



# Fezile Dabi

District Municipality

**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**TABLE OF CONTENTS**

<b>CHAPTER 1: EXECUTIVE MAYOR’S FOREWORD AND EXECUTIVE SUMMARY</b>	<b>7</b>
<b>1.1 FOREWORD BY THE EXECUTIVE MAYOR</b>	<b>7</b>
<b>1.2 MUNICIPAL MANAGER’S EXECUTIVE SUMMARY</b>	<b>3</b>
<b>1.3 MUNICIPAL OVERVIEW</b>	<b>7</b>
Municipal Information	7
Demographic Information	8
Outcomes of Initiatives Embarked Upon	8
<b>CHAPTER 2: GOVERNANCE</b>	<b>9</b>
<b>COMPONENT A: GOVERNANCE STRUCTURES</b>	<b>9</b>
A1: POLITICAL GOVERNANCE STRUCTURE	9
A 2: ADMINISTRATIVE GOVERNANCE STRUCTURE	15
<b>COMPONENT B: INTERGOVERNMENTAL RELATIONS</b>	<b>15</b>
<b>COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION</b>	<b>17</b>
C1: PUBLIC MEETINGS	17
C 2: IDP AND BUDGET PUBLIC CONSULTATIONS	18
C 3: OTHER KEY PUBLIC CONSULTATIVE INITIATIVES	<b>Error! Bookmark not defined.</b>
<b>COMPONENT D: CORPORATE GOVERNANCE</b>	<b>18</b>
D 1: RISK MANAGEMENT	18
D 2: ANTI-FRAUD AND CORRUPTION	20
D 3: SUPPLY CHAIN MANAGEMENT	21
D 4: BY-LAWS	21
D 5: PUBLICATION OF INFORMATION OF THE MUNICIPALITY’S WEBSITES	21
D 6: PUBLIC SATISFACTION ON MUNICIPAL SERVICES	23
D 7: MUNICIPAL OVERSIGHT COMMITTEES	23
<b>CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)</b>	<b>24</b>
<b>COMPONENT A: INTRODUCTION TO PERFORMANCE REPORT</b>	<b>24</b>

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

<b>COMPONENT B: OVERVIEW OF THE RELEVANT PROGRESS ACHIEVED ON THE RELEVANT OUTCOMES FOR LOCAL GOVERNMENT AS REQUIRED BY NATIONAL AND PROVINCIAL SPHERES</b>	<b>24</b>
B1: ENVIRONMENTAL HEALTH AND EMERGENCY SERVICES	24
B 2: DISASTER MANAGEMENT	29
B 3: LED UNIT	33
B 4: TOURISM DEVELOPMENT UNIT	35
B 5: COMMUNITY AND SOCIAL SERVICES	41
B 6: SPORTS DEVELOPMENT	43
<b>COMPONENT C: ANNUAL PERFORMANCE REPORT AGAINST PRE-DETERMINED OBJECTIVES</b>	<b>44</b>
<b>4.1 INTRODUCTION TO ORGANISATIONAL DEVELOPMENT</b>	<b>116</b>
<b>COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE</b>	<b>116</b>
A 1: WORKFORCE PROFILE	116
A 2: EMPLOYMENT EQUITY PROFILE	117
A 3: STAFF TURNOVER	118
<b>COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE LEVELS</b>	<b>118</b>
<b>COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE</b>	<b>119</b>
C 1: SKILLS AUDIT	120
C 2: MINIMUM COMPETENCY LEVELS	120
<b>COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE</b>	<b>123</b>
D 1: LEAVE UTILISATION	123
D 2: SKILLS DEVELOPMENT & TRAINING COSTS	123
<b>CHAPTER 5: FINANCIAL PERFORMANCE</b>	<b>124</b>
<b>5.1 INTRODUCTION</b>	<b>124</b>
1. Supply Chain Management	124
2. Expenditure and Creditors	125
3. Local Municipalities Assistance unit	126
4. Plans to enhance financial viability	126
<b>COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>127</b>
<b>COMPONENT B: SPENDING AGAINST CAPITAL BUDGET</b>	<b>128</b>

