



2017/18

FINAL ANNUAL REPORT



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CHAPTER 1: MAYOR'S FOREWORD & EXECUTIVE SUMMARY



COMPONENT A: MAYOR'S PREFACE

This is the second report of the political administration that was elected in 2016 Local Government Elections. It is arguable true that Maruleng is a better place to live in than it was in 2000. Although we have done better, we cannot say our work is complete when unemployment, inequality and poverty still reign supreme in our everyday life as articulated in both the National Development Plan (NDP) and Limpopo Development Plan (LDP) respectively. The Local Government: Municipal Financial Management Act (no. 56 of 2003) subjects all municipalities to prepare and adopt the **Annual Report** which aims to: provide a record of all activities of the Municipality during financial year to which the report relates; provide a performance account and promote accountability to local community(see RSA, 2003: S121 (1). The Local Government: Municipal Systems Act (no.32 of 2000) Section 46 also requires the municipality to prepare **Annual Performance Report** for each financial year which must reflect the following:

- (a) the performance of the municipality and each of the external service provider;
- (b) a comparison of the performance with the previous financial year; and
- (c) measures taken to improve performance

This report is a sincere attempt to comply with performance legislations. Chapter three (03) details the performance of the MLM. A synopsis of Service Provider's Performance will be found in Appendix A. This report is tailored in such a way that it outlines measures taken to improve performances in a designated column. A high level comparisons of performance of 2016/17 and 2017/18 is also indicated in Chapter three (03).It is against this background that this report presents the **annual performance record** of the MLM for the financial year 2017/18.

The Report will focus on the achievements against the targets set for the period under review, 2017/18 financial year. By so doing, it embodies and epitomizes governance precepts and requirements set in King IV Report. The Mayor's foreword also reflects on our **vision, key policy developments, future actions, agreements/partnerships and key service delivery improvements.**

A.VISION

The MLM's vision is "To be the powerhouse of socio-economic development through sustainable and integrated agriculture and tourism". The vision is set to be achieved by carrying out our mission: "Maruleng Local Municipality is committed to the accelerated provision of quality basic services and promotion of socio-economic development through the harnessing of all resource endowments in an integrated and sustainable manner".

B.Key Policy Developments

In pursuit of achieving its vision, the municipality has adopted the Integrated Development Plan (IDP) within the legal timeframe, May 2017. The IDP conducts the community needs analysis, set priorities, strategies, projects, budget and relevant sector plans in alignment with the district, provincial and national strategic thrust

i.e. National Spatial Development Perspective (NSDP), National Development Plan (NDP), New Growth Path, Limpopo Development Perspective (LDP) which guides the municipality in long term planning and others. The impact of these strategies and sector plans could be seen in the context of the **six performance areas** of municipal government namely: Spatial Rationale, Basic Service Delivery and Infrastructure Development, Local Economic Development, Financial Viability, Good Governance and Public Participation and Municipal Transformation and Organizational Development. This led the municipality to adopt its strategic objectives as thus: (1) Plan for the future; (2) Improve community well-being through accelerated service delivery; (3) Build effective and efficient organization; (4) Become financially viable; (5) Develop partnership; (6) Grow the economy and provide livelihood support; (7) Develop and retain skilled and capacitated workforce; and (8) Effective and efficient community involvement.

The projects contained in the Service Delivery and Budget Implementation Plan (SDBIP) contribute towards attainment of these objectives. Also worth nothing is that during under review at least 10 finance related policies were either reviewed or developed namely; credit and debt collection policy, Revenue enhancement policy, tariff policy, inventory and asset management policy, supply chain management policy, banking and investment policy, rates policy, indigent policy, inventory and asset management policy, budget management and virement policy, write-off policy and travel and subsistence policy. Appendix B contains an indication of Human Resource Policies and Plans.

Future Actions

The municipality has the following future plans:

<ul style="list-style-type: none"> • Filling of Senior Management positions within 3 months of being vacant
<ul style="list-style-type: none"> • Extending refuse collection to all rural villages (households)
<ul style="list-style-type: none"> • Facilitating the construction of three shopping centres (The Oaks and Makhutswe CPA)
<ul style="list-style-type: none"> • Gradual replacement of ageing infrastructure and Expansion of revenue base and massive development in Hoedspruit

D.Agreements/Partnerships

The municipality has a partnership with K2C Biosphere in order to protect the biodiversity within its boundaries by regulating internal land use. The municipality provides resources for this cause. The municipality funds two projects namely, environmental monitors & river restoration programmes. Metz shopping center which is constructed by private sector is at an advanced stage

E.Key Service Delivery Improvements

The municipality has spent 100% of its MIG allocation .This reflects that the municipality is indeed committed towards provisioning of basic services as it is a constitutional mandate.

F.Conclusion.

Given the infrastructural challenges we are faced with and the limited resources available, we have done well and much need to be done to address the three challenges being underdevelopment, poverty, inequality and unemployment. We need to work hard to mobilize resources to deal with poverty. Let me take this opportunity to call upon all stakeholders to make valuable inputs in this Draft Report

COMPONENT B: EXECUTIVE SUMMARY

1.1. Acting Municipal Manager's



As the Council's Administration Head, the Municipal Manager is responsible and accountable for organizational development including appointment of staff, other than those referred in Section 56 (A) of The Municipal Systems Act, subject to Employment Equity Act (no. 55 of 1998). Article 55 of the Systems Act read with Articles 60 to 70 of the Local Government: Municipal Finance Management Act lay down the responsibilities of Accounting Officer i.e. to advise political structures, political office bearers and officials of the municipality (s60), fiduciary responsibility (61), general financial management (s62), asset and liability management (63), revenue management (64), expenditure management (65), budget preparations (68), budget implementation (69), shortfalls, overspending & overdrafts (70), reports and reported matters (71), mid-year budget & performance assessment (s72), Protection (s76) and top management (77) – almost the entire Chapter 8 of the MFMA.

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Appendix E will be able to outline the municipal Powers and Functions. The population distribution by age categories and gender of the Municipality is presented in figure 3 and table 8, it is clear that the percentage of females increase along with age, implying that women live longer in the age group 0-4 years the percentage of males and females are fairly even, compared to the age group 35-65 and older where female constitute 54 % of the population.

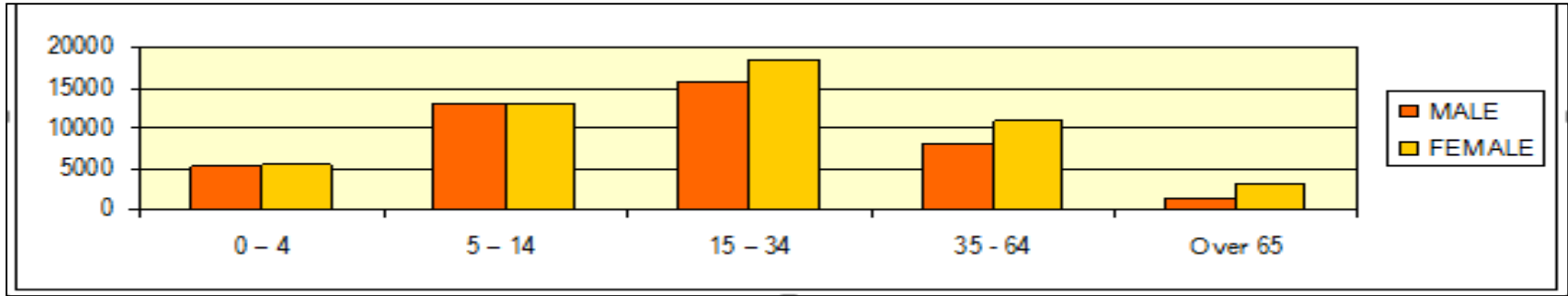
Population Trends

The reconciled total population of Maruleng Municipality is as follows in Table 4 below:

POPULATION		HOUSEHOLDS	
Census 2001	Census 2011	Census 2001	2011
94383	94 857	19 668	24 470
% increased	0.49 (474 persons)	% increased	24.4% (4 802 households)

Source: Statistics South Africa, 2011

Figure 3: Estimated population by age and gender



Source: Statistics South Africa, 2001

Table 7: Estimated population by age and gender

	0 - 4		5 - 14		15 - 34		35 - 54		55-65		Over 65	Total
	No	%	No	%	No	%	No	%	No	%	No	
MALE	6 039		10 446		16 525		6 864		2 189		1 513	43 576
FEMALE	5 997		10 107		18 528		10 502		2 972		3 175	51 281
TOTAL	12036	12.6	20553	21.6	35053	36.9	17366	18.3	5161	5.4	4688 (4.9)	94 857

Source: Statistics South Africa, 2011

Population age structure

Table 8: Population age structure

Population Under 15	Population 15 To 64	Population over 65
34.40%	60.30%	5.30%

Source: STASSA 2011

The table above indicates the population distribution according to the age structure where most of the population group is at the age between 15 to 64, this age constitute 60.3% of the population, followed by under 15 years at 34.4% and over 65 years at 5.3%. This shows a need for the economic strategy to identify development thrusts that would address the need of the economically active people.

An overview of environmental management indicates that the MLM has one licensed, authorized landfill site i.e. Worcester. The Municipality is responsible for its maintenance. The MarulengMunicipal Area is faced with environmental risks and trends that lead to environmental degradation, a situation that draws a stark attention for the municipality to develop Environmental Management Plan. Maruleng is relatively rich in water as there four major river systems that transverse the municipality namely Ga-Selati, Makhutswi, Olifants and Klaseria river. In terms of climate conditions, large parts of the municipality are identified as a semi-arid zone which means that the municipal area receives low annual rainfall, roughly 401-600mm rainfall per annum.

The southern parts towards the Drakensberg escarpment does not experience dry climate when compared to the entire municipal area, as rainfall is estimated to be from 600mm and can even exceed 100mm per annum. The Municipal Area and surroundings represent some pristine Protected Areas and Conservation Areas, including the Kruger National Park, Timbavati Game Reserve and Blyde River Canyon Nature Reserve to the south. Most of the rain in the municipal area is received during summer (75%). The temperature ranges from a high average of 21 degrees Celsius to a very high average of 25 degrees Celsius. A wetland was identified in Makgaung are and if properly-managed, could be of economic importance to the local community. The Maruleng environment influences economic opportunities in the area, as well as the living conditions of its inhabitants,

1.3. SERVICE DELIVERY OVERVIEW

The achievements of MLM during the performance year under review are illustrated in the table below:

Key Performance Area (KPA)	Achievements
KPA 1: Spatial Rationale	About R 9m was set aside for the acquisition of land in Hoedspruit for residential purposes. SPLUMA processes in place. 47 land use applications and 151 building applications approved. 88 occupational certificates issued. 6 land use and SPLUMA campaigns conducted.
KPA 2: Basic Service Delivery and Infrastructure Development	The following infrastructure projects were completed: Metz internal road, and Finale access roads. The following roads are between 80% and 95% completion; Hlohlokwe access road, Lorraine-Bellville road, Kanana-Mahlomelong access road and Makgaung access road. 6 graveyards (cemeteries) fenced. 5 low-level bridges almost completed. Bochabelo community hall completed. 11 206 households have access to refuse removal (9162 rural households).
KPA 3: Local Economic Development	About 1339 job opportunities were created through municipal LED initiatives.
KPA 4: Financial Viability	MSCOA processes under way and timelines adhered to. Most critical finance policies were developed. None-reliance on loans
KPA 5: Good Governance and Public Participation	<p>The year under review registered successful eight (8) IDP/Budget Public Participation sessions across wards and special group's engagements. The municipal governance structures were intact and functional as per the legislative requirements i.e. 04 (ordinary council sitting), 10 (special sittings, 18 EXCO meetings, 04 Audit Committee Meetings; 04 MPAC meetings.</p> <p>A successful Mayoral tournament was hosted and 3 best performed schools were honored. Municipality utilizing its own Audit Committee. The municipality received unqualified audit opinions for the past previous financial years, 2016/17 and 2017/18 respectively.</p>
KPA 6: Municipal Transformation and Organization Development	The IDP/Budget (7 th Review) was adopted within the prescribed legal timeline (i.e. May 2017), Performance reviews for S56 Managers was conducted. Legal Officer appointed.

1.4. FINANCIAL HEALTH OVERVIEW

The Budget and Treasury Office manages the corporate financial affairs of the Municipality to ensure that the best possible services are rendered with the available funds. The Department provides strategic financial management and financial services to internal clients and is responsible for compiling the annual municipal budget and financial statements and managements reports, to safeguard the assets of the municipality and to ensure that accurate and reliable information is produced.

The strategic objectives of the Budget and Treasury Office are to:

To ensure sound and proper financial management processes and controls are implemented and maintained in accordance with the MFMA, GRAP, Municipal Property Rates Act and other related regulations in order to safeguard the assets of the municipality, to ensure effective and efficient use of resources of the municipality and to provide the management and other stakeholders with relevant, accurate and reliable information on a timely basis to enable users to make better decisions.

The main functions of the Budget and Treasury Office are as follows:

- ✓ Revenue Management - billing of municipal services (e.g. refuse) and collection of revenue
- ✓ Budget Control and Reporting- financial reporting and budget preparations and monitoring
- ✓ Expenditure Management- creditors payments, cash and investment management
- ✓ Supply Chain Management- procurement of goods and services
- ✓ Asset Management- management of municipal properties
- ✓ Fleet Management effective and efficient municipal fleet management

Financial Policies Approved

There are number of financial policies which are relevant to the powers and functions of the municipality which were developed and implemented. These policies are inter alia supply chain management, credit control and debt policy, (which determines that municipal accounts must be paid on the date indicated on the account and none payment will result in debt collection, fixed asset policy (to govern the fixed assets of the municipality, banking and investment policy (to ensure that the municipality's cash resources are managed effectively and efficiently) , indigent policy (to ensure that households who qualified to be indigents have access to at least basic municipal services)

FINANCIAL OVERVIEW

Financial Overview: Year 2017 /18			
R'000			
Details	Original budget (operating)	Adjusted budget	Actual
Income:			
Grants	129 544 710	129 544 710	129 544 710
Taxes, levies and tariffs	73 967 942	89 185 587	93 839 854
Sub Total	203 512 942	218 730 297	223 384 564
Less: Expenditure	189 747 768	152 320 429	149 200 975
Net Total	6 686 491	66 409 868	71 718 658
Operating Ratios			
Detail	%		
Employee Cost	37.8%		
Repairs and Maintenance	0.42%		
Finance Charges (Borrowing)	0,01%		

COMMENT ON OPERATING RATIOS:

Employee cost is 37.8% of the total operating cost and is within the acceptable norm which is between 25% and 40%. Repairs and maintenance constitute 0, 42% and is below the norm of 8%.

Total Capital Expenditure		R'000		
Detail	2016	2017	2018	
Original Budget	64 861 694	81 666 000	96 044 858	
Adjusted Budget	82 525 995	84 329 000	99 533 247	
Actual	52 291 302	51 689 425	82 030 568	
% of Budget implemented	63%	61%	82%	

COMMENT ON CAPITAL EXPENDITURE:

During the financial year under review the original capital budget was adjusted to allow for an additional funding for low level bridges. 82% of the capital budget was implemented. From 21 projects, 13 projects were completed and 8 projects are still in progress. These projects were completed to the value of R50, 132,360.81

FINANCIAL HEALTH STATUS

The municipality had total revenue of **R220, 919,633 in 2017/18** when compared to **R 222, 991,032 in 2016/17**. This marked decrease of **R2, 071, 399 (-94%)** when compared to the 2016/17. The municipal revenue is categorized into internal and external sources. The internal sources of revenue contributed **R 91,374,923 which** is 41.3% of the total revenue while external sources contributed 58.7% of the total revenue at **R129 544 710 i.e. R102, 321,808** (operational grants) and **R27, 222,902** (capital revenue).

Total expenditure for the 2017/18 stood at **R149, 200,975 which** illustrate an increase of **R5, 829,073 (0, 83%)** when compared to **R143 981 898 in 2016/17**. The distribution of expenditure is **R56 873,978 (37.8%)** for employee's related costs, **R41, 146,458 (28.8%)** on general cost while councilors' remuneration stood at **R10, 367, 363 (6.9%)**. The overall expenditure led to a surplus of **R71, 718,658** comparison to a surplus of **R79, 619,130 in 2016/17** financial year. It is further recommended that this section be read together with the attached **audited Annual Financial Statements**.

The above information depicts a healthy financial status for the municipality

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

MLM functioned with five (05) main departments, namely; Budget and Treasury Office, Corporate Services, Community Services, Technical Services and Spatial Planning and Development. The Office of the Municipal Manager provided the overall monitoring and strategic support to all these departments. The Department of Corporate operated without a Director for the past three years since expiry of the contractor of the Director. The MLM had an approved organogram of 196 posts. Of these 156/196 (i.e. 79.6%) were filled as at 30th June 2018, vacant posts included Director Corporate Services, Chief Finance Officer and Director Technical Services.

1.6. AUDITOR GENERAL REPORT: A TREND ANALYSIS

The audit opinion for the 2014/15 financial year demonstrates a regress from an unqualified opinion in 2013/14 financial year to qualified opinion in 2014/15. A trend analysis of the audit opinion over the last eight (08) years or so is indicated in the following table:

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Qualified	Qualified	Unqualified	Qualified	Unqualified	Unqualified	Unqualified

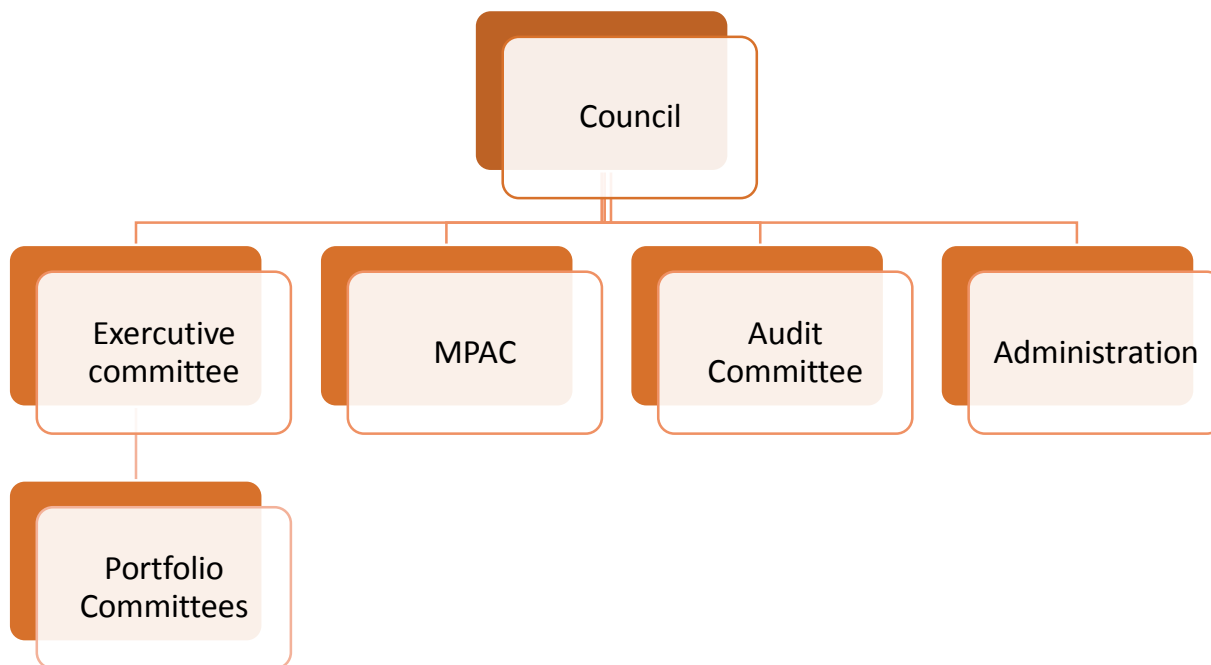
The table above has a telling story. The performance of Municipality to achieve good audit report is dependent on a number of factors that include internal control systems namely; Budget, IDP, SDBIP and compliance to GRAP standard. The AGSA Report also determines the extent to which municipalities are delivering services in an efficient, effective and economic manner. The Municipality has received the overall unqualified audit opinion during 2009/10, 2010/11, 2013/14, 2015/16, 2016/17 and 2017/18 financial years.

1.7. STATUTORY ANNUAL REPORT PROCESS

It is common cause that the development of this Draft Annual Report is guided by Section 46 of the Local Government: Municipal Systems Act (no.32 of 2000) read with Section 121 of the Local Government: Municipal Finance Management Act (no.56 of 2003) requiring every municipality to prepare an annual report for each financial year. All the material statutory processes requiring to deal with non-financial Performance Report within the prescribed legislative timelines were complied with. **See below table for actual dates:**

No.	Activity	Timeframe	Actual Dates (where applicable)
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	29/05/2017 (IDP/Budget process adopted by Council)
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).		
3	Finalise 4 th quarter Report for previous financial year		
4	Submits draft Annual Report to Internal Audit and Auditor-General	August	31/08/2018
5	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase		
6	Auditor General audits draft Annual Report including consolidated Annual Financial Statements and Performance data	September – October	Pending
7	Municipalities receive and start to address the Auditor General findings		
8	Commencement of draft Budget/IDP finalization for next final year. Annual and Oversight Reports to be used as input		
9	Receive management letter and provide final comments on findings	November	Pending
10	Auditor-General submit audit opinion.		
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January	Pending
12	Audited Annual Report is made public and representation is invited	February	Pending
13	Oversight Committee assesses Annual Report		
14	Council adopts Oversight report	March	Pending
15	Council table next financial year Budget/IDP and invite public representation		
16	Oversight report is made public	April	

CHAPTER 2: GOVERNANCE



The above are the Key MLM's governance structure. They enabled the municipal Council and especially the Mayor as envisaged in s52 of the MFMA (NO.56 OF 2003) to provide political guidance over fiscal and general governance affairs of the MLM. The Audit Committee provides opinions and recommendations in Performance, Financial processes, and Annual and Oversight reports. The MLM's Audit Committee comprises independent experts in various fields. MPAC which plays an oversight role of council was also established in terms of MSA, 1998.



Worship: The Mayor Cllr. M.H Thobejane

Functions and Powers: The mayor of the Municipality:

- (a) Presides at the meetings of the Executive Committee;
- (b) Performs duties including ceremonial functions;
- (c) Exercises the powers delegated to the Mayor by the Council and Executive Committee (MSA, Act 1998)
- (d) Tables in the municipal council a process outlining key deadlines for preparation, tabling and approval of IDP/Budget (MFMA 2003: s21 (b));
- (e) Co-ordinates the processes for preparing the annual budget and reviewing the Municipality's Integrated Development Plan (IDP) and budget related policies any revisions of the IDP and budget related policies to ensure that they are mutually consistent and credible (MFMA 2003 :s21 (a));
- (f) Manages the drafting of the municipality's IDP (MSA 200:s30 (a) with effect from 1st July; and
- (g) Tables the Draft IDP/Budget to the municipal council for adoption (MSA 200: s30 (c) read with MFMA 2003: s16 (2).



The Speaker: Cllr. Mahlo M.J

Functions of the Speaker: the Speaker of the Municipality:

- (a) Presides at meetings of council
- (b) Performs the duties and exercise the powers delegated to the speaker in terms of section 59 of MSA, 32 of 2000
- (c) Ensures that the council meets at least quarterly
- (d) Must ensure compliance in the council and council committee with code of conduct set out in Schedule 5; and
- (e) Ensures that council meetings are conducted in accordance with the rules and orders of the council in terms of section 37 of MSA, 119 of 1998



The Chief Whip: Cllr. M.L. Mongadi

The Chief Whip's delegation: although the position of the Chief Whip and by extension its function(s) is not legislated, the following are the Chief Whip's delegation in terms of the Council Resolution:

- (a) Maintains sound relations between the municipal governing party and various political parties;
- (b) Ensure that relations are constructive and focused on key issues at hand;
- (c) Attends to dispute between political parties;
- (d) Ensure political accountability of councilors to ward committees;
- (e) Ensure quorum at council meetings;
- (f) Advises councilors belonging to various parties to convene party causes as to determine party positions on specific items/motions on the Council's agenda;
- (g) Generally, organizing the work of councilors in the causes; and
- (h) Collaborates on regular basis with the Council Speaker in relation to issues of discipline and conduct of councilors

EXECUTIVE COMMITTEE

The Executive committee comprise of five (5) members and the Mayor serves as the chairperson of Executive committee. The MLM is the category B Municipality with a collective executive system, combined with a ward participatory system.

Functions and powers: The Executive Committee

- ✓ The principal Committee of the Municipal Council which receives reports from other committees of the Council and forward these reports together with recommendations to Council when it cannot dispose of the matter in terms of its delegated powers;
- ✓ Identifies the needs of the municipality;
- ✓ Review and evaluate those needs in order of priority;
- ✓ Recommend strategies, programmes and services to address priority needs through the IDP and revenue estimates and expenditure;
- ✓ Identify key performance indicators (KPI) which are specific to the Municipality and common to local government in general;
- ✓ Evaluate progress against KPI;
- ✓ Review the performance of the Municipality in order to improve the economic efficiency and effectiveness, efficiency of credit control, revenue and debt collection services and implementation of municipal by-laws

The roles of section 79/80 committees

Members of Executive Committee serves as the chairpersons of various portfolio committees. The role of S79/80 committees is to play the oversight on behalf of council.

The following committees are in place:

- ✓ Corporate & Finance Committee

- ✓ Audit committee

- ✓ Municipal public Account committee

- ✓ Ethics Committee

- ✓ Sports Art and culture

- ✓ Community services

- ✓ Economic development ,Spatial planning and planning

- ✓ Infrastructure development and road services

Councillors

The MLM has a total of 27 Councillors. Of these 14 are ward councillors, while 13 have been appointed on the basis of proportional representation (PR). There are also traditional leaders who participate in the Municipal Council in terms of the government gazette. **Below is the fully list of Ward Councillors from Ward 01-14 respectively and PR list.**

WARD	WARD COUNCILLOR	GENDER
Ward 1	Cllr Du. Preez E.C	Female
Ward 2	Cllr Mongadi M.J	Male
Ward 3	Cllr Shikwane V.M	Male
Ward 4	Cllr Shokane S.C	Male
Ward 5	Cllr Malepe M.R	Female
Ward 6	Cllr Mathipa M.S	Male
Ward 7	Cllr Shaai L.V	Male
Ward 8	Cllr Mongadi T	Female
Ward 9	Cllr Modiba M	Female
Ward 10	Cllr Popela M.D	Male
Ward 11	CllrMogale T.D	Male
Ward 12	CllrMorema J.T	Male
Ward 13	Cllr Mahlo S.F	Male
Ward 14	Cllr Maahlo M.J	Female

ROPOTIONAL COUNCILLORS			
	COUNCILLOR	GENDER	PARTY
1	Cllr Thobejane MH	Female	ANC
2	Cllr Shaai E	Male	DA
3	Cllr Maakamela M.R	Male	ANC
4	Cllr Rakgwale M.J	Female	ANC
5	Cllr Lewela N.M	Male	EFF
6	Cllr Mohlabe B	Male	Warriors
7	Cllr Mkansi S.L	Male	DA
8	Cllr Komane M.M	Female	EFF
9	Cllr Madike F.M	Female	EFF
10	Cllr Sebela D.M	Male	EFF
11	Cllr Kgohlwane M.S	Male	EFF
12	Cllr Mathaba A.M	Female	ANC
13	Cllr Mahlo M.P	Male	Warriors

Political Decision Making

The Council of the MLM has during the period under review, complied with the requirements of the Municipal Structures ACT, 1998 by ensuring that various council committees are set, functional and effective. The Council is ultimate decision making-body. Decisions of Council were taken in compliance to the applicable law of the Republic of South Africa. 100% of the decisions taken by the Council for the year under review were implemented.

2.1 ADMINISTRATIVE GOVERNANCE

TOP MANAGEMENT STRUCTURE

MUNICIPAL MANAGER

(VACANT)

CHIEF FINANCE OFFICER

(VACANT)

DIRECTOR: TECHNICAL SERVICES

MR. MACHUBENE MOHALE CHAMP

DIRECTOR: COMMUNITY SERVICES

(VACANT)

DIRECTOR: SPATIAL PLANNING AND ECONOMIC DEVELOPMENT

(VACANT)

DIRECTOR: CORPORATE SERVICES

MR. MALATJI KHOMOTSO ELGA

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2 INTERGOVERNMENTAL RELATIONS

The MLM is required to exercise its executive and legislative authority within the constitutional system of co-operative governance contemplated in s41 of the Constitution (RSA, 200:S3). A performance review of the 2017/18 reveals that the municipality facilitated **5 IGRsessions** in the form of IDP /Budget Representative Forums. The municipality further participated in other IGR sessions within the district and the province of Limpopo.

