 403)
Conditions met - transferred to Deferred Revenue	(90 439)	-
Conditions still to be met - transferred to Liabilities	<u><u>4 949 172</u></u>	<u><u>12 039 610</u></u>
The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld. Expenditures were also incurred that met the conditions of the MIG conditional grant which were transferred to deferred grant revenue		

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**18.4 National: MSIG Funds (Conditional)**

	2014 R	2013 R
Balance unspent at beginning of year	-	-
Current year receipts	890 000	800 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(890 000)	(800 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities	<u>-</u>	<u>-</u>

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

**18.5 National: Regional Bulk Infrastructure Grant (Conditional)**

Balance unspent at beginning of year	-	-
Current year receipts	16 933 222	12 882 988
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(17 186 725)	(12 882 988)
Conditions met - Receivable in the 2014-15 financial period	<u>(253 503)</u>	<u>-</u>

This grant was used for the operation and maintenance of sewerage and water schemes transferred from RBIG to the municipality and the refurbishment of water infrastructure. Balance of the allocated funds claimable in the 2014-15 financial period - R3 966 778

**18.6 National: Integrated National Electrification Programme Grant (INEPG) (Conditional)**

Balance unspent at beginning of year	-	41 049
Current year receipts	-	2 000 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(2 041 049)
Conditions still to be met - transferred to Liabilities	<u>-</u>	<u>-</u>

Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld.

**18.7 Expanded Public Works Programme (EPWP) (Conditional)**

Balance unspent at beginning of year	-	-
Current year receipts	1 000 000	1 000 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 000 000)	(1 000 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>

This grant was received for the creation of job opportunities. No funds have been withheld.

**18.8 Municipal Water Infrastructure Grant (MWIG)**

Balance unspent at beginning of year	-	-
Current year receipts	1 000 000	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities	<u>1 000 000</u>	<u>-</u>

This grant was received to facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service.

**18.8 COGTA Grant (Unconditional)(Management salaries)**

Balance unspent at beginning of year	2 081 400	2 081 400
Current year receipts	2 775 000	2 775 200
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(2 775 200)	(2 775 200)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities	<u>2 081 200</u>	<u>2 081 400</u>

A grant was received from COGTA for the purpose of assisting the Municipality with payments of Managers salaries. No funds have been withheld. The liability shown is not a liability to COGTA but rather an accounting treatment as Revenue received in advance.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**18.9 COGTA Grant (Conditional) (Vehicles & Equipment)**

	2014 R	2013 R
Balance unspent at beginning of year	-	-
Current year receipts	-	1 123 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(1 123 000)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>

A grant was received from COGTA for the purpose of assisting the Municipality with the purchase of Vehicles and Equipment necessary for service delivery. No funds have been withheld.

**18.10 COGTA Grant (Conditional) (Water pumps)**

Balance unspent at beginning of year	815 439	-
Current year receipts	-	1 111 000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(438 386)	(158 945)
Conditions met - transferred to Revenue: Capital Expenses	-	(136 616)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>377 053</u>	<u>815 439</u>

A grant was received from COGTA for the purpose of assisting the Municipality with the replacement of old and redundant water pumps necessary for service delivery. No funds have been withheld.

**18.11 LG SETA training grant (Unconditional)**

Balance unspent at beginning of year	-	-
Current year receipts	320 181	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-320 181	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>

This grant was utilised for the training and schooling of staff. No funds have been withheld.

**18.12 Changes in levels of Government Grants**

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2011), government grant funding is expected to increase over the forthcoming three financial years.

**19. DONATIONS RECEIVED**

Unconditional Contributions	970 424	2 087 751
Daycare centre donated	-	1 000 000
<b>Total Public Contributions and Donations</b>	<u>970 424</u>	<u>3 087 751</u>

**20. SERVICE CHARGES**

Sale of Electricity	19 683 112	20 657 642
Sale of Water	9 877 534	7 496 769
Refuse Removal	4 329 181	4 001 820
Sewerage and Sanitation Charges	6 700 311	6 079 513
Connection Fees	375 457	250 246
<b>Total Service Charges</b>	<u>40 965 596</u>	<u>38 485 990</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs. Connection Fees are in respect of once off connection charges.

**21. RENTAL OF FACILITIES AND EQUIPMENT**

Operating Lease Rental Revenue:		
- Investment Property	422 734	300 613
Rental Revenue from Buildings	133 970	20 484
Rental Revenue from Halls	18 112	13 579
Rental Revenue from Other Facilities	182	120 013
<b>Total Rental of Facilities and Equipment</b>	<u>574 998</u>	<u>454 688</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

22. INTEREST EARNED	2014	2013
	R	R
<b>External Investments:</b>		
Bank Account	66 720	4 673
Investments	109 101	82 835
Centlec Interest received	-	30 077
	<u>175 822</u>	<u>117 585</u>
<b>Outstanding Debtors:</b>		
Outstanding Billing Debtors	8 084 890	3 693 698
	<u>8 084 890</u>	<u>3 693 698</u>
<b>Total Interest Earned</b>	<u>8 260 711</u>	<u>3 811 283</u>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Non-Current Investments	175 822	117 585
Loans and Receivables	8 084 890	3 693 698
	<u>8 260 711</u>	<u>3 811 283</u>

**23. OTHER REVENUE**

Building Plan Fees	1 673	1 269
Cemetery Fees	48 614	43 969
Pound Fees	-	80
Commission on collections	57 828	75 694
Rates Certificates	27 041	26 715
Cattle additions	64 928	-
Cancellation of Lease contract	-	540 955
Sundry Income	764 752	838 569
<b>Total Other Revenue</b>	<u>964 837</u>	<u>1 527 251</u>

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 18 to 23, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

24. EMPLOYEE RELATED COSTS	2014 R	2013 R
Employee Related Costs - Salaries and Wages	33 465 699	27 557 734
Basic Salaries and Wages	32 561 655	27 492 304
Contribution to Leave Fund	904 044	65 430
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids Bonus fund	8 933 417	6 980 546
Medical	2 257 050	1 664 532
Pension	5 894 074	4 664 275
Bonus fund	-	19 000
Industrial Council Levy	31 903	18 296
Skills Development Levy	394 572	323 903
UIF	355 817	290 539
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	2 780 836	1 942 995
Allowances	2 780 836	1 942 995
Housing Benefits and Allowances	48 573	31 588
Overtime Payments	2 674 151	2 257 327
Annual Bonuses	2 598 819	2 170 637
Temporary Employees - Salaries and Wages	200 648	125 319
EPWP Employees	2 064 315	-
<b>Total Employee Related Costs</b>	<b>52 766 457</b>	<b>41 066 145</b>
No advances were made to employees.		
<b>Remuneration of Section 57 Employees:</b>		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	604 988	528 335
Travel Allowance	267 000	267 000
Company Contributions to UIF, Medical and Pension Funds	156 804	138 337
Other	-	6 997
<b>Total</b>	<b>1 028 792</b>	<b>940 669</b>
<b>Remuneration of the Chief Financial Officer</b>		
Annual Remuneration	400 237	532 072
Annual Bonus	29 425	180 000
Company Contributions to UIF, Medical and Pension Funds	5 820	21 012
Acting Allowance	124 158	-
Other	-	4 888
<b>Total</b>	<b>559 641</b>	<b>737 972</b>
The post was vacant during July 2013 until December 2013. The Acting Allowance that was paid for the period is included in the above costs..		
<b>Remuneration of the Manager: Community Services</b>		
Annual Remuneration	293 506	257 072
Annual Bonus	25 522	21 476
Travel Allowances	67 000	60 000
Company Contributions to UIF, Medical and Pension Funds	89 670	75 183
Long service award	-	9 631
Other	-	3 447
<b>Total</b>	<b>475 698</b>	<b>426 809</b>
<b>Remuneration of the Manager: Corporate Services</b>		
Annual Remuneration	436 497	396 817
Travel Allowances	150 000	150 000
Company Contributions to UIF, Medical and Pension Funds	116 475	97 321
Other	-	5 203
<b>Total</b>	<b>702 972</b>	<b>649 341</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	R	R
<b>Remuneration of the Manager: Technical Services</b>		
Annual Remuneration	581 410	546 068
Re-Imbursive Travel Allowances	51 912	-
Company Contributions to UIF, Medical and Pension Funds	112 231	98 812
Acting allowance	27 768	-
Other	-	5 130
<b>Total</b>	<b>773 321</b>	<b>650 010</b>

No compensation was payable to key management personnel in terms of GRAP 25 as at 30 June.

**25. REMUNERATION OF COUNCILLORS**

Mayor - Ms AM Shasha	374 690	385 183
Chief Whip - Mr RJ Thuhlo	165 725	162 676
Councillors	1 403 021	1 411 970
Company Contributions to SDL, Medical and Pension Funds	337 864	225 129
Medical Aid	131 910	36 453
Pension Fund	178 636	162 544
Skills Development Levy	27 318	26 132
Other Allowances (Cellular Phones, Housing, Transport, etc)	784 040	659 741
Housing Subsidy	151 115	147 176
Telephone Allowance	229 550	140 076
Travelling Allowance	403 375	372 489
<b>Total Councillors' Remuneration</b>	<b>3 065 340</b>	<b>2 844 699</b>

**In-kind Benefits**

The Councillor occupying the positions of Mayor/Speaker of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Mayor has use of a vehicle leased from the Government Garage for official duties.

**26. DEPRECIATION AND AMORTISATION**

Depreciation: Property, Plant and Equipment	25 782 147	27 073 686
<b>Total Depreciation and Amortisation</b>	<b>25 782 147</b>	<b>27 073 686</b>

**27. IMPAIRMENT LOSSES**

**27.1 Impairment Losses on Fixed Assets**

<b>Impairment Losses Recognised:</b>	245 747	17 127
Property, Plant and Equipment	245 747	17 127
	<b>245 747</b>	<b>17 127</b>

**27.2 Impairment Losses on Financial Assets**

<b>Impairment Losses Recognised:</b>	22 309 235	14 192 045
Receivables from Exchange Transactions (Exclusive of VAT)	20 889 088	14 192 827
Write-off of Indigent debtors (Centlec)	312 156	-
Receivables from Non-exchange Transactions	977 540	(782)
Traffic fines	130 450	-
	<b>22 309 235</b>	<b>14 192 045</b>
<b>Total Impairment Losses</b>	<b>22 554 982</b>	<b>14 209 172</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

28. FINANCE COSTS	2014	2013
	R	R
DBSA Loan	148 707	161 516
Creditors Overdue	1 107 756	898 880
Finance Leases	32 581	45 948
Landfill Provision	791 250	-
Bank overdraft	618	-
Finance costs incurred by Centlec	110 515	238 448
	<u>2 191 427</u>	<u>1 344 791</u>
<b>Total Interest Expense</b>	<b>2 191 427</b>	<b>1 344 791</b>
<b>Total Interest Paid on External Borrowings</b>	<b>2 191 427</b>	<b>1 344 791</b>
29. BULK PURCHASES		
Electricity (Centlec)	19 755 688	18 119 395
	<u>19 755 688</u>	<u>18 119 395</u>
<b>Total Bulk Purchases</b>	<b>19 755 688</b>	<b>18 119 395</b>
30. CONTRACTED SERVICES		
Professional Fees	5 226 430	5 384 062
Security Services	167 194	763 862
	<u>5 393 623</u>	<u>6 147 924</u>
<b>Total Contracted Services</b>	<b>5 393 623</b>	<b>6 147 924</b>
31. GRANTS AND SUBSIDIES PAID		
Free Basic Services	3 014 720	6 950 602
Sport Events	-	1 225
	<u>3 014 720</u>	<u>6 951 827</u>
<b>Total Grants and Subsidies</b>	<b>3 014 720</b>	<b>6 951 827</b>

**Free Basic Services** are in respect of assistance to and providing basic service levels to indigent households.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**32. GENERAL EXPENSES**

	2014	2013
	R	R
Included in General Expenses are the following:		
Administration fees	320 941	334 231
Advertising	275 339	99 270
Audit Fees	4 038 198	1 935 005
Bank Charges	138 387	113 964
Cancellation Fees	-	35 000
Cattle Feed	18 909	2 251
Cattle Consumption	8 177	17 400
Biological Asset Losses	49 441	15 630
Cattle Fair Value adjustment Loss	-	194 480
Centlec Service Expenses	-	13 414
Chemicals and Poison	3 196 154	2 371 693
Cleaning Material	36 213	48 508
Computer Software & Licenses	627 764	54 165
Consumables	990 013	973 782
Disaster Expenditure	1 524	-
Electricity usage	4 243 611	1 866 584
Entertainment	92 416	47 959
Electricity Network charges	1 824 155	1 316 261
Fines & Penalties	464 252	1 254 506
Fuel & Oil	1 734 616	1 364 792
Insurance	787 892	502 740
Operating Leases	896 406	554 821
Legal Costs	799 000	718 538
Magazines, books and periodicals	75 962	154 883
Medical Expenses	12 969	75 935
Motor vehicle expenses	15 284	39 377
Pauper burials	19 300	21 367
Postage and Courier	422 010	342 001
Printing & Stationary	599 357	1 276 503
Royalties and license fees	-	175 494
Software expenses	-	91 370
Special Programmes	452 260	501 435
Subscription Fees	477 379	310 740
Telephone Cost	1 976 580	1 744 214
Training Costs	126 385	321 780
Traffic Operational	9 570	-
Transport Costs	-	54 423
Travelling and Subsistence	2 324 991	2 544 777
Uniforms and Protective Clothing	1 138 103	363 368
<b>Total General Expenses</b>	<b>28 193 557</b>	<b>21 852 661</b>

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

**32.1 Material Losses**

	22 979 226	21 556 914
Debtors written off	15 691 377	12 333 732
Distribution Losses:		
Electricity Losses	4 284 685	4 701 865
Water losses	3 003 164	4 521 318

The amounts disclosed above for **Electricity and Water Losses** are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

No other extra-ordinary expenses were incurred

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**33. CHANGE IN ACCOUNTING POLICY**

The municipality adopted no new Accounting Standards for the first time during the financial year 2013/2014 for the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