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

<b>COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT</b>	<b>129</b>
<b>COMPONENT D: OTHER FINANCIAL MATTERS</b>	<b>130</b>
1. Expression on the Auditor General Report	130
2. Plans to enhance financial viability	130
3. Financial Ratios based on Key Performance Indicators	130
<b>CHAPTER 6: AUDITOR-GENERAL'S FINDINGS (2013/14)</b>	<b>133</b>
<b>COMPONENT A: BACKGROUND</b>	<b>133</b>
<b>COMPONENT B: MATTERS RAISED DURING THE PREVIOUS FINANCIAL YEAR'S AUDIT</b>	<b>134</b>
<b>COMPONENT C: REMEDIAL ACTION TAKEN TO ADDRESS ISSUES AND PREVENTATIVE MEASURES TAKEN</b>	<b>134</b>
<b>APPENDICES</b>	<b>116</b>
<b>APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE</b>	<b>116</b>
<b>A1: List of Councillors</b>	<b>116</b>
<b>A2: List of Councillors Seconded from Local Municipalities</b>	<b>117</b>
<b>A3: Number of Council Meetings Attended by Councillors</b>	<b>116</b>
<b>APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE</b>	<b>116</b>
<b>B1: Committee Allocation</b>	<b>116</b>
<b>APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE</b>	<b>119</b>
<b>APPENDIX D: FUNCTIONS OF MUNICIPALITY/ENTITY</b>	<b>122</b>
<b>APPENDIX E: WARD REPORTING</b>	<b>127</b>
<b>Status of ward committees in the district</b>	<b>127</b>
- Metsimaholo Local Municipality	127
- Mafube Local Municipality	127

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

---

- Ngwathe Local Municipality	127
- Moqhaka Local Municipality	128
<b>APPENDIX F: WARD INFORMATION</b>	<b>129</b>
<b>APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE</b>	<b>130</b>
<b>APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP</b>	<b>131</b>
<b>APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE</b>	<b>132</b>
<b>APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST</b>	<b>133</b>
J 1: Disclosure of Financial Interests by Councillors	133
J 2: Disclosure of Financial Interest by Senior Management	134
<b>APPENDIX K: REVENUE COLLECTION PERFORMANCE</b>	<b>135</b>
<b>APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG</b>	<b>136</b>
<b>APPENDIX M: CAPITAL EXPENDITURE – NEW &amp; UPGRADE/ RENEWAL PROGRAMMES: INCLUDING MIG</b>	<b>137</b>
<b>APPENDIX N: CAPITAL PROGRAMME BY PROJECT CURRENT YEAR</b>	<b>138</b>
<b>APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD CURRENT YEAR</b>	<b>139</b>
<b>APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS</b>	<b>139</b>
<b>APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION</b>	<b>139</b>
<b>APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY</b>	<b>139</b>
<b>APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71</b>	<b>139</b>

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

---

<b>APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT</b>	<b>139</b>
<b>VOLUME I: REPORT OF THE AUDITOR-GENERAL</b>	<b>140</b>
<b>VOLUME II: ANNUAL FINANCIAL STATEMENTS</b>	<b>143</b>

## **CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY**

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

I am pleased to present to you the annual report of Fezile Dabi District Municipality for 2014/15 financial year.

As we mark 20 years of democratic local government in South Africa, more than just reporting on the results of the institutional performance results for 2014/15, this annual report also serves as a barometer to measure the cumulative effect of the strides we have made in the 20 year long journey.

Although we have done a lot over the year in an endeavour to improve the lives of our communities, and while we are fairly still on a sustainable path as an institution and are able to continue to fulfil our developmental mandate and improving the lives of our people, we cannot ignore to recognise the negative effect that various national phenomenon such as drought, unemployment, declining economic growth, global warming, etc continue to have on our institutions and the communities at large.