These sessions involved inter alia: Provincial Development Planning Forum meetings, consultative sessions, District and Provincial IGR for etc. These sessions helped a great deal for alignment purposes. They also provided a platform to address issues of mutual interest with the district, province and national government. As the results of these sessions the municipality is housing a number of Sector Departments and other stakeholders at its **Multi-Purpose Centre**.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION.

2.3 PUBLIC MEETINGS.

The municipality prides itself regarding communication and stakeholders' participation structures. The municipality has a communication strategy which indicates who communicates to who, when and how. The municipal website is also a useful tool which the municipality employs to communicate with its stakeholders to cover the cyber space community. The municipal newsletter published four quarterly editions to communicate municipal programmes

Other forms of communication and public participation during the 2017/18 financial year included the usage of ward public meetings for the 14 wards wherein ward councilors provided feedback and progress report to ward members.

The municipal website is also used as another mechanisms employed to communicate and engage with the local communities. For example, documents such as the Draft IDP/Budget were and are usually placed on the municipal website for public comments.

These public meetings by and large inform municipal planning.

The table below gives detailed information regarding some of the public participation meetings that were held:

DATE	PURPOSE/ACTIVITY	VENUE	TARGETED PEOPLE	TARGETED	ACTUAL ATTENDEES
22 April 2018	IDP/Budget Public Participation	Moshate Community Hall	Community members	500	380
23 April 2018	IDP/Budget Public Participation	Hlohlokwe	Community members	500	Disrupted
24 April 2018	IDP/Budget Public Participation	Scotia (Moletale Tribal Office)	Community members	200	176
25 April 2018	IDP/Budget Public Participation	Butswana Community Hall	Community members	500	463
05 May 2018	IDP/Budget Public Participation	Finale (Shining Sports Ground)	Community members	500	312
06 May 2018	IDP/Budget Public Participation	Bochabelo Community Hall	Community members	500	489

2.4 IDP PARTICIPATION AND ALIGNMENT

The IDP is reviewed annually and in-house. The 2017/18 revised IDP was approved by council on the 29th May 2017 in the council chamber. IDP is reviewed in line with required standard and template and is aligned to the budget. The IDP Process Plan is developed and approved by council as the road map for the review of the IDP and Budget. The IDP Steering Committee is responsible for the review of the IDP/Budget. The draft IDP/Budget is tabled before the council for public participation process to unfold for the purpose of community accessibility and inputs. The IDP representative forum where all stakeholders are represented is also conducted to interrogate the IDP document. All inputs and comments are consolidated and the report is developed based on inputs. The process of prioritization takes place taking in to account the available resources and capacity of the municipality.

IDP PARTICIPATION AND ALIGNMENT	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes

Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 54 & 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATE GOVERNANCE

2.5 RISK MANAGEMENT

The municipality regards risk management as one of the pillars required for the sustainability and corporate management. In compliance to with MFMA which is S62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. The municipality has a dedicated risk unit. Risk assessment sessions were conducted with the assistance of the Provincial and COGHSTA through the municipal Risk Management Committee to help the municipal management with the identification and profiling of risks within the municipality. The MLM developed both operation and strategic risk registers. From the strategic risk perspective, the following **top ten (10) identified risk were identified:**

No.	Risk Category	Risk Description	Inherent Risk	Actions to improve/manage risk	Risk Owner
1	Spatial Planning and Economic Development	Failure to exploit investment opportunities	High	<ul style="list-style-type: none"> ✓ Job creation through EPWP. ✓ Assisting SMME's to market their products and services at tourism events ✓ Provide support to community work projects ✓ Marketing the municipality ✓ Completion of phase two (2) of branding of Hoedspruit 	Municipal Manager
2	Technical Services	Failure to provide basic services	High	<ul style="list-style-type: none"> ✓ Implementation of WSP agreement ✓ Coordination of bulk water supply 	Municipal Manager
3		Deterioration of municipal roads	High	<ul style="list-style-type: none"> ✓ Upgrading of municipal roads ✓ MISA to assist the municipality in developing the Road Master Plan 	Municipal Manager
4	Spatial Planning and Economic Development	Poor coordination between the municipality and community land use	High	<ul style="list-style-type: none"> ✓ Review of the LUMS ✓ Implementation of SPLUMA 	Municipal Manager
5	Community Services	Inadequate public participation/community involvement	High	<ul style="list-style-type: none"> ✓ Mayor's tournament ✓ Review and implementation of Public Participation Strategy ✓ Review and implementation of Communication Strategy 	Municipal Manager
6	Spatial Planning and Economic Development	Inaccessibility of land for development	High	<ul style="list-style-type: none"> ✓ Acquire land ✓ Prioritizing and redirecting development to other municipal growth points 	Municipal Manager
7	Corporate Services	Inadequately trained workforce	High	<ul style="list-style-type: none"> ✓ Implementation of the Work Skills Plan ✓ Review of the Work Skills Plan 	Municipal Manager

8	Information Technology	Ineffective and inadequate information technology infrastructure	High	<ul style="list-style-type: none"> ✓ Development of Disaster Recovery Plan ✓ Implementation of the Disaster Recovery Plan 	Municipal Manager
9	Budget and Treasury	Inability to enhance revenue	High	<ul style="list-style-type: none"> ✓ Implementation of Credit Control By-law ✓ Implementation of Revenue Enhancement Strategy 	Municipal Manager
10		Fraud and corruption	High	<ul style="list-style-type: none"> ✓ Filling of vacancies ✓ Implementation of SCM policies ✓ Training of SCM personnel ✓ Ensure adherence to timeline procurement plan ✓ Fraud awareness workshops 	Municipal Manager

2.6 ANTI-CORRUPTION & FRAUD

The MLM has reviewed the Fraud Prevention Strategy and Risk Management Policy. The Strategy contains Fraud and Corruption Prevention Plan. The Strategy is founded upon the principle of intolerance to unethical conduct, fraud and corruption. The key risk areas are:

Abuse of leave/authorized leave
Fraudulent subsistence and travel claims
Bribery and gifts
Theft of municipal assets

However, the municipality has developed mechanisms to mitigate these risks. The work done by the Internal Audit Unit to review processes and compliances also serve as a deterrent. In addition the MLM has an Audit Committee which provides independent assurance and oversight. Practices within the MLM attained the standards set out in s117 of the MFMA in which councilors did not form part of the municipal bidding committees.

2.7 SUPPLY CHAIN MANAGEMENT

The MLM has developed the SCM policy and currently implementing Municipal Supply Chain Policy in line with the requirements of Section 112 of the MFMA. The municipal SCM policy is aligned with the key principles enshrined in the SCM Regulations as well as updates to various circulars issued by the National Treasury.

As part of practical implementation of SCM Policy, the MLM has put in place mechanisms to ensure that the Committees that preside over procure are independent from one another. Furthermore, the municipality has implemented effective system of contract and performance management to safeguard any possible deficiencies in the supply chain system. Councilors are not sitting in any committees; however, they receive reports on SCM implementation on quarterly basis as part of statutory oversight reporting mechanisms to Council. The municipality reviews the supply chain management policy on an on-going basis to mitigate against any weakness that may emerge also incorporate any changes in the legislation.

2.8 BY-LAWS

The municipality has introduced only one by-law: credit and debt management by-law.

2.9 WEBSITES.

The municipal website remains one of the tools for communication with community members and key stakeholders. As at 30th June 2018, the following are some of the information published on the municipal website:

<ul style="list-style-type: none">• Final Annual Report 2016/17;
<ul style="list-style-type: none">• Final IDP/Budget 2017/18;
<ul style="list-style-type: none">• Final/Adjusted/Quarterly SDBIP 2017/18;
<ul style="list-style-type: none">• Monthly Budget Report Statements (s71);
<ul style="list-style-type: none">• Senior Managers Performance Agreements;
<ul style="list-style-type: none">• Tenders. etc.

2.10. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No formal public participation surveys were conducted during the period under review. The municipality relied on public participation sessions referred to above, as well as the usage of the Premier and the Presidential Hotlines to gauge the level of satisfaction/dissatisfaction with municipal services. The issues raised or received are responded to. Majority of complaints are around water provision, which is a district competency.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 WATER AND WASTE WATER (SANITATION) PROVISION

Mopani District Municipality is the Water Service Authority whilst the local municipality is the Water Service Provider. It is the responsibility of the district municipality to implement all major projects on water and sanitation. The local municipality is only responsible for maintenance once the projects are operation.

Basic Service	2016/17 backlogs	2017/18 planned interventions	Actual Performance	Comment
Water	7 808	Mametja –Sekororo RWS & upgrading of water reticulation and extension,	The plant is at 98% complete and Bulk supply line and reservoir is still at 70% complete	Only 5 villages have been reticulated but they have no bulk water supply
Sanitation	1 487	0	0	The district did not plan any project in the municipality for 2017/18

3.2 ELECTRICITY

Basic Service	2016/17 backlogs	2017/18 planned interventions	Actual Performance	Comment
Electricity	2 303	Turkey 1&2 ext 24 Balloon 61 Willows 61 Worcester/Bismark 72 Molalane/Santang 61 Metz 63 Tickeyline/Mahlomelong/Sofaya 160 Bochabeloext 167	759	195 connections completed

3.3 WASTE MANAGEMENT

Basic Service	2016/17 backlogs	2017/18 planned interventions	Actual Performance	Comment
Refuse removal	22 804	2044	11 206	Refuse removal extended to 9162 rural households

3.4 HOUSING

Basic Service	2016/17 backlogs	2017/18 planned interventions	Actual Performance	Comment
Housing	1 054	440 RDP houses	235	Delay due to slow progress of the contractor

Housing is the competency of the Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA)

3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

Basic Service	2016/17backlogs	2017/18 planned interventions	Actual Performance	Comment
Free Basic Electricity	1 961	1961	312	Unavailability of the qualifying indigents during the registration of the FBE

COMPONENT E: ROAD AND TRANSPORT

3.6 ROADS, STORM WATER DRAINAGE AND TRANSPORT

The municipality is responsible for municipal roads while there are roads assigned to the District, Province and National government. Public transport is the responsibility of both provincial and national governments.

Service	2016/17 backlogs	2017/18 planned interventions		Actual Performance	Comment
Roads	184.75km gravel road (39.5%) - but all strategic roads tarred	14.8m tarred roads Hlohlokwe access road (600m) Metz internal streets (900m) Lorraine-Bellvileroad (3km) Kanana- Mahlomelong access road (3km) Makgaung access road (4km) Bismarck access road (1km) Rehabilitation of Ga-Sekororo access road (1km)	Santeng graveyard access road (3km) Butswana access road (3km) Willows access road (3km) Madeira access road (3km) Newline- Ga- Fanie access road (3km)	13.3km roadstarred Designs of 18km completed	Quality roads completed The remaining 1.5km road to be completed by 31/12/2018

		Rehabilitation of Kampersrus road (1km) Designs of 18 km (gravel to tar) The Oaks internal street (3km)			
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Detailed report is presented in Chapter 4 under the SDBIP performance report

COMPONENT D: PLANNING AND DEVELOPMENT

3.7 PLANNING

The MLM through Spatial Planning and Economic Development (SPED) is responsible for overall spatial planning and land use management within the municipal jurisdiction.

3.8 LOCAL ECONOMIC DEVELOPMENT

Promoting local economic development is a material function and object of the MLM according to the directive from the provisions of s152 (c) of the Constitution (RSA, 1996)

KEY PERFORMANCE AREA	NO.OF PROJECTS	NO.OF TARGETS	ACHIEVED	NOT ACHIEVED	EVALUATION PER KPA
Local Economic Development+	04	04	04	0	100%

1339 jobs were created against the targeted 150 jobs.

COMPONENT E: COMMUNITY & SOCIAL SERVICES

3.9 LIBRARIES, ARCHIVES, MJSEUMS, GALLARIES, COMMUNITY FACILITIES AND OTHER

SERVICE	2016/17 backlogs	2017/18 planned interventions	Actual Performance	Comments
Libraries	2	None	None	Insufficient budget coupled with insufficient study materials at the two existing libraries
Community halls	11	01	01	Bochabelo community hall completed

3.10 CEMETERIES

SERVICE	2016/17 backlogs	2017/18 planned interventions	Actual Performance	Comments
Fencing of cemeteries	12	6	6	6 cemeteries fenced

3.11. CHILD CARE, AGED CARE & SOCIAL PROGRAMMES

The Municipality implemented the following Special Programmes / initiatives in the 2017/18 financial year:

Indicator	Planned 2017/18 interventions	Actual Progress
No. of HIV/AIDS initiatives	01	01
No. of Youth development initiatives	01	01
No. of Children initiatives	01	01
No. Disable people initiatives	04	04
No. Gender Support Programmes	04	04
No. of Elderly Programmes	01	01
No. of Women initiatives	02	02

COMPONENT F: ENVIRONMENTAL PROTECTION

3.12. POLLUTION CONTROL

The municipality in partnership with K2C initiative implemented environmental monitors and river restoration projects in an attempt to mitigate environmental pollution.

COMPONENT G: HEALTH

3.13. CLINICS AND AMBULANCE SERVICES

There are 10 clinics and 1 hospital in the municipality. The municipality has approximately 75% of communities situated within a 20km radius of a clinic. This means that the municipality has 1 clinic for every 6 841 people. The municipality participates in the programmes initiated by the department. The rate of HIV/AIDS according

to 2013/14 information from the Department has increased from 8.4% in 2013/14 to 11.7% in 2016/17 financial years respectively. This is not pleasing and requires urgent attention. The Emergency Medical Services function remains with the Mopani District Municipality.

3.14 HEALTH INSPECTION

The function remains with the District Department of Health. The local health inspectors are located at local clinics in the municipal area.

COMPONENT H: SAFETY AND SECURITY

3.15. SAFETY AND SECURITY

The function resides with the Provincial government in the province.

COMPONENT I: SPORTS AND RECREATION

3.16. SPORTS AND RECREATION

SERVICE	2016/17 backlogs	2017/18 planned interventions	Actual Performance	Comments
Provisioning of sports and recreation facilities	4	Construction of Maruleng indoor sports Centre	70% complete	Project is on hold pending the approval of the V.O

COMPONENT J: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.17. FINANCIAL SERVICES

The Budget and Treasury Department is responsible for the financials of the municipality.

3.18. HUMAN RESOURCES SERVICES

MLM functioned with five (05) main departments, namely; Budget and Treasury Office, Corporate Services, Community Services, Technical Services and Spatial Planning and Development. The Office of the Municipal Manager provided the overall monitoring and strategic support to all these departments. The Department of Corporate operated without a Director for the past three years since expiry of the contractor of the Director while the Municipal Manager was suspended since August 2015 and the municipality has witnessed a number of acting Municipal Managers. The MLM had an approved organogram of 196 posts. Of these 156/196 (i.e. 79.6%) were filled as at 30th June 2018, vacant posts included Director Corporate Services, Director Technical Services and Chief Finance Officer.

3.19. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The Information and Communication Technology Unit is entrusted with the responsibility to ensure smooth functioning of the information systems in all municipal buildings. The ICT Unit has managed to develop critical IT documents required by AGSA such as IG Governance Framework, IT Strategy Plan and currently in the process of developing Disaster Recovery Plan. In addition, the ICT Committee was established.

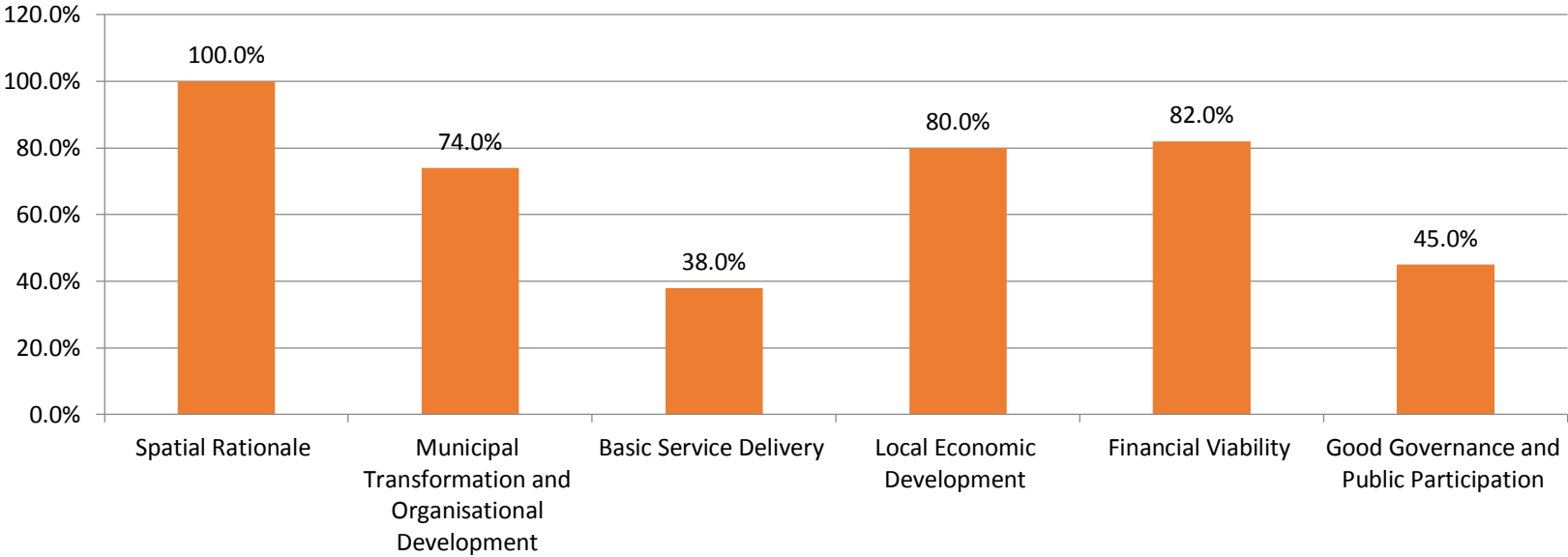
COMPONENT K: CUMULATIVE 2017/18 FOURTH QUARTER PERFORMANCE REPORT

The table serves as an executive Summary of the Performance Report of the non- financial information has contained in the Service Delivery and Budget Implementation Plan (SDBIP) in line with the MFMA Circular 63 of the National Treasury (2012).

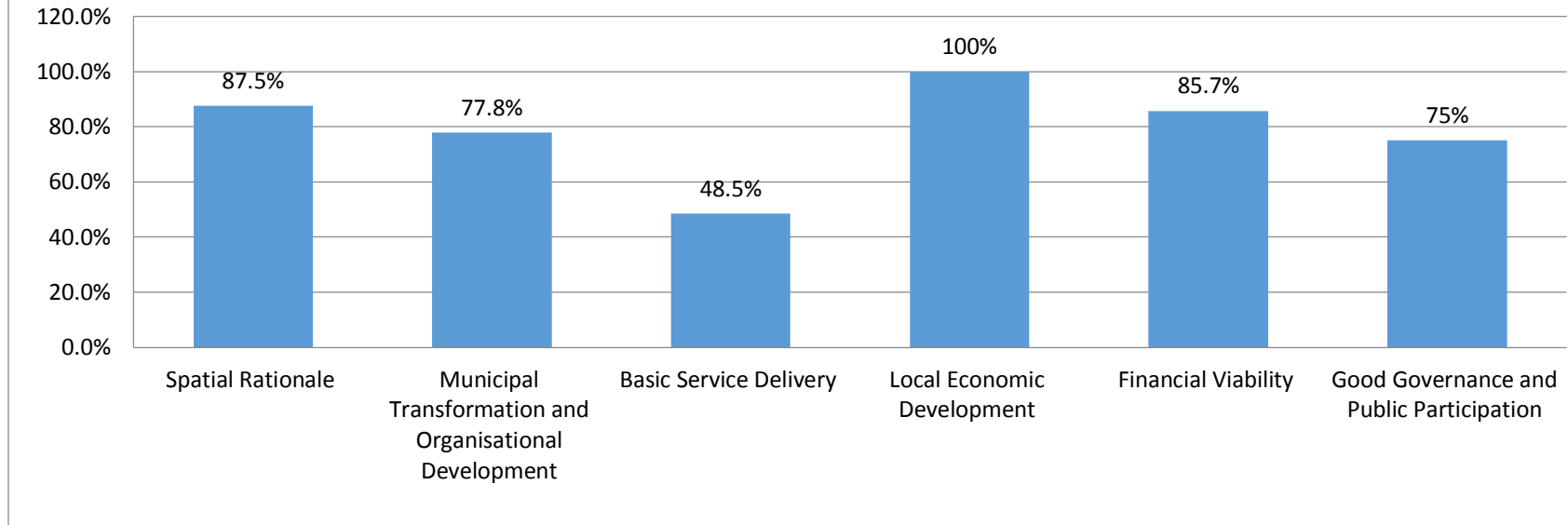
A SUMMARY OF ANNUAL PERFORMANCE 2017/18 FY

No:	KEY PERFORMANCE AREA	NO.OF PROJECTS	NO.TARGETS	ACHIEVED	NOT ACHIEVED	EVALUATION PER KPA
1	Spatial Rationale	6	7	7	0	100%
2	Basic Service Delivery And Infrastructure Development	38	39	15	24	38%
3	Local Economic Development	5	5	4	1	80%
4	Financial Viability	18	22	18	4	82%
5	Good Governance And Public Participation	45	47	21	11	45%
6	Municipal Transformation And Organization Development	21	23	17	6	74%
7	Total	133	143	76	44	

2017/18 Performance in Percentage

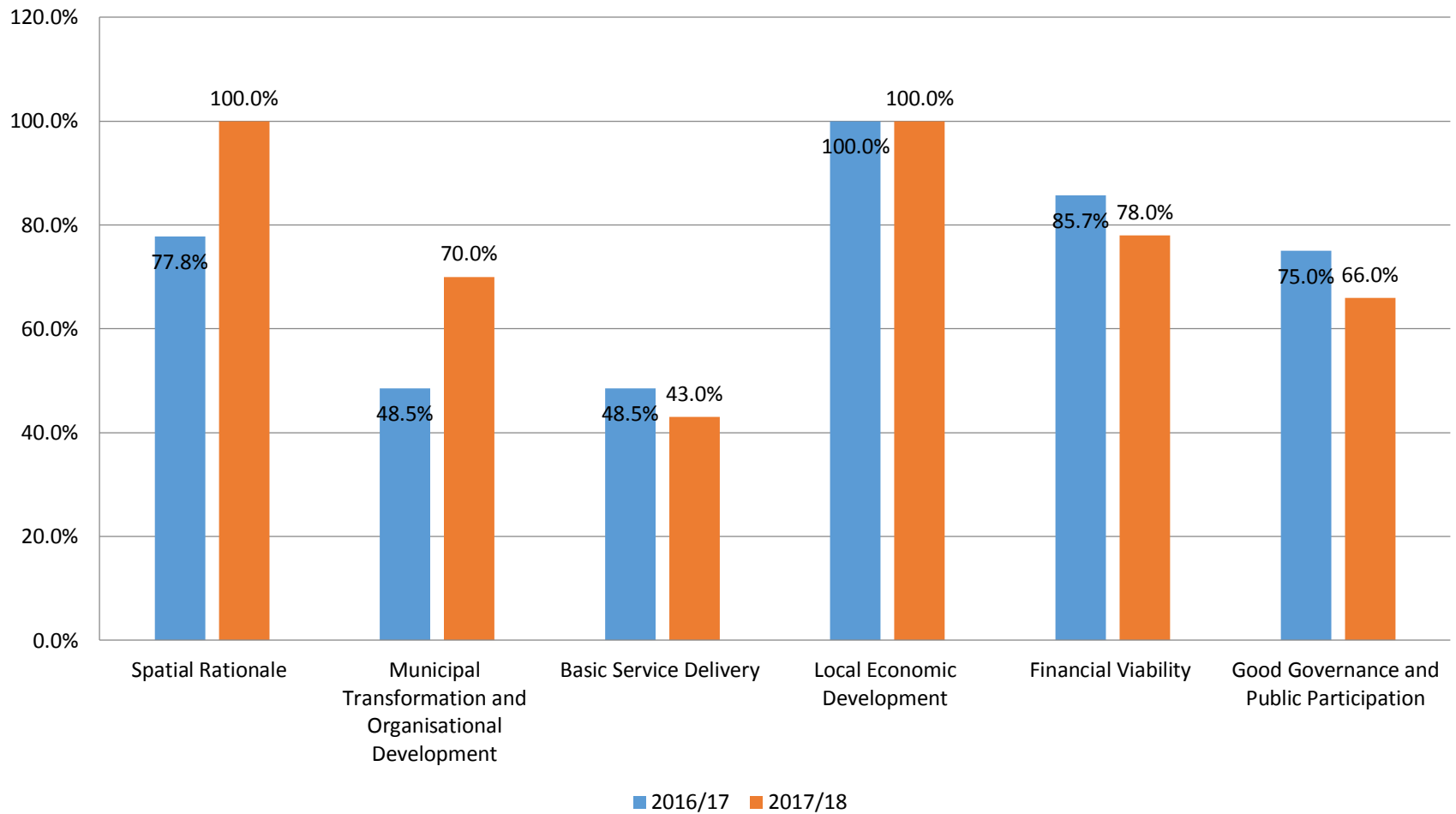


2016/17 Performance in Percentage



In terms of comparative overview, the following appeared in the cumulative annual performance report of the prior year, 2016/17;

2016-17 vs 2017-18 Performance



FINANCIAL YEAR 2016/17 PERFORMANCE YEAR

NO:	KEY PERFORMANCE AREA	NO.OF PROJECTS	NO.TARGETS	ACHIEVED	NOT ACHIEVED	EVALUATION PER KPA
1	Spatial Rationale	04	04	03	01	75%
2	Basic Service Delivery And Infrastructure Development	39	39	27	12	69.2%
3	Local Economic Development	05	06	05	01	83.3%
4	Financial Viability	08	13	09	04	69.2%
5	Good Governance And Public Participation	30	36	33	03	84.6%
6	Municipal Transformation And Organization Development	11	17	15	02	88.2%
7	TOTAL	97	115	92	23	80%

The tables above narrate a story of MLM's non-financial performance in comparative perspective. The performance for the 2017/18 Financial Year is 76% compared to 69.8% of the prior year 2016/17. The overall performance represents increase of 6.2% for the year under review when compared to the prior year. It is a matter of performance record and comparison that the expenditure of Municipal Infrastructure Grant (MIG) for the 2017/18 financial year increased from 100% to 100% compared to the prior year 2017/18.

2017/18 PERFORMANCE OF EXTERNAL SERVICE PROVIDER.

Performance of External Service Providers is included in the report.

2017/18 PERFORMANCE OF NATIONAL KEY PERFORMANCE INDICATORS (KPIs)

The table below gives status quo of access of basic services which are National Targets.

BASIC SERVICES

BASIC SERVICES	ACCESS (Households)	%
Water	16 662/24 470	68%
Sanitation	22 983/24 470	93.9%
Electricity	22 297/24 470	91.1%
Refuse removal	11206/24 470	45.7%
Housing	24 016/24 470	98.1%

FREE BASIC SERVICES

BASIC SERVICES	ACCESS (Households)	%
Water	2 405/3 700	65%
Sanitation	3 213/3 700	86.8%
Electricity	2016/3 700	54.5%
Refuse removal	11206/3 700	100%
Housing	3 246/3 700	87.7%



MARULENG LOCAL MUNICIPALITY

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

PERFORMANCE REPORT

2017/2018 FINANCIAL YEAR (30TH JUNE 2018)

STRATEGIC OVERVIEW

VISION

“TO BE THE POWERHOUSE OF SOCIO-ECONOMIC DEVELOPMENT THROUGH SUSTAINABLE AND INTEGRATED AGRICULTURE AND TOURISM”

MISSION

“MARULENG LOCAL MUNICIPALITY IS COMMITTED TO THE ACCELERATED PROVISION OF QUALITY BASIC SERVICES AND PROMOTION OF SOCIO-ECONOMIC DEVELOPMENT THROUGH THE HARNESSING OF ALL RESOURCE ENDOWMENTS IN AN INTEGRATED AND SUSTAINABLE MANNER”

BACKGROUND AND OVERVIEW

The enactment of the Local Government: Municipal Finance Management Act (no.56 of 2003) introduced additional requirements for the municipal planning, budgeting and performance monitoring into the local government legislative framework. Chief amongst the management reforms introduced by the MFMA is the requirement that municipalities must develop “SERVICE DELIVERY AND BUDGET IMPLEMENTATION (SDBIP)”. Regarding SDBIP, Section 53(c) (ii) of the MFMA (no.56 of 2003) states as follows: “the Mayor of the Municipality must take reasonable steps so that the municipality’s Service Delivery and Budget Implementation Plan is approved by the Mayor within 28 days after the approval of the budget”.