**34. CORRECTION OF ERROR**

**34.1 Reclassification of Accumulated Surplus**

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	<b>Accumulated Surplus</b>
<b>Balance as published as at 30 June 2013</b>	<b>286 122 663</b>
<b>Change in accounting policy:</b>	<b>-</b>
<b>Correction of error:</b>	
<i>Corrections through Accumulated surplus</i>	<b>160 317 695</b>
- Difference between Asset Register and AFS.	280
- WIP Additions not accounted for	74 748
- Centlec Prior period adjustment	(333 049)
- PPE Carrying values	122 448 711
- Re-valuation of properties held for transfer	27 640 500
- Investment Properties Carrying values	(1 519 860)
- Input VAT not claimed not accounted for	1 606 541
- Capitalisation of Landfill site provision	10 382 464
- VAT on Landfill site provision	1 819 679
- VAT on re-measurement of Landfill site	274 174
- Accumulated de-commissioning costs	(2 076 493)
<i>Corrections through comparative figures in the Income statement (Note 34.2)</i>	<b>(8 777 489)</b>
- Trade payables not accounted for	(143 694)
- VAT included in Service Revenue	(889 053)
- Depreciation on fixed assets	(5 113 623)
- PPE loss on disposals	56 453
- Staff leave provision	(137 631)
- Re-measurement of Landfill site provision	(2 232 560)
- De-commissioning costs	(317 380)
<b>Restated balance as at 30 June 2013</b>	<b>437 662 869</b>

**34.2 Reclassification of Revenue and Expenditure**

The prior year figures of Revenue and Expenditure have been restated to correctly disclose the transactions incurred by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	<b>Revenue for the Year</b>	<b>Expenditure for the Year</b>	<b>(Surplus) Deficit for the Year</b>
<b>Total as per AFS previously published for 2012/13</b>	<b>148 971 807</b>	<b>137 661 322</b>	<b>11 310 485</b>
Adjustment to Contracted Services (Note 30)	-	2 220	(2 220)
Adjustment to General expenditures (Note 34.3)	-	141 473	(141 473)
Adjustment to Depreciation	-	5 113 623	(5 113 623)
Adjustment to leave provision	-	137 631	(137 631)
Adjustment to Interest Income	(1 961 262)	-	(1 961 262)
Adjustment to Revenue – Water	1 704 865	-	1 704 865
Adjustment to Revenue – Rates	256 397	-	256 397
Adjustment to Loss on disposals	-	(56 453)	56 453
Adjustment to Landfill site provision income	(2 232 560)	-	(2 232 560)
Adjustment to De-commissioning costs	-	317 380	(317 380)
Adjustment to VAT included in Services Revenue	(889 053)	-	(889 053)
<b>Restated Total as per AFS currently disclosed for 2012/13</b>	<b>145 850 194</b>	<b>143 317 196</b>	<b>2 532 997</b>

**34.3 General Expenses and Accumulated Surplus**

The effect of the Change in General Expenses as follows:

	<b>General Expenses</b>
<b>Balances published as at 30 June 2013</b>	<b>21 711 188</b>
Administration fees correctly classified as Electricity Network charges from Centlec	(1 316 261)
Advertising expenditure	(5 704)
Centlec "General Expenditures" correctly classified	(1 866 584)

Electricity usage expenditures correctly classified	1 866 584
Electricity network charges correctly classified	1 316 261
Lease charges corrected	142 664
Advertisement costs corrected	4 513
<b>Restated Balances as at 30 June 2013</b>	<hr/> <b>21 852 661</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**34.4 Property, Plant & Equipment**  
**Cost and Accumulated Surplus**

The effect of the Correction of Error is as follows:

	Investment Properties	Property, Plant and Equipment
<b>Amount per AFS previously published for 2012/13</b>	<b>19 266 525</b>	<b>320 256 835</b>
Work-in-progress 2013 opening balance restated	-	2 461 262
Fixed Assets Opening balances differences	-	281
Adjustment to Costs Opening Balance	(1 519 860)	94 876 268
Adjustment to Accumulated Depreciation	-	27 572 443
Adjustment to the 2012-13 depreciation charges	-	(5 113 623)
Capitalisation of Landfill site provision	-	10 382 464
Re-assessment of Landfill site provision	-	(1 958 386)
Accumulated De-commissioning costs	-	(2 393 872)
Adjustment to Loss on disposals	-	56 452
<b>Restated Balances as at 30 June 2013</b>	<b>17 746 665</b>	<b>446 140 123</b>

**34.5 Correction on Centlec Payable**

The opening balances of the Centlec Payable amount has been restated.

The effect of the Correction of Error is as follows:

	Total
<b>Balance published as at 30 June 2013</b>	<b>5 595 666</b>
Adjustment	182 421
<b>Restated Balances as at 30 June 2012</b>	<b>5 778 087</b>

**34.6 Reclassification of Payables**

The prior year figures of Creditors have been restated to correctly classify the outstanding balance as at 30 June 2013.

The effect of the Correction of Error is as follows:

	Staff Salaries & Third Parties	Trade Payables
<b>Balances published as at 30 June 2013</b>	<b>7 834 672</b>	<b>10 398 164</b>
Transactions incurred for the Year 2012/13		
Adjustment of Payables relating to Work in Progress	-	2 498 327
Adjustment of Trade Payables through the income and expenditure statement	-	366 936
Adjustment of Staff leave accrued	137 631	-
<b>Restated Balances as at 30 June 2013</b>	<b>7 972 303</b>	<b>13 263 427</b>

**34.7 VAT**

<b>Balances published as at 30 June 2013</b>	<b>4 424 718</b>
Adjustment relating to Payables	335 055
VAT incorrectly included in the Services Revenue	(889 053)
VAT payable separately disclosed as dispute	(268 115)
Prior period input VAT not claimed not accounted for	1 606 541
<b>Restated Balances as at 30 June 2013</b>	<b>5 209 146</b>

**34.8 Inventories - Properties held for transfer**

<b>Balances published as at 30 June 2013</b>	<b>-</b>
Re-valuation of Properties held for transfer	27 640 500
<b>Restated Balances as at 30 June 2013</b>	<b>27 640 500</b>

**34.9 Provisions - Landfill site provision**

<b>Balances published as at 30 June 2013</b>	<b>14 817 386</b>
VAT incorrectly included in Provision Calculation	(1 819 679)
<b>Restated Balances as at 30 June 2013</b>	<b>12 997 707</b>

**35. CHANGE IN ACCOUNTING ESTIMATES**

During the current financial period it was estimated that the Landfill site rehabilitation for the Zastron site has significantly decreased and will have to be rehabilitated in 2016. The previous estimates indicated 2021. This change in estimate resulted in a large finance charge accounted for in the 2013-14 financial

period. Refer to Note 15

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

<b>36. CASH GENERATED BY OPERATIONS</b>	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
Surplus / (Deficit) for the Year	(12 552 096)	2 532 997
Depreciation and Amortisation	25 782 147	27 073 686
De-commissioning costs	1 375 457	317 379
Impairment losses on Property, Plant and Equipment	245 747	17 127
Other Movements on Property, Plant and Equipment (Capital donations)	-	(1 000 000)
Other Movements on Investment	(211 931)	(40 089)
Other Movements on Biological Assets	(43 982)	227 509
Loss on Disposal of PPE	298 128	344 723
Provision for bad debt	24 591 565	14 192 045
Donations made applied to payables	(970 424)	(2 087 752)
Contribution to Provisions - Non-current	791 249	-
Biological assets Fair Value gain	(9 113)	-
Revenue received in advance	(90 439)	-
Grant funds withheld	(7 000 000)	-
<b>Operating surplus before working capital changes</b>	<b>32 206 309</b>	<b>41 577 625</b>
Decrease/(Increase) in Inventories - Consumables	(133 624)	(30 269)
Decrease/(Increase) in Consumer Debtors	(23 472 708)	(15 995 022)
Decrease/(Increase) in Other Debtors	(841 234)	(785 009)
Decrease/(Increase) in Sundry Debtors	138 461	(330 403)
Decrease/(Increase) in VAT Receivable	666 432	2 444 466
Increase/(Decrease) in Consumer Deposits	401 904	48 821
Increase/(Decrease) in Payables	17 715 521	13 450 245
Increase/(Decrease) in Conditional Grants and Receipts	217 673	774 390
Increase/(Decrease) in Revenue received in advance	90 439	-
Increase/(Decrease) in Biological Assets	92 241	-
<b>Cash generated by / (utilised in) Operations</b>	<b>27 081 415</b>	<b>41 154 844</b>

**37. NON-CASH INVESTING AND FINANCING TRANSACTIONS**

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2013/14 financial year.

**38. FINANCING FACILITIES**

The municipality did not have any Financing Facilities available at any time during the two financial years.

**39. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term Liabilities (See Note 14)	13 165 786	8 335 960
Used to finance Property, Plant and Equipment - at cost	(13 165 786)	(8 335 960)
Sub-total	-	-

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**40. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

<b>40.1 Unauthorised Expenditure</b>	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
Reconciliation of Unauthorised Expenditure:		
Opening balance	87 796 732	46 314 763
Unauthorised Expenditure current year	27 617 260	41 481 969
Approved by Council or condoned	-	-
Unauthorised Expenditure awaiting authorisation	<u>115 413 992</u>	<u>87 796 732</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>The unauthorised expenditure is based on the differences between budgeted amounts and actual expenditures per unit. No incidents were noticed where payments were made by unauthorised personnel. The major contributor relates to the Impairment of debtors that was not fully budgeted for.</i>	N/A

**40.2 Fruitless and Wasteful Expenditure**

Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	4 947 535	1 290 620
Fruitless and Wasteful Expenditure current year	1 881 707	3 656 915
Condoned or written off by Council	-	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u>6 829 242</u>	<u>4 947 535</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Fines and Penalties</i>	657 128
<i>No motivation for expenditures</i>	116 823
<i>Interest on late accounts</i>	1 107 756

**40.3 Irregular Expenditure**

Reconciliation of Irregular Expenditure:		
Opening balance	129 258 580	96 632 348
Irregular Expenditure current year	937 854	32 626 232
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 49)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Irregular Expenditure awaiting condonement	<u>130 196 434</u>	<u>129 258 580</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>No deviation letter (4 Incidents)</i>	R 125 354
<i>No Tax clearance certificate (2 Instances)</i>	R 104 490
<i>No deviation letter or Tax clearance certificate (1 Incidents)</i>	R 28 000
<i>Non-compliance to SCM processes</i>	R 680 010
	<i>These expenses relate to Irregular expenses identified under the audit process for the 2013-14 financial period. These expenses will be investigated by Management to determine whether it should in fact be included under the Irregular expenditures.</i>
<i>Under Managements Investigation</i>	R 96 632 348
	<i>These expenses relate to Irregular expenses identified under the audit processes in prior years. These expenses will be investigated by Management to determine whether it should in fact be included under the Irregular expenditures.</i>

**41. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**41.1 Contributions to organised local government - SALGA**

Opening Balance	-	-
Council Subscriptions	450 000	406 000
Amount Paid - current year	(100 000)	(406 000)
<b>Balance Unpaid (included in Creditors)</b>	<u>350 000</u>	<u>-</u>

**41.2 Audit Fees**

Opening Balance	(802 434)	822 067
Current year Audit Fee	4 510 481	1 015 252
Interest charges	64 008	-
Amount Paid - current year	(1 859 068)	(998 165)
Credit notes received	(184)	-
Amount Paid - previous years	-	(839 154)
Donations received towards Audit Fees	(693 208)	(802 434)
<b>Balance Unpaid (included in Creditors)</b>	<u>1 219 595</u>	<u>(802 434)</u>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**41.3 VAT**

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

	2014	2013
	R	R
<b>41.4 PAYE, Skills Development Levy and UIF</b>		
Opening Balance	2 256 429	1 595 432
Current year Payroll Deductions	5 273 959	4 241 074
Amount Paid - current year	(1 135 107)	(585 436)
Amount Paid - previous years	-	(610 632)
Penalties and interest	15 789	257 060
Offset to VAT receivable	(4 490 817)	(2 641 069)
<b>Balance Unpaid (included in Payables)</b>	<b>1 920 253</b>	<b>2 256 429</b>

The balance represents PAYE,SDL and UIF deducted from the payroll during the 2013/14 financial period.

**41.5 Pension and Medical Aid Deductions**

Opening Balance	4 209 712	2 109 105
Current year Payroll Deductions and Council Contributions	9 871 311	7 481 360
Amount Paid - current year	(3 723 728)	(5 043 441)
Amount Paid - previous years	(4 209 712)	(531 403)
Interest accrual	221 643	194 091
<b>Balance Unpaid (included in Payables)</b>	<b>6 369 226</b>	<b>4 209 712</b>

The balance represents Pension and Medical Aid contributions deducted from employees and councillors payroll in the 2012/13 and 2013/14 financial year's, as well as the municipality's contributions to these funds.

**41.6 Councillor's arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
<b>30 June 2014</b>			
Councillor Lekhula L	7 111	745	6 366
Councillor Letele MA	2 933	479	2 453
Councillor Riddle IS	732	569	163
Councillor Thuhlo RJ	1 377	992	386
Councillor Majenge BS	649	482	167
Councillor Sehanka MJ	1 252	1 252	-
Councillor Shasha SD	16 971	838	16 133
<b>Total Councillor Arrear Consumer Accounts</b>	<b>31 024</b>	<b>5 357</b>	<b>25 668</b>
<b>30 June 2013</b>			
Councillor Lekhula L	4 277	550	3 727
Councillor Letele MA	3 101	523	2 578
Councillor Thuhlo RJ	652	364	288
Councillor Majenge BS	203	110	93
Councillor Sehanka MJ	13 905	733	13 172
Councillor Shasha SD	14 807	706	14 101
<b>Total Councillor Arrear Consumer Accounts</b>	<b>36 944</b>	<b>2 986</b>	<b>33 958</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

	Highest amount outstanding	Ageing
<b>30 June 2014</b>		
Councillor Lekhula L	6 366	> 90 Days
Councillor Letele MA	2 453	> 90 Days
Councillor Riddle IS	163	> 90 Days
Councillor Thuhlo RJ	386	> 90 Days
Councillor Majenge BS	167	> 90 Days
Councillor Shasha SD	16 133	> 90 Days

	Highest amount outstanding	Ageing
<b>30 June 2013</b>		
Councillor Lekhula L	3 727	> 90 Days
Councillor Letele MA	2 578	> 90 Days
Councillor Thuhlo RJ	288	> 90 Days
Councillor Majenge BS	93	> 90 Days
Councillor Sehanka MJ	13 172	> 90 Days
Councillor Shasha SD	14 101	> 90 Days

**41.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

The municipality has developed a supply chain management policy which was only approved by Council in November 2011.