This phenomenon poses challenges for further development, employment creation and preservation, income distribution and social security. It means that we and our communities are also directly affected by these challenges.

In order to mitigate the impact of these challenges, our strategies are, more than ever before, to embrace the national government's policy priorities, exercise prudent financial management and ensure that the Council strengthens its oversight over the affairs of the municipality and ensure that limited resources are used wisely and for the maximum benefits of the communities, especially vulnerable and poor communities.

The year 2016 will mark the end of term of office of the current Council and on behalf of the Council of Fezile Dabi District Municipality, I would like to say thank you to all the communities within the district for having afforded us an opportunity to lead you, and for a valuable partnership of mutual interest and purpose over the years. Through your ability to hold us accountable, we were able to work harder towards creating sustainable livelihood in our district.

To the entire administrative wing of our institution, I would like to thank you for being committed to the course over the years, and I congratulate you for the work well done and keeping Fezile Dabi District Municipality on the map.

In conclusion, I would like to extend my sincere gratitude to the outgoing Council for decisive political leadership. I thank every member of the Council for honouring their oath of office and for always being sensitive to the needs of the communities.

---

**Executive Mayor**

Councillor: M Moshodi



## **1.2 MUNICIPAL MANAGER'S EXECUTIVE SUMMARY**

### **Overview of our operating environment**

In many respects 2014/15 was eventful financial year for the municipality. Whereas the municipality faced a considerable number of obstacles and challenges, in the same token, recognizable milestones have been achieved and significant strides have been taken in addressing some of the perennial challenges that still beset the municipality.

At the beginning of this financial year, there was recognition that whereas we have already laid down a solid foundation for effective operational systems over the past two years, it is important to consolidate our successes and achievements more from an explicit strategic approach.

We took note of the fact that legislation gives effect to local government systems that place greater service delivery responsibilities on managers and makes them more accountable for performance, and in response to this, we had to gear all our administrative departments and units towards gradual improvement to ensure better performance at all levels.

The operating strategies and programmes as set out in the Integrated Development Plan and Service Delivery, the Budgets and Budget Implementation Plans (SDBIPs), which constitutes the basis for performance and reporting, were formulated and developed from a forward looking perspective, aimed at not only consolidating on our previous achievements, but also taking into account critical challenges that we still have to overcome.

We believe that this approach did not only bring about the desired performance results in this financial year, but has also strengthened our ability to exercise proper accountability to council, stakeholders and communities.

Confidently, Fezile Dabi District Municipality is a completely different organization today compared to the same period last year and any other year before. There is a vast scale of improvements in different key performance areas.

### **Overview of Financial Year under review**

One of our key strategic focuses in relation to service delivery has been infrastructure investment linked to potential economic development and growth district wide.

Pursuant to realization of this objective, we have rendered all the necessary technical and financial support to all local municipalities within our district in line with their infrastructure development plans. From the medium to long-term planning perspective, it is important to continue to encourage local municipalities to always consider and sufficiently budget for maintenance of the existing infrastructure under their respective authority in order to prevent rapid deterioration thereof as a result of lack of maintenance.

In the previous reporting period, we made a commitment to address all material issues as raised both in internal and external audit findings. Consistent with this undertaking, and following the Auditor-General's report in 2013/14, we developed action plans with issues which we needed to have resolved in this financial year. As at the end of this reporting period, all those issues have been adequately addressed, however in order to sustain and further improve on the achieved milestones, there is a need to continue to monitor in-year processes and ensure that where necessary, corrective actions are taken and progress regularly monitored.

Our success in improved performance and hinged on our ability to translate strategic plans into action, link the strategic goals, set by council through the IDP, to the budget.

Once again this financial year, we received an unqualified audit opinion from the Auditor-General; this is largely attributable to improved quality of financial management practices and related performance information that was presented for audit.