The SDBIP must be submitted to the Mayor by the Municipal Manager within 14 days after the adoption of the budget by the Municipal Council. The SDBIP basically operationalizes the IDP/Budget. It is developed in compliance with the MFMA read with s40 of the Local Government: Municipal Systems Act (32 of 2000). The above sums up the legislative requirements of the SDBIP. The SDBIP is also aligned to the MLM’s Performance Management System Framework. The Municipal’s SDBIP was also informed by **the National Treasury’s Framework for Managing Programme Performance Information** dated May 2007.

THE MUNICIPAL PRIORITIES AND DEVELOPMENT OBJECTIVES

The MLM's development objectives are two fold, long-term developmental objectives and medium-term objectives. The following table highlights the municipal strategic development priorities and long-term development objectives as extracted from the IDP/Budget (2017/18 financial year)

Priority Area	Development Objectives
1. Spatial Rationale	<ol style="list-style-type: none"> 1. Plan for the future (also relevant to the priority number 6) 2. House the nation and build integrated human settlement
2. Basic Service Delivery	<ol style="list-style-type: none"> 1. Improve community well-being through accelerated service delivery
3. LED	<ol style="list-style-type: none"> 1. Grow the economy and provide livelihood support 2. develop partnerships
4. Municipal Financial Viability and Management	<ol style="list-style-type: none"> 1. Become financially viable
5. Good Governance and Public Participation	<ol style="list-style-type: none"> 1. Effective and efficient community involvement 2. improve inter-governmental function and coordination 3. to build an effective and efficient organization (also relevant to the priority number 6)
6. Municipal Transformation and Organization Development	<ol style="list-style-type: none"> 1. Develop and retain skilled and capacitated workforce

Source MLM IDP (2017/18: 92)

PERFORMANCE OVERVIEW

For the financial year under review the municipality had a total of **133 projects/programmes and 143 indicators**. KPA 1 has 6 projects and 7 indicators, KPA 2 has 38 projects and 39 indicators, KPA 3 has 5 projects and 5 indicators, KPA 4 has 18 projects and 22 indicators, KPA 5 has 45 projects and 47 indicators and KPA 6 has 21 projects and 23 indicators. A general regard is given to narration of quantitative (especial where percentage are seemingly indispensable- indicator description). Targets are largely cumulative (except for few instances where this may not be amendable. Projects are listed according to KPAs as captured in the IDP/Budget, SDBIP read together with the Adjustment SDBIP and Mid-year SDBIP Report. The adjustments effected during the Mid-year SDBIP adjustment exercise herein pertain to a wide range of performance information such as review of targets, indicators, activities and to some extent the PoE (Portfolio of Evidence). As spelled out in Local Government: Municipal Planning and Performance Management Regulations (RSA, 2001, s09) read with Local Government: Municipal Systems Act (no.32 of 2000), targets and indicators are set out in the relevant sections of the 2017/18 IDP/Budget read together with the SDBIP. The SDBIP is developed annually to monitor the implementation and performance of both the IDP and budget.

KPA 1: SPATIAL RATIONALE

STRATEGIC OBJECTIVE: “PLAN FOR THE FUTURE”

PROJECT 1.1: SPATIAL DEVELOPMENT FRAMEWORK

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that planning and development is informed by the SDF	Spatial Development Framework implemented ¹	Spatial Development Framework implemented	Spatial Development Framework implemented	Spatial Development Framework implemented	None	None	None	Reports on the implementation of SDF
Budget (R)	R0	N/A	N/A	N/A	N/A	N/A	N/A	S71 Reports

¹All land developments done as per SDF

PROJECT 1.2: UPDATE OF LUMS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that Land Use Management Scheme is updated	Turnaround time in processing land applications from the date received ²	90 days	90 days	90 days((47) applications processed within 90 days) and 2 are pending public participation)	None	None	None	LUMS updated reports
	Turnaround time in processing building plans from the date submitted	90 days	90 days	90 days (211 building plans received and updated o the building register. 151 plans approved. 88 occupation certificate issued. 60 plans pending approval)	None	None	None	Building plans updated reports
Budget (R)		N/A	N/A	N/A	N/A	N/A	N/A	S71 Reports

²Processing and finalization of all land development applications and changes of land rights in line with Land Use Management Scheme

PROJECT 1.3 UPDATE OF GIS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that GIS is updated	Turnaround time in uploading municipal data (asset register/properties) on GIS delivery (completion date ³	90 days	90 days	90 days (GIS was updated on 8 Occasions)	None	None	None	GIS quarterly reports
Budget (R)		N/A	N/A	N/A	N/A	N/A	N/A	S71 Reports

Loading of all new developments information in the system

PROJECT 1.4 SPLUMA Campaigns

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that SPLUMA campaigns are held to educate communities about this act	Number of SPLUMA campaigns are held	New	4	6 (landuse and SPLUMA campaign conuctd: The Willows,Hlohlokwe,Bochabelo,Sedawa,Lorraine and Bismark)	1	None	None	Quarterly reports
Budget (R)		N/A	100,000					S71 Reports

PROJECT 1.5 Land Use Management Scheme Campaigns

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that LUMS campaigns are held to educate communities about Land usage	Number of LUMS campaigns are held	New	4	6 (landuse and SPLUMA campaign conuctd: The Willows,Hlohlokwe,Bochabelo,Sedawa,Lorraine and Bismark)	1	None	None	Quarterly reports
Budget (R)		N/A	100,000					S71 Reports

STRATEGIC OBJECTIVE: “HOUSE THE NATION AND BUILD INTEGRATED HUMAN SETTLEMENT”

PROJECT 1.6: Land Acquisition for Development

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Setting aside an amount for the acquisition of land	Amount (R) set aside for the acquisition of land	9,000,000	3,000,000	3,000,000	None	None	None	Financial statements
Budget (R)			3,000,000	3,000,000		N/A	N/A	

KPA 2: BASIC SERVICE DELIVERY

STRATEGIC OBJECTIVE: “IMPROVE COMMUNITY WELL-BEING THROUGH ACCELERATED SERVICE DELIVERY”

PROJECT 2.1: FREE BASIC SERVICE

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that indigents households are provided with free basic electricity	Number of indigents households with access to free basic electricity	1796	3700	312	3388	Unavailability of the qualifying indigents during the registration of the FBE	Beneficiaries must be encouraged to apply for the FBE	Quarterly reports
Budget (R)			1417055	559 213.27	857 841.73			FBE beneficiary list from ESKOM

PROJECT 2.2: HLOHLOKWE ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade Hlohlokwe access road from gravel to paved road	Number of meters of Hlohlokwe access road paved by 30/06/18	3.6km road paved	900m	900m paving completed	None	None	None	Completion certificate
Budget (R)			5,722,706.00	3 544 344.41	2 1 78 362.59			Financial statements

PROJECT 2.3: METZ INTERNAL STREETS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade Metz internal streets from gravel to paved streets	Number of meters of Metz internal streets paved by 30/06/18	3.6km road paved	900m	900m road completed(The project is completed)	none	None	None	Completion certificate
Budget (R)			5,099,999.47	5 165 166.04	-65 166.04			Financial statements

PROJECT 2.4: LORRAINE-BELVILLE ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade Lorraine-Belville road from gravel to paved road	Number of km of Lorraine-Belville road paved by 30/06/18	Designs completed	3km	2.9km road surfaced 89% progress	V-drain construction and surfacing of 500m	Delay was caused by the additional works on the bridge and Eskom to	The contractor together with the Engineer are working on a catch-up plan to recover and	Appointment letter

						remove the electrical pole.	complete the project.	
Budget (R)			15,923,479	11 261 525.72	4 661 95.38			Financial statements

PROJECT 2.5: THE OAKS INTERNAL STREETS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade The Oaks internal streets from gravel to paved streets	Designs of 3km of The Oaks internal streets developed	Gravel road	Designs of 2.3km road completed	2.3km road designs completed	None	None	None	Designs
Budget (R)			350,000.00	350 000	0			Financial statements

PROJECT 2.7: KANANA-MAHLOMELONG ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade Kanana-Mahlomelong access road from gravel to paved road	Number of km of Kanana- Mahlomelong access road paved by 30/06/18	Designs completed	3km	2.8km road surfaced 95% completion of the road	0.2% for the snag list	slow progress of the Contractor	Fast tract the completion of the snag list	Appointment letter
Budget (R)			12 793934	13 389 129.47	-198 839.53			Financial statements

PROJECT 2.8: WATER-COOLER

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that water cooler is purchased	Number of water coolers purchased	New	1	0	1	request to purchase submitted to finance twice,finance couldn't procure as requested	purchasing sole responsibility of finance department	Financial report
Budget (R)			8 000.00	0	8 000.00			Financial statements

PROJECT 2.9: FINALE ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade Finale access road from gravel to paved road	Number of km of Finale access road paved by 30/06/18	Designs completed	3km	3km road Completed	None	None	None	Completion certificate
Budget (R)			15,611,000.00	13 461 442.10	2 749 544.24			Financial statements

PROJECT 2.10: MAKGAUNG ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade Makgaung access road from gravel to paved road	Number of km of Makgaung road paved by 30/06/18	Designs completed	4km	2.7km road completed 95% completion of the road	1.3km	slow progress of the Contractor	Fast tract the completion of the snag list	Completion certificate
Budget (R)			14,649,349.20	13 568 029.62	1 081 319.38			Financial statements

PROJECT 2.11: SANTENG GRAVEYARD ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade a road from gravel to paved road	Development of designs of 3km road	Gravel road	Designs of 3km road completed	Designs not done	Completion of the design	Late appointment of the Consultant	Speed up the conclusion of the design	Designs
			100,000.00	0	100 000.00			Financial statements

PROJECT 2.12: REHABILITATION OF GA-SEKORORO ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To rehabilitate a road	Number of km of Ga-Sekororo road rehabilitated	Damaged road	1km	0km	1km	Delay in appointment of Consultants	Fast track the appointment of Consultants	Appointment letter
Budget (R)			200,000.00	0	200 000.00			AFS

PROJECT 2.12: BISMARCK ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To rehabilitate a road	Number of km of Bismarck road rehabilitated	Damaged road	1km	0km	1km	Late appointment of the Consultant	Speed up the conclusion of the design	Appointment letter

Budget (R)			200,000.00	173 913.04	26 086.96			AFS
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PROJECT 2.12: REHABILITATION OF KAMPERSRUS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To rehabilitate a road	Number of km of Kampersrus road rehabilitated	Damaged road	1km	0km	1km	Delay in completing the designs	Consulted appointed and designs not completed	Appointment letter
Budget (R)			100,000.00	99 843	156.70			AFS

PROJECT 2.12: WORCESTER ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To rehabilitate a road	Number of km of Worcester road rehabilitated	Damaged road	1km	0km	1km	Delay in completing the designs	Consulted appointed and designs not completed	Appointment letter
Budget (R)			200,000.00	0	200 000			AFS

PROJECT 2.12: BUTSWANA ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade a road from gravel to paved road	Development of designs of 3km	Damaged road	Designs of 3km road completed	Designs not done	Designs of 3km	Late appointment of the Consultant	Speed up the conclusion of the design	Appointment letter

Budget (R)			100,000.00	0	100 000			AFS
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PROJECT 2.12: MADEIRA ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade a road from gravel to paved road	Development of designs of 3km road	Gravel Road	Designs of 3km road completed	3km Designs completed and Project advertised	None	None	None	Appointment letter
Budget (R)			300,000.00	297 658.62	2 341.38			AFS

PROJECT 2.12: WILLOWS ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade a road from gravel to paved road	Development of designs of 3km road	Gravel road	Designs of 3km road completed	Designs not done	Designs of 3km	Late appointment of the Consultant	Speed up the conclusion of the design	Appointment letter
Budget (R)			100,000.00	0	100 000			AFS

PROJECT 2.12: NEWLINE-GA-FANIE ACCESS ROAD

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade a road from gravel to paved road	Development of designs of 3km road	Damaged road	Designs of 3km road completed	Designs not done	Designs of 3km	Late appointment of the Consultant	Speed up the conclusion of the design	Appointment letter

Budget (R)			100,000.00	0	100 000.00			AFS
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PROJECT 2.12: MARULENG LOW LEVEL BRIDGES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Construction of lowlevel bridges	Number of low level bridges constructed by 30/06/18	Damaged road	5	1 bridge completed and handed over and 4 bridges are practically completed, currently doing snag list. Footing Completed	4	None	None	Appointm ent letter
Budget (R)			18,400,000.00	16 823 798.89	1 754 428.44			AFS

PROJECT 2.13: REFUSE REMOVAL

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure the provision of refuse removal services	Number of households with basic waste removal/collection by 30/06/18	2044	2044	11206	9162	extension of service to 9162 households	None	Quarterly reports
	Number of commercial, institutional and industrial centers with access to solid waste removal services	50 business	50 business establishments	58	*8	businesses increased	None	Quarterly reports

Budget (R)			6,000,000.00	4 729 370.11	1 270 629.89			Financial statements
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PROJECT 2.14: FENCING OF CEMETERIES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that cemeteries are fenced	Number of cemeteries fenced (upgraded)	6	6	6 graveyards fenced and completed.	None	None	None	Completion certificate
Budget (R)			1,300,00.00	1 198 022.93	101 977.07			Financial statements

PROJECT 2.15: MARULENG INDOOR SPORTS CENTRE

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure the construction of indoor sports centre	% completion construction of Maruleng indoor sports Centre	70% completion (brick work completed)	100% completion	90% (The project is on hold pending approval of the V.O)	10%	The Contractor is off site pending approval of V.O	Technical services to fast track the investigations of approval of the V.O	Completion certificate
Budget (R)			1,459,743.59	1 280 391.41	179 351.53			Financial statements

PROJECT 2.15: BOCHABELO COMMUNITY HALL

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure the construction of community hall	% completion construction work of Bochabelo community hall	70% completion (super structure completed)	100% completion of the community hall	100% completed	None	None	None	Completion certificate
Budget (R)			800,000.00	1 232 158.74	432 158.74			Financial statements

PROJECT 2.21ELECTRICITY

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure appropriate maintenance electrical equipment's	Number of electrical equipment's maintained(Streetlights)	20	300	222	78	Lack of in house capacity	Out sourcing of the service	Maintenance report
Budget (R)			150,000.00	14 206.99	111 425.41			Financial statements

PROJECT 2.20: ROADS AND BRIDGES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
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Ensure appropriate maintenance of roads and bridges	Km roads and bridges maintained	308km	308km	920.91km (exceeded target)	*612.91	None	None	Maintenance report
Budget (R)			450,000.00	75 633.06	374 356.94			Financial statements

PROJECT 2.22: BUILDINGS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure appropriate maintenance of municipal buildings	Number of municipal buildings maintained	13	13	13	None	none	none	Maintenance report
Budget (R)			500,000.00	48 314.83	451 685.17			Financial statements

PROJECT 2.22: ROUTINE MAINTENANCE OF VEHICLES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure appropriate maintenance of vehicles	Number of Vehicles maintained	5	10	10	None	none	none	Maintenance report
Budget (R)			450,000.00					Financial statements

PROJECT 2.23: MACHINES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure appropriate maintenance of machines	Number of machines maintained	3	3	4	*1	None	none	Maintenance report
Budget (R)			450,000.00	404 798.04	450201.96			AFS

PROJECT 2.23: PARKS AND GARDENS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure appropriate maintenance of parks and gardens	Number of parks and gardens maintained	4	4	6	None	None	None	Maintenance report
Budget (R)			100,000.00	89 580.00	10 420			AFS

PROJECT 2.24: OFFICE FURNITURE

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To purchase office furniture	Number of office furniture purchased	N/A	5 tables and 10 chairs	3 Drawers desk,3 sliding door,4central locking mobile pedestal 3 drawer,5 draughstermans chair,1 (12 seater boardroom chair)35 contract blue bodyline highback chair,2 silverline 3 seater bench,25 mode hihg back chair ,35(2 hinged door stytemscuppoard ,4 stacker trolley,2 w-range 6 drawer A4,3 School desk,2 microwares,70 mode	5tables	Tables no longer needed	Targets must be done based on needs analysis	Financial statements

				vistorsarmchair,2 door fridges,500 thandi plastic chairs.				
Budget (R)			800,000.00	767 996.49		32 003.51		AFS

PROJECT 2.25: IT EQUIPMENTS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To purchase IT Equipments	Number of IT equipments purchased	N/A	5 laptops & 10 desk top computers	5 laptops purchased	10 desk top computers	Desk top computers no longer needed	Targets must be done based on needs analysis	Financial report
Budget (R)			453,000.00	145 044.52	307 955.48			Financial statements

PROJECT 2.26SOFT WARE

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure the software is upgraded	Number of Software upgraded	1	1	0	1	Delay in delivering the soft ware	service provider appointed but yet to deliver the software	Financial statements
Budget (R)			600,000.00	0	600 000.00			Financial statements

PROJECT 2.27: ACCESS CONTROL EQUIPMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure the upgrading of the existing access control equipment's	Number of access control equipment's upgraded	N/A	2	0	2	Delay in appointment of service providers	Service providers to be appointed by 30/09/18 and Compliance to procurement plan	Financial statements
Budget (R)			250,000.00	0	250 000			Financial statements

PROJECT 2.28: EQUIPMENTS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that equipments are purchased	Number of kilograms of maintenance equipments purchased	25,000kg (asphalt)	75,000kg	0kg None Purchased	75,000kg	there was still material remaining for road maintenance	Targets must be done based on needs analysis	Financial statements
Budget (R)			0.0	00	00			Financial statements

PROJECT 2.29: ROAD TRAFFIC SIGNS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that road traffic signs are erected	Number of Road Traffic Signs Purchased	New	5	0	5	request to purchase submitted to technical services twice on the and	erection of such to be done within technical services department	Maintenance report
Budget (R)			60,000.00	29 100	30 900			Financial statements

PROJECT 2.30: STREET LIGHTING

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that street lights are purchased	Number of street lights purchased	New	148 streetlights lights	0	148	Lack of in house capacity	To outsource the service	Financial report
Budget (R)			800,000.00	0	800 000.00			Financial statements

PROJECT 2.31: MUNICIPAL INFRASTRUCTURE PLAN

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that municipal infrastructure plan is developed	Development of municipal infrastructure plan	New	Municipal Infrastructure Plan developed	Municipal infrastructure plan not developed	Municipal Infrastructure Plan developed	Delay in appointment of the service provider	To appoint a service provider in the next financial year	Council Resolution
Budget (R)			0.00	0.00	0.00			Financial statements

KPA 3: LOCAL ECONOMIC DEVELOPMENT

STRATEGIC OBJECTIVE: "GROW THE ECONOMY AND PROVIDE LIVELIHOOD SUPPORT"

PROJECT 3.1 K2C SUPPORT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure the Kruger to Canyon Biosphere initiatives are supported	Number of K2C programmes supported	2	2	5 programmes supported and Maebaprogramme	*3	more programmes emanated and funded by K2C	none	Quarterly reports
Budget (R)			0.0					Financial statements

PROJECT 3.2: LED PROGRAMMES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that SMMEs are supported	Number of LED programmes supported (inclusive SMMEs)	8	11	BusinessRegistration:23,BusinessReturns:21,Business Advice/Enquiries:50 Business Training:28 , CSD Registration , Issuing Business B-BBEE ; Fun Time Tours=123	112	More SMMEs received different Support.	none	Quarterly reports
Budget (R)			100,000.00	70 777.78	29 222.22			AFS

PROJECT 3.3: LED FORUMS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that LED Forums are convened	Number of LED Forums convened	2	1	1 forum conducted	1	None	None	Quarterly reports
Budget (R)			Opex					AFS

PROJECT 3.4EPWP

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure the creation of jobs through Expanded Public Works Programme	Number of jobs created through EPWP	500	150	1339	1189	None	None	Quarterly reports
Budget (R)			1,124,000.00	1 123 807.64	192.36			Financial statements

PROJECT 3.5 TOURISM

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure the promotion of tourism in municipal area	Number of existing tourism activities supported	3	3	6 (Tourism shows supported and attended. Durban indaba;WTM;MarulaFestival; Getawayshow;Randshow;Le taba Show)	*3	None	None	Quarterly reports

Budget (R)			750,000.00	667 727.05	82 269.95			Financial statements
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KPA 4: FINANCIAL VIABILITY

STRATEGIC OBJECTIVE: "BECOME FINANCIALLY VIABLE"

PROJECT 4.1: UPDATING FINANCIAL MANAGEMENT SYSTEMS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To upgrade financial management systems	Number of financial management systems updated (review of policies)	8	9	15 Policies reviewed	*6	None	None	Quarterly reports
Budget (R)			N/A					Financial statements

PROJECT 4.2: SUPPLEMENTARY VALUATION ROLL

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure credible valuation in place by 30 June 2017	% supplementary taxes implemented	100%	100%	100%	None	None	None	Summary of valuations & complete details on financial system
Budget (R)			N/A					Financial statements

PROJECT 4.3: COST COVERAGE

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
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Improved financially viability	Number of acceptable months for municipal sustainability	3 months	3 months	14 Months	11 Months	over performance due to sound expenditure control	None	Quarterly reports
Budget (R)			N/A					Financial statements

PROJECT 4.4: REVENUE COLLECTION

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Improved financially viability	% of revenue collected monthly	70%	75%	66%	9%	nonpayment of property rates for the farms	appointment of debt collector to in collection for accounts that are overdue for more than 90 days	Quarterly reports
Budget (R)			N/A					Financial statements

PROJECT 4.5: DEBT COVERAGE

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Improved financially viability	% of debt coverage ratio	0%	0%	0%	None	None	None	Quarterly reports
Budget (R)			N/A					Financial statements

PROJECT 4.6: MSCOA

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
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Ensure that budget management is line with MSCOA	% compliance to MSCOA (uniform reporting for municipalities)	New	100%	100%	None	None	None	Quarterly reports
Budget (R)			N/A					Financial statements

PROJECT 4.3: REVENUE ENHANCEMENT STRATEGY

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that the Revenue Strategy is reviewed in order to enhance revenue	Number of revenue enhancement strategy reviewed	1	1	1(2017/18 Enhancement Revenue Strategy Reviewed)	None	None	None	Quarterly reports
Budget (R)			N/A					Financial statements

PROJECT 4.4: ASSET AND INVENTORY MANAGEMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure compliance to asset and inventory management policy (GRAP 17)	% compliance to Asset standard (GRAP 17)	80 % compliance	100% compliance to Asset standard (GRAP 17)	100% compliance to Asset standard (GRAP 17)	None	None	None	Quarterly reports
	Number of assets update schedules	12	12	12 Updated schedule of assets changes	None	None	None	Quarterly reports
Budget (R)			N/A					Financial statements

1 New acquisition, bar code and capture in the register. Capture the expense of the project in progress. When project is completed the unbundling and capitalization in to the asset register takes effect.

PROJECT 4.5: SUPPLY CHAIN MANAGEMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To fully comply with SCM Regulations and National Treasury guide on procurement processes	% compliance to SCM regulations	80 % compliance	100% compliance to SCM regulations	100% compliance to SCM regulations	None	None	None	Quarterly reports
	Number of compliant in-year SCM reports submitted on time to Council and Treasury	4	12	12 SCM reports	None	None	None	Quarterly reports
Budget (R)			N/A					Financial statements

¹¹Development of municipal procurement plan, capacitate bid committees, meet as per procurement plan, 100% compliance to SCM policy and no regular, fruitless, wasteful and unauthorized expenditure.

PROJECTS 4.10: MFMA IMPLEMENTATION

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To ensure compliance with budget and reporting regulations	Number of S71 reports submitted to the mayor and provincial treasury within 10 working days of start of the month	12 MFMA reports	12	12MFMA reports	None	None	None	Quarterly reports
	Number of S52 reports submitted to Council within 30 days of the end of each quarter	4 MFMA statutory reports	12	4 MFMA statutory reports	None	None	None	Quarterly reports

	Number of S72 reports submitted to Council and provincial treasury after assessment by the accounting officer by 25 January	1 Mid-year report (S72)	4	1 Mid-year report	None	None	None	Mid-year report
	Number of Adjustment Budget reports submitted to Council in terms of S28	1 Budget Adjustment Report	1	1 Budget Adjustment Report	None	None	None	Council Resolution
	Submission of annual financial statements to the A-G within the prescribed timeframes	Submitted within prescribed timeframes	AFS submitted to A-G BY 31/08/17	AFS submitted to A-G BY 31/08/17	None	None	None	AFS
	Draft Annual Performance report submitted within regulated time	Submitted within prescribed timeframes	Draft Annual Performance report to AG by 31/08/17	Draft Annual Performance report to AG by 31/08/17	None	None	None	APR
Budget (R)			N/A					Financial statements

PROJECT 4.8: EXPENDITURE MANAGEMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Improved managed of municipal spending grants	% of personnel budget spent	90%	100%	81%	19%	Delay in filling vacant position.	HR to facilitate recruitment processes	Quarterly reports

Budget (R)			76831811					Financial statements
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PROJECT 4.6: EXPENDITURE MANAGEMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure compliance to MIG expenditure	% compliance to MIG Expenditure ¹²	90%	100%	100%	None	None	None	Quarterly reports
Budget (R)			27223000	27 222 902.34	97.66			Financial statements

¹²Capture spending on MIG projects. Compile spending reports in terms of s71 reports

PROJECT 4.7: EXPENDITURE MANAGEMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Improved allocation of operation and maintenance budget in order to improve service delivery	% of maintenance budget spent	28%	100%	46%	54%	Lack of fixed assets maintenance plan	Plan to develop fixed assets maintenance plan in progress. Routine maintenance is being prioritized by technical services	Quarterly reports

Budget (R)			2452000					Financial statements
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PROJECT 4.9: EXPENDITURE MANAGEMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Improved managed of municipal spending grants	% of capital budget spent	100%	100%	77%	23%	Delay in appointment of service provider for own funded projects	Procurement to facilitate advertising of projects.	Quarterly reports
Budget (R)			70183000					Financial statements

PROJECT 4.11: FLEET MANAGEMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure effective and efficient utilization of fleet	Number of quarterly reports submitted on fleet management	4	4	4	None	None	None	Quarterly reports
Budget (R)			N/A					Financial statements

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

STRATEGIC OBJECTIVE: “TO BUILD EFFECTIVE EFFICIENT ORGANIZATION”

PROJECTS 5.1: EXTERNAL AUDITING

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure improved audit opinion	% compliance to AG Audit Action Plan (external auditing)	100%	100%	63%	37%	Remainder of the issues are mostly year end disclosures	Ensure that all remaining are cleared before finalization of AFS and Accounting Officer`s report	AG audit Action Plan progress report
	Submit AG Action Plan to Council by 31 January	90%	Submit AG Action Plan to Council by 31 January	Action plan submitted to COGHSTA and submitted to council during the 3rd quarter sitting	None	Awaiting inputs from COGHSTA, Provincial Treasury and Audit Committee before submitting to council	To ensure inputs are received in time for submitting to council	Progress report on Action Plan
	% of A-G queries resolved	90%	100%	63%	37%	Remainder of the issues are mostly year end disclosures	Ensure that all remaining are cleared before finalization of AFS and Accounting Officer`s report	Council resolution
Budget (R)			3,600,000.00	3 490 701.86	109 298.14			Financial statements

¹³compile the action plan. Submit to audit committee and council. Monitor the performance of the action plan and report progress to management, audit committee and council and follow-up on areas of lack of progress.