Non compliance matters to the MFMA is disclosed as follow:

Department	Date	Non-compliance matter	Reason	Amount
Finance department	Jun-14	During the financial period a burglary occurred resulting in laptops being stolen.	No security measures were implemented to safeguard Municipal assets.	+/- R68000
Finance department		Non-compliance to Section 70(2) regarding banking reporting to Treasury and Auditor-General	Bank account details were not reported to the offices of the Auditor General	N/A
Finance department		Non-compliance to section 65(2) ( e ) suppliers not paid within 30 days	The Municipality is experiencing cash flow constraints.	N/A
Finance department		PAYE/SITE/UIF no paid within the 7 days reporting requirement of Income Tax Act	The Municipality is experiencing cash flow constraints.	N/A
Finance department		Non-compliance to Section 32(4)(a) and Section 32(a) of the MFMA	Non reporting of irregular, unauthorised and fruitless and wasteful expenditure	N/A
Finance department		Non-compliance to section 9 (b) of the MFMA	No policy has been developed and/or implemented to govern the use and issue of cellphones and data devices	N/A

		2014 R	2013 R
<b>41.8 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA</b>			
Material Electricity and Water Losses were as follows and are not recoverable:			
<b>Electricity:</b>			
Purchased during the year	units (kWh)	21 498 603	20 993 230
Sold during the year	units (kWh)	(16 831 223)	(16 043 826)
Unaccounted Losses	units (kWh)	4 667 380	4 949 404
Loss %		21.71%	23.58%
Loss (R):		4 284 685	4 701 865

Calculated as follows :

	%	Lost Units	Tariff	Value
<b>30 June 2014</b>				
Total Electricity Losses	100.00%	4 667 380 R	0.92	4 284 685
- Residential	64.55%	3 159 314 R	0.92	2 900 271
- Business	35.45%	1 508 066 R	0.92	1 384 414
<b>30 June 2013</b>				
Total Electricity Losses	100.00%	4 949 405 R	2.09	4 701 865
- Residential	97.43%	4 822 205 R	0.95	4 556 984
- Business	2.57%	127 200 R	1.14	144 881

Electricity Losses occur due to *inter alia* , the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Water:**

		Lost Units	Tariff	Value
<b>30 June 2014</b>	Unaccounted Water Losses	773 507	3.8825	3 003 164
<b>30 June 2013</b>	Unaccounted Water Losses	1 151 380	3.9269	4 521 318

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The municipality is currently busy with an audit of bulk meters to find faulty meters and repair them. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

**42. COMMITMENTS FOR EXPENDITURE**

	2014 R	2013 R
<b>42.1 Capital Commitments</b>		
Commitments in respect of Capital Expenditure:		
- <b>Approved and Contracted for:-</b>	<b>56 920 715</b>	<b>52 626 928</b>
<i>Infrastructure</i>	56 920 715	52 626 928
- <b>Approved but Not Yet Contracted for:-</b>	<b>3 302 322</b>	<b>-</b>
<i>Infrastructure</i>	3 302 322	-
<b>Total Capital Commitments</b>	<b>60 223 037</b>	<b>52 626 928</b>
This expenditure will be financed from:		
Government Grants	60 223 037	52 626 928
	<b>60 223 037</b>	<b>52 626 928</b>

**42.2 Lease Commitments**

Finance Lease Liabilities are disclosed in Note 14.

**43. FINANCIAL INSTRUMENTS**

**43.1.1 Classification**

**FINANCIAL ASSETS:**

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
<b>Non-current Investments</b>			
Investment in OVK Shares	Fair value	285 604	187 924
<b>Receivables from Exchange Transactions</b>			
Electricity	Amortised cost	551 355	1 035 742
Refuse	Amortised cost	186 977	26 512
Sewerage	Amortised cost	669 363	673 881
Water	Amortised cost	890 535	392 196
Sundry Debtors	Amortised cost	1 004 996	1 273 906
Other Receivables	Amortised cost	165 227	345 993
<b>Receivables from Non-exchange Transactions</b>			
Assessment Rates Debtors	Amortised cost	649 064	785 370
<b>Cash and Cash Equivalents</b>			
Call Deposits	Amortised cost	163 083	276 607
Bank Balances	Amortised cost	163 951	10 287
Cash Floats and Advances	Amortised cost	1 180	1 180

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

<b>SUMMARY OF FINANCIAL ASSETS</b>		<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
<b>Financial Assets at Amortised Cost:</b>			
Receivables from Exchange Transactions	Electricity	551 355	1 035 742
Receivables from Exchange Transactions	Refuse	186 977	26 512
Receivables from Exchange Transactions	Sewerage	669 363	673 881
Receivables from Exchange Transactions	Water	890 535	392 196
Sundry Debtors	Sundry Debtors	1 004 996	1 273 906
Receivables from Exchange Transactions	Other Debtors	165 227	345 992
Receivables from Non-exchange Transactions	Assessment Rates Debtors	649 064	785 370
Cash and Cash Equivalents	Bank Balances	163 951	10 287
Cash and Cash Equivalents	Call Deposits	163 083	276 607
Cash and Cash Equivalents	Cash Floats and Advances	1 180	1 180
		<u>4 445 731</u>	<u>4 821 672</u>
<b>Financial Assets at Fair Value:</b>			
Non-current Investments	Shares in OVK	285 604	187 924
		<u>285 604</u>	<u>187 924</u>
<b>Total Financial Assets</b>		<u><b>4 731 335</b></u>	<u><b>5 009 597</b></u>

**FINANCIAL LIABILITIES:**

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
<b>Long-term Liabilities</b>			
Finance Lease Liabilities	Amortised cost	461 904	1
Government Loans	Amortised cost	1 038 958	1 179 147
Centlec Payable	Amortised cost	10 267 281	5 778 087
Other Loans	Amortised cost	988 848	1 105 150
<b>Payables</b>			
Trade Creditors	Amortised cost	24 594 775	13 263 427
Payments received in Advance	Amortised cost	3 787 340	3 319 389
Sundry Deposits	Amortised cost	2 711 899	2 711 899
Consumer Deposits	Amortised cost	615 562	213 657
Other Creditors	Amortised cost		119 770
<b>Bank Overdraft</b>			
Bank Overdraft	Amortised cost	2 076 232	86 319
<b>Current Portion of Long-term Liabilities</b>			
Finance Lease Liabilities	Amortised cost	271 411	151 878
Government Loans	Amortised cost	137 384	121 697

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

<b>SUMMARY OF FINANCIAL LIABILITIES</b>		<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
<b>Financial Liabilities at Amortised Cost:</b>			
Long-term Liabilities	Finance Lease Liabilities	461 904	1
Long-term Liabilities	Government Loans	1 038 958	1 179 147
Long-term Liabilities	Centlec Liability	10 267 281	5 778 087
Long-term Liabilities	Other Loans	988 848	1 105 150
Payables	Trade Creditors	24 594 775	13 263 427
Payables	Payments received in Advance	3 787 340	3 319 389
Payables	Sundry Deposits	2 711 899	2 711 899
Payables	Other Creditors		119 770
Consumer Deposits	Consumer deposits	615 562	213 657
Current Portion of Long-term Liabilities	Finance Lease Liabilities	271 411	151 878
Current Portion of Long-term Liabilities	Government Loans	137 384	121 697
Bank Overdraft	Bank Overdraft	2 076 232	86 319
		<u>46 951 594</u>	<u>28 050 422</u>
<b>Total Financial Liabilities</b>		<u><b>46 951 594</b></u>	<u><b>28 050 422</b></u>

**43.1.2 Financial Assets Pledged as security**

A Pledge of R25 000 in favour of Eskom is held with First National Bank.  
A Limited cession of R20 000 is held with ABSA Bank

**43.2 Fair Value**

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

**Cash and Short-term Investments**

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

**Long-term Investments**

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

**Long-term Liabilities**

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2014, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follow

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	30 June 2014		30 June 2013	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
<b>FINANCIAL ASSETS</b>				
<b>Measured at Amortised Cost:</b>				
	4 445 731	4 445 731	4 821 672	4 821 672
Call Deposits	163 083	163 083	276 607	276 607
Bank Balances and cash	165 131	165 131	11 467	11 467
Trade Receivables from Exchange Transactions	3 468 453	3 468 453	3 748 229	3 748 229
Trade Receivables from Non-exchange Transactions	649 064	649 064	785 370	785 370
<b>Measured at Fair Value</b>				
	285 604	285 604	187 924	187 924
OVK Shares	285 604	285 604	187 924	187 924
<b>Total Financial Assets</b>	<b>4 731 335</b>	<b>4 731 335</b>	<b>5 009 597</b>	<b>5 009 597</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Measured at Amortised Cost:</b>				
	46 951 594	46 951 594	28 050 422	28 050 422
Finance Lease Liabilities	461 904	461 904	1	1
Government Loans	1 038 958	1 038 958	1 179 147	1 179 147
Other Loans	988 848	988 848	1 105 150	1 105 150
Payments Received in Advance	3 787 340	3 787 340	3 319 389	3 319 389
Consumer Deposits	615 562	615 562	213 657	213 657
Bank Overdraft	2 076 232	2 076 232	86 319	86 319
Centlec Payable	10 267 281	10 267 281	5 778 087	5 778 087
Trade and Other Payables:	-	-	-	-
- Creditors	24 594 775	24 594 775	13 263 427	13 263 427
- Sundry Deposits	2 711 899	2 711 899	2 711 899	2 711 899
- Other payables	-	-	119 770	119 770
- Current Portion of Long-term Liabilities	408 795	408 795	273 575	273 575
<b>Total Financial Liabilities</b>	<b>46 951 594</b>	<b>46 951 594</b>	<b>28 050 422</b>	<b>28 050 422</b>
<b>Total Financial Instruments</b>	<b>(42 220 258)</b>	<b>(42 220 258)</b>	<b>(23 040 825)</b>	<b>(23 040 825)</b>
<b>Unrecognised Gain / (Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities**

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**30 June 2014**

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
OVK Shares	-	285 604	-	285 604
<b>Total Financial Assets</b>	<b>-</b>	<b>285 604</b>	<b>-</b>	<b>285 604</b>
<b>Total Financial Instruments</b>	<b>-</b>	<b>285 604</b>	<b>-</b>	<b>285 604</b>

**30 June 2013**

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
OVK Shares	-	187 924	-	187 924
<b>Total Financial Assets</b>	<b>-</b>	<b>187 924</b>	<b>-</b>	<b>187 924</b>
<b>Total Financial Instruments</b>	<b>-</b>	<b>187 924</b>	<b>-</b>	<b>187 924</b>

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**43.3 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010/2011.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 14, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 16 and the Statement of Changes in Net Assets.

**Gearing Ratio**

The debt-to-equity ratio, is reflected at 11.12%, increasing by 4.65%. This low ratio is as a result of the Municipality not entering in a large number of Loans and making full use of Government Grants received.

	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
The gearing ratio at the year-end was as follows:		
Debt	46 951 594	28 050 422
Cash and Cash Equivalents	328 214	288 073
<b>Net Debt</b>	<b>47 279 808</b>	<b>28 338 495</b>
Equity	425 110 774	437 662 870
<b>Net debt to equity ratio</b>	<b>11.12%</b>	<b>6.47%</b>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 14

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

**43.4 Financial Risk Management Objectives**

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

The Corporate Treasury function reports quarterly to the municipality's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**43.5 Significant Risks**

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

**Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

**Liquidity Risk**

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation. To address the timely collection of trade receivables, attorneys are appointed to assist with debt collection.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

**43.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 43.6.2 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**43.6.1 Foreign Currency Risk Management**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**43.6.2 Interest Rate Risk Management**

*Interest Rate Risk* is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial Assets and Liabilities that are sensitive to interest rate risk are investments and loan payables. The municipality is exposed to interest rate risk on these financial instruments as the rates applicable are floating interest rates.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

**43.7 Credit Risk Management**

*Credit Risk* refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

**Investments/Bank, Cash and Cash Equivalents**

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Trade and Other Receivables**

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:		
Investments	285 604	187 924
Consumer Debtors	3 112 521	3 259 693
Other Debtors	1 004 996	1 273 906
Bank, Cash and Cash Equivalents	(1 748 018)	201 754
<b>Maximum Credit and Interest Risk Exposure</b>	<b>2 655 103</b>	<b>4 923 277</b>

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	%	%
	2014	2013
Consumer Debtors:		
- Household	53.63%	93.34%
- Industrial / Commercial	6.83%	5.32%
- National and Provincial Government	28.18%	1.34%
- Other Classes	11.35%	
<b>Total Credit Risk</b>	<b>100.00%</b>	<b>100.00%</b>

	2014	2013
	R	R
<b>Bank and Cash Balances</b>		
ABSA Bank Ltd	(1 976 754)	11 051
First National Bank	146 549	63 322
Old Mutual	(0)	120 653
Standard Bank	81 007	5 549
Cash Equivalents	1 180	1 180
<b>Total Bank and Cash Balances</b>	<b>(1 748 018)</b>	<b>201 754</b>

**Credit quality of Financial Assets:**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

**Receivables from Exchange Transactions**

Counterparties without external credit rating:-

Group 1	131 970	126 438
Group 2	19 060	18 261
Group 3		
	151 030	144 699
<b>Total Receivables from Exchange Transactions</b>	<b>151 030</b>	<b>144 699</b>

**Receivables from Non-exchange Transactions**

Group 1	6 270	9 365
Group 2		
Group 3		
<b>Total Receivables from Non-exchange Transactions</b>	<b>6 270</b>	<b>9 365</b>

**Credit quality Groupings:**

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

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

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**43. FINANCIAL INSTRUMENTS (Continued)**

**43.8 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The Municipality is experiencing cash flow difficulties due to weak debtor collections and is highly dependent on Grants received from Treasury. The cashflow difficulty is managed by performing monthly cashflow projections and strict budget managing.