One notable achievement, as contained in the Auditor-General's Report, we have obtained clean outcomes on the audit of predetermined objective and performance information and this is one area which for a long period of time was one of the key challenges for the municipality.

We however, take cognizance with keen interest, other matters of emphasis that requires our specific focus and attention going forward.

### **Key Challenges**

It would be failing on my responsibilities if I do not concede that as an institution we are also faced with a number of challenges. One has to concede that much as regulation on local government affairs is with all good intent, it is however a major challenge for every other local government institution to ensure and maintain compliance, at all levels of the organisation, with various pieces of legislations and treasury regulations for local government.

In our situation, the immediate challenge is to ensure compliance with the Treasury regulations as and when expected to do so. For instance, we are already aware of the new Municipal Standard Chart of Accounts (mSCOA) regulations which fully come into effect on 1 July 2017. These regulations bring a completely different dimension to the institutional business processes, budgeting and financial reporting approach.

### **Way Forward**

Our commitment of working together with local municipalities within our district to building sustainable local government institutions within our district still stands. Going forward, we will continue to work with all the local municipalities in the district and continue to render dedicated support focusing particularly in areas where there is shortage of skill and human resource capacity.

We believe that this continued support to local municipalities in the district will go a long way in ensuring that the district as a whole realizes the broader objectives improved service delivery.

Going forward, our ultimate goal is to ensure effective institutions that consist of effective governance structures such as internal audit units and audit committees. We have to ensure effective and compliant financial governance framework.

Like the waves in a sea, our efforts to build sustainable and self-reliant institutions will permeate the broader community within our district. With sound ethical conduct and good corporate governance values; communities in our district as a whole can benefit.

### **Acknowledgements**

I would like to thank our Municipal Council, the Executive Mayor, the Speaker and the Mayoral Committee for their continued support and ensuring effective political leadership.

To all the senior managers and all their staff members in their respective departments, thank you for your dedication and commitment to your respective work throughout the year.

I acknowledge and appreciate our relationships and liaisons with local municipalities in the district at both administrative and political spheres in furtherance of the course to deliver services to the communities.

Lastly, I thank all the communities within the Fezile Dabi District Municipality for always making time and taking part in our affairs, with you as our partners, we can only become better every time.