PROJECT 5.2: INTERNAL AUDITING

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To promote good governance	Number of quarterly internal audit reports with recommendations submitted to Council	4	4	4	0	None	none	Quarterly reports
	% internal audit findings resolved	100%	100%	73%	27%	The action plan is updated as and when reports are issued	To continuously monitor the action plan monthly	Council resolution and reports
	% of Audit and Performance Committee resolutions implemented	100%	100%	81%	19%	Resolutions are being updated after each sitting	To continuously monitor the resolution register monthly	APC Resolution Register
	Number of PMS audits conducted	4	4	4	0	None	none	Quarterly reports
Budget (R)			600,000.00	233 332.89	459 167.11			Financial statements

PROJECTS 5.3: AUDIT COMMITTEE

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To promote good governance	Number of audit committee held	6	4	10 (25 Aug 2017, 27 Aug 2017, 30 Aug 2017, 13 Oct 2017, 25 Nov 2017, 22 Jan 2018, 06 March 2018, 24 March 2018(x2) and 11 June 2018.	*6	meetings includes special meetings, 4 Ordinary meeting were held	none	Quarterly reports
Budget (R)			450,000.00	346 720.86	103 279.14			Financial statements

PROJECTS 5.5: RISK BASED INTERNAL PLAN

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To promote good governance	Annual review of strategic risks plan	1	Strategic Risk reviewed	Strategic risk register not yet reviewed for 2018/19 financial year	None	Administrative instability in the municipality adversely affected the process	The risk workshop prioritized for 1st quarter 2018/19 financial year	Council resolution

	% implementation of identified risks mitigations	Risk Based internal Plan	100%	70%	30%	Management not implementing the agreed actions to mitigate the risk.	Management should ensure that the agreed actions to mitigate the risk is implemented within the agreed timeframes	Progress report on Action Plan
	Number of institutional Risk Management Committee meetings held	Risk Based internal Plan	4	1(01 August 2017)	3	Quarterly Risk Management Committee Meetings not sitting as planned.	To ensure that all quarterly Risk Management Committee meetings seat as planned.	Quarterly reports
Budget (R)			N/A	N/A	N/A			Financial statements

PROJECT 5.6: FRAUD AND CORRUPTION

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To minimize corrupt activities	Number of fraud and corruption cases investigated	1	All reported cases	All cases reported are investigated	None	None	none	Quarterly reports
Budget (R)			N/A					Financial statements

PROJECT 5.4: MPAC

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
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To promote good governance	% of MPAC resolutions implemented	100%	100%	100%	100%	None	None	Quarterly reports
	Number of MPAC meetings held	5	4	11 meetings held , 2017-06-13,20 July 2017 ,31 August 2017 (special) ,12 October 2017 ,10-11 February 2018 (special),19-21 February 2018 (special),05 March 2018 (special),13 March 2018 (special),19 March 2018 (Public hearing),27 March 2018 (special)09 April 2018,	09-Apr-18	None	None	Council Resolution
Budget (R)			350,000.00	158 361.43	191 638.57			Financial statements

PROJECTS 5.10: COUNCIL FUNCTION AND SUPPORT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure effective and efficient functioning of Council	Number of council sitting supported	25	4	17 Council Sitting 22 July 2017,9 Aug 2017,22 Aug 2017,5 Oct 2017,26 Oct 2017,25 Jan 2018, 01 Feb 2018,14 Feb 2018,27 Feb 2018,7 Mar 2018,13 Mar 2018,29 Mar 2018,31 May	*13	None	None	Quarterly reports

				2018,17 May 2018,15 May 2018,6 June 2018				
	Number of schedule Executive committee meetings held	10	4	7 Exco Meetings held (25 Jan 2018, 29 Jan 2018,20 Feb 2018,27 Feb 2018,4 May 2018,30 May 2018,6 June 2018	*3	None	None	Quarterly reports
	Number of schedule portfolio committees meetings held	25	16	16	None	None	None	Progress report on Action Plan
Budget (R)			N/A	N/A	N/A			Financial statements

PROJECTS 5.12: DISASTER MANAGEMENT (PLAN, CAMPAIGNS & STRATEGIC SESSION)

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure appropriate response to disaster management	Number of Disaster management plans reviewed	1	1	The draft DRM plan wasn't presented to council	Scm processes very slow	Scm processes	Resubmission of specification to scm	Council resolution
	Number disaster risks management strategic planning session held	0	1	0(No strategic planning held)	1(Strategic planning)	the DRM plan was not reviewed	To be review in the fourth quarter	Quarterly reports
	Number of Disaster management	8	4	9(26/09/2017,27/09/2017,29/09/2017,19/	*5	None	None	Quarterly reports

	awareness campaigns held			10/2017,06/03/2018, 17/03/2018,24/05/2018,30/05/2018 and 12/06/2018)				
Budget (R)			600,000.00	172 456	427 544			Financial statements

STRATEGIC OBJECTIVE: “ENSURE EFFECTIVE AND EFFICIENT COMMUNITY INVOLVEMENT”

PROJECTS 5.8: PUBLIC PARTICIPATION,

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To promote community participation and accountability	Number of public participation meetings (imbizos) held	12	4	6(22-25/04/201805-06/05/2018)	*2	None	None	Quarterly reports
	Number of community feedback meetings held	48	56 (4 per ward)	49	7	Unavailability of political leadership	Political leadership to avail themselves	Quarterly reports
Budget (R)			200,000.00	196 211.30	3 788.70			Financial statements

PROJECT 5.9: COMPLIANTS MANAGEMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
To promote community participation and accountability	% of complaints resolved	80%	100%	100%	None	None	None	Quarterly reports (complaints management register)

Budget (R)			N/A					Financial statements
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PROJECTS 5.7: WARD COMMITTEES SUPPORT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure effective and efficient functioning of ward committees	Number of functional ward committees	14	14	14 Functional Ward Committees	None	None	None	Monthly reports
	Number of monthly ward committees reports submitted	144	168	168 Monthly ward committees reports submitted	None	None	None	Monthly reports
Budget (R)			3,319,520.00	2 956 956.22	362 563.78			Financial statements

PROJECT 5.14: COMMUNICATION

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure effective and efficient communication	Communication strategy reviewed and implemented annually	2015/16 Communication Strategy	Communication strategy reviewed and implemented annually	communication strategy reviewed and implemented	None	None	None	Quarterly reports
Budget (R)			13,700.00	0	13 700.00			Financial statements

PROJECT 5.15: MAYORAL BUSARY FUND

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
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Provide requisite support to needy learners	Number of learners supported	4	4	4 learners supported	None	None	None	Quarterly reports
Budget (R)			600000	293 726.94	306 273.06			Financial statements

PROJECT 5.11: TRADITIONAL LEADERS ALLOWANCE

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that traditional leaders receive allowance for attending council meetings	Number of traditional leaders receiving allowance for attending council meetings and activities	4	4	3	1	Only 1 traditional leader attended the Council	Circular of council schedule meetings to traditional leaders at the beginning for the financial year and meeting individual traditional leader to ascertain reasons for none-attendance	Quarterly reports
Budget (R)			10000	8003.90	1996.10			Financial statements

PROJECT 5.16: ELDERLY

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Provide support to the elderly	Number of elderly initiatives supported	4	1	1	None	None	None	Quarterly reports
Budget (R)			90000	96 600	-6 600			Financial statements

PROJECT 5.17: MARULENG 16 DAYS OF ACTIVISM

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Provide support to designated groups	Number of 16 days of activism supported	1	1	1	None	None	None	Quarterly reports
Budget (R)			35000	32 900.00	2 104.00			Financial statements

PROJECT 5.19: HIV/AIDS PROGRAMMES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Provide support to HIV/AIDS initiatives	Number of HIV/AIDS awareness road-shows held	1	1	1	None	None	None	Quarterly reports
Budget (R)			120000	118 000	2 000.00			Financial statements

PROJECT 5.18: GENDER PROGRAMME

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Provide support to designated groups	Number of gender meetings/initiatives held	4	4	4	None	None	None	Quarterly reports
Budget (R)			150,000.00	107 547.83	42 452.17			Financial statements

PROJECT 5.20: WOMEN'S MONTH PROGRAMME

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Provide support to designated groups	Number of women's month activities initiated and supported	2	2	2	None	None	None	Quarterly reports
Budget (R)			35000	28 500	6 504.00			Financial statements

PROJECT 5.21: NEW BORN BABY

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Congratulate mothers who give birth on the 1 st January	Number of hospital visited	1	1	1(01/01/2018 two new born baby awarded)	None	None	None	Quarterly reports
Budget (R)			7000	6 861.66	-134.34			Financial statements

PROJECT 5.22: MARULENG YOUTH PROGRAMMES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that Mayoral sports tournament is held	Number of youth initiatives initiated	1	1	2(2018/06/06 and 16 June 2018)	None	None	None	Quarterly reports
Budget (R)			370,000.00	348 548.50	21 451.50			Financial statements

PROJECT 5.22: MAYORAL SPORTS TOURNAMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that Mayoral sports tournament is held	Number of Mayoral sports tournament held	2	1	1(17/09/2018)	None	None	None	Quarterly reports
Budget (R)			500,000.00	538 652.92	-38 652.92			Financial statements

PROJECT 5.24: DISABILITY PROGRAMME

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Provide support to designated groups	Number of disability forum meetings held	4	4	4	None	None	None	Quarterly reports
Budget (R)			65000	62 085	2919			Financial statements

PROJECT 5.25: AWARDS TO BEST PERFORMING SCHOOLS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Encourage and reward best performance	Number of school receiving awards	3	3	3(11/05/2018)	None	None	None	Quarterly reports
Budget (R)			80000	67 510.00	12 494			Financial statements

PROJECT 5.26: ARTS & CULTURE SUPPORT PROGRAMME

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Provide support to arts and culture programmes	Number of arts and culture initiatives supported	1	1	1	None	None	None	Quarterly reports
Budget (R)			200,000.00	199 849.13	150.87			Financial statements

PROJECT 5.26: EDUCATIONAL PROGRAMMES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Provide support to learners through education guidance	Number of education summit arranged	New	1	1(11/05/2018)	None	None	None	Quarterly reports
Budget (R)			80000	75 562.24	4 441.76			Financial statements

PROJECT 5.28: ARRIVE ALIVE

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that road awareness campaigns are held	Number of arrive alive campaigns held	2	2	21	None	None	None	Quarterly reports
Budget (R)			40000	00	40 000			Financial statements

PROJECT 5.23: GREENING PROGRAMME

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that greening initiatives are initiated	Number of greening initiatives initiated	2	2	2	0	None	None	Quarterly reports
Budget (R)			61,855.00	61 855.00	0			Financial statements

PROJECT 5.27: EDUCATIONAL AWARENESS PROGRAMMES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Provide support to learners through education guidance	Number of education summits arranged	2	2	2	None	None	None	Quarterly reports
Budget (R)			75,000.00	2910.00	72 090.00			Financial statements

PROJECT 5.31: DRIVER OF THE YEAR

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that the driver of the year competition is held	Number of the driver of the year competitions held	New	1	0	1	Driver of the year competition not held	Driver of the year competition to be held in the next financial year	Quarterly reports
Budget (R)			5500	00	55 00			Financial statements

PROJECT 5.29: ENERGY FORUM

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that energy forums are hosted	Number of energy forums hosted	New	1	0	energy forum	the energy forum is been hosted by the district and no invitation were issued for first quarter	for the district to issue out invites within the quarter	Quarterly reports
Budget (R)			30000	6 550	23 450.00			Financial statements

PROJECT 5.31: LIBRARY AWARENESS CAMPAIGNS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that library awareness campaigns are held	Number of library awareness campaigns held	New	1	1	None	None	None	Quarterly reports
Budget (R)			100000	41 925.65	58 070.35			Financial statements

PROJECT 5.29: CLEANEST VILLAGE

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that cleaning awareness campaigns are held in villages	Number of cleanest village campaigns held	1	1	1	None	None	None	Quarterly reports
Budget (R)			30000	00	30 000			Financial statements

KPA 6: MUNICIPAL TRANSFORMATION AND ORGANIZATION DEVELOPMENT

STRATEGIC OBJECTIVE: “PLAN FOR THE FUTURE”

PROJECT 6.1: IDP REVIEW

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that IDP/Budget are done within the legislated framework	IDP/Budget adopted by Council by 31 May	IDP/Budget adopted by Council on the 24 May 2017	Adopted by Council by May 31	IDP/Budget was adopted by council on 2018/05/31	None	None	None	Council Resolution
Budget (R)			400,000.00	393 633	6 367.00			Financial statements

6.2: IDP/PMS STRATEGIC PLANNING SESSION

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that IDP strategies are reviewed	Number of strategic planning sessions held	1	1	1 strategic session held(29-11-2017)	None	None	None	Reports
Budget (R)			250,000.00	200 859.65	49 140.35			Financial statements

STRATEGIC OBJECTIVE: “TO BUILD EFFECTIVE AND EFFICIENT ORGANIZATION”

PROJECT 6.3: PMS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Sustain management of performance for S54 & S56 Managers	Number of senior managers (section 54 and S56) with signed performance agreements within prescribed timeframe	5	6	2 (S54 and S56)	4 S54 and S56 manager to be appointed	Delay on appointment after recruitment process.	To appoint in the next financial year	Performance Agreements
	Number of formal assessments conducted (S54 & S56)	2	2	The annual assessments for 2016/17 where held on the 2018/06/20	None	None	None	Assessment Reports
Promote institutional accountability and compliance to PMS framework	Number of other officials other than S 56 managers with Performance Plans	new	20	20 Performance Plans were developed	None	None	None	Council Resolution
	Number of in-year performance management reports submitted to Council	4	4	4	None	None	None	
	Number of Annual and oversight reports adopted within stipulated timeframes	Annual and oversight reports adopted on	1	Annual and Oversight report where adopted	None	None	None	Council Resolution

		the 23 March 2018		on the 29 March 2018				
Budget (R)			N/A	N/A	N/A	N/A	N/A	Financial statements

STRATEGIC OBJECIVE: “DEVELOP AND RETAIN SKILLED AND CAPACITATED WORKFORCE”

PROJECT 6.10: WORKPLACE SKILLS PLAN

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure capacitated workforce	Number of employees and councilors capacitated in terms of Workplace Skills plan	78	80	8 Cllrs trained and 19 officials	None	None	None	Training reports
Ensure that municipalities appoint people with the necessary skills that will enable them to accelerate the delivery of basic services	Number of municipal personnel with technical skills/capacity (technicians and engineers)	3	9	9	None	None	None	Quarterly reports
	Number of municipal personnel with capacity/skills on spatial planning	4	5	0	1	One employee resigned	Targeted in terms of employment equity plan	Quarterly reports
Strengthen the effectiveness and efficient of municipal minimum	Number of municipal personnel with financial minimum competency requirements	7	2	2	None	None	None	Quarterly reports

competency requirements								
Ensure capacitated workforce	Amount actual spent(1 % of the salary budget of municipality) on implementing workplace skills plan (National Indicator)	479,998.00	1,375,000.00	161 410,89	1 098 470	Poor planning	Conducting proper skills audit and develop training programme	Financial report
Budget (R)			1,375,000.00	161 410,89	1 098 470			Financial statements

PROJECT 6.8: PAYROLL MANAGEMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Maximize efficiency of payroll management	% accuracy on payroll information	Payroll system in place	100%	100%	None	None	None	Payroll report
Budget (R)			71,877,081.40					Financial statements

¹⁴ Ensure that all leaves, bonuses and wages are captured by the 20th of every month. Authorize and sign payroll list and sent it to finance to release payment.

PROJECT 6.9: OVERTIME MANAGEMENT

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE

Ensure compliance to overtime regulation	% compliance to overtime regulation	100%	100%	100%	None	None	None	Overtime reports
Budget (R)			2,270,000.00					Financial statements

PROJECT 6.5: LEGAL SERVICES

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Provide requisite legal support	Number of labour grievances resulting in law suit against the municipality	0	0	2 labour cases reported. 1% of employees annual increase and unfair labour practice	None	None	None	Reports
Ensure that the municipal has SLA with all service providers	Number of service providers with signed Service Level Agreement	20	25	22	3	Some of the service providers were not appointed as targeted	To adhere to the procurement plan	Service Level Agreements
Budget (R)			500,000.00	445 545.20	54 454.80			Financial statements

PROJECT 6.6: LABOUR FORUM

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
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Ensure sound labour practice	Number of Local Labour Forum meetings held	4	4	16 April 18,19 April 18,25 April 18, 9 May 18	3	members of the committee didn't form a quorum	Compliance to the LLF schedule	Reports
Budget (R)			N/A	N/A	N/A	N/A	N/A	Financial statements

PROJECT 6.7: OHS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure safety and healthy working environment	Number of compliance reports generated	4	4	4	None	None	None	Reports
Budget (R)			250000	240 892.56	9 107.44			Financial statements

PROJECT 6.4: POLICY DEVELOPMENT, BY-LAWS & REVIEWS

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Providing and improving compliance to municipal regulatory environment	Number of by-laws developed/ reviewed	2 (rates & building regulations)	15	59	+35	During the course of the year a need arisen for additional policies	None	Policy register
Ensure implementation of law-enforcement	Number of by-laws promulgated	1	1	1 SPLUMA By Law	None	None	None	Gazette
To ensure that policy workshop is held	Number of policy workshops held	1	1	1 (16-17/05/2018)	None	None	None	Invitations &

								attendance register
Providing and improving compliance to municipal regulatory environment	Number of policies developed/reviewed	57	15	57 31/05/2018(S C01/05/2018)	None	None	None	Policy and by-law register
Budget (R)		140000		132 334.09	7 669.91			Financial statements

PROJECT 6.11: EMPLOYMENT EQUITY

Measurable Objectives	Performance Indicator	2016/17 Baseline	2017/18 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	PoE
Ensure that people from the equity target are appointed in the municipality	Number of staff complement with disability	5	5	4	1 one resigned October 2017	None	Consider appointing people with disability when posts advertised	EE Reports
Ensure that people from the equity target are appointed in three highest levels of the municipal management in compliance with the approved EEP	Number of people from the equity target are appointed in three highest levels of the municipal management in compliance with the approved EEP	2	2	0	2	Some of the positions earmarked for people from EEP not filled	Positions to be filled in 2018/19 financial year,	EE Reports

Budget (R)		N/A	N/A	N/A	N/A	N/A	N/A	Financial statements
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CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The MLM registered a growth of organogram from 151 in 2016/17 to 156 in 2017/18. MLM functioned with five (05) main departments, namely; Budget and Treasury Office, Corporate Services, Community Services, Technical Services and Spatial Planning and Development. The Office of the Municipal Manager provided the overall monitoring and strategic support to all these departments. The positions of the Municipal Manager became vacant on 06 March 2018. The Department of Corporate Services operated without a Director for the past four years since expiry of the contract of the Director. The MLM had an approved organogram of 196 posts. Of these 156/196 (i.e. 79.6%) were filled as at 30th June 2018, vacant posts included Municipal Manager, Director Corporate Services, Chief Finance Officer and Director Technical Services which will be filled by 1st December 2018.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The below are the municipal Human Resource policies in place and reviewed as and when a need arises:

• HR policies, Placement policy and Procedures
• Staff Retention Policy
• Employee Assistance Policy
• Bursary Policy
• Employee Equity Policy
• Travel and Subsistence Allowance Policy
• OHS Policy

4.3 INJURIES, SICKNESS AND SUSPENSION

Item	2017/18 Report
Injuries	03
Sickness	None
Suspension	00

4.4 PERFORMANCE REWARDS

Four senior managers were assessed and performance rewards will be paid upon approval by Council.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING.

Below is the training report for the 2017/18 financial year ended 30th June 2018

Intervention Name (eg PFMA)	Intervention Type (eg Skills Programme)	Funder/Cost	Employed (18.1)/ Unemployed (18.2)	Number of People with Disabilities	Number of learners	Entered/ Completed	Name of Employee/Councillor
Public Management	Skills Programme	No financial impact for this financial year.	18.1	0	01	Completed	Ntemane L.H
Municipal Governance	Learning Programme	Lgseta Funded	18.1	0	08	Entered	Cllr. Maakamela R Cllr. Mongadi L Cllr. Mahlo J Cllr. Mahlo F Cllr. Mathipa O Cllr. Shai E Cllr. Kgohloane S Cllr. Komana M
Municipal Governance	Learning Programme	Own Funding	18.1	0	01	Completed	Cllr. Thobejane MH (Mayor)
Sage Excel Steroids	Short Course	Own Funding	18.1	0	02		Seoke T Gouws A
Munsoft Training	Short Course	Own Funding	18.1	0	04	Completed	Phiri K Malomane C Sabeka N Mohlala S
CESA Training		Own Funding	18.1	0	08	Completed	Komana E Mohlala S Masete F Phiri K Letsoalo T Malomane C Sabeka N Sebelebele H
Advanced Excel for Auditors	Short Course	Own Funding	18.1	0	02	Completed	Magoro J Mangena V
OVVIO Training	Short Course	Own Funding	18.1	0		Completed	Sithole K Phasha D Morema A Maila P Mukhetoni T Mailula G
Munsoft: Admin/Tech	Short Course	Own funding	18.1	0	02		Modiba S Mohlala P

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

Workforce expenditure for the period under review is categorized in to section 54 & 56 managers and other employee costs.

Table below illustrates the expenses per category.

Category of employees	Total expenditure R	% of expenditure
S 54 & 56 Managers	3 246 283	5.8
Other Employees	53 627 695	94.2
Total employees expenditure	56 873 978	100

SALARY DISCLOSURES

Designation	Annual Remuneration R	Travel Allowance & other allowances R	Performance Bonuses R	Contribution to UIF, medical aid & pension fund R	Total Package R
Municipal Manager	424 718	230 704	-	197 969	853 391
Chief Finance Officer	-	-	-	-	0.00
Director: Technical Services	-	-	-	-	0.00
Director: Community Services	784 560	95 641	130 827	182 096	1 193 124
Director: Corporate Services	-	-	-	-	0.00
Director: Spatial Planning & Economic Development	631 258	227 626	152 942	187 942	1 199 768

COUNCILLORS

Designation	Annual Remuneration(R)
Mayor	836 713
Speaker	680 983
Executive Committee Members	2 287 026
Councillors (part time)	5 560 863
Councillors (full time)	1 001 778

CHAPTER 5: FINANCIAL PERFORMANCE.**COMPONENT A: Statement of Financial Performance.****5.1 Statement of Financial Performance**

The Statement of Financial Performance is exhibited in the Audited 2017/18 Annual Financial Statements (AFS) as an adjunct (additional part) to this Annual Performance Report.

5.2 ASSET MANAGEMENT.

MLM's Asset Register for the 2017/18 is also submitted together with the AFS to AGSA for auditing.

5.3 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

The ratios will be calculated upon finalization of the audited Annual Financial Statements.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET.**5.4 CAPITAL EXPENDITURE**

	Original Budget R	Budget Adjustments R	Final Budget Adjustments R	Actual Outcome R	Variance R	Actual outcome as % of final budget %	Actual outcome as % of original budget %
Total capital expenditure	58 150 830	58 150 830	58 150 830	58 150 830	43 689 028	42	42

5.5 SOURCES OF FINANCE (capital budget)

Sources of capital funds	Original Budget R	Budget Adjustments	Final Budget Adjustments R	Actual Outcome R	Variance R	Actual outcome as % of final budget	Actual outcome as % of original budget
Municipal Infrastructure Grant	27 222 902	27 222 902	27 222 902	27 223 000	98	100	100
Internally generated	82 030 568	82 030 568	82 030 568	82 030 568	0.00	80.5	80.5

funds(own funding)							
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5.6 Summary of audited revenue and expenditure

	Note(s)	2018 (R)	2017 Restated (R)
REVENUE			
Revenue from exchange transactions			
Agency services	18	2 129 794	1 548 384
Interest received- receivables	19	3 536 984	2 68 622
Interest received- investment	19	6 748 684	6 784 436
Licenses and permits	20	2 490 110	2 526 173
Other revenue	21	2 426 985	2 000 832
Rental of facilities and equipment		224 089	307 525
Service charges	22	3 150 246	3 039 615
Total revenue from exchange transactions		20 705 892	16 475 587

	Note(s)	2018 (R)	2017 Restated (R)
REVENUE			
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	70 269 431	61 588 254
Donation of heritage assets	12	-	6 000
Traffic fines	24	398 600	1 069 700

Transfer revenue			
Government grants and subsidies received- operating	25	102 321 808	94 154 004
Government grants and subsidies received- capital	25	27 222 902	49 660 371
Total revenue from non-exchange transactions		200 212 741	206 478 329
Total Revenue		220 919 633	222 953 916

EXPENDITURE

	Note(s)	2018 (R)	201 Restated (R)
Employee rated cost	26	56 873 978	51 672 215
Remuneration of councilors		10 367 363	9 367 302
Depreciation and amortization	28	16 795 966	15 765 686
Impairment loss/Reversal of impairments	29	4 459 298	304 205
Finance cost	30	25 165	26 259
Lease rentals on operating lease			17 281
Debt impairment	5	8 774 365	20 826 577
Contracted services	46	9 599 233	6 768 979
Loss on disposal of assets and liabilities	32	159 149	4 236 482
General Expenses	31	42 146 458	34 997 092
Total expenditure		149 200 975	143 981 898
NET SURPLUS /(DEFICIT) FOR THE YEAR		71 718 658	78 972 081

5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS- OVERVIEW

Limited and/or minimal powers and functions i.e. MLM performs **32% (12 out of 38)** of powers and functions given to municipal governments in terms of Constitution (RSA, 1996: S155), pointing to **a low capacity** Municipality. This resulted in MLM not being able to perform a number of key strategic services such as water, sanitation, electricity, housing etc., making its role **facilitator**, owing to a risk of **unfunded mandate**.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT.

5.8 CASH FLOW STATEMENTS

The Cash Flow Statement is exhibited in the 2017/18 Annual Financial Statements

5.9 BORROWING AND INVESTMENT

The Municipality does not have loans. The municipality has an amount of **R 108 400 139** in its investment account which has generated **R6 748 684** in interest.

5.10 SUPPLY CHAIN MANAGEMENT.

The Bid Evaluation and Adjudication Committees have been established. Advertised tenders are being evaluated, adjudicated and appointments are made in terms of the Supply Chain Management Policy. Quarterly reports on tenders are submitted to Council.

5.11 GRAP COMPLIANCE

GRAP is the acronym for **Generally Recognized Accounting Practice** and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

BUDGET RELATED POLICIES AND ORGANOGRAM–RESOLUTION NO(SC01/05/2018)

The following Budget related Policies and Organizational Structure were adopted by Council.

HR Policies	ICT Policies	Finance Policies	Other Institutional Policies
Car Allowance Policy	Data Centre physical Access and environment control	Rates Policy	Sports and Recreation Policy
Employees Bursary Policy	Notebook/ laptop Policy	Indigent Policy	Public Participation Strategy
Succession Plan Policy	Internet acceptable user account Management	Budget Policy	Fleet Management Policy
HR Policy Committee	ICT firewall Policy	Banking and Investment	Community Bursary Policy
Waste Management Policy	Electronic Mail Acceptable Policy	Writing off Irrecoverable	Community Halls
EPWP Policy	ICT Security Policy	Assets and Inventory Management policy	Advertising sign and Hoarding by –law

Employees Performance Management Policy	ICT change management Policy	Credit Control and debt collection by-law	Building regulations by-law
Car Allowance Policy	ICT procedures and manual policy	Financial delegation Framework Policy	Informal Street Trading By law
Employees Bursary Policy	Password Policy	Financial Delegation Policy	Noise Control By-law
Succession Plan Policy	Backup Policy	Supply Chain Management	Personal protective equipment policy
Training and development Policy	Data Centre physical Access and environment control	Credit Control By law	Public Nuisance By-law
Travel and subsistence Policy	Terms of reference for the ICT	Budget Policy	
Car Allowance Policy		Rates By law	
Overtime Policy		Revenue enhancement Policy	
Travel and subsistence Policy		Tariffs Policy	
Car Allowance Policy		Virement Policy	
Leave Policy			
Cell phone Policy			
Retention Strategy			



MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Nature of business and principal activities

South African Grade 3 Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

Mayor

Cllr HM Thobejane

Chief Whip

Cllr ML Mongadi

Speaker

Cllr MJ Mahlo

Councillors

Cllr HM Thobejane (Mayor)

Cllr MJ Rakgoale (Exco Member) Cllr NV Lewele (Exco Member)

Cllr MR Maakamela (Exco Member) Cllr PE Shai (Exco Member)

Cllr ML Mongadi (Chief Whip) Cllr Cllr MJ Mahlo (Speaker) Cllr B Mohlabe

Cllr DM
Sebela Cllr EC
Du Preez Cllr

JT Morema
Cllr LV Shaai
Cllr MA

Mathaba Cllr
MD Popela
Cllr MF

Madike Cllr
MJ Modiba
Cllr MM

Komane Cllr
MO Mathipa
Cllr MR

Malepe

Cllr MS
Kgohloane Cllr
MT Mongadi

Cllr SC Shokane

Cllr SF Mahlo

Cllr SL

Mkansi Cllr

SV Mametja

Cllr TD

Mogale

Acting Chief Finance Officer (CFO)

Ms MF Sekgobela

Accounting
Officers

Ms ML Mokonyane (Acting
From January 2018)

Registered office

Maruleng Municipal Offices

65 Springbok Street

Hoedspruit

1380

Business address

65 Springbok Street

Hoedspru

it 1380

Postal address

PO Box 627

Hoedspruit

Telephone Number

015-793 2409

Fax Number

015-7932341

Email Address

Info@Maruleng.gov.za

Auditors

Auditor-General of SA (AGSA)

Bankers

Standard Bank of SA LTD (Primary bank
account) Investec Bank

Audit Committee members

Mr L Lankalebalele (Chairperson) Mr
K Mosupa

Ms M Makhongele

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

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ABBREVIATIONS

SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSCOA	Municipal standard chart of accounts

MARULENG LOCAL MUNICIPALITY

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MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)
Accounting Officer's Responsibilities and Approval

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

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

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

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

Based on the information and explanations given by management, the accounting officers are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officers have reviewed the municipality's cash flow forecast for the period ending 30 June 2019 and, in the light of this review and the current financial position, is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The municipality is wholly dependent on inter-governmental grants and transfers as well as service charges for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going

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concern and the Maruleng Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

The Accounting Officer further certifies that the remuneration of councillors as disclosed in the relevant note to the financial statements is in accordance with the Public Office Bearers Act (Act 20 of 1998) and the Minister of Co-operative Governance and Traditional Affairs' determination of upper limits of the salaries, allowances and benefits as promulgated annually.