**Liquidity and Interest Risk Tables**

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS #	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years R	More than 5 Years R
<b>30 June 2014</b>								
Non-interest Bearing			47 323 634	47 323 634	-	-	-	-
- Creditors		0%	47 323 634	47 323 634	-	-	-	-
Variable Interest Rate Instruments			2 076 232	2 076 232	-	-	-	-
- Bank Overdraft		10%	2 076 232	2 076 232	-	-	-	-
Fixed Interest Rate Instruments			2 898 505	267 881	195 281	402 285	543 554	1 489 504
- Centlec Capital Loans		0%	988 848	-	-	-	-	988 848
- Finance lease liability		10%	733 315	139 062	130 675	260 656	202 922	-
- DBSA		12%	1 176 342	128 818	64 606	141 629	340 633	500 656
			<b>52 298 371</b>	<b>49 667 747</b>	<b>195 281</b>	<b>402 285</b>	<b>543 554</b>	<b>1 489 504</b>
<b>30 June 2013</b>								
Non-interest Bearing			30 578 537	30 578 537	-	-	-	-
- Creditors		0%	30 578 537	30 578 537	-	-	-	-
Variable Interest Rate Instruments			86 319	86 319	-	-	-	-
- Bank Overdraft		10%	86 319	86 319	-	-	-	-
Fixed Interest Rate Instruments			2 666 985	177 038	166 326	361 548	542 322	1 419 750
- Centlec Capital Loans		0%	1 105 150	-	-	-	-	1 214 262
- Finance lease liability		10%	151 879	75 939.26	75 939.26	-	-	-
- DBSA		12%	1 300 844	101 099	90 387	361 548	542 322	205 488

		33 331 841	30 841 895	166 326	361 548	542 322	1 419 750

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS #	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
<b>30 June 2014</b>								
Non-interest Bearing			4 404 301	4 404 301	-	-	-	-
- OVK Shares		0%	285 604	285 604	-	-	-	-
- Trade Receivables from Exchange Transactions		0%	2 463 457	2 463 457	-	-	-	-
- Trade Receivables from Non-exchange Transactions		0%	649 064	649 064	-	-	-	-
- Cash and Cash Equivalents		0%	1 180	1 180	-	-	-	-
- Sundry Debtors		0%	1 004 996	1 004 996	-	-	-	-
Variable Interest Rate Instruments			327 034	327 034	-	-	-	-
- Call Deposits		10%	163 083	163 083	-	-	-	-
- Bank Account		10%	163 951	163 951	-	-	-	-
			-	-	-	-	-	-
			<b>4 731 335</b>	<b>4 731 335</b>	-	-	-	-
<b>30 June 2013</b>								
Non-interest Bearing			4 722 704	4 722 704	-	-	-	-
- OVK Shares		0%	187 924	187 924	-	-	-	-
- Trade Receivables from Exchange Transactions		0%	2 474 324	2 474 324	-	-	-	-
- Trade Receivables from Non-exchange Transactions		0%	785 370	785 370	-	-	-	-
- Cash and Cash Equivalents		0%	1 180	1 180	-	-	-	-
- Payments made in advance		0%	-	-	-	-	-	-
- Sundry Debtors		0%	1 273 906	1 273 906	-	-	-	-
Variable Interest Rate Instruments			286 893	286 893	-	-	-	-
- Call Deposits		10%	276 607	276 607	-	-	-	-
- Bank Account		10%	10 287	10 287	-	-	-	-
			-	-	-	-	-	-
			<b>5 009 597</b>	<b>5 009 597</b>	-	-	-	-

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**43.9 Effective Interest Rates and Repricing Analysis**

In accordance with GRAP 104 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

**30 June 2014**

Description	Note ref in AFS #
<b>VARIABLE RATE INSTRUMENTS</b>	
Short-term Investment Deposits	6
Bank Balances and Cash	6
<b>Total Fixed Rate Instruments</b>	

Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
R	R	R	R		R
163 083	163 083	-	-	-	-
(1 911 101)	(1 911 101)	-	-	-	-
<b>(1 748 018)</b>	<b>(1 748 018)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**30 June 2013**

Description	Note ref in AFS #
<b>VARIABLE RATE INSTRUMENTS</b>	
Short-term Investment Deposits	5
Bank Balances and Cash	5
<b>Total Fixed Rate Instruments</b>	

Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
R	R	R	R		R
276 607	276 607	-	-	-	-
(74 853)	(74 853)	-	-	-	-
<b>201 754</b>	<b>201 754</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**43.10 Other Price Risks**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**44. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Certain councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

**SALA Pension Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the assets of the fund amounted to R7 110,3 (30 June 2009: R6 303,7) million, with funding levels of 96,0% (30 June 2009: 96,0%). The contribution rate paid by the members (8,6%) and Council (20,78%) is sufficient to fund the benefits accruing from the fund in the future.

**SAMWU Pension Fund:**

No details could be provided for the fund and of any valuation performed.

The contribution rate paid by the members (7,50%) and Council (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

**Post retirement Fund Contributions**

The Municipality continued to contribute to the medical aid of two retired employees

- Total amount of medical aid contributions

	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
- Total amount of medical aid contributions	70 095	86 910

**45. RELATED PARTY TRANSACTIONS**

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

**45.1 Interest of Related Parties**

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Lekula L	Councillor	Lekhula Constructions
Backward ET	Councillor	Matlakeng Charcoal Project
Riddle IS	Councillor	EBRI Properties
Tsoamotse MN	Director (TS)	Moedi Trading & Reahlomela Construction
Nqoko LV	Director (CS)	Info Com Biz Center & Sabbath Business Consultancy
Nkosi JV	Official (CFO)	Cebisa Stationary and Supplies & Sbusiso Printing and Stationary
Panyani TC	Official (MM)	Uhlosi Trading, Uhlosi Guest House, PC Training and Business College & Platinum Campus

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**45.1 Interest of Related Parties (Continued)**

The following related party transactions relate to the provision for bad debt on councillors' accounts:

	R
Councillor Lekhula L	7 111
Councillor Letele MA	2 933
Councillor Riddle IS	732
Councillor Thuhlo RJ	1 377
Councillor Majenge BS	649
Councillor Shasha SD	15 964
Total provision for bad debt on councillors accounts	28 765

**45.2 Services rendered to Related Parties**

During the year the municipality rendered services to related parties that are related to the municipality in the form of Rates, Services and Sundry charges which is in the normal flow of business.

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel.

**45.3 Loans granted to Related Parties**

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans are receivable from Councillors, Management, Staff and Public.

**45.4 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Notes 24 and 25 respectively, to the Annual Financial Statements.

**45.5 Purchases from Related Parties**

The municipality did not buy goods from any companies which can be considered to be Related Parties.

**46. CONTINGENT LIABILITIES**

**46.2 Court Proceedings:**

	2014 R	2013 R
	<b>10 983 395</b>	<b>18 653 395</b>
(i) Unfair Dismissal Claim: Unfair Dismissal Claims has been issued against the Municipality. The claims are being handled by N.P. Vuyi Attorneys and Malherbe Saayman, Smith Attorneys. The possible losses regarding these cases amount to R362 000.	-	170 000
(ii) Keoratile traffic solutions Dispute between Mohokare Municipality and Keoratile traffic solutions.	10 908 395	10 908 395
(iii) Legal Services Legal claims against the Municipality for services rendered	75 000	75 000
(iv) Graves outside designated boundary lines of a Cemetery: During August 2012 it came to the attention of the Municipality that graves were used outside the boundary lines of a Municipal Cemetery in Zastron. The area where the graves were used are inside an area where a possibility exists that water could be contaminated by the decaying bodies. The usage of this area as a Cemetery has since been stopped and studies were performed to determine the extent of contamination done to water. The Municipality are awaiting results of these studies to determine the procedures to be implemented going forward.	-	-

(v) Nutraffic:

-

7 500 000

Dispute between Mohokare Municipality and Nutraffic. Resolved during the current financial year. An amount of R493 161 is payable by Mohokare and is included as part of payables.

**Mohokare Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**47 CONTINGENT ASSETS**

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

**48 IN-KIND DONATIONS AND ASSISTANCE**

Refer to note 19 Relating to Donations and assistance received.

**49 PRIVATE PUBLIC PARTNERSHIPS**

The municipality was not a party to any Private Public Partnerships during the year under review.

**50 EVENTS AFTER THE REPORTING DATE**

No events having financial implications requiring disclosure occurred subsequent to 30 June 2014.

**51 COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 34) and Prior Period Errors (Note 33).

**52 MANAGEMENT'S GOING CONCERN ASSESSMENT**

Management considered the following matters relating to the Going Concern:

(i) On 30 May 2014 the Council adopted the 2014/15 to 2016/17 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted. The bank overdraft position of the Municipality at year end is due to the cashbook reconciliation being in overdraft while the actual bank account has a positive balance.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

(v) The municipality's cash management was under pressure during the 2013/14 financial period due to an amount of R7 million being withheld from the Equitable share receivable. R7 million was withheld due to Municipal Infrastructure Grants (Conditional) that were not utilised in the past. The municipality had an overdraft on 30 June 2014 to an amount of R2 million as a result hereof.

(vi) The municipality's cash management was also under pressure due to low collection rates on receivables. The collection rate for the financial period ended was only 35% (25% - 2013) which was an improvement from the previous period. The Municipality's receivables increased by R8,3 million before the provision of impairment which indicates uncollected debtors for the current period. The Municipality appointed attorneys to assist with debt collection.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

## APPENDIX A

### Mohokare Local Municipality

#### UN-AUDITED SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2013	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2014
	R				R	R	R	R
<b>CAPITAL LEASE LIABILITIES</b>								
Finance lease Liabilities	-	Prime		2014	151 878	781 244	(199 807)	733 315
<b>Total Capital Lease Liabilities</b>	<b>-</b>				<b>151 878</b>	<b>781 244</b>	<b>(199 807)</b>	<b>733 315</b>
<b>GOVERNMENT LOANS</b>								
DBSA Loan	2 730 000		1	2015	1 300 844	-	(124 502)	1 176 342
<b>Total Government Loans</b>	<b>2 730 000</b>				<b>1 300 844</b>	<b>-</b>	<b>(124 502)</b>	<b>1 176 342</b>
<b>OTHER LOANS</b>								
Centlec Capital Loan	1 214 262	0.00%	40021201 to 40027483	2024	1 105 150	-	(116 302)	988 848
<b>Total Other Loans</b>	<b>1 214 262</b>				<b>1 105 150</b>	<b>-</b>	<b>(116 302)</b>	<b>988 848</b>
<b>TOTAL EXTERNAL LOANS</b>	<b>3 944 262</b>				<b>2 557 872</b>	<b>781 244</b>	<b>(440 611)</b>	<b>2 898 505</b>

**APPENDIX B**  
**LOCAL MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014**

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>													
Land	19 532 694	-	-	-	-	-	19 532 694	-	-	-	-	-	19 532 694
Buildings	132 570 097	2 555 621	-	2 672 317	-	-	137 798 035	90 633 794	1 778 713	-	-	92 412 507	45 385 528
Lanfill site Provision	8 424 078	2 701 698	-	-	-	-	11 125 775	2 393 872	1 375 459	-	-	3 769 331	7 356 444
<b>Total</b>	<b>160 526 869</b>	<b>5 257 319</b>	<b>-</b>	<b>2 672 317</b>	<b>-</b>	<b>-</b>	<b>168 456 504</b>	<b>93 027 666</b>	<b>3 154 172</b>	<b>-</b>	<b>-</b>	<b>96 181 838</b>	<b>72 274 667</b>
<b>Infrastructure</b>													
<i>Electricity:</i>													
Lv - Network	69 306 902	3 684 211	-	5 652 856	-	-	78 643 968	27 224 357	3 734 606	-	-	30 958 963	47 685 005
Mv - Network	11 459 154	-	-	-	-	-	11 459 154	4 956 441	343 923	-	-	5 300 364	6 158 790
Solar Panels	35 296	-	-	-	-	-	35 296	18 538	875	-	-	19 413	15 883
<i>Roads:</i>													
Road Structures	147 957 242	-	-	6 796 025	-	-	154 753 267	65 845 394	8 687 633	-	-	74 533 027	80 220 240
Storm Water	28 628 002	-	-	-	-	-	28 628 002	13 598 324	477 133	-	-	14 075 458	14 552 544
Traffic Management	258 470	-	-	-	-	-	258 470	98 277	25 847	-	-	124 124	134 346
<i>Sanitation:</i>													
Buildings and External Facilities	230 923	-	-	-	-	-	230 923	108 308	7 279	-	-	115 587	115 336
Collection / Reticulation Network	117 473 824	-	-	-	-	-	117 473 824	58 638 952	2 349 628	-	-	60 988 580	56 485 244
Distribution / Reticulation Network	90 928	-	-	10 279 650	-	-	10 370 578	38 429	4 621	-	-	43 049	10 327 529
LV Network	6 236	-	-	-	-	-	6 236	2 915	125	-	-	3 040	3 196
Sewer Pump Station	6 620 649	-	-	-	-	-	6 620 649	2 181 267	305 313	-	-	2 486 580	4 134 069
Waste Water Treatment	23 254 966	19 559 443	-	-	-	-	42 814 410	12 932 317	939 951	-	-	13 872 268	28 942 141
<i>Water:</i>													
Boreholes	1 426 687	-	-	-	-	-	1 426 687	808 070	91 003	-	-	899 074	527 613
Bulk Distribution	7 658 995	-	-	-	-	-	7 658 995	4 084 797	127 650	-	-	4 212 447	3 446 548
Dams	1 093 476	-	-	-	-	-	1 093 476	577 448	23 964	-	-	601 412	492 064
Distribution / Reticulation Network	103 556 291	1 097 306	-	35 652 849	-	-	140 306 446	54 317 123	2 460 895	-	-	56 778 019	83 528 428
MV Network	84 693	-	-	-	-	-	84 693	46 822	2 501	-	-	49 323	35 369
Storage	21 883 628	-	-	-	-	-	21 883 628	11 775 301	605 849	-	-	12 381 150	9 502 477
Water Pumpstations	10 874 543	-	-	-	-	-	10 874 543	6 152 830	491 402	-	-	6 644 232	4 230 311
Water Treatment	30 492 135	9 677 262	-	-	-	-	40 169 397	15 594 390	1 162 025	-	-	16 756 415	23 412 983
<b>Total</b>	<b>582 393 041</b>	<b>34 018 222</b>	<b>-</b>	<b>58 381 380</b>	<b>-</b>	<b>-</b>	<b>674 792 642</b>	<b>279 000 302</b>	<b>21 842 223</b>	<b>-</b>	<b>-</b>	<b>300 842 525</b>	<b>373 950 117</b>
<b>Leased Assets</b>													
Office Equipment	1 291 611	844 509	-	-	-	-	2 136 119	1 136 973	236 095	-	-	1 373 068	763 052
<b>Total</b>	<b>1 291 611</b>	<b>844 509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 136 119</b>	<b>1 136 973</b>	<b>236 095</b>	<b>-</b>	<b>-</b>	<b>1 373 068</b>	<b>763 052</b>