The financial statements set out on pages 9 to 69, which have been prepared on the going concern basis, were approved and signed on behalf of the Municipality by:

Ms ML Mokonyane (Acting From
January 2018) ACCOUNTING OFFICER

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Financial Statements for the year ended 30 June 2018

We are pleased to present our report for the financial year ended 30 June 2018.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 3 number of meetings were held.

Name of member	Number of meetings attended
Mr L Lankalebalele (Chairperson)	11
Mr K Mosupa	10
Ms M Makhongele	2

Audit committee responsibility

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

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

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

Evaluation of financial statements

The audit committee has:

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Financial Statements for the year ended 30 June 2018

- reviewed and discussed the unaudited financial statements to be included in the annual report, with the Auditor- General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

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

Internal audit

The audit committee is not satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

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Financial Statements for the year ended 30 June 2018

Auditor-General of South Africa

The audit committee has not met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Date: _____

MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

The accounting officers submit their report under review.

1. Review of activities

Main business and operations

The municipality is engaged in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the services to the

community, which include refuse removal, traffic services, town planning services, community facility management services, and other general services.

The municipality implemented the regulated municipal standard chart of accounts from 1 July 2017 for transaction on the required segments. This is a major change from the prior period. According to management the change over was successful and although minor issues were experienced. The impact of mscoa on GRAP standards have been reviewed and the required changes were effected in order to comply with GRAP standards. Any restatements that was as a result of the implementation will be indicated in the relevant restatement note to the financial statements.

Net surplus of the municipality was R 71 718 658 (2017: surplus R 79 619 130).

2. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus (deficit) of R 520 975 806 and that the municipality's total assets exceed its liabilities by R 520 975 806.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officers are not aware of any matter or circumstance arising since the end of the period under review.

The municipality implemented the regulated MSCOA (Municipal Standard Chart Of Accounts) and is currently in compliance with the relevant regulations. This will however have an effect on the annual financial statements and will result in disclosure changes. The changes are detailed in the relevant restatement note.

4. Accounting Officers' interest in contracts

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Financial Statements for the year ended 30 June 2018

The accounting officer declares not to have any interest in contracts of the municipality.

5. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

The impact on the results of the municipality in adopting the above policies is reflected in note - to the financial statements.

The financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board (ASB) as the prescribed framework by National Treasury.

6. Non-current assets

Details of major changes in the nature of the non-current assets of the municipality during the period under review is set out in the notes to the financial statements.

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Financial Statements for the year ended 30 June 2018

7. Accounting Officer

The position of the accounting officers of the municipality during the financial period under review was held by:

Name	Nationality	Changes
Mr SJ Lethole (Resigned January 2018)	South African	Resigned 01 January 2018
Ms ML Mokonyane (Acting From January 2018)	South African	

8. Corporate

governance General

The accounting officer is committed to business integrity, transparency and professionalism in all municipal activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

Councillors

The council:

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;
- is of a unitary structure comprising:
 - Mayor
 - Speaker
 - Executive committee
 - Ordinary councillors.

Mayor and Municipal Manager

The roles of the Mayor and Municipal Manager are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The mayor and council perform their oversight role and duties in terms of the prescribed legislation and delegated authorities.

Audit committee

Mr L Lankalebalele was the Chairperson of the audit committee. The audit committee met during the period under review to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, the municipality must appoint members of the Audit Committee. National Treasury policy requires that municipalities should appoint further members of the municipality's audit committee who are not councillors onto the audit committee.

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Financial Statements for the year ended 30 June 2018

9. Bankers

The municipality banks with Standard Bank of South Africa and Investec bank.

10. Auditors

The Auditor-General of SA (AGSA) will continue as the municipality's external auditors as prescribed by the Auditor-General Act (Act no 12 of 1995).

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Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	3	162 002	27 166
Receivables from exchange transactions	4	2 857 464	597 017
Receivables from non-exchange transactions	5	17 098 753	7 122 700
VAT receivable	6	12 906 087	27 036 185
Other debtors	7	1 363 251	739 253
Cash and cash equivalents	8	131 869 906	111 445 759
		166 257 463	146 968 080
Non-Current Assets			
Investment property	9	6 796 836	6 796 836
Community assets	10	392 607 036	330 759 361
Intangible assets	11	447 467	616 792
Heritage assets	12	222 000	222 000
		400 073 339	338 394 989
Total Assets		566 330 802	485 363 069
Liabilities			
Current Liabilities			
Finance lease obligation		-	190 874
Payables from exchange transactions	13	21 699 136	16 742 461
Trade and other payables from non exchange transactions	14	6 445 398	5 388 099
Provisions	15	7 036 504	5 698 952
Unspent conditional grants and receipts	16	290	-
		35 181 328	28 020 386
Non-Current Liabilities			
Provisions - Employee benefit obligation	17	10 173 668	8 085 535
Total Liabilities		45 354 996	36 105 921
Net Assets		520 975 806	449 257 148
Accumulated surplus		520 975 806	449 257 148

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Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Agency services	18	2 129 794	1 585 500
Interest received - receivables	19	3 536 984	268 622
Interest received - investment	19	6 748 684	6 784 436
Licences and permits	20	2 490 110	2 526 173
Other revenue	21	2 426 985	2 000 832
Rental of facilities and equipment	49	224 089	307 525
Service charges	22	3 150 246	3 039 615
Total revenue from exchange transactions		20 706 892	16 512 703
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	70 269 431	61 588 254
Donation of Heritage assets	12	-	6 000
Traffic fines	24	398 600	1 069 700
Transfer revenue			
Government grants & subsidies - Operating	25	102 321 808	94 154 004
Government grants & subsidies - Capital	25	27 222 902	49 660 371
Total revenue from non-exchange transactions		200 212 741	206 478 329
Total revenue		220 919 633	222 991 032
Expenditure			
Employee related costs	26	(56 873 978)	(51 917 860)
Remuneration of councillors		(10 367 363)	(9 367 302)
Depreciation and amortisation	28	(16 795 966)	(15 765 686)
Impairment loss/ Reversal of impairments	29	(4 459 298)	(304 025)
Finance costs	30	(25 165)	(26 259)
Lease rentals on operating lease		-	(17 281)
Debt Impairment	5	(8 774 365)	(20 826 577)
Contracted services	46	(9 599 233)	(6 768 979)
Loss on disposal of assets and liabilities	32	(159 149)	(4 236 482)
General Expenses	31	(42 146 458)	(34 141 451)
Total expenditure		(149 200 975)	(143 371 902)
Surplus for the year		71 718 658	79 619 130

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2016	369 638 018	369 638 018
Changes in net assets		
Surplus for the year	79 619 130	79 619 130
Total changes	79 619 130	79 619 130
Opening balance as previously reported	450 591 899	450 591 899
Prior year adjustments	(1 334 751)	(1 334 751)
Restated* Balance at 01 July 2017 as restated*	449 257 148	449 257 148
Changes in net assets		
Surplus for the year	71 718 658	71 718 658
Total changes	71 718 658	71 718 658
Balance at 30 June 2018	520 975 806	520 975 806
Note(s)	Correction of prior year errors ⁴⁷	

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Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Service charges		(5 624 119)	(17 786 962)
Property rates		70 269 431	61 588 254
Grants and subsidies		129 545 000	119 090 000
Interest income		10 285 668	7 053 058
Other receipts		(5 350 069)	(306 830)
		199 125 911	169 637 520
Payments			
Employee costs		(65 153 208)	(60 265 185)
Suppliers		(30 398 903)	(42 176 410)
Interest paid		(25 165)	(26 259)
		(95 577 276)	(102 467 854)
Net cash flows from operating activities	33	103 548 635	67 169 666
		103 548 635	67 169 666
Cash flows from investing activities			
Purchase of property, plant and equipment and other assets	10	(82 933 612)	(42 695 095)
Purchase of investment property	9	-	(2 371 000)
Purchases of heritage assets	12	-	(6 000)
Net cash flows from investing activities		(82 933 612)	(45 072 095)
Cash flows from financing activities			
Finance lease payments		(190 874)	(194 650)
Net increase/(decrease) in cash and cash equivalents		20 424 149	21 902 921
Cash and cash equivalents at the beginning of the year		111 445 759	89 542 838
Cash and cash equivalents at the end of the year	8	131 869 908	111 445 759

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Financial Statements for the year ended 30 June 2018

Figures in Rand	Approve d budget	Adjustments amounts	Final Budget	Actual on compara ble basis	Difference between final budget and actual	Reference
Revenue by source						
Service charges-refuse revenue	3 607 170	(552 170)	3 055 000	3 150 246	95 246	
Rental of facilities and equipment	341 270	11 431	352 701	224 089	(128 612)	
Interest received (trading)	212 800	4 472 003	4 684 803	3 536 984	(1 147 819)	
Interest earned - external investments	5 360 744	1 467 404	6 828 148	6 748 684	(79 464)	
Licences and permits	3 228 598	5	3 228 603	2 490 110	(738 493)	
Agency services	2 337 155	(262 002)	2 075 153	2 129 794	54 641	
Other revenue	1 765 002	1 883 558	3 648 560	2 426 985	(1 221 575)	
Gains on disposal of PPE	5 500 000	(5 500 000)	-	-	-	
Total revenue (excluding capital transfers and contributions)	22 352 739	1 520 229	23 872 968	20 706 892	(3 166 076)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	51 279 016	13 697 121	64 976 137	70 269 431	5 293 294	
Traffic fines	336 187	5	336 192	398 600	62 408	
Transfer revenue						
Government grants & subsidies - Operating	102 322 000	-	102 322 000	102 321 808	(192)	
Government grants & subsidies - Capital	27 223 000	-	27 223 000	27 222 902	(98)	
Total revenue from non-exchange transactions	181 160 203	13 697 126	194 857 329	200 212 741	5 355 412	
Total revenue	203 512 942	15 217 355	218 730 297	220 919 633	2 189 336	
Expenditure by type						
Employee related costs	(66 786 699)	(656 055)	(67 442 754)	(56 873 978)	10 568 776	
Remuneration of councillors	(10 045 112)	(992 609)	(11 037 721)	(10 367 363)	670 358	
Depreciation and amortisation	(38 389 416)	15 000 000	(23 389 416)	(16 795 966)	6 593 450	
Depreciation and asset impairment	-	-	-	(4 459 298)	(4 459 298)	
Finance charges	(79 098)	-	(79 098)	(25 165)	53 933	
Debt impairment	(19 262 260)	(2 999 996)	(22 262 256)	(8 774 365)	13 487 891	7
Other materials	(3 723 244)	273 244	(3 450 000)	(1 026 186)	2 423 814	10

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Contracted services	(8 332 015)	(1 667 985)	(10 000 000)	(9 599 233)	400 767	
Financial Statements for the year ended 30 June 2018						
Loss on disposal of assets	(2 349 390)	-	(2 349 390)	(159 149)	2 190 241	12
Other expenditure	(40 780 534)	(5 550 189)	(46 330 723)	(41 120 272)	5 210 451	11
Total expenditure	(189 747 768)	3 406 410	(186 341 358)	(149 200 975)	37 140 383	
Surplus/ (Deficit) for the year	13 765 174	18 623 765	32 388 939	71 718 658	39 329 719	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	13 765 174	18 623 32 765	388 939	71 718 658	39 329 719	

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Financial Statements for the year ended 30 June 2018

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Cash and cash equivalents	51 408 150	31 417 000	82 825 150	131 869 906	49 044 756	1&2
Other debtors	8 768 000	-	8 768 000	1 363 251	(7 404 749)	
Inventories	58 000	-	58 000	162 002	104 002	5
Receivables from exchange transactions	-	-	-	2 857 458	2 857 458	
Receivables from non-exchange transactions	4 650 000	8 500 004	13 150 004	17 098 753	3 948 749	3
VAT receivable	-	-	-	12 906 087	12 906 087	4
	64 884 150	39 917 004	104 801 154	166 257 457	61 456 303	
Non-Current Assets						
Investment property	4 450 836	2 346 000	6 796 836	6 796 836	-	
Community assets	341 732 862	3 488 397	345 221 259	392 607 036	47 385 777	
Intangible assets	800 000	550 000	1 350 000	447 467	(902 533)	6
Heritage assets	-	-	-	222 000	222 000	
	346 983 698	6 384 397	353 368 095	400 073 339	46 705 244	
Total Assets	411 867 848	46 301 401	458 169 249	566 330 796	108 161 547	
Liabilities						
Current Liabilities						
Payables from exchange transactions	8 900 000	-	8 900 000	21 699 136	12 799 136	7
Taxes and transfers payable	-	-	-	6 445 398	6 445 398	
Provisions	4 555 000	-	4 555 000	7 036 504	2 481 504	8
Unspent conditional grants and receipts	1 500 000	-	1 500 000	290	(1 499 710)	36
	14 955 000	-	14 955 000	35 181 328	20 226 328	
Non-Current Liabilities						
Provisions - Employee benefit obligation	7 350 000	1 150 000	8 500 000	10 173 668	1 673 668	
Total Liabilities	22 305 000	1 150 000	23 455 000	45 354 996	21 899 996	
Net Assets	389 562 848	45 151 401	434 714 249	520 975 800	86 261 551	
Net Assets Attributable to Owners of Controlling Entity						
Community Wealth/ Equity						
Accumulated surplus	389 562 848	45 151 401	434 714 249	520 975 806	86 261 557	
Total community wealth/ equity	389 562 848	45 151 401	434 714 249	520 975 806	86 261 557	

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Financial Statements for the year ended 30 June 2018

Budget on Accrual Basis						
	Approved budget	Adjustments amounts	Final Budget	Actual on comparable basis	Difference between final budget and actual	Reference

Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Property rates, penalties & collection charges	37 974 311	7 700 000	45 674 311	70 269 431	24 595 120	1
Service charges	3 115 446	-	3 115 446	(5 624 114)	(8 739 560)	2
Other revenue	8 145 212	2 920 537	11 065 749	(5 350 069)	(16 415 818)	
Government grants - Operating	102 322 000	-	102 322 000	102 322 000	-	
Government grants - capital	27 223 000	-	27 223 000	27 223 000	-	
Interest	5 573 544	1 467 404	7 040 948	10 285 668	3 244 720	3
	184 353 513	12 087 941	196 441 454	199 125 916	2 684 462	

Payments

Suppliers and employees	(123 870 621)	(1 500 000)	(125 370 621)	(95 577 276)	29 793 345	4
Net cash flows from/ (used) operating activities	60 482 892	10 587 941	71 070 833	103 548 640	32 477 807	

Cash flows from investing activities

Capital assets	(96 044 850)	(3 488 397)	(99 533 247)	(82 933 612)	16 599 635	
Proceeds from sale of community assets	5 000 000	(5 000 000)	-	-	-	6
Net cash flows from investing activities	(91 044 850)	(8 488 397)	(99 533 247)	(82 933 612)	16 599 635	

Cash flows from financing activities

Finance lease receipts	-	-	-	(190 878)	(190 878)	
Net increase/(decrease) in cash and cash equivalents	(30 561 958)	2 099 544	(28 462 414)	20 424 150	48 886 564	
Cash and cash equivalents at the beginning of the year	-	-	-	111 445 759	111 445 759	
Cash and cash equivalents at the end of the year	(30 561 958)	2 099 544	(28 462 414)	131 869 909	160 332 323	

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Financial Statements for the year ended 30 June 2018

Budget on Accrual

Basis	Approved budget	Adjustments amounts	Final Budget	Actual on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Capital expenditure

Description	Approved budget	Adjustments amounts	Final Budget	Actual on comparable basis	Difference between final budget and actual	Reference
Roads, pavements and bridges	80 666 106	10 338 397	91 004 503	77 385 738	(13 618 765)	-
Electrical Infrastructure	-	1 200 000	1 200 000	963 428	(236 572)	-
Capital Spares	1 000 000	(200 000)	800 000	-	(800 000)	-
Halls	1 700 000	(900 000)	800 000	1 232 159	432 159	-
Cemeteries	1 500 000	(200 000)	1 300 000	1 198 023	(101 977)	-
Stalls	-	200 000	200 000	-	(200 000)	-
Indoor Facilities	8 759 744	(7 300 000)	1 459 744	1 280 391	(179 353)	-
Municipal Offices	250 000	350 000	600 000	-	(600 000)	-
Computers - hardware/ equipment	1 053 000	-	1 053 000	145 045	(907 955)	-
Furniture and other office equipment	808 000	-	808 000	767 996	(40 004)	-
Machinery and Equipment	308 000	-	308 000	24 593	(283 407)	-
	96 044 850	3 488 397	99 533 247	82 997 373	(16 535 874)	

Statement of Comparison of budget and Actual Amount- Explanatory

Notes Explanatory notes for variance more than 10%

Statement of Financial Performance **Statement of financial performance REVENUE**

Agency Services

- The traffic station increased the working days, it now opens on Saturdays which led to increased Agency transactions. There is also an increase in the number of applicants requesting renewal of Professional driving permits.

Interest received on debtors

- The municipality changed the way in which interest on overdue accounts is charged. Interest was charged on the current portion (prior month debt) of debt but is now charged on the total amount outstanding.

Rental of facilities and equipment

- Most of the clients did not review their service level agreement for rental.

Licence and permits

- The number of learners licence applicants has decreased (in the previous year two classes were held per day and only one is held in the current year).

Other revenue

- This is due to the implementation of Spatial Planning and Land Management Use Act (SPLUMA) in July 2017. Before SPLUMA, some town planning applications were sent to COGHSTA for approval, which led to a loss of revenue.

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Traffic fines

Financial Statements for the year ended 30 June 2018

- The municipality experience a number of strikes during the year under review, which disturbed the day to day operations of the municipality.

EXPENDITURE

Employee related costs

- There was a delay in the appointment of top level management positions. The municipality has a total of 4 director posts that are still vacant. Namely Municipal Manager, Chief Financial Officer, Technical Director and Corporate Director.

Depreciation and amortisation

- There was a delay in some of projects which were expected to be completed in the 17/18 financial year (they are still in WIP and not depreciating). The projects include Lorraine Bellville access road and Kanana

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Financial Statements for the year ended 30 June 2018

Budget on Accrual

Basis	Approved budget	Adjustments amounts	Final Budget	Actual on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Mahlomelong road and the three bridges.

Debt impairment

- The municipality incorrectly used last year's actual figures as a baseline. The large debt impairment in the prior year was due to a significant increase in property rates from 2015/16 to 2016/17, resulting in the adjustment of the provision for doubtful debts, and the contra entry of debt impairment, increasing significantly last year. The difference is therefore due to incorrect budgeting.

Loss on sale of disposal

- Assets were fully impaired and only R159 149 on the assets register were disposed. **Other Expenditure**
- As part of expenditure curtailment measures recommended by National Treasury, the municipality exercised fiscal restraint on a number of operational votes. As a result thereof, the municipality made savings on line items considered to be not directly related to service delivery, such as operational programmes. The budget split other material and other expenditure while the AFS doesn't split the two function, there are all called other expenditure on the AFS.

STATEMENT OF FINANCIAL POSITION

Receivables from exchange transactions

- The municipality changed the way in which interest on overdue accounts is charged. Interest was charged on the current portion (prior month debt) of debt but is now charged on the total amount outstanding. New tariffs were also approved by council, which increased rates of services. On the MBRR the budget is recorded as consumer debtors which include receivable from exchange transaction and receivable from non-exchange transactions.

Receivables from non - exchange transactions

- A new valuation roll was implemented for the period 1 July 2017 to 30 June 2022 which led to increased market value of properties which led to increased property rates. Supplementary valuation roll was also increased which led to increased property rates. New tariffs were also approved by council, which increased rates of services. On the MBRR the budget is recorded as consumer debtors which include receivable from exchange transaction and receivable from non-exchange transactions.

Other debtors

- On the MBRR/budget other debtors consists of vat receivable and other debtors. Salary suspense account were not 100% cleared.

VAT receivable

- VAT returns for the 16/17 financial year were paid in the 17/18 financial year which decreased the VAT receivable. The budget is included under other debtors.

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Inventory
Financial Statements for the year ended 30 June 2018

- Lot of stock at hand for 2017/18 as compared to last financial period.

Cash and Cash equivalents

- There was a delay in completion of roads projects. The Contractor applied to Eskom to remove electricity poles on the road, Eskom took time which delayed the projects (the project money was therefore not fully spent). There was also an increase in the municipality's call deposit account due to interest earned.

Property, plant and equipment

- There was a delay in some of projects which were expected to be completed in the 17/18 financial year (they are still in WIP and not depreciating). The projects include Lorraine Bellville access road and Kanana Mahlomelong road and the three bridges.

Intangible assets

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Budget on Accrual						
Basis	Approved budget	Adjustments amounts	Final Budget	Actual on comparable basis	Difference between final budget and actual	Reference

Figures in Rand

- The budget was based on the procurement of the software which was not done for 2017/18 FY.

Heritage assets

- On the budget for 2017/18 there is no line item for heritage assets and the budget was added on the property plant and equipment.

Payable from exchange transactions

- Lot of the project with an amount of R82 million were under construction, which lead to more unpaid retention of R14 million that will remain as a creditors. The budget document does not split between payable from exchange transaction and exchange transaction they both called trade and other payable.

Payable from non-exchange transactions

- The municipality had a lot of deposit for building plans and community halls which was remaining in our book as outstanding creditors, the money is only paid to the customer after the municipality receiving completion certificates from building unit. The budget document does not split between payable from exchange transaction and exchange transaction they both called trade and other payable.

Unspent conditional grants

- The municipality spent 99.99% on the conditional grants

Provisions- Current liabilities

- There was a change in the way in which leave provision is calculated. The Basic Condition for Employment act (BCEA) rating was not used to calculate leave provision. Before the BCEA rating, the number of days were used and salary were used to calculate provision. The BCEA rating considers additional factors like acting allowance, overtime.

Provisions - Employee benefit obligation

- The provision increased due to increase in inflation. The number of employees joining medical aid increased. New employees were also hired resulting in increased employee benefit obligation.

CAPITAL EXPENTURE

Roads infrastructure

- There was a delay in relocating of the Eskom poles for Lorraine Bellville and hlohlokwe access road projects, the municipality re-allocated the budget for these two in 2018/19 financial period.

Capital spares- Roads

- No appointment were made during the year under review.

Electrical infrastructure

- The project is completed, the municipality overestimated the budget of the project.

Market stalls

- No appointment were made during the year under review.

Community halls

- The project were wrongly allocated (misallocation of the project) to the other projects and identified after approval of the adjustment budget.

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Financial Statements for the year ended 30 June 2018

Municipal offices

- No appointment were made during the year under review.

Computer equipment

- Delay in the Supply chain process, the appointment was made in June 2018.

Machinery and equipment

- Delay in appointment of service provider for own funding projects.

CASH FLOW STATEMENTS

Property rates, penalties and collection charges

- The municipality revenue for property rates was based on the actual budget that was made on 2016/17 financial

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Financial Statements for the year ended 30 June 2018

Budget on Accrual Basis	Approved budget	Adjustments amounts	Final Budget	Actual on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

period, the municipality managed to receive more revenue on property rates than anticipated.

Service charges

- The municipality revenue for services was based on the actual budget that was made on 2016/17 financial period, the municipality receive less revenue on services charges than anticipated.

Interest

- The municipality cash flow revenue interests is more than anticipated. The interest was based on the money that was invested on 2017/18.

Suppliers and employees

- As part of expenditure curtailment measures recommended by National Treasury, the municipality exercised fiscal restraint on a number of operational votes. As a result thereof, the municipality made savings on line items considered to be not directly related to service delivery, such as operational programmes. The budget split other material and other expenditure while the AFS doesn't split the two function, there are all called other expenditure on the AFS.

Capital expenditure

There was a delay in relocating of the Eskom poles for Lorraine Bellville and hlohlokwe access road projects, the municipality re-allocated the budget for these two in 2018/19 financial period.

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Financial Statements for the year ended 30 June 2018

1. Presentation of Financial Statements

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

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

The annual financial statements presents fairly the financial position, performance and cashflow of the municipality. These accounting policies are consistent with the previous period.

Presentation currency

These financial statements are presented in South African Rand (R), rounded off to the nearest Rand, which is the functional currency of the municipality.

Going concern assumption

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

Significant judgements and sources of estimation uncertainty

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

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

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

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

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Financial Statements for the year ended 30 June 2018

Impairment testing

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

Provisions

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

Useful lives of property plant, equipment and intangible assets

The GPL's management determines the estimated useful lives and related depreciation charges for the property plant and equipment, and software and development cost. This estimate is based on pattern in which as assets future economic benefit or services potential are expected to be consumed by the entity.

Effective interest rate

The GPL uses an appropriate rate, taking into account guidance provided in the accounting standards and applying professional judgement to the specific circumstances to discount future cash flows.

Comperative Information

Current year comparative budget

Budget information in accordance with GRAP 1 and 24, has been provided in these annual financial statements.

Prior year comperatives

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Comperative Information (continued)

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

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

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Financial Statements for the year ended 30 June 2018

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: No Framework

	Title of Standard	Impact on GRAP Reporting
GRAP 20	Related Party Disclosures	No material impact
GRAP 32	Service Concession Arrangements: Grantor	No material impact
GRAP 108	Statutory Receivables	No impact as no merger is anticipated in the foreseeable future

An effective date is yet to be determined for the other standards by the Minister.

Community assets

Initial recognition

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

The cost of an item of community assets is recognised as an asset when:

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

Community assets is initially measured at cost.

The cost of an item of community 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 management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.
Financial Statements for the year ended 30 June 2018

Subsequent measurement - Cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

Subsequent measurement - Land

Land is not depreciated as it is deemed to have an indefinite useful life. Subsequent to initial recognition, land is measured at fair value.

Depreciation and impairment

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives as per the MFMA - Local Government Capital Assets Management Guideline:

Asset Description

Depreciation method Useful Lifespan

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1.6 Community assets (continued)

Roads, pavements, bridges and storm water	Straight line	5- 100 years
Street names, signs and parking meters	Straight line	5-45 years
Community halls	Straight line	25 years
Libraries	Straight line	25 years
Recreation facilities	Straight line	25-100 years
Cemetery fencing	Straight line	10 years
Motor vehicles	Straight line	7-10 years
IT equipment	Straight line	5-7 years
Plant and equipment	Straight line	5-10 years
Office equipment	Straight line	5-7 years
Operational plant and equipment	Straight line	6-10 years
Finance Lease assets - Office equipment	Straight line	3-5 years
Books and Publications	Straight line	10-20 years
Office Furniture	Straight line	5-10 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of community assets with a cost that is significant in relation to the total cost of the item is depreciated separately.

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. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

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The municipality separately discloses expenditure to repair and maintain community assets in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Intangible assets

Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. 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.

Intangible assets are initially recognised at cost.

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Intangible assets (continued)

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

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

Subsequent measurement - cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Item	Useful life
Licenses and franchises	7 years
Computer software, other	7 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Each item of intangible asset is amortised seperately.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

De-recognition.

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Intangible assets are de-recognised 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 sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Heritage assets

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Initial recognition and measurement

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations

A heritage asset as an asset if:

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

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

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Heritage assets

(continued) Subsequent

measurement

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

A heritage asset shall not be depreciated but the municipality shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The carrying amount of a heritage asset shall be derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

Investment

property Initial

recognition

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

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

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

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

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

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

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

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Financial Statements for the year ended 30 June 2018

Investment property

(continued) Subsequent

measurement

Subsequent to initial measurement investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date. Derecognition

The carrying amount of investment property shall be derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

The nature OR type of properties classified as held for strategic purposes are as follows:

Inventories

Initial

recognition

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

Subsequent recognition

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and current replacement cost where they are held for distribution at no charge or for nominal charge. Redundant and slow-moving inventories are identified and written down to the lower of cost or current replacement value. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. 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.

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Unsold properties are held for own use with the result that it should be carried at the lower of cost or current replacement cost.

Cost formula

The cost of inventories is assigned by using the weighted average cost formula.

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Financial Statements for the year ended 30 June 2018

Financial

instruments Initial

recognition

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with GRAP 104, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

The municipality classifies its financial assets into the following categories:

- loans and receivables; and
- fair value through profit and loss

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate,

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Financial Statements for the year ended 30 June 2018

transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

Trade payables and borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Cash and cash equivalents

Cash includes cash on hand 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

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Financial Statements for the year ended 30 June 2018

Financial instruments (continued)

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: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Impairment

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments 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. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the financial asset.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Impairment of non-financial assets

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Gains and losses

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

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

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Financial Statements for the year ended 30 June 2018

Provisions and contingent liabilities

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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Provisions and contingent liabilities (continued)

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

The municipality does not recognise a contingent liability. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that

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plan or announcing its main features to those affected by it.

Leases

Finance leases - lessee

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

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

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

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

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Leases (continued)

Operating leases -

lessor

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

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

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

Operating leases - lessee

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

Revenue from exchange transactions

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimate
d customer returns, rebates, VAT and other similar allowances.

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

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

Service charges

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

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

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- The amount of the revenue can be measured reliably .

Service charges relating to refuse removal are recognised on a monthly basis 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 containers are emptied during the month.

Sale of goods

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

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

Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective interest yield on the asset.

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.

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when incurred.

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Revenue from non-exchange transactions

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.

Rates (including collection charges and penalty interest)

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 proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Fines.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. Law enforcement officials are able to impose fines on individuals considered to have breached the law. In these cases, the individual will normally have the choice of paying the fine, or going to court to defend the matter, where a defendant reaches an agreement with a prosecutor that includes the payment of penalty instead of being tried in court, the payment is recognised as a fine.

Fines are recognised at the full amount at transaction date. Subsequent to the initial recognition of revenue charged, the fines are assessed for impairment when the accounts fall into arrears.

Other revenue.

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.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

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Employee benefits

Short-term employee benefits

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

Post employment benefits

The entity provides post-employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

The cost of all short term employee benefits, such as leave pay, is recognised during the period in which the employee renders the related services. The Municipality recognises the expected cost of performance bonus only when the Municipality has a present legal or constructive obligation to make such payments, and a reliable estimate can be made.

Termination benefits

Termination benefits are recognised when actions have been taken to indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

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Employee benefits

(continued) Long term

employee benefits

The Municipality provides long term incentives to eligible employees, payable on completion of years of employment. The liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long term incentives are accounted for through the Statement of Financial Performance.

Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforcement right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Compound instruments

Conditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in an agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Interest earned on the investment is treated in accordance with grant conditions.

Accumulated surplus

A statement of changes in net assets is included in the Annual Financial Statements that discloses the following:

- the effect of changes in accounting policies and correction of errors;
- the balance of retained earnings at the beginning of the period and at the balance sheet date and the changes during the period; and
- a reconciliation between the carrying amount of each class of reserves at the beginning and the end of the period.

Related parties

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A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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Related parties (continued)

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

Changes in accounting policies and estimates and prior year

errors Accounting policies

Accounting policies are only changed if required by an accounting standards or interpretation, the change will provide more relevant and reliable information or in terms of the transitional provisions of the new standards.

Accounting policy changes are applied retrospectively, including all comparative periods shown and their opening balances.

Change in estimates

The effect of a change in an accounting estimate is recognised prospectively by including it in surplus or deficit in:

- (a) the period of the change, if the change affects that period only; or
- (b) the period of the change and future periods, if the change affects both.

Prior period errors

Corrections are made retrospectively in the first set of financial statements authorised for issue after their discovery by:

- (a) restating the comparative amounts for the prior period presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

Significant judgements and

estimates Use of estimates.

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The use of accounting estimates is an essential part in the preparation of financial statements. They arise as a result of uncertainties inherent in delivering goods, services and conducting trading activities.

The use of estimates does not undermine the reliability of the information presented as the estimate should be made using the latest available and most reliable information.

As and when the information on which the estimate is based changes, it also becomes necessary to revise the previous estimate. By nature, the revision of an estimate does not have an effect on prior periods and is therefore not a correction of a prior period error. A revision of an accounting estimate won't be seen to be a correction of an error provided the estimate was based on the latest and most reliable information available at the time that the estimate was made. An example of a change in accounting estimate will be the reassessment of the prior period impairment loss based on new information available in the current financial period.

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Significant judgements and estimates (continued)

Other provisions

Pension and other employment benefits

Post-employment benefits offered by the entity take the form of defined benefit plans. The cost of defined benefit pension plans, other post-employment medical benefits, and the present value of the pension obligation are determined using actuarial valuations.

An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

For key actuarial assumptions, refer to Notes 17.

Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

The notes to the financial statements must disclose the nature and amount of each material individual and each material class of capital expenditure commitment as well as non-cancellable operating leases contracted for at the reporting date.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

Presentation of budget policy

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The following is presented as a note to the Financial Statement:

Last approved and final budget amounts (which includes changes made by management within the prescribed limits), budget and actual amounts on a comparable basis; and explanations of material differences between budget and actual amounts, except where explanations have been included in other documents published in conjunction with the financial statements and cross reference to these documents is made.

Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

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Financial Statements for the year ended 30 June 2018

Irregular expenditure (continued)

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Events after reporting date

Events that occur after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Adjusting events

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Events that provided additional evidence of the conditions that existed at the end of the reporting period.

Non-adjusting events.

Events which are indicative of the conditions that arose after the reporting period.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Value Added Tax (VAT)

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

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Notes to the Financial Statements

Figures in Rand	2018	2017
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2 New standards and interpretations

Standards and interpretations effective and adopted in the current period under review

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

Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12)
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements. The impact of the amendment is not material.

GRAP 16 (as amended 2016): Investment Property

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

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The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: To clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements. The impact of the amendment is not material.

GRAP 17 (as amended 2016): Property, Plant and Equipment

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

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- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term “specialist military equipment” in IPSAS 17 was replaced with the term “weapon systems” and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements. The impact of the amendment is not material.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB’s Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB’s recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements. The impact of the amendment is not material.

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB’s Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB’s recent decision on the impairment of revalued assets.

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The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements. The impact of the amendment is not material.

GRAP 31 (as amended 2016): Intangible Assets

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

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- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and To clarify acceptable methods of depreciating assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements. The impact of the amendment is not material.

GRAP 103 (as amended 2016): Heritage Assets

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 financial statements. The impact of the amendment is not material.

Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

GRAP 20: Related parties

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

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

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- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

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

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

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

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.

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

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

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

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

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard. It is unlikely that the standard will have a material impact on the municipality's financial statements.

[GRAP 105: Transfers of functions between entities under common control](#)

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

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Notes to the Financial Statements

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 30 June 2018.

The municipality expects to adopt the standard for the first time in the 2018 financial statements. The impact of this amendment is currently being assessed.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal- agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

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It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard. The impact of this standard is currently being assessed.

3. Inventories

Raw materials, components	162 002	27 166
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3.1 Movement for inventories

Stationery	14 221	(10 680)
Consumables	(6 844)	(11 307)
Maintenance - Building material	127 459	-
	134 836	(21 987)

Held for own use with the aim that it should be carried at the lower of cost or current replacement cost. Inventory has not been pledged as security for liabilities.

4. Receivables from exchange transactions

Trade debtors - Refuse / waste management	1 868 275	2 862 916
Less: Provision for Doubtful Debts	(6 049 743)	(3 941 662)
Other debtors - sundry debtors	7 038 932	1 675 763
	2 857 464	597 017

Aged debtors

Refuse and other	2018	2017
Current (0 - 30 days)	1 097 128	493 172
31 - 60 days	248 959	256 041
61 - 90 days	684 603	231 829
91 - 120 days	698 391	170 963
120 days +	6 129 978	3 386 674
	8 859 059	4 538 679

Receivables from exchange transactions at 30/06/2018: R R8 859 059 (30/06/2016: R4 538 679).

Reconciliation of provision for impairment of trade and other receivables

Opening balance	3 941 662	4 284 809
Provision for impairment	2 108 081	-
Unused amounts reversed	-	(343 147)
	6 049 743	3 941 662

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Notes to the Financial Statements

5. Receivables from non-exchange transactions

Fines	2 919 845	2 726 435
Consumer debtors	68 892 544	52 972 574
Provision for Impairment - Debtors for rates and traffic fines	(54 713 636)	(48 576 309)
	17 098 753	7 122 700

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Notes to the Financial Statements

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Debtors for rates and traffic fines

Rates	68 892 544	52 972 574
Less: Provision for debt impairment	(52 559 498)	(45 943 643)
	16 333 046	7 028 931

Debtors for traffic fines	2 919 845	2 726 435
Less : Provision for debt impairment	(2 154 138)	(2 632 665)
	765 707	93 770

Debtors ageing

Rates

Current (0 - 30 days)	7 262 731	8 981 230
31 - 60 days	3 962 104	3 531 866
61 - 90 days	3 164 679	2 995 276
91 - 120 days	2 968 791	2 739 178
120 days +	51 534 239	34 725 024
Sub-total (rates)	68 892 544	52 972 574
Traffic fines	2 950 873	2 726 435
	71 843 417	55 699 009

Receivables from non-exchange transactions at 30/06/2018: R 71 843 417 (30/06/2017 : R55 669 009).

Summary of debtors.

Summary of debtors by customers classification: Rates, traffic, refuse & other

	Consumers	Industrial Commercial	Government	Total
Current (0 -30 days)	-	3 409 505	3 591 343	1 563 020
				8 563 868

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31 - 60 days	-	1 247 967	1 636 409	1 146 957	4 031 333
61 - 90 days	-	1 113 860	1 209 044	1 177 424	3 500 328
91 - 120 days	-	926 699	1 464 118	2 015 182	3 499 999
120 days +	-	14 912 584	26 140 587	15 122 711	56 175 882
Subtotal (aged debtors)	-	21 610 615	34 041 501	20 169 294	75 821 410
Traffic fines (not aged)	-	-	-	-	2 950 873
	-	21 610 615	34 041 501	20 169 294	78 772 283

Reconciliation of debt impairment provision

Balance at the beginning of the year		75 992 753	55 166 176
Adjustments to provision		8 774 365	20 826 577
Balance at the end of the year		84 767 118	75 992 753
		(84 767 118)	(75 992 753)
		-	-

Rates, traffic fines, refuse & other

Balance at the beginning of the year		(52 517 940)	(33 856 322)
Adjustments to provision:			
Refuse & other		(2 108 081)	343 148
Rates		(6 615 855)	(18 153 126)
Traffic fines		478 527	(851 670)
		(60 763 349)	(52 517 970)

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Consists of:

Refuse & other	(6 049 743)	(3 941 662)
Rates	(52 559 498)	(45 943 643)
Traffic fines	(2 154 138)	(2 632 665)
	(60 763 379)	(52 517 970)

The amount for the provision as at 30 June 2018 was R 60 763 379 (2017: R-52 517 940)

In light with the accounting policy of Maruleng Municipality on account receivables, a provision is made on accounts which are overdue for more than 90 days. Based on the debtor's ageing analysis above, an average of 73% is noted on accounts which are overdue in the previous three years which indicates the significant backlog of recoverability of outstanding debtors that falls due for over 90 days and therefore the provision made based on 90 days plus benchmark appears to be reasonable.

6. VAT receivable

VAT	12 906 087	27 036 185
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VAT is accounted for on cash basis.

7. Other debtors

Other receivables

Other receivables	792 027	542 322
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Inter-municipal receivables

Gross debtors	24 003 740	23 474 784
Provision for debt impairment	(24 003 740)	(23 474 784)
	-	-

Other debtors

Other debtors	571 225	196 931
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Reconciliation of debt impairment provision

Inter-municipal debtors

Balance at the beginning of the year	(23 474 748)	(22 637 207)
Adjustments to provision	(528 992)	(837 577)
	(24 003 740)	(23 474 784)

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Cash on floats	710	710
Cash at bank	23 469 057	9 793 594
Call deposits	108 400 139	101 651 455
	131 869 906	111 445 759

The municipality has the following bank accounts:

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Notes to the Financial Statements	201	201
Current account (primary bank account) - Standard Bank Hoedspruit Branch : Account Number 033355487	2018	2017
Bank statement balance at beginning of the year	9 795 733	14 256 490
Bank statement balance at the end of the period	23 975 116	9 795 733
Cashbook balance at the beginning of year	9 793 594	14 675 109
Cashbook balance at the end of the period	23 469 057	9 793 594
Standard Bank Account: Call deposit Account - Account number: 038579111-02		
Bank statement balance at the beginning of the period	71 894 990	46 978 308
Bank statement balance at the end of period	76 745 655	71 894 990
Cashbook balance at the beginning of the period	71 894 990	46 978 308
Cashbook balance at the end of period	76 745 655	71 894 990
Investec Bank Account: 32 days notice account - Account number 1100464721500		
Bank statement balance at the beginning of the period	29 756 466	27 888 711
Bank statement balance at the end of the period	31 654 483	29 756 466
Cashbook balance at the beginning of the period	29 756 466	27 888 711
Cashbook balance at the end of period	31 654 483	29 756 466
Call deposits Cash balances		
Standard Bank Account	76 745 655	71 894 990
Investec Bank Account	31 654 483	29 756 466
	108 400 138	101 651 456

9. Investment property

2018	2017
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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2017 Valuation	Accumulated depreciation and accumulated impairment	Carrying value 2017	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value 2018
Investment property	6 796 836	-	6 796 836	6 796 836	-	6 796 836

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Reconciliation of investment property - June 2018

	Opening balance	Fair value adjustments	Total
Investment property	6 796 836	-	6 796 836

Reconciliation of investment property - June 2017

	Opening balance	Transfers	Total
Investment property	4 425 836	2 371 000	6 796 836

Investment property is valued at fair value as at 30 June 2018.

The investment property relates to property on land owned by the municipality.

Valuation details.

The effective date of the valuation was 30 June 2016.

The valuation was performed by an independent valuer, Mr G Ramovha, who is not connected to the municipality and has experience and knowledge regarding the location and category of the property being valued.

The valuation was based on open market value for existing use on the income method (income capitalisation), and the capitalisation rate used was 10%.

The assumptions used to arrive at the fair values were based on current market conditions.

Pledged as security

During the financial period ended 30 June 2018, no components of investment property were pledged as security for borrowings or banking facilities.

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Figures in Rand

10. Community assets

	2018			2017		
	Cost /	Accumulated Carrying value		Cost /	Accumulated Carrying value	
	Valuation	depreciation and accumulated impairment		Valuation	depreciation and accumulated impairment	
Land	20 871 999	-	20 871 999	20 871 999	-	20 871 999
Buildings	74 022 074	(29 393 842)	44 628 232	74 022 074	(25 921 007)	48 101 067
Plant and machinery	1 104 942	(579 971)	524 971	1 249 496	(543 006)	706 490
Furniture and fixtures	5 985 429	(4 107 329)	1 878 100	5 313 476	(3 600 105)	1 713 371
Motor vehicles	7 846 668	(2 881 635)	4 965 033	7 846 668	(2 073 865)	5 772 803
IT equipment	2 413 744	(1 740 177)	673 567	2 306 127	(1 311 331)	994 796
Roads - Infrastructure	125 876 142	(21 509 823)	104 366 319	102 926 698	(18 590 661)	84 336 037
Community assets	152 338 164	(60 159 920)	92 178 244	133 972 657	(48 531 131)	85 441 526
WIP - Infrastructure	105 496 317	-	105 496 317	68 899 815	-	68 899 815
Lv Network	10 688 345	(9 290 240)	1 398 105	11 119 212	(9 109 171)	2 010 041
Other assets	96 813	(77 475)	19 338	223 805	(156 876)	66 929
Solid waste infrastructure	552 410	(456 433)	95 977	552 410	(418 148)	134 262
Storm water infrastructure	16 854 820	(1 343 986)	15 510 834	12 801 551	(1 091 326)	11 710 225
Total	524 147 867	(131 540 831)	392 607 036	442 105 988	(111 346 627)	330 759 361

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Reconciliation of property, plant and equipment - June 2018

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers received	Transfers	Foreign exchange movements	Depreciation	Impairment loss	Total
Land	20 871 999	-	-	-	-	-	-	-	-	20 871 999
Buildings	48 101 067	-	-	-	-	-	-	(3 472 835)	-	44 628 232
Plant and machinery	706 490	32 478	-	-	-	-	-	(181 596)	(32 401)	524 971
Furniture and fixtures	1 713 371	863 782	-	-	-	-	-	(675 629)	(23 424)	1 878 100
Transport assets	5 772 803	-	-	-	-	-	-	(807 770)	-	4 965 033
Computer equipment	994 796	136 762	-	-	-	-	-	(455 381)	(2 610)	673 567
Infrastructure - roads	84 336 037	29 100	-	(2 347)	-	23 015 273	-	(3 011 744)	-	104 366 319
Community assets	85 441 526	-	-	-	-	18 365 595	-	(7 254 915)	(4 373 962)	92 178 244
WIP - Infrastructure	68 899 815	82 030 639	-	-	-	(45 434 137)	-	-	-	105 496 317
Electrical infrastructure	2 010 041	-	-	(156 802)	-	-	-	(455 134)	-	1 398 105
Other assets	66 929	-	-	-	-	-	-	(20 691)	(26 900)	19 338
Solid waste infrastructure	134 262	-	-	-	-	-	-	(38 285)	-	95 977
Storm water infrastructure	11 710 225	-	-	-	-	4 053 269	-	(252 660)	-	15 510 834
	330 759 361	83 092 761	-	(159 149)	-	-	-	(16 626 640)	(4 459 297)	392 607 036

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Figures in Rand

Reconciliation of property, plant and equipment - June 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	23 243 000	-	-	(2 371 001)	-	-	20 871 999
Buildings	51 572 569	6 930	-	-	(3 478 432)	-	48 101 067
Plant and machinery	883 501	630	-	-	(176 715)	(926)	706 490
Furniture and fixtures	2 166 836	223 353	-	-	(651 546)	(25 272)	1 713 371
Motor vehicles	6 189 910	-	-	-	(417 107)	-	5 772 803
Computer equipment	1 441 800	69 745	-	-	(491 824)	(24 925)	994 796
Infrastructure - roads	77 440 414	4 040	-	9 690 193	(2 708 181)	(90 429)	84 336 037
Community assets	91 960 577	-	-	179 414	(6 538 811)	(159 654)	85 441 526
WIP - Infrastructure	30 076 153	48 997 881	-	(10 174 219)	-	-	68 899 815
Electrical infrastructure	7 074 323	-	(4 236 482)	-	(827 800)	-	2 010 041
Other assets	92 003	-	-	-	(22 255)	(2 819)	66 929
Solid Waste Infrastructure	189 503	-	-	-	(55 241)	-	134 262
Storm water Infrastructure	11 632 111	-	-	304 612	(226 498)	-	11 710 225
	303 962 700	49 302 579	(4 236 482)	(2 371 001)	(15 594 410)	(304 025)	330 759 361

Land was fair valued on 30 June 2016.

Valuation details.

The effective date of the valuations remains 30 June 2016.

The valuation was performed by an independent valuer, Hangwani Petrus Matildza, who is not connected to the municipality and has experienced and knowledge regarding the location and category of the property being valued. The valuation was based on open market value for existing use. All assumptions used to arrive at the fair values were based on current market conditions. The Council policy is to revalue every four years.

Pledged as security

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During the financial year ended 30 June 2018, no components of property, plant and equipment were pledged as security for borrowings or banking facilities.

The municipality is initiating a process of engaging the private occupier in erf 196 to enter into a new arrangement. The land was leased to the private occupier pre 1994 at 99c per annum.

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Figures in Rand	2018	2017
Other information		
Property, plant and equipment fully depreciated and still in use (Gross carrying amount)	Number of assets	Residual Value
Furniture and Office Equipme	588	100 609
Machinery and Equipment	55	23 938
Transport Assets	2	407 169
Computer Equipment	70	16 131
Community Assets	8	77 958
Solid Waste Infrastructure	1	16 956
Library Books	208	809
	932	643 570

11. Intangible assets

	2018		2017	
	Cost / Valuation	Accumulated amortisation and Carrying value impairment	Cost / Valuation	Accumulated amortisation and Carrying value impairment
Computer software	1 084 089	(636 622) 447 467	1 084 089	(467 297) 616 792

Reconciliation of intangible assets - June 2018

	Opening balance	Additions	Amortisation	Total
Computer software	616 792	-	(169 325)	447 467

Reconciliation of intangible assets - June 2017

	Opening balance	Amortisation	Total
Computer software	788 068	(171 276)	616 792

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During the financial period ended 30 June 2018, no components of intangible assets were pledged as security for borrowings or banking facilities.

12. Heritage assets

	2018			2017		
	Cost /	Accumulated	Carrying value	Cost /	Accumulated	Carrying value
	Valuation	impairment		Valuation	impairment	
Heritage assets	222 000	-	222 000	222 000	-	222 000

Reconciliation of heritage assets - June 2017

	Opening balance	Total
Heritage assets	222 000	222 000

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Age and/or condition of heritage assets

During the financial year ended 30 June 2018, no components of heritage assets were pledged as security for borrowings or banking facilities. No inflow of future economic benefits or service potential associated with the above listed Heritage Assets has been deemed to be probable, as required by GRAP 103.13(b).

13. Payables from exchange transactions

Trade creditors	537 604	522 805
Accruals	4 863 931	5 292 610
Retentions	14 152 127	9 069 757
Unknown deposits	2 145 474	1 857 289
	<hr/>	<hr/>
	21 699 136	16 742 461

14. Trade and other payables from non exchange transactions

Refunds arising from non-exchange revenue	79 003	-
Amounts received in advance - Consumer debtors	4 942 186	4 489 889
Trade and other payables	1 424 209	898 210
	<hr/>	<hr/>
	6 445 398	5 388 099

15. Employee benefit obligations Short term

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

Leave provision	5 185 528	3 921 420
Bonus provision	1 239 513	1 027 272
Provision for performance bonuses	611 464	750 260
	<hr/>	<hr/>
	7 036 505	5 698 952

Performance bonuses are paid one year in arrears as the assessment of eligible employees takes place after the reporting date. The performance bonuses are only applicable to directors. In order to qualify for a performance bonus, an employee must have been employed for a minimum period of twelve months.

16. Unspent conditional grants and receipts

Conditional Grants from other spheres of government	2018	2017
Municipal Infrastructure Grant	98	-
Expanded Public Works Programme Grant	192	-
	<hr/>	<hr/>
	290	-

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This highlights the nature and extent of the government grants recognised in the financial statements, indication of the other forms of government assistance from which the municipality has directly benefited, unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note 25 for the reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised.

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Figures in Rand	2018	2017
17. Provisions - Employee benefit obligation		
Amounts recognised in the statement of financial position are as follows:	2018	2017
Long service awards	3 293 859	2 780 932
Post employment medical aid	6 879 809	5 304 603
	10 173 668	8 085 535

Long service awards.

Long service awards relate to the legal obligation to provide long service leave awards.

Actuarial benefits has been performed on all 155 employees as at 30 June 2018 that are entitled to long services awards. The long service awards liability is not a funded arrangement, i.e no separate assets have been set aside to meet this liability.

Maruleng offers bonuses every five years of completed services from 10 years to 45 years.

The unfunded accrual liability at the valuation date is R3 293 859 (2017 - R2 780 932).

The amount recognised in the statement of financial position is as follows:	2018	2017
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	2 780 932	2 442 777
Change in the present value of the defined benefit obligation are as follows:	2018	2017
Opening accrued liability	2 780 932	2 442 777
Current service cost	333 505	334 623
Interest cost	228 497	209 834
Actuarial gains and losses	235 156	(110 657)
Expected contributions (benefits paid)	(284 231)	(95 645)
	3 293 859	2 780 932
Calculation of actuarial gains and losses	2018	2018
Actuarial losses/ (gains) - obligation	235 156	(110 657)

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Key assumptions used

Assumption used at the reporting date

Discount rates used	9.18%	8.76%
General salary inflation	6.73%	6.47%
Net discount rate	2.30%	2.04%
Normal retirement age	63	63

Post employment medical aid

An actuarial valuation has been performed in respect of post-employment medical benefits which employees may become entitled to after retirement.

The employee post employment health care liability consists of the commitment to pay a portion of the Pensioners Medical Scheme contributions. This liability is also generated in respect of dependents who are offered continued membership of the medical schemes after the death of the pensioner.

[A summary of assumptions was provided to the municipality.](#)

The medical aid contribution is an actuarial calculation which was performed by Arch Actuarial Valuers, an actuarial consulting company specialising in the valuation of employee benefit liabilities for accounting disclosure purposes. Currently there are no pensioners being subsidised for medical aid contributions hence no benefits payment

The amount recognised in the statement of financial position is as follows:

Carrying value

Present value of the defined benefit obligation- wholly unfunded	6 879 809	5 304 603
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Change in the present value of the defined benefit obligation are as follows:

Opening accrued liability	5 304 603	4 622 781
Current service cost	596 420	554 574
Interest cost	535 377	459 013
Actuarial gains and losses	443 409	(331 765)
	6 879 809	5 304 603

Calculation of actuarial gains and losses

Actuarial gains/ (losses)	443 409	(331 765)
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Key assumptions used

Assumption used at the reporting date

Discount rates used	10.65%	10.09%
General salary inflation	7.39%	7.39%
Net discount rate	2.13%	1.61%
Health care cost inflation	8.34%	8.35%

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Notes to the Financial Statements

Consumer Cost Inflation	2016.84%	2014%
18. Agency fees		
	2018	2017
Gross receipts from vehicle licensing	10 281 103	9 148 998
Transfers to Department of Roads and Transport	(8 348 824)	(7 738 154)
	1 932 279	1 410 844

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	2018	2017
Agency fees from Mopani District Municipality	197 514	174 655

	2018	2017
Gross total	2 129 794	1 585 500

19. Finance income

Interest revenue

Interest receivables - external investments	6 748 684	6 784 436
Interest charged on trade and other receivables	3 536 984	268 622
	10 285 668	7 053 058

20. Licences and permits

Traffic learners and drivers' licences	2 490 110	2 526 173
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21. Other revenue

Building inspection fee	279 417	135 936
Building plans	1 333 129	753 614
Certificate of occupancy	-	128 193
Library fines	694	875
Library membership fees	4 670	3 149
Membership fees	39 751	147
Other income	-	762
Clearance certificates	345 874	156 675
Handling fees	49 217	-
Penalties	-	3 947
Rezoning	149 779	37 586
Signboards, adverts etc	42 003	34 165
Site development	32 163	32 261
Special consent application	-	8 850
Swimming pool application fees	-	36 115
Tender documents	134 400	627 750
Town planning fees	976	1 910
Trading licence fees	1 282	37 516
Valuation certificates	7 407	152
Zoning certificates	6 223	1 229
	2 426 985	2 000 832

22. Service charges

Refuse removal	3 150 246	3 039 615
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Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
23. Property rates		
Rates received		
Property rates	82 364 883	64 723 757
Less: Income forgone	(12 095 452)	(3 135 503)
	70 269 431	61 588 254
Valuations		
Residential	3 338 155 689	3 278 729 053
Commercial	524 466 700	2 020 064 729
State	540 362 000	514 474 300
Agricultural	5 390 872 105	2 182 760 216
Other	656 490 530	788 897 939
	10 450 347 024	8 784 926 237

The current valuation roll was implemented with effect from 01 July 2012 for the period up to 30 June 2017. Supplementary valuations created additional billing and resulted in an increase of revenue due to the conducting and implementation supplementary valuations. The municipality implemented the supplementary general valuation roll for the period ended 30 June 2016 which led to an increase of debtors book and increase in billing for property rates. The implementation of a new general valuation roll was performed for the 2017/18 financial period.

24. Traffic fines

Traffic fines	398 600 1 069 800
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Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
25. Government grants and subsidies		
Operating grants		
Equitable share	99 298 000	91 329 004
Financial Management Grant (FMG)	1 900 000	1 825 000
Expanded Public Works Programme (EPWP)	1 123 808	1 000 000
	102 321 808	94 154 004

Capital grants		
Municipal Infrastructure Grant	27 222 902	49 660 371
	129 544 710	143 814 375

Operating grants consist of:

Unconditional grants received - Equitable Share	99 298 000	91 329 003
Conditional grants received - Financial Management Grant (FMG)	1 900 000	1 825 000
Conditional grants received - Expanded Public Works Programme (EPWP) Grant	1 123 807	1 000 000
	102 321 807	94 154 003

Equitable Share

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

Current-year receipts	99 298 000	91 329 003
Conditions met - transferred to revenue	(99 298 000)	(91 329 003)
Unspent amount transferred to liabilities	-	-

The purpose of the grant is for institutional systems. No funds were withheld or delayed.

Finance Management Grant

Current-year receipts	1 900 000	1 825 000
Conditions met - transferred to revenue	(1 900 000)	(1 825 000)
Unspent amount transferred to liabilities	-	-

(See note 16).

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

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Figures in Rand	2018	2017
Expanded Public Works Programme Grant		
Current-year receipts	1 124 000	1 000 000
Conditions met - transferred to revenue	(1 123 808)	(1 000 000)
Unspent amount transferred to liabilities	192	-

(See note 16).