<b>ther Assets</b>													
<i>Emergency equipment</i>													
Emergency / rescue equipment	178 146	-	-	-	(16 252)	161 894	66 158	31 054	-	(14 627)	82 585	79 309	
Fire fighting equipment / fire hose	32 755	-	-	-	(271)	32 484	13 551	4 914	-	(244)	18 221	14 263	
<i>Motor vehicles</i>													
Farm vehicles	85 500	-	-	-	-	85 500	15 048	2 736	-	-	17 784	67 716	
Passenger vehicles	859 600	-	-	-	-	859 600	280 459	42 494	-	-	322 952	536 648	
Specialised vehicles	180 000	-	-	-	-	180 000	17 280	8 640	-	-	25 920	154 080	
Trailers and accessories	647 500	-	-	-	(4 200)	643 300	161 791	84 066	-	(2 016)	243 841	399 459	
Trucks, buses and ldv's	413 800	739 369	-	-	-	1 153 169	71 958	62 795	-	-	134 753	1 018 416	
Tractors	1 988 050	-	-	-	-	1 988 050	229 901	372 283	-	-	602 185	1 385 865	
<i>Furniture and fittings</i>													
Other furniture and fittings	185 502	-	-	-	(11 551)	173 951	91 131	20 489	-	(10 396)	101 224	72 727	
Chairs and couches	1 373 625	-	-	-	(84 680)	1 288 945	725 772	161 452	-	(76 382)	810 842	478 103	
Headboards	656	-	-	-	-	656	561	13	-	-	574	82	
Tables & desks	771 787	-	-	-	(120 757)	651 030	314 512	127 658	-	(108 681)	333 489	317 541	
Cabinets & cupboards	567 225	-	-	-	(33 047)	534 179	237 613	85 778	-	(29 742)	293 648	240 530	
Shelving and bookcases	63 844	-	-	-	(3 840)	60 004	29 242	10 749	-	(3 456)	36 535	23 469	
<i>Plant and equipment</i>													
Compressors	56 980	6 959	-	-	-	63 939	22 505	7 186	-	-	29 691	34 248	
Generators	667 000	2 614	-	-	-	669 614	155 095	120 324	-	-	275 419	394 195	
Lab equipment	254 947	-	-	-	(29 251)	225 696	152 583	30 846	-	(26 326)	157 103	68 593	
Lawnmowers / gardening equipme	396 023	-	-	-	(62 840)	333 183	171 567	80 978	-	(56 556)	195 989	137 194	
Plant and equipment - other	942 683	2 629	-	-	(116 761)	828 551	402 511	159 544	-	(105 085)	456 970	371 581	
Workshop equipment and tools	233 952	93 024	-	-	(92 364)	234 611	54 446	46 754	-	(14 168)	87 032	147 579	
<i>Office equipment</i>													
Air conditioners	78 982	-	-	-	(358)	78 624	51 962	9 665	-	(329)	61 298	17 326	
Computer hardware	1 830 203	940 265	-	-	(629 951)	2 140 517	902 731	501 641	-	(463 382)	940 990	1 199 528	
Office machines	197 336	193 562	-	-	(16 747)	374 151	85 503	53 029	-	(15 407)	123 125	251 026	
Musical instruments	34 500	-	-	-	-	34 500	19 573	2 116	-	-	21 689	12 811	
Office equipment - other	74 540	699 302	-	-	(2 380)	771 462	31 330	80 616	-	(2 189)	109 757	661 705	
Audiovisual equipment	222 606	18 723	-	-	(10 698)	230 631	52 092	44 529	-	(9 842)	86 779	143 852	
Domestic Equipment	98 618	6 662	-	-	(12 619)	92 660	47 604	18 515	-	(11 610)	54 509	38 151	
<b>Total</b>	<b>12 436 359</b>	<b>2 703 108</b>	-	-	-	<b>(1 248 566)</b>	<b>13 890 901</b>	<b>4 404 479</b>	<b>2 170 863</b>	-	<b>(950 438)</b>	<b>5 624 903</b>	<b>8 265 998</b>
<b>Total Asset Register</b>	<b>756 647 879</b>	<b>42 823 158</b>	-	<b>61 053 697</b>	-	<b>(1 248 566)</b>	<b>859 276 167</b>	<b>377 569 419</b>	<b>27 403 353</b>	-	<b>(950 438)</b>	<b>404 022 333</b>	<b>455 253 835</b>

**APPENDIX C**  
**LOCAL MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014**

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	4 190 836	334 783	-	-	(275 903)	4 249 715	1 299 469	830 542	-	(250 084)	1 879 927	2 369 788
Finance and Administration	24 426 912	2 457 287	-	-	(651 119)	26 233 080	17 298 752	1 071 480	-	(411 979)	17 958 253	8 274 827
Public Works	389 878 030	6 240 769	15 121 198	-	(53 164)	411 186 832	187 395 259	14 998 984	-	(48 363)	202 345 880	208 840 951
Waste Management	160 253 605	22 768 923	10 279 650	-	(237 081)	193 065 097	77 937 701	5 443 178	-	(213 608)	83 167 271	109 897 825
Water	177 898 495	11 021 396	35 652 849	-	(31 299)	224 541 442	93 638 236	5 059 167	-	(26 405)	98 670 999	125 870 443
<b>Total</b>	<b>756 647 877</b>	<b>42 823 158</b>	<b>61 053 697</b>	<b>-</b>	<b>(1 248 566)</b>	<b>859 276 165</b>	<b>377 569 418</b>	<b>27 403 351</b>	<b>-</b>	<b>(950 438)</b>	<b>404 022 330</b>	<b>455 253 835</b>

## APPENDIX D

### Mohokare Local Municipality

#### UN-AUDITED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)	Description	2014 Actual Income	2014 Actual Expenditure	2014 Surplus/ (Deficit)
R	R	R		R	R	R
(60 463 009)	49 643 726	(10 819 283)	Executive and Council	(580 856)	11 831 494	11 250 638
(880 029)	11 836 802	10 956 773	Finance and Administration	(72 424 095)	51 761 752	(20 662 343)
-	1 957 364	1 957 364	Planning and Development	-	1 978 803	1 978 803
(2 331 005)	5 822 764	3 491 759	Community and Social Services	(621 874)	5 931 739	5 309 865
(301 882)	495 243	193 361	Housing	(424 539)	552 157	127 618
(3 147 147)	2 144 543	(1 002 604)	Public Safety	(1 358 675)	1 282 064	(76 611)
(203)	1 333 508	1 333 305	Sport and Recreation	(75)	1 216 553	1 216 478
-	108 632	108 632	Environmental Protection	(43 982)	248 780	204 799
(11 739 143)	17 866 624	6 127 481	Waste Management	(28 940 143)	14 945 404	(13 994 740)
(4 100 838)	3 551 049	(549 789)	Roads and Transport	(1 453 801)	6 084 739	4 630 938
(40 188 247)	26 211 336	(13 976 911)	Water	(27 064 536)	16 246 846	(10 817 690)
(22 698 691)	24 049 752	1 351 061	Electricity	(20 625 055)	54 009 397	33 384 341
	(1 704 146)	(1 704 146)	Other - Reversal of capital items	-	-	-
<b>(145 850 194)</b>	<b>143 317 197</b>	<b>(2 532 998)</b>	Sub-Total	<b>(153 537 631)</b>	<b>166 089 727</b>	<b>12 552 096</b>
			Revenue Foregone			
<b>(145 850 194)</b>	<b>143 317 197</b>	<b>(2 532 998)</b>	<b>Total</b>	<b>(153 537 631)</b>	<b>166 089 727</b>	<b>12 552 096</b>

**APPENDIX E(1)**

**Mohokare Local Municipality**

**UN-AUDITED ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2014**

Description	2013/14 Actual	2013/14 Budget	2013/14 Variance	2013/14 Variance	Explanation of Significant Variances
	R	R	R	%	
<b>REVENUE</b>					
Property Rates	6 055 112	13 904 000	(7 848 888)	(56.45)	Inaccurate Budgeting
Fines	874 540	500 000	374 540	74.91	Less fines issued than anticipated
Licences and Permits	132	-	132	100.00	
Government Grants and Subsidies	94 606 442	52 125 000	42 481 442	81.50	Budget only displayed the operational grants.
Public Contributions and Donations	970 424	-	970 424	100.00	Public contributions and donations are not budgeted for
Service Charges	40 965 596	43 454 000	(2 488 404)	(5.73)	Budget was based on Service charges that included VAT
Rental of Facilities and Equipment	574 998	571 000	3 998	0.70	
Interest Earned - External investments	175 822	6 000	169 822	2 830.36	High interest earned on call accounts
Interest Earned - Outstanding debtors	8 084 890	-	8 084 890	100.00	Refer to Service charges
Dividends Received	8 925	9 000	(75)	(0.83)	
Gain on Fair value adjustment	211 931	-	211 931	100.00	Fair value gains not budgeted for
Other Income	964 837	4 586 000	(3 621 163)	(78.96)	Budget includes VAT pay-outs
Profit on Sale of Biological Assets	43 985	-	43 985	100.00	Biological Asset Sales exceeded expectations
<b>Total Revenue</b>	<b>153 537 631</b>	<b>115 155 000</b>	<b>38 382 633</b>	<b>33.33</b>	
<b>EXPENDITURE</b>					
Employee Related Costs	52 766 457	48 536 000	4 230 457	8.72	Inaccurate Budgeting
Remuneration of Councillors	3 065 340	2 986 000	79 340	2.66	
Depreciation	25 782 147	27 952 000	(2 169 853)	(7.76)	Inaccurate Budgeting
Impairment Losses	22 554 982	5 610 000	16 944 982	302.05	Impairment on receivables higher than expected
Repairs and Maintenance	1 698 199	-	1 698 199	100.00	Less repairs & Maintenance required than budgeted for
Interest Paid	2 191 427	312 000	1 879 427	602.38	Interest charge on Landfill sites provision not budgeted for
Bulk Purchases	19 755 688	16 000 000	3 755 688	23.47	Centlec purchases
Contracted Services	5 393 623	159 000	5 234 623	3 292.22	More consultants used than was budgeted for
Grants and Subsidies Paid	3 014 720	5 850 000	(2 835 280)	(48.47)	High increase in services provided to indigents
General Expenses	28 193 557	34 635 000	(6 441 443)	(18.60)	Centlec General expenses not budgeted for
Loss on disposal of Property, Plant and Equipment	298 128	-	298 128	100.00	Loss of building due to vandalism not expected
<b>Total Expenditure</b>	<b>164 714 267</b>	<b>142 040 000</b>	<b>22 674 269</b>	<b>15.96</b>	

NET SURPLUS / (DEFICIT) FOR THE YEAR	(11 176 637)	(26 885 000)	15 708 363	(58.43)

**APPENDIX E(2)**  
**Mohokare Local Municipality**

**UN-AUDITED ACTUAL VERSUS BUDGET (ACQUISITION OF CAPITAL ASSETS) FOR THE YEAR ENDED 30 JUNE 2014**

Description	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	Explanation of Significant Variances greater than 5% versus Budget
	Actual	Under Construction	Total Additions	Budget	Variance	Variance	
	R	R	R	R	R	%	
Executive and Council	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Finance and Administration	844 509	-	844 509	794 000	50 509	100%	Budget is based on actual payments, additions are based on date of delivery
Planning and Development	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Health	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Community and Social Services	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Housing	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Public Safety	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Sport and Recreation	-	2 779 565	2 779 565	2 803 068	(23 504)	100%	Budget is based on actual payments, additions are based on date of delivery
Environmental Protection	-	-	-	-	-	100%	Budget is based on actual payments, additions are based on date of delivery
Waste Management	-	816 659	816 659	11 864 265	(11 047 606)	100%	Budget is based on actual payments, additions are based on date of delivery
Roads and Transport	-	6 601 025	6 601 025	1 000 000	5 601 025	100%	Budget is based on actual payments, additions are based on date of delivery
Water	2 710 664	20 361 073	23 071 737	23 124 450	(52 713)	100%	Budget is based on actual payments, additions are based on date of delivery
Electricity	-	-	-	1 780 867	(1 780 867)	100%	Budget is based on actual payments, additions are based on date of delivery
Other	-	-	-	-	-	0.00	
<b>Total</b>	<b>3 555 173</b>	<b>30 558 322</b>	<b>34 113 495</b>	<b>41 366 650</b>	<b>(7 253 155)</b>	<b>(17.53)</b>	

**UN-AUDITED ACTUAL VERSUS BUDGET (ACQUISITION OF CAPITAL ASSETS) FOR THE YEAR ENDED 30 June 2013**

Description	0	0	0	0	0	0	Explanation of Significant Variances greater than 5% versus Budget
	Actual	Under Construction	Total Additions	Budget	Variance	Variance	
	R	R	R	R	R	%	
Executive and Council	353 652	-	353 652	-	353 652	100%	Budget is based on actual payments, additions are based on date of delivery
Finance and Administration	2 262 097	-	2 262 097	773 000	1 489 097	193%	Budget is based on actual payments, additions are based on date of delivery
Community and Social Services	1 060 315	-	1 060 315	258 670	801 645	310%	Budget is based on actual payments, additions are based on date of delivery
Housing	13 023	-	13 023	-	13 023	100%	Budget is based on actual payments, additions are based on date of delivery
Public Safety	14 614	-	14 614	-	14 614	100%	Budget is based on actual payments, additions are based on date of delivery
Sport and Recreation	450	2 448 374	2 448 824	-	2 448 824	100%	Budget is based on actual payments, additions are based on date of delivery
Waste Management	529 664	2 422 455	2 952 119	15 583 797	(12 631 678)	-81%	Budget is based on actual payments, additions are based on date of delivery
Roads and Transport	-	616 962	616 962	3 771 079	(3 154 117)	-84%	Budget is based on actual payments, additions are based on date of delivery
Water	2 596	21 202 307	21 204 903	13 341 833	7 863 070	59%	Budget is based on actual payments, additions are based on date of delivery
Electricity	-	5 522 852	5 522 852	-	5 522 852	100%	Budget is based on actual payments, additions are based on date of delivery
<b>Total</b>	<b>4 236 411</b>	<b>32 212 950</b>	<b>36 449 361</b>	<b>33 728 379</b>	<b>2 720 982</b>	<b>8.07</b>	

**APPENDIX F**  
**Mohokare Local Municipality**  
**UN-AUDITED DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF**  
**SECTION 123 OF MFMA, 56 OF 2003**

**Grants and Subsidies Received**

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants
		Sept	Dec	March	June	Sept	Dec	March	June	
Equitable Share	Nat Treasury	18 614 000	12 546 000	13 713 000	0	11 218 250	11 218 250	11 218 250	11 218 250	7 000 000
FMG	Nat Treasury	1 650 000	0	0	0	412 500	412 500	412 500	412 500	N/A
MWIG	Nat Treasury	500 000	0	500 000	0	0	0	0	0	N/A
MIG Projects	MIG	9 986 000	5 786 000	2 115 000	0	1 778 591	5 168 553	4 254 583	6 685 273	N/A
Bulk Infrastructure Grant	DWAF	3 355 250	4 300 686	9 277 287	0	5 644 995	3 464 127	193 901	7 883 702	N/A
MSIG	DPLG	890 000	0	0	0	222 500	222 500	222 500	222 500	N/A
EPW Incentive Grant	Province	400 000	300 000	300 000	0	250 000	250 000	250 000	250 000	N/A
COGTA Grants	COGTA	0	0	0	2 775 000	0	0	0	693 600	N/A
LG SETA Grant	LG SETA	0	0	0	320 181	0	0	0	320 181	N/A
<b>Total Grants and Subsidies Received</b>		<b>35 395 250</b>	<b>22 932 686</b>	<b>25 905 287</b>	<b>3 095 181</b>	<b>19 526 836</b>	<b>20 735 930</b>	<b>16 551 734</b>	<b>27 686 006</b>	<b>7 000 000</b>

## **9. AUDIT COMMITTEE REPORT**

### **REPORT OF THE KHARIEP SHARED AUDIT COMMITTEE TO THE COUNCIL OF MOHOKARE LOCAL MUNICIPALITY ISSUED IN TERMS OF SECT 166 (2) (a) OF THE MUNICIPAL FINANCE MANAGEMENT ACT OF 2003.**

#### **1. PURPOSE:**

To report to Council in terms of section 166 (2) (a) of Municipal Finance Management Act of 2003 in respect of the work performed by the Audit Committee during the period **01 July 2014 to 30 September 2014.**

#### **2. BACKGROUND:**

In terms of section 166 (2) (a) the Audit Committee must advise to Council on matters relating to:

- (i) Financial controls
- (ii) Internal audit
- (iii) Risk Management
- (iv) Accounting Policies
- (v) Accuracy and reliability of financial reporting
- (vi) Effective Governance
- (vii) Compliance with MFMA and DORA
- (viii) Performance management
- (ix) Any other matter referred to it by the Municipality

#### **3. FINANCIAL CONTROLS**

##### **Reports considered:**

The following report relating to the first quarter of financial year 2014/15 was presented and considered by the Audit and Performance Committee during its meeting held on the 26th January 2015:

- Internal Audit Report – Payroll Department

##### **Conclusion:**

The Audit and Performance Committee noted significant deficiencies in controls relating to the non-compliance to laws and regulations in terms of third party payments as well as a deviation from the subsistence and travelling policy in regards to the rates at which certain employees claim for travelling costs. Further deficiencies were noted in terms of overtime management and the revision of the payroll variance report. The Audit and Performance Committee resolved to recommend to management that all identified control deficiencies be addressed before the end of the third quarter of this financial year. The Committee will monitor progress with the implementation of this recommendation on quarterly basis.

#### **4. INTERNAL AUDIT**

##### **Reports considered:**

The following report relating to the first quarter of financial year 2014/15 was presented and considered by the Audit and Performance Committee during its meeting held on the 26th January 2015:

- Internal Audit Methodology
- Audit Action Plan
- Report in terms of Performance Management Reporting for quarter 1
- SABS ISO Manual policy relating to the procedures to be followed in terms of the SAPC
- Compliance Report for quarter 1

##### **Conclusion:**

The Committee is satisfied that:

- The internal audit methodology includes all aspects as required
- The Audit Action Plan addresses all matters raised by the AGSA during their 2013/14 audit with suitable recommendations to correct these findings as well as achievable deadlines
- Progress has been made in terms of the Performance Management Function at Mohokare Local Municipality and that the report submitted is of an acceptable standard
- The assessment and recommendations in terms of the PMS first quarter report by Internal Audit is deemed to be adequate and in line with our assessment
- The proposed policy to be included in the Policies and Procedures Manual of Mohokare Local Municipality is approved by the SAPC
- The report in terms of compliance for the first quarter is of a good standard. Attention should however be brought to the high level of non-compliance and/or late submission of documentation in the Finance Department and their disregard to legislative deadlines.

#### **5. RISK MANAGEMENT**

##### **Reports considered:**

The following report relating to the first quarter of the financial year 2014/15 was presented and considered by the Audit and Performance Committee during its meeting held on the 26th January 2015:

- Fraud and Corruption policy
- Mohokare Local Municipality Risk Committee Charter
- Risk strategy, policy and framework
- Risk register regarding the Service Delivery and Budget Implementation Plan (SDBIP)

##### **Conclusion:**

The Committee took note of the policies of Risk Management & the Risk Register presented to them. They recommend that the risks be included in the performance contracts of the Directors of the Municipality. They also took note of the risk registers and places emphasis on the fact that the control measures as stated in the risk registers must be implemented and reported back to the Risk Officer on a monthly basis. Quarterly submissions of these reports should be done to the Committee.

## **6. ACCOUNTING POLICIES**

### **Reports considered:**

The following report relating to the first quarter of the financial year 2014/15 was presented and considered by the Audit and Performance Committee during its meeting held on the 26th January 2015:

- Finance Report in terms of Income: Indigents, Credit control and debt collection and Revenue enhancement progress
- Expenditure Reports
- SCM Report on awards above R100, 000

### **Conclusion:**

The Audit and Performance Committee is satisfied that the finance department is functional and performing the duties entrusted to them. Note is however taken of the Municipality's financial position due to severe cash flow constraints.

## **7. ACCURACY AND RELIABILITY OF FINANCIAL REPORTING**

### **Reports Considered:**

The following report was presented and considered by the Audit and Performance Committee during its meeting held on the 26th January 2015:

- Signed Audit Report for the 2013/14 financial audit
- Audited AFS 2013/14

### **Conclusion:**

The Audit and Performance Committee noted that the audit opinion has remained a qualification as the previous year; however, the qualification on assets which were present in the previous financial year has been cleared. The Committee appreciates the quality of the audited financial statement and the fact that they were compiled in-house.

## **8. EFFECTIVE GOVERNANCE**

### **Reports Considered:**

The following report relating to the first quarter of financial year 2014/15 was presented and considered by the Audit and Performance Committee during its meeting held on the 26th January 2015:

- Internal Audit report: Compliance to laws and regulations
- Audit Action Plan
- SABS ISO Manual policy relating to the procedures to be followed in terms of the SAPC
- Internal Audit methodology

### **Conclusion:**

The Committee is satisfied that:

- The internal audit methodology includes all aspects as required

- The Audit Action Plan addresses all matters raised by the AGSA during their 2013/14 audit with suitable recommendations to correct these findings as well as achievable deadlines
- The proposed policy to be included in the Policies and Procedures Manual of Mohokare Local

Municipality is approved by the SAPC

- The report in terms of compliance for the first quarter is of a good standard. Attention should however be brought to the high level of non-compliance and/or late submission of documentation in the Finance Department and their disregard to legislative deadlines.

## **9. COMPLIANCE WITH MFMA AND DORA**

### **Reports considered:**

The following report relating to the first quarter of financial year 2014/15 was presented and considered by the Audit and Performance Committee during its meeting held on the 26th January 2015:

- Internal Audit report: Compliance to laws and regulations

### **Conclusion:**

The Committee is satisfied that:

- The report in terms of compliance for the first quarter is of a good standard. Attention should however be brought to the high level of non-compliance and/or late submission of documentation in the Finance Department and their disregard to legislative deadlines.

## **10. PERFORMANCE MANAGEMENT**

### **Reports considered:**

The following report relating to the first quarter of financial year 2014/15 was presented and considered by the Audit and Performance Committee during its meeting held on the 26th January 2015:

- First quarter Performance Management Report
- Internal Audit Report in terms of Performance Management Reporting for quarter 1

### **Conclusion:**

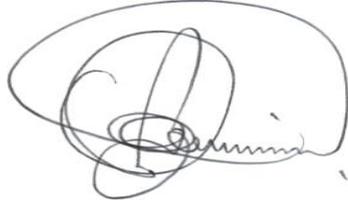
The Committee is satisfied that:

- Progress has been made in terms of the Performance Management Function at Mohokare Local Municipality and that the report submitted is of an acceptable standard
- The assessment and recommendations in terms of the PMS first quarter report by Internal Audit is deemed to be adequate

## **11. MATTERS REFERRED BY THE MUNICIPALITY**

During the period 01 July 2014 to 30 September 2014, there were no matters referred to the Audit and Performance Committee by the Municipality.

2013/2014  
PERFORMANCE REPORT  
Compiled and submitted by:

A handwritten signature in black ink, appearing to read 'T. C. Panyani', enclosed within a large, hand-drawn oval shape.

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**T. C. Panyani**  
**Municipal Manager**  
Date: 1 September 2014

## **Introduction**

This annual performance report is hereby submitted by the Mohokare Local Municipality's Municipal Manager in terms of section 121 of the Municipal Finance management Act, 56 of 2003 read with the Municipal Systems Act, 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting.

In the year under review (2013/2014), Mohokare Local Municipality (MLM) had five departments, namely:

- Municipal Manager's Office
- Corporate Services
- Technical Services
- Community Services
- Finance Services

This report covers the performance information from 1 July 2013 to 30 June 2014 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the Integrated Development and Plan (IDP). In addition, the report provides an overview of improvements made to the performance management system and shortcomings that still need to be addressed; progress made in the implementation of the establishment plan; and an overview of financial performance.

**DETAILED 2013/2014 PERFORMANCE RESULTS presented per DEPARTMENT**

**Office of the Municipal Manager**

<b>Municipal KPA/IDP Dev. Priorities</b>	<b>Strategic Objective</b>	<b>Key Performance Indicator</b>	<b>Frequency/Timeframe</b>	<b>Annual Target</b>	<b>Actual Achieved</b>	<b>Variance</b>	<b>Corrective measures to be taken</b>
<b>Performance Management System</b>	<b>Institutional development and management</b>	Review & implementation of the performance management system by June 2014	Annually	PMS Policy in place by Dec 2013	Target not achieved.	PMS Policy not in place by Dec 2013	Management shall ensure that the PMS policy is adopted and approved in the next financial period.
		Develop an aligned SDBIP 2013/2014	Annually	Develop an aligned SDBIP 2013/2014 by 31 July 2013	Target not achieved	SDBIP not aligned	Management shall ensure that the IDP is aligned to the SDBIP in the next financial year.
		Develop and submit signed performance agreements and plans for sec 57 managers by 31 Aug 2013	31-Aug	Develop and submit signed performance agreements and plans for sec 57 managers by 31 Aug 2013	Achieved	None	N/A as the target has been achieved
		Develop and submit Annual Report, Annual Performance report and Annual Financial Statements by 31 August 2013	31-Aug	Develop and submit Annual Report, Annual Performance report and Annual Financial Statements by 31 August 2013	Achieved	None	N/A as the target has been achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicator	Frequency/Timeframe	Annual Target	Actual Achieved	Variance	Corrective measures to be taken
		Developed Mid-year report by 25 January 2014	25-Jan	Mid-year report by 25 January 2013.	Achieved	None	N/A as the target has been achieved
Performance Management System	Institutional development and management	Submitted final AR to Council by 25 January 2014	25-Jan	Submit final AR to Council by 25 January 2014	Achieved	None	N/A as the target has been achieved
		Compiled oversight report of the AR 2012/2013	Annually	Compile oversight report of the AR 2012/2013 by March 2014	Achieved	None	N/A as the target has been achieved
Municipal Planning	IDP	Developed and adopted IDP process plan by August 2013	Annually	Developed and adopted IDP process plan by August 2013	Achieved	None	N/A as the target has been achieved
		Established IDP Steering committee		Established IDP Steering committee by September 2013	Achieved	None	N/A as the target has been achieved
		Reviewed and approved IDP by May 2014	May-13	Reviewed IDP plan by May 2014	Achieved	None	N/A as the target has been achieved
LED	Enhancing local economy	Review of the LED plan by June 2014		Reviewed LED plan by June	Target not achieved.	LED Strategy not in place	SALGA assisted the municipality and a draft strategy was adopted by Council in May 2014

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicator	Frequency/Timeframe	Annual Target	Actual Achieved	Variance	Corrective measures to be taken
<b>INTERNAL AUDIT</b>	<b>Ensuring 100% compliance to legislation and striving for clean audit in the municipality</b>	Developed Internal Audit Charter approved by Audit committee	Annually	Developed Internal Audit Charter approved by Audit committee by December 2013	Achieved	None	N/A as the target has been achieved
		Developed Internal Audit 3 year plan	Annually	Develop Internal Audit 3 year plan by Dec 2013	Achieved	None	N/A as the target has been achieved
		Developed Internal Audit Action plan	Annually	Developed Internal Audit Action plan	Achieved	None	N/A as the target has been achieved
		Operation clean Audit	Annually	Achieve a qualification audit opinion for 2012/2013 financial year by January 2014	Achieved	None	N/A as the target has been achieved
		Developed Risk management strategy by June 2014	Annually	Develop Risk management strategy by June 2014	Achieved	None	N/A as the target has been achieved
		Developed Risk charter by June 2014	Annually	Develop Risk Charter by June 2014	Achieved	None	N/A as the target has been achieved
		Developed Risk Management plans	Annually	Develop Risk Management plans by June 2014	Achieved	None	N/A as the target has been achieved

Municipal KPA/IDPDev. Priorities	Strategic Objective	Key Performance Indicator	Frequency/Timeframe	Annual Target	Actual Achieved	Variance	Corrective measures to be taken
		Developed departmental risk registers	Annually	Develop departmental risk registers	Achieved	None	N/A as the target has been achieved
		Developed Anti-fraud and corruption strategy	Annually	Developed Anti-fraud and corruption strategy by June 2014	Achieved	None	N/A as the target has been achieved

## Corporate Services Department

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicator	Baseline	Frequency/Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
Good Governance and Administration	Effective functioning of councilors in council and committee activities	Percentage of Council sittings regularly as legislated	100% 1 ordinary meeting per quarter	Annually	100% of 4 meetings annually	Achieved	None	N/A as the target has been achieved
		Percentage of Portfolio committees sitting as per legislation	100% meeting per quarter	Annually	100% of 20 meetings annually	Not 100% achieved: Out of 20 meetings only 14 set which makes it 70%		Reports referred to council as per council request.
		Publication of the ordinary council meeting annual schedule by February 2014	1	Annually	1 schedule publicized	Achieved	None	N/A as the target has been achieved
		Reviewed delegation system adopted by Council and in place by June 2014	1	As and when it is required	1 Reviewed delegation system	Achieved: the delegation systems were adopted in 31st December 2011 and are only reviewed if there are any amendments in legislation	None	N/A as the target has been achieved
		Number of capacity building for councilors	2 (1 bi-annually)	Bi-annually	2 capacity building for councilors	Not achieved		Target not achieved due to financial constraints.