This grant is used to provide skills and temporary work to unemployed people.

Capital Grants

Balance unspent at beginning of year	-	20 242 371
Current-year receipts	27 223 000	29 418 000
Conditions met - transferred to revenue	(27 222 902)	(49 660 371)
	98	-
Capital grants consist of:		
Municipal Infrastructure Grant	27 222 902	49 660 371

This grant was used to construct the municipal infrastructure to provide basic services for the benefits of the households within the municipality's jurisdiction. The conditions of the grant were met. No funds have been withheld by National Treasury and grounds of failure to meet grant conditions.

Municipal Infrastructure Grant (MIG)

Current year receipts	27 223 000	49 660 371
Conditions met - transferred to revenue	(27 222 902)	(49 660 371)
Balance unspent at beginning of financial year	98	-

(See note 16)

This grant was used to construct the municipal infrastructure to provide basic services for the benefits of the households within the municipality's jurisdiction. The conditions of the grant were met. No funds have been withheld by National Treasury on grounds of failure to meet grant conditions.

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Figures in Rand	2018	2017
26. Employee related costs		
Employee related costs - Salaries and wages	39 674 581	37 359 538
Employee related costs - social contributions	9 899 368	8 776 716
Travel, motor car, accommodation, subsistence and other allowances	4 224 691	3 928 370
Long-service awards	779 861	444 048
Housing benefits and allowances	720 271	727 366
Post retirement benefits	1 575 206	681 822
	56 873 978	51 917 860

Municipal Manager

Annual Remuneration	424 718	477 273
Performance and other bonuses	-	187 650
Travel and other allowances	230 704	201 988
Contributions to UIF, Medical and Pension Funds	119 509	90 409
Other benefits and allowance	-	655 731
Payments in lieu of leave	78 460	238 448
	853 391	1 851 499

The post of Accounting officer was acted by two officials during the year under review, (Ms Mokonyana L and Mr Lethole). The position of accounting officer was vacant from February 2018.

Remuneration of Chief Financial Officer

Annual Remuneration	-	753 123
Travel and other allowances	-	199 799
Contributions to UIF, Medical and Pension Funds	-	97 220
Payments in lieu of leave	-	183 132
	-	1 233 274

Ms F Sekgobela was appointed as the acting Chief Financial Officer from 1 July 2017 to date and her acting allowance was R 2 694.

Director: Technical Services

Annual Remuneration	-	508 507
Performance and other bonuses	-	64 404
Travel and other allowances	-	98 099
Contributions to UIF, Medical and Pension Funds	-	185 958
Payments in lieu of leave	-	134 768
	-	991 736

The position of Director Technical Services has been vacant during the reporting period.

Director: Community Services

Annual Remuneration	784 560	696 285
Performance and other bonuses	130 827	59 310
Acting allowance	-	31 162

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Travel and other allowances	95 641	94 799
Contributions to UIF, Medical and Pension Funds	182 096	195 692
	1 193 124	1 077 248

Director: Spatial Development and Planning

Annual Remuneration	631 258	522 679
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Figures in Rand	2018	2017
Performance and other bonuses	152 942	134 635
Acting allowance	-	46 503
Travel and other allowances	227 626	313 395
Contributions to UIF, Medical and Pension Funds	187 942	169 307
	1 199 768	1 186 519

Director: Corporate Services

The position of Director Corporate Services has been vacant during the reporting period.

27. Remuneration of councillors

Remuneration of councillors

Mayor	836 713	785 603
Speaker	680 983	631 545
Executive Committee members	2 287 026	2 091 422
Councillors part time	5 560 863	4 938 588
Councillors full time	1 001 778	920 143
	10 367 363	9 367 301

Councillors are classified based on their respective positions as at 30 June 2018 or the last day of service, as the case may be.

The Mayor, Speaker and three councillors are full time. Each is provided with an office and secretarial support at the cost of Council.

The Mayor has access to a municipal vehicle for official duties and is allocated a municipal house that can also be used to entertain official guests.

28. Depreciation and amortisation

Community assets	807 770	417 107
Electrical Infrastructure	455 134	827 800
Machinery and Equipment	181 596	176 715
Furniture and Office Equipment	675 629	651 546
Computer Equipment	455 381	491 824
Roads Infrastructure	3 011 744	2 708 181
Storm water Infrastructure	252 660	226 498
Community Assets	7 254 915	6 538 811
Library assets	20 691	22 255
Buildings	3 472 836	3 478 432
Solid Waste Infrastructure	38 285	55 241
Intangible assets	169 325	171 276
	16 795 966	15 765 686

29. Impairment loss

Impairments

Community assets	4 373 962	159 654
Machinery and Equipment	32 401	926
Library books	26 900	2 819
Computer Equipment	2 610	24 925

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Furniture and office equipment	23 424	25 272
Roads Infrastructure	-	90 429
	4 459 297	304 025

30. Finance costs

Finance leases	25 165	26 259
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Figures in Rand	2018	2017
31. General expenses		
Compensation Commissioner	349 468	643 439
Advertising	343 507	292 114
Audit fees	3 373 397	2 520 979
Bank charges	225 217	242 573
Computer expenses	25 950	21 350
Legal expenses	486 447	490 111
Free basic electricity	559 213	1 276 122
Insurance	372 467	251 232
Functions and events	2 437 058	3 581 568
Fuel and oil	994 173	1 325 771
Printing and stationery	968 445	594 748
Repairs and maintenance	1 026 186	1 441 683
Refreshment	-	171 181
Subsistence, travel & accomodation	7 960 639	5 825 454
Training	752 513	526 205
Telephone & cellphone costs	582 741	474 131
Electricity	2 658 267	1 844 923
Internal Audit	269 041	189 837
Membership fees	779 374	608 554
Stores and material	197 402	427 711
Ward committes	2 956 956	894 778
EPWP	860 209	945 446
Strategic planning	-	238 261
Professional fees	12 910 405	7 110 960
Bursary Fund	293 727	252 403
Other expenses	763 656	1 949 917
	42 146 458	34 141 451
32. Gain/ (Loss) on disposal of assets		
Loss on disposal of assests		
Porperty, plant and equipment	159 149	4 236 482
33. Cash generated from operations		
Surplus	71 718 658	79 619 130
Adjustments for:		
Depreciation and amortisation	16 795 966	15 765 686
Impairment deficit	4 459 298	304 025
Movements in retirement benefit assets and liabilities	1 337 552	2 081 932
Movements in provisions	2 088 133	1 019 977
Changes in working capital:		
Inventories	(134 836)	21 987
Receivables from exchange transactions	(2 260 447)	19 357
Other receivables from non-exchange transactions	(9 976 053)	(3 342 614)
Other financial assets	(623 998)	(242 821)
Payables from exchange transactions	4 956 675	2 965 804
VAT	14 130 098	(9 046 329)
Taxes and transfers payable (non exchange)	1 057 299	2 505 716
Unspent conditional grants and receipts	290	(24 724 375)
Accumulated surplus	-	222 191
	103 548 635	67 169 666

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Figures in Rand	2018	2017
34. Additional disclosures in terms of Section 125 of Municipal Finance		
Contribution to SALGA		
Council membership fees payable	768 318	608 554
Amount paid current year	(768 318)	(608 554)
	-	-
Audit fees		
Current year audit fee	3 373 397	2 520 979
Amount paid current year	(3 373 397)	(2 520 979)
	-	-
PAYE & UIF		
Current payroll deductions	9 106 305	8 318 637
Amount paid current year	(9 106 305)	(8 318 637)
	-	-
Pension and Medical Aid Deductions		
Current payroll deductions	8 876 058	8 916 439
Amount paid current year	(8 876 058)	(8 916 439)
	-	-

VAT

VAT is accounted for on the cash basis. VAT input receivables and VAT output receivable are shown in note 6. All VAT returns have been submitted throughout the year.

35. Councillor's arrears consumer accounts

Councillors do not have services and rates accounts to the municipality.

36. Commitments

Commitments in respect of capital and current expenditure

Approved and contracted for:		
Current	27 806 961	10 421 846
Capital	105 055 117	33 694 368
	132 862 078	44 116 214

The expenditure will be financed from:

Sources		
Government grants	4 990 187	9 164 208
Internal sources	127 871 891	34 952 007
	132 862 078	44 116 215

37. Operating leases

The lease agreements for office machines became effective during the financial year 2014/15.

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Monthly rentals on office machines which are in the municipality's premises are expensed directly as lease rentals while the process to regularise the agreements is still in progress.

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38. Contingent liabilities

Nature of the event

Dispute on subcontracting	-	179 075
Dispute on subcontracting	300 000	283 349
Claims on the house gutted by fire	3 555 702	3 055 702
Rent for water line in the complainant's property	-	100 000
Court interdict (maruleng Civic Warriors)	431 060	-
Loss of livestock at the London landfill site Claim on House gutted by fire	-	1 369 390
Suspension for disciplinary hearing proceedings		
Application on Appeal by Maruleng Civic warriors	290 000	-
Interdict against approving and continuing with development of mall (the event occurred after year end)	300 000	-
Dispute on Account balance by Hoedspruit township developer (event occurred after year end)	844 671	-
Contractual claim	200 000	-
Application for access of information in terms of PAIA	350 000	-
Application to compel the municipality to approve the site development plan	400 000	-
Application to oppose exhumation of the body	300 000	-
	6 971 433	4 987 516

39. Unauthorised, irregular, fruitless and wasteful expenditure

Irregular expenditure

Opening balance	22 461 001	24 154 592
Irregular expenditure current year:		
Condoned during the year by Council	-	(2 251 918)
Suppliers in the service of the state	-	-
Procurement awarded to supplier(A Smith trust account) without following competitive bid process	-	40 557
Overpayment of lease contract	-	26 259
Procurement awarded to supplier(Mohale INC) without following competitive bid process	-	425 042
Procurement awarded supplier without following SCM procedures. (Moshona Mabena Mogane Inc.)	500 000	-
Steyn & Clarke	42 377	26 716
Procurement awarded to supplier (Mohlaba & Moshona Inc) without following competitive bid process	-	39 753
Award not approved by delegated official - MTW Global travel	7 800	-
Award advertised for less number of days - Nweti WaTilo	4 654 215	-
Closing balance	27 665 393	22 461 001
	27 665 393	22 461 001

The balance as at 30 June 2017 was R22 461 001. The balance as at 30 June 2018 was R27 665 393 that is currently under investigation.

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Fruitless and wasteful expenditure

Opening balance	2 296 198	3 402 316
Condoned by Council	-	(1 146 312)
Overpayment of retentions	-	-
Zack's Business Enterprise	-	24 699
Lithalethu Trading	-	12 306
Nkutsulo Project Development	-	339
Erick Marule trading	-	2 850
Closing balance	2 296 198	2 296 198
	2 296 198	2 296 198

The balance as at 30 June 2018 was R2 296 198 and there were no movement in the current year. The balance for 30 June 2018 is currently under investigation.

Unauthorised expenditure

Opening balance	14 229 699	6 807 502
Over-spending on the Budget & Treasury vote due to non-cash items (depreciation & debt impairment)	-	7 422 197
	14 229 699	14 229 699

40. Related party disclosures

During the year, in the ordinary course of business, transactions between the Municipality and the under-mentioned parties have occurred under terms and condition no more favourable than those entered into with third parties in an arm's length transaction.]

Related party transactions

Amount included in the trade receivables regarding related parties

Mopani District Municipality	24 003 740	23 474 784
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Amount included in the agency fees under statements of financial performance

Department of roads and transport (agency)	1 932 279	1 410 844
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S55 and S57 Employees/Employees remuneration

Refer to Employee related costs note 26

Remuneration of Councilors

Refer to Remuneration of Councilors note 27

41. Change in accounting estimates

No changes were required in accounting estimates for the financial year ended 30 June 2018.

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[42](#) Change in accounting

[policies](#) Community assets

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Figures in Rand	2018	2017
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Other 1

There was no change of accounting policy in the period under review.

During the financial year 2014/15 the municipality changed its accounting policy in respect of the valuation of inventory from the first-in-first out to weighted average method. The change was aimed at giving effect to a more relevant and reliable presentation of the value of inventory.

Statement of profit/loss

Increase/ (decrease) in surplus due to (increase)/ decrease in general expenses	-	21 313
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Statement of financial position

Increase/ (decrease) in inventory	-	2 411
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43. Risk

management

Interest rate risk

The municipality has significant interest-bearing assets and as a result there of the municipality's income and operating cashflows are substantially dependent of changes in market interest rate.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

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

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter- party.

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

Maximum credit risk exposure		
Receivables from exchange transactions	2 857 464	597 017
Receivables from non-exchange transactions	17 098 753	7 122 700
Cash and cash equivalents	131 869 906	111 445 759
Other receivables	1 363 251	739 253
	153 189 374	119 904 729

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44. Deviation from supply chain management regulations

Regulation 36 of the Municipal SCM Reugation of 2005 provides for deviation from and rectification of minor breaches of procurement processes. The deviation reports includes limited bidding, emergency and urgent procurement as well as avoidable deviations. The following expctions were recorded for the period under review:

DATE	SERVICE PROVIDER	DESCRIPTION OF GOODS AND SERVICES	AMOUNT	REASON FOR DEVIATION
17/07/2017	Government Printing Works	Advertisement of valuation property rates	R8 000.00	The advert is done by government printing works
19/07/2017	SAQA	Verification of qualifications for shortlisted candidates	R5 102.00	SAQA is the institution that verifies qualification in South Africa.
20/07/2017	Great North	Transportation of participants to Willows for games.	R8 800.00	Great North Transport is the only company in our database that provides bus transport services.
21/07/2017	Regenesys Management	Training fee for Ntimane H	R16 960.00	Regenesys Management is the institute that provides this training.
01/08/2017	30TH ANNUAL LABOUR LAW	REGISTRATION FEE	R7 000.00	The institution that runs the conference.
04/08/2017	IMPS-SA	Registration fee for	R4 300.00	The institution that runs the IMPSA conference
-	-	Conference.	R -	-
04/08/2017	SAGE	Payment for Gouws A & Seoke T for report for training on report writing.	R5 107.20	SAGE has contract with the municipality.
04/08/2017	SOUTHERN AFRICAN SOLUTION PTY LTD(EXPO SOLUTION)	PAYMENT FOR EXHIBITION STAND FURNITURE GETAWAY SHOW	R29 166.90	Expo Solution is the company that runs the gateway show.
07/08/2017	SAGE	Mid-Year Payroll Seminar	R3 990.00	SAGE has contract with the municipality.
22/08/2017	Maruleng Community Radio	Placement of advert for Mayoral Tournament.	R4 550.00	It is the only local radio station.
25/08/2017	Department of Transport	Refresher Course for Examiners.	R 600.00	Department of Transport is the institution that runs the conference
25/08/2017	Great North Transport	Transportation of participants to Mayoral tournament.	R21 500.00	Great North Transport is the only company in our database that provides bus transport services.
25/08/2017	Great North Transport	Transportation of participants to Mayoral tournament.	R10 400.00	Great North Transport is the only company in our database that provides bus transport services.
05/09/2017	University of Limpopo	Training fee for Mogoboya TA attending EMP training	R26 950.00	University of Limpopo is the institution that provides the training.
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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements	Registration fee for Somo L and Magoro M attending leaders plenary session.	R23 997.00	The plenary session is arranged by the Institute Internal Auditors South Africa.
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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

06/09/2017	Limpopo Department of Health And Social Development	Provision of ambulance services during Mayoral Tournament.	R	5 746.00	The Department of Health And Social Development is the only institution registered on our suppliers database for provision of ambulance services.
05/10/2017	Truvelo Manufacturers(Pty)Ltd	Calibration of speed trap machine for Traffic Department.	R	3 920.16	Truvelo Manufacturers (Pty) Ltd is the manufacturer of the speed trap machine used by the municipality.
12/10/2017	Institute of Municipal Administrators of South Africa	Registration fee for departmental secretaries attending training.	R	44 000.00	Institute of Municipal Administrators of South Africa provides the training.
12/10/2017	Institute of Municipal People Practitioners of Southern Africa	Registration fee for Lethole SJ, Mthethwa L and Ramohlola K attending conference on ethics and behavior		R10 950.00	The institution that runs the conference.
19/10/2017	MSPW	Registration fee for IMPSA conference	R	8 970.00	The institution that runs the conference.
30/10/2017	SAGE	Registration fee for Gouws A, Seoke T, and Mafologela J attending SAGE VIP training		R14 307.00	SAGE has contract with the municipality.
08/11/2017	Reed Exhibition	Procurement of stand for exhibition.	R	31 400.00	Reed Exhibition is the institution that runs the conference.
10/11/2017	Institute Internal Auditors South Africa	Renewal of membership for Somo L; Magoro MJ And Mangena FM	R	5 814.00	The officials are members of the institute.
13/11/2017	South African Qualification Authority (SAQA)	Verification of qualifications for shortlisted candidates for the posts of Debtors Clerk, Cashiers & Finance Intern		R4 176.00	SAQA is the institution that verifies qualification in South Africa.
17/11/2017	South African Cemeteries Association(SACA)	Registration fee for Lewele M and Mokonyane ML attending Pan African Cemeteries & Crematoria Conference.	R	10 000.00	SACA is the institution that runs the conference
22/11/2017	Intelligence Skill Training	Training registration fee for Paulina Mohlala.		R8 999.00	The institution that runs the conference.
27/11/2017	MUNSOFT	ANNUAL GENERAL MEETING FOR MASILO & BEAUTY MAPONYA	R	25 000.00	It has the contract with Maruleng municipality to provide munsoft system
19/12/2017	Truvelo Manufacturers(Pty)Ltd	Calibration of speed trap machine for Traffic Department.	R	3 920.16	Truvelo Manufacturers (Pty) Ltd is the manufacturer of the speed trap machine used by the municipality.
06/02/2018	South African Qualification Authority(SAQA)	Verification of qualifications for shortlisted candidates for the posts of Manager PMU		R2 998.00	SAQA is the institution that verifies qualification in South Africa.
14/02/2018	MUNSOFT	Registration fee for Phiri K, Malomane C, Sabeka N And Mohlala S		R20 520.00	Munsoft has contract with the municipality.
15/02/2018	Reed Exhibition	Procurement of stand for exhibition.	R	54 000.00	Reed Exhibition is the institution that runs the conference.

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Notes to the Financial Statements	Registration Fee For Thobejane MH, Mahlo M, Mathaba A, Rakgoale J, Mokonyane L, Sekgobela F, Phasha M, Maponya B, Mabothe K	R32 598.00	The institution that runs the conference.
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Notes to the Financial Statements

05/03/2018	South African Institute Architectural Technologists(SAIAT)	Training registration fee for Morema K.		R2 900.00	The institution that provides the training
18/03/2018	Public Service and Administration	Training Fee for Linah Ntemane And Ramohlola Kedibone	R	14 300.00	The custodian that runs the training
22/03/2018	CIGFARO	Registration fee for Public Indaba for Maria baloyi, lephalala phuti, Modiba Masilo, Malepe Eugene & Somo Lesley	R	31 055.00	The institution that runs the conference.
26/03/2018	Regenesys Management	Registration fee for Happy Ntemane	R	26 2	Regenesys is the Institution that runs the training
27/03/2018	LIASA	Registration for Nelly Sekgobela	R	2 900.00	The institution that runs the Exhibition
27/03/2018	Reed exhibition	Payment of exhibition for stand furniture	R	30 2	The institution that runs the Exhibition
29/03/2018	SETPLAN	Payment registration for Sithole K, Mailula G, Sithole K, Morema A, Phasha and Phahlane I	R	35 910.00	The institution that runs the Exhibition
15/05/2018	MUNSOFT	Registration for finance department training	R	75 240.00	It has the contract with Maruleng municipality to provide munsoft system
18/05/2018	SACPLAN	Registration for mr smith, Mr Masete, Sithole K, AND Mokonyane ML	R	825.00	The institution that runs the Exhibition
18/05/2018	Academy of York	Registration for Sekgobela P	R	12 190.00	The institution that runs the training
24/05/2018	Phalaborwa Printers	Procurement of order Books	R	29 2	The institution registered with us for printing purposes
11/06/2018	SALGA	Registration fee for Maponya Mokonyane M AND Maakamela R	R	5 000.00	The institution that runs the conference.
11/06/2018	IIASA	Registration fee for Magoro M, Mangena F, Malepe E and Mahlo C	R	7 800.00	The institution that runs the training
11/06/2018	IIASA	Renewal of membership fee for Magoro M, Mangena F and Somo L	R	6 727.50	The institution that runs the training

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Notes to the Financial Statements

45. Commitments

Current commitments 2017/18

Description	Contract Number	Appointment date	Name of Companies	Contract amount	Total Expenditure 2017/2019	Balance at 30 June 2018
Provision of waste removal and landfill site management services for a period of three years	MLM/SCM/23/2017	01/11/2017	Nweti Wa Tilo T/A da	24 349 683.61	4 654 215.15	19 695 468.46
Supply and delivery of promotional material	MLM/SCM/02/2018	21/06/2018	White Hall Trading &	121 151.20	-	121 151.20
Protective Clothing	MLM/SCM/24/2017	17/10/2017	ntimed	528 485.00	-	528 485.00
Compilation of Operational Risk Register.	MLM/SCM/03/2017	16/05/2018	Cathu Consulting Inc	389 196.00	-	389 196.00
Professional services	MLM/SCM/11/2016	18/05/2016	Faranani Consulting s	500 000.00	-	500 000.00
Compilation of GRAP Compliant Asset Register for a period of three years	MLM/SCM/11/2018	26/06/2018	Cathu Consulting Inc	5 545 702.50	-	5 545 702.50
Supply and delivery of Computer Software	MLM/SCM/07/2018	29/06/2018	Fhima Consultancy a	660 218.40	-	660 218.40
Supply and delivery of laptops and Carry bags	MLM/SCM/10/2018	29/06/2018	Rosie Makgo Projects	210 000.00	-	210 000.00
Supply and promotional material	MLM/SCM/26/2018	26/06/2018	A New Awakening Tr	129 950.00	-	129 950.00
Cash collectors	MLM/SCM/0001/2017	31/10/2018	Fidelity Security Servi	87 894.00	61 104.74	26 789.26
-	-	-	-	32 522 280.71	4 715 319.89	27 806 960.82

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Capital Commitments 2017/18

PROJECT NAME	TYPE	CONTRACT		APPOINTMENT AMOUNT	PAYMNETS (incl VAT)	RETENTION (incl VAT)	ACCRUAL	BALANCE	STATUS	RETENSIONS PAID OUT (excl VAT)	RETENSION (INCL VAT)	CLOSING BALANCE
		START DATE	END DATE									
-	-	-	-	-	-	-	-	-	-	-	-	-
INDOOR SPORTS	CONSULTANT	28/02/2013	30/06/2019	10 571 612.05	9 662 904.60	-	-	908 707.45	In progress	-	-	908 707.45
-	CONTRACTOR	28/11/2014	30/06/2019	43 455 238.20	35 223 208.36	3 751 113.07	-	8 232 029.84	In progress	-	-	8 232 029.84
-	-	-	-	-	-	-	-	-	-	-	-	-
ELECTRIFICATION OF SCO	CONSULTANT	06/08/2015	14/03/2018	488 733.30	446 431.30	-	-	42 302.00	Completed	-	-	42 302.00
-	CONTRACTOR	24/02/2016	14/03/2019	4 526 465.11	4 002 805.91	421 347.99	-	523 659.20	Completed	184 801.75	210 674.00	312 985.21
-	-	-	-	-	-	-	-	-	-	-	-	-
BALLON ACCESS ROAD	CONSULTANT	01/02/2016	30/06/2020	R 6 886 318.59	2 099 148.00	-	-	4 787 170.59	In progress	-	-	4 787 170.59
-	CONTRACTOR	29/06/2018	-	R 45 009 570.74	-	-	-	45 009 570.74	In progress	-	-	45 009 570.74
-	-	-	-	-	-	-	-	-	-	-	-	-
TURKEY 3 COMMUNITY HA	CONSULTANT	-	14/07/2017	665 836.82	609 726.80	-	-	56 110.02	Completed	-	-	56 110.02
-	CONTRACTOR	28/09/2015	14/07/2017	R 5 349 212.88	4 835 645.47	534 901.23	-	513 567.41	Completed	234 605.80	267 450.61	246 116.79
-	-	-	-	R	-	-	-	-	-	-	-	-
HLOHLOKWE ACCESS RO	CONTRACTOR	21/12/2016	30/07/2018	8 202 060.32	6 543 487.28	604 022.62	-	1 658 573.04	In progress	-	-	1 658 573.04
-	-	-	-	-	-	-	-	-	-	-	-	-
METZ INTERNAL STREET	CONSULTANT	28/02/2013	14/11/2017	3 011 941.12	2 740 388.92	-	-	271 552.20	Completed	-	-	271 552.20
-	CONTRACTOR	22/12/2016	14/11/2017	10 318 776.41	9 103 748.74	988 278.79	-	1 215 027.67	Completed	251 110.70	286 266.20	928 761.47
-	-	-	-	-	-	-	-	-	-	-	-	-
BOCHABELO HALL	CONSULTANT	-	10/02/2017	1 066 350.58	1 157 478.03	-	-	(91 127.45)	Completed	-	-	(91 127.45)
-	CONTRACTOR	21/12/2016	10/02/2017	4 844 999.89	4 436 299.85	484 497.27	-	408 700.04	Completed	212 498.81	242 248.64	166 451.40
-	-	-	-	-	-	-	-	-	-	-	-	-
WILLOWS SPORT CENTRE	CONSULTANT	-	23/8/2017	2 207 199.20	1 867 280.89	-	-	339 918.31	Completed	-	-	339 918.31
-	CONTRACTOR	25/09/2015	23/8/2017	6 161 144.82	5 071 242.26	495 382.10	-	1 089 902.56	Completed	247 136.56	281 735.68	808 166.88
-	-	-	-	-	-	-	-	-	-	-	-	-
FINALE ACCESS ROAD	CONSULTANT	03/05/2016	22/6/2018	3 200 715.67	1 968 347.50	-	-	1 232 368.17	Completed	-	-	1 232 368.17
-	CONTRACTOR	04/07/2017	22/6/2018	13 698 785.03	12 411 099.41	1 369 011.34	-	1 287 685.62	Completed	599 986.34	683 984.43	603 701.19
-	-	-	-	-	-	-	-	-	-	-	-	-
MAKGAUNG ACCESS ROA	CONSULTANT	11/01/2016	17/7/2018	1 955 884.61	1 959 209.84	-	-	(3 325.23)	In progress	-	-	(3 325.23)
-	CONTRACTOR	04/07/2017	17/7/2018	14 113 708.11	12 609 408.29	1 401 045.43	-	1 504 299.82	In progress	-	-	1 504 299.82
-	-	-	-	-	-	-	-	-	-	-	-	-
LORRAINE ACCESS ROAD	CONTRACTOR	04/07/2017	30/9/2018	14 915 791.62	9 891 100.67	1 157 234.32	-	5 024 690.95	In progress	-	-	5 024 690.95
LORRAINE ACCESS ROAD	CONSULTANT	19/04/2016	30/9/2018	2 216 715.91	2 203 031.72	-	-	13 684.19	In progress	-	-	13 684.19
-	-	-	-	-	-	-	-	-	-	-	-	-
KANANA TO MAHLOMELON	CONSULTANT	11/01/2016	17/7/2018	2 298 447.70	1 888 190.33	-	-	410 257.37	In progress	-	-	410 257.37
-	CONTRACTOR	04/07/2017	17/7/2018	14 070 146.99	12 433 622.34	1 381 513.59	-	1 636 524.65	In progress	-	-	1 636 524.65
-	-	-	-	-	-	-	-	-	-	-	-	-
Maruleng Low level bridges	CONSULTANT	03/05/2016	24/07/2018	2 539 408.74	2 066 908.94	-	-	472 499.80	In progress	-	-	472 499.80
-	-	-	-	-	-	-	-	-	-	-	-	-

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements			15/01/2015	5 305 912.61	4 532 270.07	771 990.96	-	773 642.54	Completed	211 898.99	243 683.84	529 958.70
RENEWAL OF THE CONSULTANT		12/05/2015	-	-	-	-	-	-	-	-	-	-
MADEIRA ACCESS ROAD	CONSULTANT	07/12/2017	30/6/2020	2 889 549.69	342 307.42	-	-	2 547 242.27	In progress	-	-	2 547 242.27
-	-	-	-	-	-	-	-	-	-	-	-	-

MARULENG LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Ga-Mametja low level bridge	CONTRACTOR	21/07/2017	24/07/2018	4 388 879.62	3 945 301.05	438 366.76	920 932.13	443 578.57	In progress	-	-	443 578.57
-	-	-	-	-	-	-	-	-	-	-	-	-
Mets low level bridge	CONTRACTOR	21/07/2017	24/07/2018	4 907 647.50	4 397 889.48	488 654.40	585 136.66	509 758.02	In progress	-	-	509 758.02
-	-	-	-	-	-	-	-	-	-	-	-	-
Mahlomelong lo level bridge	CONTRACTOR	21/07/2017	24/07/2018	4 823 727.70	4 356 505.06	484 056.11	551 186.41	467 222.64	In progress	-	-	467 222.64
-	-	-	-	-	-	-	-	-	-	-	-	-
Lorraine low level bridge	CONTRACTOR	21/07/2017	24/04/2017	4 063 583.24	3 871 958.35	407 444.10	-	191 624.89	Completed	178 227.34	203 179.17	(11 554.28)
-	-	-	-	-	-	-	-	-	-	-	-	-
BISMARK ACCESS ROAD	CONSULTANT	18/05/2018	30/6/2021	2 433 353.98	200 000.00	-	-	2 233 353.98	In progress	-	-	2 233 353.98
-	-	-	-	-	-	-	-	-	-	-	-	-
Madeira Access Roads	CONSULTANT	18/05/2018	30/6/2020	2 889 549.69	342 307.41	-	-	2 547 242.28	In progress	-	-	2 547 242.28
The Oaks Internal Street	CONSULTANT	18/05/2018	30/6/2020	2 845 444.72	402 500.00	-	-	2 442 944.72	In progress	-	-	2 442 944.72
Santeng Graveyard AccessR	CONSULTANT	21/05/2018	30/6/2021	2 205 184.70	-	-	-	2 205 184.70	In progress	-	-	2 205 184.70
Calais Sports Field	CONSULTANT	25/05/2018	30/6/2020	5 397 301.35	-	-	-	5 397 301.35	In progress	-	-	5 397 301.35
Rehabilitation of Kampersrus	CONSULTANT	25/05/2018	30/6/2021	3 082 249.54	114 819.80	-	-	2 967 429.74	In progress	-	-	2 967 429.74
Newline Ga-Fani Access Roa	CONSULTANT	31/05/2018	30/6/2021	3 158 639.72	-	-	-	3 158 639.72	In progress	-	-	3 158 639.72
Butswana acces road	CONSULTANT	10/05/2018	30/6/2021	2 352 000.00	-	-	-	2 352 000.00	In progress	-	-	2 352 000.00
Willows Access Road	CONSULTANT	31/05/2018	30/6/2021	2 692 825.52	-	-	-	2 692 825.52	In progress	-	-	2 692 825.52
-	-	-	-	275 210 913.99	167 736 574.09	15 178 860.08	057 255.20	107 474 339.90	-	2 120 266.29	2 419 222.56	105 055 117.34

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
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46. Contracted services

Refuse and waste removal	5 791 133	3 245 179
Outsourced Services: Security Services	3 808 100	3 523 800

9 599 233 6 768 979

47. Correction of prior year errors Statement of financial position

Accumulated surplus

Corrections were made and appropriated to the accumulated surplus account for the financial years ended 30 June 2017 and 30 June 2018.