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicator	Baseline	Frequency//Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
Good Governance and Administration	Effective functioning of councilors in council and committee activities	Number of capacity building for HR staff	-	Annually	2 bi-annually	Not achieved		Will be done in the 2014/2015 financial year
		Percent of Council resolutions executed by sitting of the next council meeting	100% (25% per quarter)	Annually	100%	Achieved	None	N/A as the target has been achieved
		Notices of and agendas for meetings of the Council and committees are distributed at least 48 hours prior to the commencement of the meeting concerned	4 Council notices 20 committee notices	Quarterly	4 council notices 20 committee notices	Achieved	None	N/A as the target has been achieved
		Human resource development policy developed and implemented	1	Annually	1 Human resources development	Achieved: The plan is implemented	None	N/A as the target has been achieved
		Functional Local Labour Forum	12 meetings (3 per quarter)		12 meetings per annum	Not achieved	Local Labour Forum not functional	The schedule will be revised and new dates set

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicator	Baseline	Frequency//Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
Good Governance and Administration	Effective functioning of councilors in council and committee activities	Developed and implemented communication Policy by June 2014	1 Communications Policy Developed and implemented.	Annually	1	Not Achieved	Communications Policy not implemented	A draft will be developed and submitted to council for approval by November 2014
		Submission of oversight report by March 2014	1 Oversight report	Annually	Submission of oversight report by March 2014	Achieved	None	N/A as the target has been achieved
		Development of terms and reference for oversight committee by January 2014	1 Terms and reference for oversight committee	Annually	Development of terms and reference for oversight committee by January 2014	Achieved	None	N/A as the target has been achieved
		Prescribed documents and notices are regularly uploaded on the municipal website	-	As and when it is required	Prescribed documents and notices	Achieved	None	N/A as the target has been achieved
		Job descriptions of employees placed aligned to TASK and submitted for evaluation by June 2014	Completed Job descriptions in June 2013	Annually	Job descriptions of employees placed aligned to TASK and submitted for evaluation by June 2014	Not achieved	Job descriptions of employees not aligned.	Target not achieved due to financial constraints.
		Staffing requirements report submitted to	1 report per quarter		2 staffing requirements reports to the MM	Achieved	None	N/A as the target has been achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicator	Baseline	Frequency//Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
		the MM regarding vacancies on the organogram after completion of placement process per quarter						
Good Governance and Administration	Effective functioning of councilors in council and committee activities	Employment equity report submitted to Department of labour by January 2014	1 report submitted by 15 Jan 2013	Jan-13	1 Employment equity report	Achieved	None	N/A as the target has been achieved
		Skills Audit completed on municipal staff by February 2014	-	Feb-14	Skills Audit completed on municipal staff by February 2014	Achieved	None	N/A as the target has been achieved
		Annual Training report for 2013/2014 is approved by council by May 2014	ATR 2012/2013	May-14	1 Annual Training Report	Achieved: It is part of the WSP	None	N/A as the target has been achieved
		Mandatory training grant received from LGSETA by June 2014	Grant received bi-annually 2012/2013	Annually	Training grant received from LGSETA by June 2014	Achieved	None	N/A as the target has been achieved
		Prepare and	-	Annually	1 Training	Achieved	None	N/A as the target

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicator	Baseline	Frequency//Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
		submit a training plan for the training of councilors and employees consistent with the WSP to the relevant committee			plan for training of Councilors and employees			has been achieved
		Records management system , including file plan , prescribed registers ad files are up-to date Quarterly	-	Quarterly	Recorded updated quarterly : 4 reports	Achieved	None	N/A as the target has been achieved
Good Governance and Administration	Sound Labour Relations	Percentage settlement of labour disputes and grievances	80% (20% Per quarter)		80% 4 reports	Achieved: 20 cases of 25 cases were settled	None	N/A as the target has been achieved
	Promotion of community participation in the affairs of the Municipality	Number of all ward committees established	-	Annually	6 ward committees established	Achieved: Ward committees were established since the inception of the council term	None	N/A as the target has been achieved
		Number of monthly ward committee	-	Monthly	36 monthly ward committee	Not achieved: 24 meetings were held 66,67%	Monthly ward committee meeting not held	Target not achieved due to financial constraints.

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicator	Baseline	Frequency//Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
		meetings held			meetings held			
		Number of general quarterly ward meetings	-	Quarterly	24 general quarterly ward meetings	Achieved: 14 meetings were held		2014 Agendas Outstanding
	Public Participation	Public participation policy in place and implemented by June 2014	Public participation policy in place by June	Annually	1 Public participation policy implemented by June 2014	Not achieved: Only 3 meetings were held for agri-forum and public consultations for IDP	None	The remaining meeting overlapped to the new financial year 2014/2015. Business forum will be re-established in the new financial year
		Number of stakeholder forum held chaired by the Mayor Quarterly	-	Quarterly	4 quarterly stakeholder forums chaired by the Mayor	Not achieved: Only 3 meetings were held for agri-forum and public consultations for IDP	Stakeholder forum not held	The remaining meeting overlapped to the new financial year 2014/2015. Business forum will be re-established in the new financial year
		Clean Audit by 2014	100%	Annually	All audit finding should be resolved	Achieved: No queries were found for Corporate Services (Administration Unit)	None	N/A as the target has been achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicator	Baseline	Frequency//Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
		Submission of the Annual report and the annual performance report to the Auditor general by 31 August 2013	-	31-Aug	Annual Report and Annual Performance Report submitted to AG by 31st August 2013	Achieved	None	N/A as the target has been achieved
		Compliance to OHS Act 1993	1 meeting per quarter	Quarterly	The Municipality complies with the health and safety act	Achieved	None	N/A as the target has been achieved
	<b>Administration</b>	Development and Publication of the Municipal Newsletter quarterly	-	Quarterly	1 newsletter publicized quarterly	Not achieved: only one newsletter was done	Publication of the Municipal Newsletter not development	Target not achieved due to financial constraints.
		Advertising services procured for the remainder of the financial year	-	Annually	As and when required	Achieved	None	N/A as the target has been achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicator	Baseline	Frequency//Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
Institutional development & good governance and administration: Corporate services	Institutional development	All corporate officials and offices resourced with the necessary equipment and machines	-	Annually	All corporate officials and offices resourced with the necessary equipment and machines	Not Achieved	All corporate officials and offices not resourced with the necessary equipment and machines	Target not achieved due to financial constraints.
Institutional development & good governance and administration: Corporate services	Human Resource	Professional fees procured for the whole financial year.	-	Annually	All required professional services procured are budgeted for	Achieved	None	N/A as the target has been achieved
Council	Institutional development	Ensure special programmes are within budget	-	Annually	Provision for 12 special programmes unit by June 2014	Not achieved	Special programmes not within the budget	Target not achieved due to financial constraints.
		Special Programmes	-	Annually	Development of Special Programmes Plan by 31 March 2014	Target not reported on	Special programmes not development	Target not achieved due to financial constraints.

## Technical Services Department

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
Basic Services: Access to Electricity	To provide standard Electricity services to promote development and to fulfil basic service needs	Plant and Equipment properly maintained	Jun-14	Uninterrupted reliable electricity distribution	Target not reported on	Target not reported	Target not achieved due to financial constraints.
		Streets lights properly maintained	Jun-14	All street lights properly maintained	Target not achieved	Street light not properly maintained	Target not achieved due to financial constraints.
		Street lights and Electricity network properly maintained	Jun-14	Uninterrupted reliable electricity distribution	Target not reported on	Target not reported on	Target not achieved due to financial constraints.

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
		14 High mast lights in Refenggotso	Jun-14	100% Completion of the project	Target not achieved	14 High mast lights not installed	Target not achieved due to financial constraints.
Basic Services; Sanitation	To deliver quality services in Mohokare	Proper functional Sanitation Unit	Jun-14	Continuous and reliable sanitation provision	Target achieved	None	N/A as the target has been achieved
		Identification of underground problems and recommendations for repairs	Jun-14	Completion of the report	Target achieved	None	N/A as the target has been achieved
		Upgrading of the Smithfield Oxidation ponds	Jun-14	Completion of the treatment plant	Target achieved	None	N/A as the target has been achieved
		Completed Civil works at the Zastron Waste Water Treatment Plant	Jun-14	Compilation and submission of technical report to sector department for additional funding	Target achieved	None	N/A as the target has been achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
Basic Services; Roads and Storm water	To provide trafficable roads/routes and streets and functional streets <b>Zastron</b>	Proper maintenance of internal roads and streets	Jun-14	Maintenance of internal roads streets	Target not achieved	Internal roads not maintained	Target not achieved due to financial constraints.
	To provide trafficable roads/routes and streets and functional streets <b>(Rouxville)</b>	Upgraded internal roads and streets	Jun-14	Upgrade internal roads and streets	Target not achieved	Internal roads not maintained	Target not achieved due to financial constraints.
	To provide trafficable roads/routes and streets and functional streets <b>(Smithfield)</b>	Upgraded internal roads and streets		Upgrade internal roads and streets	Target not achieved	Internal roads not maintained	Target not achieved due to financial constraints.
	To provide trafficable roads/routes and streets and functional streets <b>(Smithfield)</b>	Upgraded internal roads and streets	Jun-14	Vehicle and equipment for road maintenance in working order	Target not achieved	Vehicles and equipment not properly maintained	Target not achieved due to financial constraints.

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
		R/M of vehicles for roads	Jun-14	Vehicles for road and maintenance in working order	Target not achieved	Vehicles and equipment not properly maintained	Target not achieved due to financial constraints.
		Upgraded and maintained Municipal roads and storm water	Jun-14	Construction of municipal access roads – Roleleyathunya	Target achieved	None	N/A as the target has been achieved
	<b>R/M acquisition of tools and equipment for roads and transport(Rouxville)</b>	Functional roads/ transport unit	Jun-14	All necessary tools and equipment are available	Target not reported on	Target not reported on	Target not achieved due to financial constraints.
	<b>R/M acquisition of tools and equipment for roads and transport(Smithfield)</b>	Functional roads/ transport unit	Jun-14	All necessary tools and equipment are available	Target not reported on	Target not reported on	Target not achieved due to financial constraints.
	<b>R/M acquisition of tools and equipment for roads and transport(Zastron)</b>	Functional roads/ transport unit	Jun-14	All necessary tools and equipment are available	Target not reported on	Target not reported on	Target not achieved due to financial constraints.

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
	Repairs and maintenance of vehicles and equipment for roads and transport(Smithfield)	Functional roads/ transport unit	Jun-14	Vehicles for road and maintenance in working order	Target achieved	None	N/A as target has been achieved
Basic Services delivery	Acquisition of tools and equipment	Upgrade water distribution network	Jun-14	All necessary tools and equipment for maintenance available	Target not reported on	Target not reported on	Target not achieved due to financial constraints.

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
	<b>Provision of bulk water supply</b>	Consistent quality water provision	Jun-14	Completion of the Rouxville treatment plant by 2014	Target not achieved	Treatment plant not completed	A new program was drafted taking into account the time lapse
<b>Basic Services</b>	<b>All households with access to portable water on or above RDP level</b>	All households having access to portable water	Jun-14	Maintained 100% provision existing settlements	Target not achieved	Households do not have access to portable water	Business plans were compiled and the implementing agent was given the scope of work
	All households with access to portable water on or above RDP level	Households having access to portable water, on or above RDP level	Jun-14	Fully operational water treatment plant Smithfield	Achieved	None	N/A as the target has been achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
	Acquisition of tools and equipment for Zastron unit	Upgrade water distribution network	Jun-14	All necessary tools and equipment for maintenance are available	Target not reported on	Target not reported on	Target not achieved due to financial constraints.
	<b>Acquisition of tools and equipment for Rouxville unit</b>	Upgrade water distribution network	Jun-14	All necessary tools and equipment for maintenance are available	Target not reported on.	Target not reported on	Target not achieved due to financial constraints.

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
	<b>Acquisition of tools and equipment for Smithfield unit</b>	Upgrade water distribution network	Jun-14	All necessary tools and equipment for maintenance are available	Target not achieved	Tools and equipment not procured	Target not achieved due to financial constraints.
	<b>Acquisition of health services</b>	Workers are taken to medical observation	Bi-annually	All identified workers taken for medical observation	Target not achieved	Workers not taken for a medical observation for the second part of the year	Target not achieved due to financial constraints.
	<b>To provide standard water services to promote development and fulfil basic needs</b>	R/M of plant and equipment for water distribution by June 2014	Jun-14	Upgraded water distribution network	Target not reported on.	Target not reported on	Target not achieved due to financial constraints.
	<b>To provide standard water services to promote development and fulfil basic needs</b>	Upgraded water distribution network	Jun-14	Upgraded water distribution network	Target not reported on.	Target not reported on	Target not achieved due to financial constraints.

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
	To provide standard water services to promote development and fulfil basic needs	Procured water chemicals	Jun-14	Water testing results adherence to set standards	Target achieved	None	N/A as the target has been achieved
	To provide standard water service to promote development and fulfil basic service needs	Tools and equipment procured are capitalized	Jun-14	Tools and equipment capitalized	Target not reported on.	Target not reported on	Target not achieved due to financial constraints.
Basic Services delivery	Grants Compliance with Division of Revenue(DORA) Framework	100% expenditure on allocated fund	Jun-14	100% expenditure on allocated fund	Target achieved	None	N/A as the target has been achieved
		100% expenditure on allocated fund	Jun-14	100% expenditure on allocated fund	Not Achieved	No expenditure incurred	Letters of concerns were submitted to DWA, and meetings were held with all involved
		100% expenditure on allocated fund	Jun-14	100% expenditure on allocated fund	Target achieved	None	N/A as the target has been achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
	To deliver quality services in Mohokare	Completion and Upgrading of the Zastron 15 km raw water pipeline	Jun-14	14-Jun	Target achieved	None	N/A as the target was achieved
		Installation of taps in all households	Jun-14	No backlog on paid house connections	Target achieved	None	N/A as the target was achieved
		Completion report and certificate	Jun-14	Completed water treatment plant	Target achieved	None	N/A as the target was achieved
		Procurement and installation of bulk water meters	Jun-14	Record of treated and supplied water	Target achieved	None	N/A as the target was achieved
		Supply of clean portable water	Jun-14	24 samples	Target achieved	None	N/A as the target was achieved
Local Economic Development	Grow Mohokare	Job created through EPWP	Jun-14	100	Target achieved	None	N/A as the target was achieved
		An increased number of local contractors utilized on projects	Jun-14	At least two sub-contractors on civil works	Target achieved	None	N/A as the target was achieved
Good Governance	Good Governance in Mohokare	Two (2) officials in the PMU Unit. The Data Capture and Technician		Improved project management in the municipality and successful implementation of Infrastructure projects	Target achieved	None	N/A as the target was achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
		Water and Sanitation master plans	Jun-14	Water and Sanitation master plan in place	Target achieved	None	N/A as the target was achieved
		Roads and storm water master plans	Jun-14	Roads and storm water master plans in place	Target achieved	None	N/A as the target was achieved
		Development of Blue drop and green drop Improvement plans	Jun-14	5% Improvement on results	Awaiting results	Awaiting results	Awaiting results
		Trained staff to effectively and efficiently operate the plant	Jun-14	Practical training of internal staff	Target achieved	None	N/A as the target was achieved
		Improved compliance and flow of information within the institution	Jun-14	Efficient flow of information within the institution	Target achieved	None	N/A as the target was achieved
		Dam safety investigating report	Dams not complying with National Water Act	14-Jun	Target achieved	None	N/A as the target was achieved
		Construction of Matlakeng Sports Ground	Jun-14	100% completion of the project	Target achieved	None	N/A as the target was achieved
<b>Public Participation</b>	Good Governance and Administration	Reduced number of service delivery related strikes	Jun-14	Attend two meeting per quarter	Target achieved	None	N/A as the target was achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objectives	Key Performance Indicator	Frequency/ Timeframe	Annual Target	Actual Achievement	Variance	Corrective measures to be taken
		Water and Waste water awareness campaigns	None	Two campaigns	Target not reported on.	Target not reported on	Target not achieved due to financial constraints.
		IDP and Budget roads shows	Jun-14	One	Target not achieved	IDP and Budget roads shows	Target not achieved due to financial constraints.
Municipal Financial Viability and Management	Grow Mohokare	Contracts and attendance to progress meetings	Annually	As an when Service providers are appointed	Target achieved	None	N/A as the target was achieved

## Community Services Department

Municipal KPA/IDP Dev.Priorities	Strategic Objective	KPI	Frequency/ Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
To provide an effective and efficient law enforcement and emergency service to all the communities of Mohokare in our quest to protect and promote the fundamental rights of life	Traffic Management	Repairs & maintenance of traffic and street parking: tools and equipment by June 2014	Jun-14	Repaired and traffic and street parking by June 2014	Target not achieved	Traffic and streets parking not repaired	The maintenance to continue during 2014/15 Financial Year
		Development of a traffic operational plan	Jun-14	Traffic plan developed and fully operational	Target not achieved	Traffic plan not developed	Target not achieved due to financial constraints.
		Traffic uniforms procured	Bi-annually	All traffic officials in proper uniform	Target not achieved	Traffic uniforms not procured	The procurement request to be submitted in the next financial year.
		Tools and office equipment procured	Jun-14	Tools and office equipment procured	Target not achieved	Tools and office equipment not procured	The Municipality is in the process of partnering with TMT for running the division, the office equipment will be procured in the next financial year,
		Traffic stationery procured	Bi-annually	Traffic stationery procured	Target achieved	None	N/A as the target has been achieved
To ensure the development of a desirable and quality living environment that fosters the safety and	Sports and recreation	Repairs & maintenance: Buildings; Sport grounds by June 2014	Jun-14	Repaired and maintained Sports grounds / Gardens by June 2014	Target achieved	None	N/A as the target has been achieved
		Sports facilities maintained and monitored	On-going	All Sports facilities maintained and	Target not achieved	Sports facilities not maintained and monitored	Target not achieved due to financial constraints.

Municipal KPA/IDP Dev.Priorities	Strategic Objective	KPI	Frequency/ Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
welfare of the community concerned, preserves the natural and cultural environment, and does not impact negatively on existing rights.				monitored			
		Investment in new sports infrastructure	13-Dec	New sports infrastructure developed	Target not achieved	New sports infrastructure not developed	Project to be undertaken in the next financial year.
		Investment in new Vehicles, Plant and equipment by June 2014	Jun-14	New vehicles and equipment procured	Target not achieved	Vehicles and equipment not maintained	Project to be undertaken in the next financial year.
	Parks and open spaces	Repairs & maintenance of tools and equipment: Parks by June 2013	On-going	Repaired and maintained tools and equipment: parks by June 2014	Target not achieved	Tools and equipment not repaired and maintained	Target not achieved due to financial constraints.
		Procurement of lawn mowers	Jun-14	Procurement of lawn mowers	Target not achieved	Lawn mowers not procured,	Target not achieved due to financial constraints.
	Fencing of cemeteries	One cemetery properly fenced	30-Sep-13	One cemetery properly fenced	Target achieved	None	N/A as the target has been achieved
	Parks and open spaces	Repairs & maintenance: parks and open spaces by Dec 2013	Dec-13	Properly maintained parks and open spaces.	Target achieved	None	N/A as the target has been achieved
	Good governance in Mohokare	Computer procurement	3 computers procured	01-Jun-14	3 computers procured	Target achieved	None
Tools and office equipment		Tools and equipment procured	30-Jun-14	Tools and equipment procured	Target not achieved	Tools and equipment not procured	Target not achieved due to financial constraints.

Municipal KPA/IDP Dev.Priorities	Strategic Objective	KPI	Frequency/ Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
	<b>Repairs &amp; maintenance of fencing: Cattle farming</b>	Repairs & maintenance of fencing: Cattle farming by June 2014	Jun-14	Repaired and maintained fencing: cattle farming by June 2014	Target achieved	None	N/A as the target has been achieved
	<b>CCA Tools and equipment</b>	Capital investment regarding tools and equipment	Jun-14	Tools and equipment capitalized	Target not achieved	Tools and equipment not procured	Target not achieved due to financial constraints.
		Capital investment regarding furniture and office equipment	Jun-14	Furniture and office equipment capitalized	Target not achieved	Furniture and equipment not capitalised	Target not achieved due to financial constraints.
	<b>Inventory (tools and equipment)</b>	Inventory (tools and equipment) procured	Jun-14	Tools and equipment procured	Target not achieved	Tools and equipment not procured	Target not achieved due to financial constraints.
	<b>Repairs &amp; maintenance: Buildings; Council property by June 2014</b>	Repairs & maintenance: Buildings; Council property by June 2014	Jun-14	Repaired and maintained: Buildings; Council property by June 2014	Target achieved	Council property not repaired and maintained	N/A as the target has been achieved

Municipal KPA/IDP Dev.Priorities	Strategic Objective	KPI	Frequency/ Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
Council Property	Repairs & maintenance: Fencing; Council property	Repairs & maintenance: Fencing; Council property by June 2014	Jun-14	Repaired and maintained: Fencing; Council property by June 2014	Target achieved	Council property not repaired and maintained	N/A as the target has been achieved
	Repairs & maintenance: tools and equipment	Repairs & maintenance: tools and equipment by June 2014	Jun-14	Repaired and maintained: Council property by June 2014	Target not achieved	Council property not repaired and maintained	Target not achieved due to financial constraints.
	Repairs & maintenance of buildings: Community halls and facilities	Repairs & maintenance of buildings: Community halls and facilities by June 2014	Jun-14	Repaired and maintained buildings: Community halls and facilities by June 2014	Community hall and facilities not repaired and maintained	Community halls and facilities not repaired and maintained	Target not achieved due to financial constraints.
	Repairs & maintenance: Fencing. Rouxville Unit	Repairs & maintenance: Fencing by June 2014	Jun-14	Repaired and maintained: Fencing; by June 2014		Fencing not repaired and maintained	Target not achieved due to financial constraints.
	Repairs & maintenance: Fencing; Smithfield unit	Repairs & maintenance: Fencing; Smithfield unit by June 2014	Jun-14	Repaired and maintained: Fencing; Smithfield unit by June 2014	Target not achieved	Fencing not repaired and maintained	Target not achieved due to financial constraints.
	Repairs & maintenance: Fencing; Zastron unit	Repairs & maintenance: Fencing; Zastron unit by June 2014	Jun-14	Repaired and maintained: Fencing; Zastron unit by June 2014	Target not achieved	Fencing not repaired and maintained	The item will be attended after completion of other projects

Municipal KPA/IDP Dev.Priorities	Strategic Objective	KPI	Frequency/ Timeframe	Annual Target	Actual Achieved	Variance	Corrective Measure
	<b>Repairs &amp; maintenance: Vehicles and equipment; Rouxville</b>	Repairs & maintenance: Vehicles and equipment by June 2014	Jun-14	Repaired and maintained: Vehicles and equipment by June 2014	Target not achieved	Vehicles and equipment not maintained	Target not achieved due to financial constraints.
	<b>Repairs &amp; maintenance: Vehicles and equipment Smithfield unit</b>	Repairs & maintenance: Vehicles and equipment; Smithfield unit by June 2014	Jun-14	Repaired and maintained: Vehicles and equipment Smithfield unit by June 2014	Target not achieved	Vehicles and equipment not maintained	Target not achieved due to financial constraints.
	<b>Repairs &amp; maintenance: Vehicles and equipment; Zastron unit</b>	Repairs & maintenance: Vehicles and equipment; Zastron unit by June 2014	Jun-14	Repaired and maintained: Vehicles and equipment; Zastron unit by June 2014	Target not achieved	Vehicles and equipment not maintained	Target not achieved due to financial constraints.
<b>To provide an integrated waste management service for the total municipal area</b>	<b>Waste Management</b>	Uniforms procured	Jun-14	All waste management officials in proper uniform and protective	Target not achieved	Waste uniform not procured	Target not achieved due to financial constraints.
<b>Keep Mohokare Safe and Green</b>	<b>Disaster Management</b>	3 computers procured	30-Sep-13	3 computers procured	Target achieved	None	N/A as the target has been achieved
		<u>Repairs and maintenance: tools and equipment by June 2014</u>	<u>Jun-14</u>	<u>Properly resourced fire fighting unit</u>	Target not achieved	Fire fighting unit not properly resourced	Target not achieved due to financial constraints.

## Finance Services Department

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicators	Frequency/Time frame	Annual Target	Target Achievement	Variance	Corrective measures to be taken
Budget and Treasury	<b>Provision of Insurance</b>	Provision of finance for insurance by June 2014	Jun-14	Provided insurance throughout 2013/14 and review insurance policy annually	Target Achieved	None	N/A as the target has been achieved
	<b>Provision for CCA: Furniture and equipment</b>	CCA: Furniture & equipment procured by June 2014	Jun-14	Furniture& equipment procured by June 2014	Not achieved	Furniture and equipment not procured	Target not achieved due to financial constraints.
	<b>Legal Costs</b>	Purchasing of legal services by June 2014	Jun-14	Purchased legal services for budget& treasury by June 2014	Target Achieved	None	N/A as the target has been achieved
	Acquisition of computer software	Purchasing of computer software by June 2014	Jun-14	Purchased computer software by June 2014	Target Achieved	None	N/A as the target has been achieved
	Repairs & maintenance – Vehicles& equipment	Repairs & maintenance – Vehicles & equipment by June 2014	Jun-14	Repaired and maintained Vehicles& equipment by June 2014	Target not achieved	Vehicles and equipment not repaired and maintained	Target not achieved due to financial constraints.

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicators	Frequency/Time frame	Annual Target	Target Achievement	Variance	Corrective measures to be taken
	Repairs & maintenance – Furniture and equipment	Repairs & maintenance – Furniture & equipment by June 2014	Jun-14	Repaired and maintained furniture& equipment by June 2014	Target not achieved	Furniture and equipment not repaired and maintained	Target not achieved due to financial constraints.
Information Technology	<b>Acquisition of computer software</b>	Purchasing Licence and internet fees by June 2014	Jun-14	Purchased Licence and internet fees by June 2014	Target Achieved	None	N/A as the target has been achieved
	<b>Acquisition of computers</b>	Purchasing of computers by June 2014	Jun-14	Purchased computers for Other Administration by June 2013	Target Achieved	None	N/A as the target has been achieved
Municipal Transformation and Institutional Development	<b>Revenue Enhancement strategic approved.</b>	Develop and implement Revenue Enhancement Strategy	Annually	Reviewed revenue enhancement strategy by June 2014	Target Achieved	None	N/A as the target has been achieved
	<b>Debt Management Strategic developed and approved</b>	Development and implementation of a debt management strategy	Jun-14	Developed, approved debt management plan by June 2014	<b>Achieve:</b> It is included as part of the Revenue enhancement strategy	<b>None</b>	N/A as the target has been achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicators	Frequency/Time frame	Annual Target	Target Achievement	Variance	Corrective measures to be taken
	<b>Developed 3 year cash flow management plan approved by June 2014</b>	3 year cash flow management plan in place	Jun-14	Developed 3 year cash flow management plan approved by June 2014	Target Achieved	None	N/A as the target has been achieved
	<b>Asset Management plan</b>	Reviewed assets management plan	Annually	Final assets management plan in place	Target Achieved	None	N/A as the target has been achieved
	<b>Reviewed supply chain management plan</b>	Reviewed SCM policy	Annually	Reviewed SCM policy approved	Target Achieved	None	N/A as the target has been achieved
	<b>Implemented MFMA internship program</b>	5 interns appointed		Appoint 5 MFMA treasury interns	Target Achieved	None	N/A as the target has been achieved
	<b>Implemented expenditure management plan</b>	Expenditure management plan	Jun-14	Developed, approved expenditure management plan by June 14	<b>Achieve:</b> It is included as part of the Revenue enhancement strategy	<b>None</b>	N/A as the target has been achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicators	Frequency/Time frame	Annual Target	Target Achievement	Variance	Corrective measures to be taken
	<b>Implementation of MFMA financial controls</b>	Level of implemented controls percentage from the CFO	Quarterly	Based on the % of the previous year provide CFO please target for 13/14	Target Achieved	MFMA Financial controls not implemented	Target not achieved due to financial constraints.
	<b>Development of municipal financial management plan</b>	Development of municipal financial management plan	Jun-14	Developed municipal financial management plan by June 2014	Target Achieved	None	N/A as the target has been achieved
<b>Public Participation</b>	<b>Functional municipal website</b>	Functional municipal website	Quarterly	Functional and daily maintained municipal website	Target Achieved	None	N/A as the target has been achieved
<b>Good Governance in Mohokare</b>	<b>Clean Audit by June 2014</b>	Qualified Audit opinion by June 2014	Jun-14	Qualified audit opinion by June 2014	Target Achieved	None	N/A as the target has been achieved
	<b>Submission of compliant AFS to AG by 31 August 2013</b>	Submission of compliant AFS to AG by 31 August 2013	31-Aug	Submit AFS on 31st August 2013	Target Achieved	None	N/A as the target has been achieved

Municipal KPA/IDP Dev. Priorities	Strategic Objective	Key Performance Indicators	Frequency/Time frame	Annual Target	Target Achievement	Variance	Corrective measures to be taken
	<b>Submission of the Annual Report, Annual Performance Report to AG by 31st August 2013</b>	Submission of the Annual Report, Annual Performance Report to AG by 31st August 2013	31-Aug	Submission of the Annual Report, Annual Performance Report to AG by 31st August 2013	Target Achieved	None	N/A as the target has been achieved
<b>Municipal Transformation and Institutional Development</b>	<b>Compilation of compliant Annual Financial Statements for 2012/13</b>	Compliant Municipal AFS	Quarterly	Compiled compliant municipal AFS	Target Achieved	None	N/A as the target has been achieved