Accumulated surplus were affected as follows:

Employee costs

Correction of leave provision previously understated in the prior year R1 334 751

Corrections were made and appropriated to the accumulated surplus account for the financial year ended 30 June 2018.

48. Actual capital expenditure versus budgeted capital expenditure

49. Rental of facilities and equipment

Rental of facilities and equipment	224 089	307 5
------------------------------------	---------	-------

Land	20 872 000	-	-		20 872 000	-	-	-	-	-	20 872 000
Buildings	74 022 074	-	-		74 022 074	25 921 006	3 472 836	-	-	29 393 842	44 628 232
Community Assets	133 972 657	-	-	18 365 595	152 338 252	48 531 043	7 254 915	4 373 962	-	60 159 920	92 178 332
<hr/>											
Solid Waste Infrastructure	552 410	-	-		552 410	418 148	38 285	-	-	456 433	95 977
Roads Infrastructure	102 836 269	29 100	4 500	23 015 273	125 876 142	18 500 232	3 011 744	-	2 152	21 509 823	104 366 319
LV Networks	11 209 641	-	521 296		10 688 346	9 199 599	455 134	-	364 494	9 290 240	1 398 106
Storm water Infrastructure	12 801 551	-	-	4 053 269	16 854 820	1 091 326	252 660	-	-	1 343 986	15 510 834
Construction work in progress	68 899 815	82 030 639	-	(45 434 137)	105 496 317	-	-	-	-	-	105 496 317
<hr/>											
Furniture and Fixtures	5 313 476	863 779	191 828		5 985 427	3 600 105	675 629	23 424	191 828	4 107 330	1 878 098
Transport Assets	7 846 668	-	-		7 846 668	2 073 865	807 770	-	-	2 881 635	4 965 033
IT Equipment	2 306 128	136 762	29 146		2 413 744	1 311 331	455 381	2 610	29 146	1 740 177	673 567
Machinery and Equipment	1 249 496	32 479	177 032		1 104 942	543 006	181 596	32 401	177 032	579 971	524 971
Other Assets	223 805	-	126 780		97 025	156 687	20 691	26 900	126 780	77 498	19 527
<hr/>											
Heritage Assets	222 000				222 000						222 000
<hr/>											
Intangible Assets	1 084 089	-			1 084 089	467 297	169 325			636 623	447 466
<hr/>											
Investment Property	6 796 836				6 796 836						6 796 836
<hr/>											
Land and Buildings	228 866 731	-	-	18 365 595	247 232 326	74 452 049	10 727 751	4 373 962	-	89 553 762	157 678 564
Infrastructure	196 299 687	82 059 739	525 795	(18 365 595)	259 468 035	29 209 305	3 757 823	-	366 646	32 600 482	226 867 553
Other Assets	16 939 572	1 033 020	524 786	-	17 447 806	7 684 994	2 141 068	85 334	524 786	9 386 611	8 061 195
Heritage Assets	222 000	-	-	-	222 000	-	-	-	-	-	222 000
Intangible Assets	1 084 089	-	-	-	1 084 089	467 297	169 325	-	-	636 623	447 466
Investment Property	6 796 836				6 796 836						6 796 836

Chapter 6: Auditor General's Report

Report of the auditor-general to the Limpopo provincial legislature and the council on Maruleng Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Maruleng Local Municipality set out on pages **117** to **230** which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Maruleng local municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003 (MFMA) and the Division of Revenue Act, 2017 (Act No. 3 of 2017 (DoRA).

Basis for opinion

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

Emphasis of matters

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

7. With reference to note 38 to the financial statements, the municipality is the defendant in a lawsuit relating to a house gutted by fire amounting to R3 555 702. The municipality is opposing this claim as it believes it has reasonable grounds of defending it. The ultimate outcome of this matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.
8. As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of an error discovered in the financial statements of the municipality at, and for the year ended, 30 June 2018.

Irregular expenditure

9. As disclosed in note 39 to the financial statements, the municipality incurred irregular expenditure of R5 204 392, as it did not follow the supply chain management (SCM) regulations. An amount of R4 654 215 of this irregular expenditure was incurred for the provision of waste removal and landfill site management services to a service provider who was not appointed in terms of the SCM prescripts.

Underspending of the budget

10. As disclosed in the statements of comparison of budget and actual amounts, the municipality materially underspent the budget by R16 535 874 on capital expenditure.

Other matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.
12. The supplementary information set out on pages **231** to **231** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.
13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA standards of GRAP and the requirements of the MFMA and the 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.
15. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development priority	Pages in the annual performance report
Development priority 2 – basic service delivery	62-76

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. The material finding in respect of the reliability of the selected development priority is as follows:

23. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 312 indigent households with access to free basic electricity. This was due to insufficient and inadequate documents provided for audit. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 312 as reported in the annual performance report.

Other matters

24. I draw attention to the matters below.

25. Refer to the annual performance report on pages **56** to **108** for information on the achievement of planned targets for the year. This information should be considered in the context of the material finding on the reliability of the reported performance information in paragraph 23 of this report.

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of development priority 2: basic service delivery. As management subsequently corrected only some of the misstatements, I raised a material finding on the reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

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

28. The material findings on compliance with specific matters in key legislations are as follows:

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

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

30. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

31. The performance management system and related controls were inadequate as it did not describe how the performance monitoring should be managed, as required by municipal planning and performance management regulation 7(1). Numerous misstatements relating to the reported performance information were identified. The controls to monitor accuracy of targets are done by the monitoring and evaluation section, however there were inadequate internal controls relating to monitoring and review between them and the section responsible for service delivery.

32. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Other information

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

Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the unqualified opinion, the finding on the performance report and the findings on compliance with legislation included in this report.

37. The accounting officer did not adequately exercise oversight responsibility regarding financial and performance reporting, compliance and related internal controls.
38. Adequate monthly controls relating to revenue management, liability management and performance information were not prepared by management.
39. Compliance with laws and regulations was not properly monitored by the accounting officer.

Auditor General

Polokwane

30 November 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure A

Auditor General's Responsibility

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

Annexure C



REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 30 June 2018.

Audit committee members and attendance

The Audit Committee did meet at least four times during the financial year under review as per approved terms of reference. The Internal Auditors are the permanent invitees to the Audit Committee, the internal audit team has unrestricted access to bring any matter within their scope and responsibility to the attention of the committee.

The members of the audit committee are all independent members of the Municipality

	AC Members		
	L. Lankalebalela Appointed 02 October 2015 (Chairperson)	K Mosupa Appointed 02 October 2015	M Makhongela Appointed 02 October 2015
No of meetings attended	11	10	2
Dates and type of meetings			
04 July 2017 (Ordinary)	✓	✓	X
25 August 2017 (Ordinary)	✓	✓	X
26 August 2017 (Special)	✓	✓	X
30 August 2017 (Special)	✓	✓	X
13 October 2017 (special)	✓	✓	X
25 November 2017 (special)	✓	✓	X
22 January 2018 (Special)	✓	✓	X
06 March 2018 (Ordinary)	✓	✓	X
24 March 2018 (two ordinary)	✓	✓	X
11 June 2018 (ordinary)	✓	✓	X

✓ - Member present in the meeting.

X – Apology from the Member.

Audit Committee Responsibility

The audit committee reports that it has fully complied with its responsibilities arising from section 166 of MFMA. The Committee also reports that it has adopted the appropriate terms of reference as per the audit committee charter, has regulated its affairs in compliance with the charter and has not fully discharged its responsibilities as prescribed therein

The effectiveness of internal control

In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The system of internal control was not entirely effective for the year under review. During the year under review, several deficiencies in the system of internal control were reported by the internal audit, audit committee and the Auditor-General South Africa. The municipality should continue to monitor and improve the control environment to avoid further deficiencies in the system of internal control.

From the 2016/17 Audit Report of Auditor General South Africa on the annual financial statements of the municipality, it was noted that the municipality has retained its audit opinion of unqualified from the 2015/16 financial year. The municipality should ensure that action plan is prepared and implemented accordingly to enhance the efficiency and effectiveness of the internal control systems.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report with the management of the municipality and Auditor General South Africa;
- Reviewed the municipality's compliance with legal and regulatory provisions
- Reviewed the Auditor-General's management letter and management's response thereto; and
- Reviewed significant adjustments resulting from the audit.

Internal audit

The Audit Committee is satisfied that the internal audit function is operating effectively given the current capacity constraints, and that further improvements need be made to address the risks pertinent to the municipality. The Audit Committee noted the need for improvement by management in the implementation, monitoring and providing oversight on internal controls.

Risk Management

The Audit Committee is satisfied that risk management is continually improving within the municipality. However, management should ensure that there is improved coordination between risk management and strategic planning functions, to enable optimal allocation of resources to address top risks of the municipality.

Pre-determined objectives

The audit committee has noted significant improvement by the municipality in the preparation and reporting on pre-determined objectives as compared to the 2015/16 financial year. It was recommended that management should continuously engage stakeholders where there are challenges. Pre-determined objectives is a standing item in audit committee meetings, concerted efforts are being made by management to sustainably improve in this area.

Auditor-General of South Africa

The audit committee in consultation with management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration factors such as timing of the audit, the extent of work required and the scope.

The audit committee has met with the audit team of Auditor General South Africa to ensure that there are no unresolved issues. The committee concur with and accept the Auditor General South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor General South Africa. The auditors remained independent throughout the financial year.

Appreciation

The Audit Committee wishes to thank the council of the municipality, management and the staff for their continued commitment to improve the control environment and governance of the municipality. Our appreciation is also extended to the team of Auditor General South Africa for the continued value added to the municipality.



Mr. L. Lankalebalela
Chairperson of the Audit Committee

Annexure C

DEPARTMENTAL AG ACTION PLAN

Audit finding	Category of finding	Description of finding	Finding is new/recurring	Root cause	Action plan description	Start date	Completion date	Responsible person	Position
Accruals	Matters affecting the auditor's report	1. Accruals Misstatement The difference of R1 770 433.77 was identified between the amount disclosed for accruals in the annual financial statements (AFS) and the accrual listing:	No	Non performance of monthly reconciliation for accrual	Preparation of monthly reconciliation concerning accruals	7-Jan-19	28-Feb-19	Moeng M	Acting Senior Accountant Expenditure
High level AFS review	Matters affecting the auditor's report	2. High Level review of AFS - There amounts as presented on the statement of financial performance are not supported by notes to the financial statements. -Disclosure note number 37 disclosed for operating lease payments is not disclosed in accordance with paragraph 42 of GRAP 13. _Differences were identified between the amounts as disclosed in the prior year	No	inadequate review of AFS	Adjustments were made to the AFS. Going forward, Budget and Treasury will review the AFS prior submission to AGSA and other stakeholders. We shall continuously use internal audit and audit committee to assist in the	7-Jan-19	28-Jun-19	Sekgobela MF	Acting CFO

		<p>audited financial statements and the comparative amounts per the financial statements submitted for audit (Not included in correction of prior period error note)</p> <ul style="list-style-type: none"> -Differences were identified between the amounts disclosed in the financial statements and the amounts per the notes. -Amounts included in the some of the disclosure notes that related to the prior period were incorrectly disclosed in the financial statements as pertaining to the current financial year. -Loss on disposal of assets and liabilities in the Statement of Financial Performance does not include the note reference to note 32. -Deficiencies were identified in the Statements of Comparison of Budget and Actual Amounts - The accounting policy note on post retirement benefits was incorrectly included in accounting policy note 1.4 – Standards, Amendments to Standards and Interpretations issued but not yet effective, instead of note 1.20 – Significant judgements and estimates. <p>Issue 9:</p> <ul style="list-style-type: none"> -Deficiencies were identified in note 5 – Receivables from non-exchange transactions: -Differences were identified between the general ledger and the annual financial statements. - GRAP 1 paragraph .135 states that an entity shall disclose in the notes 			<p>review process. We also ensure the AFS are finalised on time to allow time for review by Internal audit, AGSA and AC before submission.</p>				
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		<p>information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:</p> <p>The note as required was not disclosed in the financial statements.</p> <p>-No accounting policy note was included for contingent liabilities, and recovery of unauthorized, irregular and fruitless and wasteful expenditure</p> <p>-Differences were identified between the trial balance/general ledger and the annual financial statements:</p>							
Operating Expenditure	Matters affecting the auditor's report	<p>3. Tender advertised for less days</p> <p>During our audit we found that tender no: MLM/SCM/23/2017 for the provision of waste removal and landfill site management services was advertised for 24 days</p>	Yes	Inadequate maintenance of records to support cases of this nature	Maintain appropriate records as required	7-Jan-19	31-Jan-19	Sebelebele TH	Senior Accountant SCM

Revenue	Matters affecting the auditor's report	6. Interest on outstanding debtors not charged on the total outstanding amount owed by debtors. it was identified interest charged is not charged on total outstanding balances of customers however is only charged on a portion of the outstanding balance.	No	System error	To engage the service provider Munsoft to correct the situation by ensuring that interest is charged monthly on arrears The Review process of the AFS to be strengthened in ensuring correct disclosures	7-Jan-19	31-Jan-19	Maponya B	Senior Accountant Revenue
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Revenue	Matters affecting the auditor's report	<p>7. Property rates overstated by levying increased tariff on properties than the approved tariff included in the tariff structure.</p> <p>Issue 1- It was identified that the property rates levied for various categories of properties including business properties were levied on an increased tariff of 0.0143 instead of the approved tariff of 0.0142 determined and included in the tariff structure of the municipality</p> <p>Issue 2- Property rates were levied at an incorrect inflated property rates and the adjustment were only processed after period end therefore property rates amount is overstated with inaccurate property rates at period end</p> <p>Issue 3 - Property rates levied from 100% exempted properties have been incorrectly recognized as revenue when it is not probable that future economic benefits or service potential associated with the asset will flow into the municipality</p>	Yes	<p>Inadequate review of tariffs per the tariff structure against the actual tariff captured and used for billing purposes.</p> <p>Lack of monthly reconciliation of property billing against the monthly munsoft billing system.</p>	Preparation of monthly reconciliation on property rates	7-Jan-19	31-Jan-19	Maponya B	Senior Accountant Revenue
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Revenue	Matters affecting the auditor's report	<p>8. Revenue:Income received in advance incorrectly recognised as revenue instead of liability.</p> <p>it was identified that the credit amounts due to the customers were incorrectly classified as revenue and recognized as other revenue within the revenue received from town planning fees.</p> <p>Management incorrectly mapped the transactions using incorrect MSCOA mapping.</p> <p>The amount of revenue recognised from Town planning fees is overstated and therefore the liabilities are understated.</p>	Yes	Mscoa system error due to mapping	To meet with the service provider to correct the MSCOA mapping (classification)	7-Jan-19	28-Feb-19	Maponya B	Senior Accountant Revenue
Risk management	Matters affecting the auditor's report	<p>10. Differences noted between Risk Management Note per annual financial statement and the amount recorded in the Statement of Financial Position.</p> <p>it was identified that the amount recorded under Note 43 of Risk Management for Financial</p>	Yes	Inadequate review of Afs. Classification issue between the agency fee and licensing	To strengthen the review process of the AFS to ensure that correct disclosures are made.	7-Jan-19	28-Feb-19	Sekgobela MF	Acting CFO

		Assets exposed to credit risks are different from the amount recorded in the Statement of Financial Position.							
Operating expenditure	Other important matters	14. Approval of awards It was found that the awarding of the purchase (MTW Global Travel) amounting to R7800 was not done by the delegated official (CFO) as per approved SCM policy.	Yes	Management oversight on SCM processes	Proper delegations to be carried by the CFO to ensure compliance to the SCM policy	7-Jan-19	31-Jan-19	Sekgobela MF	Acting CFO
Revenue	Other important matters	15. Internal Control Deficiency -Interest charge on long overdue debtors not charged as required by the policy, The credit control and debt collection policy stipulates that interest on outstanding balance should be charged to defaulting customers at the prevailing overdraft rate offered by the municipality's bankers plus 2 percentage points. However, based on the understanding of business processes of the municipality, we identified that the interest charged on defaulting customers for the	Yes	Internal control deficiencies	To review the Credit Control and Debt collection policy on interest charge to be 11% To engage the service provider to ensure automation Levying of property is on Land Use To report the matter to the	7-Jan-19	31-Jan-19	Sekgobela MF	Acting CFO

		<p>year 2017/18 was fixed at 11% throughout the period.</p> <p>-Interest is not automated to be levied to defaulting debtors at the due date of account payments.</p> <p>-There is lack of proper controls around administering the rezoned, subdivided and consolidated properties. The property can be rezoned from agricultural use property to residential use property. However, the municipality continues to levy the property at a rate of agricultural use property even after property rezoning is properly approved and the supplementary valuation roll that include updates of such rezoned property is implemented.</p> <p>-Bank account - The CFO is able to initiate the EFT payment transaction and process such payment without restrictions such as 2-person authorisation.</p>			bank for correction				
Revenue	Other important matters	<p>16. Internal control deficiency</p> <p>we identified when testing revenue from property rates that there is no monthly property rates reconciliation maintained between the billing system (Munsoft system) and the general rateable valuation roll.</p> <p>The consumer accounts might be levied incorrect</p>	Yes	Lack of monthly reconciliations	To maintain monthly reconciliation between the billing system(Munsoft) and the general rateable valuation roll	7-Jan-19	31-Jan-19	Maponya B	Senior Accountant Revenue

		rates and not be identified and corrected								
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OFFICE OF THE MUNICIPAL MANAGER - ACTION PLAN FOR 17/18 AG'S REPORT												
Audit finding	Category of finding	Description of finding	Finding is new/recurring	Root cause	Action plan description	Start date	Completion date	Responsible person	Position	Progress	Narrative to progress	Internal Audit comment
Matters affecting the auditor's report	5. compliance matter (comaf 51) Numerous misstatements relating to the reported performance information were identified. The controls to monitor accuracy of targets are done by the monitoring and	Yes	There is lack of review of annual performance report, SDBIP and quarterly reports.	Differences on targets to be adjusted in the adjusted SDBIP. To continuously use internal audit on quarterly basis to audit the relationship between the reported information , SDBIP	7-Jan-19	31-Jan-19	Shabangu A	IDP/PMS Manager	Matters affecting the auditor's report			

	<p>evaluation section, however there were inadequate internal controls relating to monitoring and review between them and the section responsible for service delivery. Performance information that are not valid, accurate or complete might have an impact on the reliability of reported performance information</p>		<p>and POE's. Management to also ensure that POE's are maintained on a monthly basis. Management to also review information before being submitted for audit purposes</p>								
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TECHNICAL SERVICES - ACTION PLAN FOR 2017/18 AG'S REPORT												
Audit finding	Category of finding	Description of finding	Finding is new/recurring	Root cause	Action plan description	Start date	Completion date	Responsible person	Position	Progress	Narrative to progress	Internal Audit comment
Matters affecting the auditor's report	4. AOPO reliability . - There were difference between the secondary documents (listings, register or reports) in relation to the targets reported in the APR. -indigents per indigent register do not appear on the ESCOM beneficiary report (to qualify for free basic electricity). From a sample of 27 beneficiaries selected per indigent register, 25 were not found on the ESCOM reports. It was found that beneficiaries per ESCOM beneficiary report (to qualify for free basic electricity) do not appear on the indigents/beneficiaries per indigent register.	No	There is lack of review of annual performance report and quarterly reports.	IA unit audits reports and supporting evidence on quarterly basis and regular follow-ups on lack of evidence. POE file to be updated quarterly throughout the year. To maintain a monthly reconciliation between Indigent register and Eskom reports	7-Jan-19	31-Mar-19	Machubene MC	Director Technical Services	Matters affecting the auditor's report			

COMMUNITY SERVICES - ACTION PLAN FOR 17/18 AG'S REPORT												
Audit finding	Category of finding	Description of finding	Finding is new/recurring	Root cause	Action plan description	Start date	Completion date	Responsible person	Position	Progress	Narrative to progress	Internal Audit comment
* No findings pertaining to Community Services were raised from the 2017/18 Audit												

CORPORATE SERVICES - ACTION PLAN FOR 17/1 AG'S REPORT												
Audit finding	Category of finding	Description of finding	Finding is new/recurring	Root cause	Action plan description	Start date	Completion date	Responsible person	Position	Progress	Narrative to progress	Internal Audit comment
Employee cost	Matters affecting the audit report	9. Performance agreements We identified that the municipality does not have performance agreements for staff members, except for S57 managers (directors), as required by section 67(1)(d) of the MSA.	No	Delay in finalising job evaluation process	Performance agreements have been drafted and implementation of Cascading is awaiting the finalisation of the SALGA job evaluation process	7-Jan-19	29-Mar-19	Malatji K	Director Corporate Services			
General IT Controls	Other important matters	11. IT STRATEGIC PLAN There is no approved IT Strategic Plan in place. The municipality is still working on the plans to outsource the function but the plan has not been implemented. The absence of the IT Strategic Plan indicate that there is no guide that guides the business management processes and operations of the business.	No	Lack of reviews on the IT strategy	To review the IT strategy and ensure is aligned to the objectives/strategies of MarulengMunicipality. the municipality will outsource the development of the IT strategic plan in the 2018/19 financial year.	7-Jan-19	29-Mar-19	Malatji K	Director Corporate Services			

		<p>This could result in stakeholders not being identified nor involved in setting the business and operational objectives.</p> <p>The lack of an IT strategic plan could result in business stakeholders not being identified and also involved in setting business and operational objectives.</p>										
General IT Controls	Other important matters	<p>12. USER NAMES NOT LINKED TO SPECIFIC USERS</p> <p>Inspected the user lists for the Active Directory, Munsoft and VIP and identified that the following username was not linked to a specific user: Munsoft: Username "MSCOA"Risk: If users are not required to have unique user identifiers to distinguish one user from another, accountability cannot be established. Leadership – Policies and procedures Approved user access policies and procedures had not</p>	No	Management oversight	Mscosa – the account has been deactivated and the person working on Mscosa, an account will be created with unique username and password for accountability and risk management purposes	7-Jan-19	31-Jan-19	Malatji K	Director Corporate Services	General IT Controls		

		been established to ensure that sufficient IT internal controls would be implemented. If users are not required to have unique user identifiers to distinguish one user from another, accountability cannot be established.										
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CORPORATE SERVICES - ACTION PLAN FOR 17/1 AG'S REPORT												
Audit finding	Category of finding	Description of finding	Finding is new/recurring	Root cause	Action plan description	Start date	Completion date	Responsible person	Position	Progress	Narrative to progress	Internal Audit comment
Employee cost	Matters affecting the audit report	9. Performance agreements We identified that the municipality does not have performance agreements for staff members, except for S57 managers (directors), as required by section 67(1)(d) of the MSA.	No	Delay in finalising job evaluation process	Performance agreements have been drafted and implementation of Cascading is awaiting the finalisation of the SALGA job evaluation process	7-Jan-19	29-Mar-19	Malatji K	Director Corporate Services			

SPED - ACTION PLAN FOR 17/18 AG'S REPORT												
Audit finding	Category of finding	Description of finding	Finding is new/recurring	Root cause	Action plan description	Start date	Completion date	Responsible person	Position	Progress	Narrative to progress	Internal Audit comment
* No findings pertaining to SPED were raised from the 2017/18 Audit												

Annexure D

PART B: PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

Municipal Systems Act, No.32 of 2000 Section 46 (1) (a) stipulates that a municipality must prepare for each financial year a performance reflecting the performance of the municipality and of each service provider during the financial year. Below is the performance of external service providers during the year under review:

Name of Service Provider	Service Rendered	Appointment Date	Project Status	Tender Amount	Performance Remarks
Makeyise Trading & Projects	Kanana to Mahlomelong Access Road	04/07/2017	In progress	R12 351 237.03	Good
XB Construction	Makgaung Access Road	04/07/2017	In progress	R12 920 377.00	Good
KoephuBussines Enterprise	Finale Access Road	04/07/2017	Completed	R13 698 785.03	Good
MalerateContruction	Lorraine Access Road	04/07/2017	In progress	R12 429 826.35	Good
TaolaContruction Cc	Construction of Lorraine Low-Level Bridge	21/07/2017	Completed	R4 063 583.24	Good
Urich Construction Cc	Construction of Mahlomelong Low-Level Bridge	21/07/2017	Completed	R4 823 727.70	Good
Ngungwa Development	Construction of Ga-Mametja Low- Level Bridge	21/07/2017	Completed	R4 907 647.50	Good
Ngungwa Development	Construction of Metz Low-Level Bridge	21/07/2017	Completed	R4 907 647.50	Good
Mosike Trading and Projects	Fencing of Turkey 01 graveyard	06/09/2017	Completed	R209 881.98	Good
Four Arms(Pty)Ltd	Fencing of Lorraine graveyard	06/09/2017	Completed	R350 119.00	Good
Malepelle Trading Enterprise	Fencing of Willows graveyard	06/09/2017	Completed	R229 350.00	Good
Mmamarumo Construction	Fencing of Moshate graveyards	06/09/2017	Completed	R170 962.00	Good
Mmamarumo Construction	Fencing of Makgaung graveyard	06/09/2017	Completed	R170 962.00	Good

	Fencing of Bismark graveyard		Completed		Good
NwetiWaTilo T/A Daily Double 386 Cc	Provision of waste removal and landfill site management Services for a period of three years	17/10/2017	In progress	R20 875 299.70	Good
Ntited Signs And Projects(Pty)Ltd	Supply and delivery of protective	17/10/2017	Completed	R528 485.00	Good
La Mash Trading	Supply and delivery of office furniture.	16/05/2018	Completed	R638 500.00	Good
Cathu Consulting Inc	Compilation of Operational Risk Register.	16/05/2018		R389 196.00	



MARULENG LOCAL MUNICIPALITY

FINAL ANNUAL REPORT

2017/2018 FINANCIAL YEAR (30TH JUNE 2018)

Signed by the Acting Municipal Manager

Mr. Machubene M.C

Date

25/03/2019