---

**Municipal Manager**

Me. L Molibeli

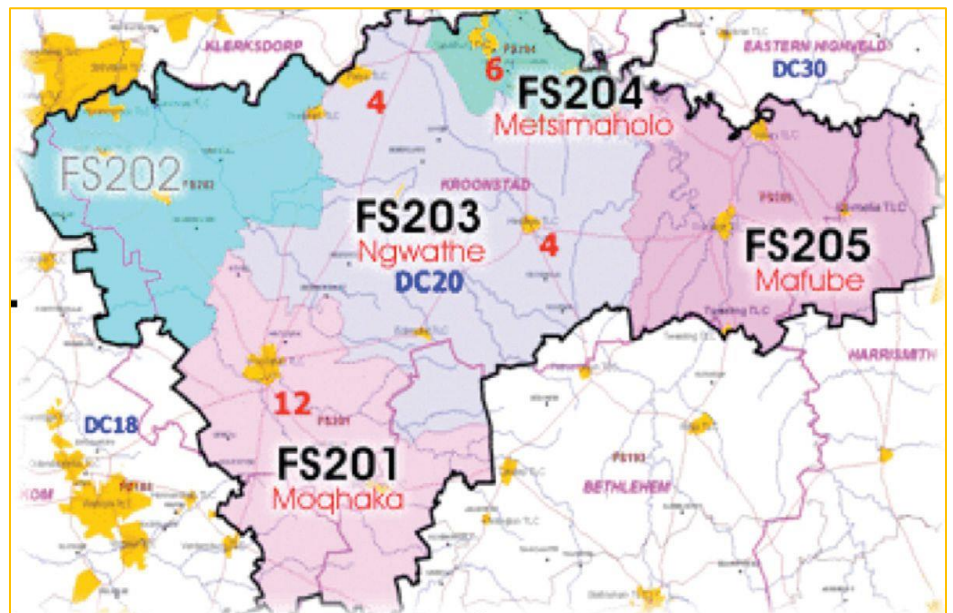
### 1.3 MUNICIPAL OVERVIEW

#### **Municipal Information**

Fezile Dabi District Municipality is a Category C municipality established in terms of the Free State Provincial Notice No: 113 of 28 September 2000. It was formerly known as Northern Free State District Municipality and consists of four local municipalities: Mophaka, Metsimaholo, Ngwathe and Mafube. It is estimated that this area's population represents approximately 17% of the total population of the Free State. The extent of this district makes up about 27% of the total area of the Free State province and is estimated at 20 668 km<sup>2</sup>. The main attraction site, the Vredefort Dome, being the third-largest meteorite site in the world, is located within the district.

The main towns found in the district include the following: - Deneyville, Edenville, Frankfort, Heilbron, Koppies, Kroonstad, Oranjeville, Parys, Sasolburg, Steynsrus, Tweeling, Viljoenskroon, Villiers and Vredefort

**Chart 1: The Area of Jurisdiction of Fezile Dabi District Municipality**



Source: [www.led.co.za](http://www.led.co.za)

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

The main economic sectors in the district are as follows: trade (22%), community services (20%), manufacturing (13%), households (13%), agriculture (12%), finance (7%), construction (6%), transport (5%).

**Demographic Information**

The district's total population is estimated at 448 036 with an estimated number of 144 980 households. The estimated average population growth of the district is estimated at 0.61 *per annum* and the unemployment rate stands at 33.90% of which 44.4% is youth age between 15 and 34. The district's population distribution is presented on the table below in terms of area, gender and racial groups.

**Table 1: District Population Distribution**

Area	Population Distribution by Area	Population Distribution by Gender		
		Male	Female	Total
FS201: Moqhaka	33%	79 477	81 055	<b>160 533</b>
FS203: Ngwathe	24%	57 424	63 096	<b>120 521</b>
FS204: Metsimaholo	32%	77 636	71 472	<b>149 107</b>
FS205: Mafube	11%	27 805	30 071	<b>57 875</b>
<b>Total for District</b>	<b>100%</b>	<b>242 342</b>	<b>245 694</b>	<b>488 036</b>

Population Distribution by Racial Group						
Area	Black	Coloured	Indian	White	Other	Total
FS201: Moqhaka	139 970	4 593	533	14 968	469	<b>160 533</b>
FS203: Ngwathe	104 221	3 180	350	12 445	325	<b>120 521</b>
FS204: Metsimaholo	122 697	1 070	477	24 390	473	<b>149 107</b>
FS205: Mafube	53 167	372	156	4 064	116	<b>57 875</b>
<b>Total for District</b>	<b>420 055</b>	<b>9 215</b>	<b>1 516</b>	<b>55 867</b>	<b>1 383</b>	<b>488 036</b>

Source: Stats SA, Census 2011

## **CHAPTER 2: GOVERNANCE**

### **COMPONENT A: GOVERNANCE STRUCTURES**

#### **A1: POLITICAL GOVERNANCE STRUCTURE**

The political structure of Fezile Dabi District Municipality is constituted of municipal council which the highest decision making body of the municipality. The Executive Mayor and the Speaker also form part of this council and are both full time political office bearers. The council consists of 32 councillors affiliated to different political parties.

**Table 3: Political governance structure**

<b>Composition of the Council</b>	
<b>Name of Political Party</b>	<b>Number of Councillors</b>
ANC	23
DA	8
COPE	1
<b>Total</b>	<b>32</b>
<b>Political Office-Bearers</b>	
<b>Executive Mayor:</b> Councillor M P Moshodi	
<b>Council Speaker:</b> Councillor Girtz Nketu	
<b>Chief Whip:</b> Councillor Eric Notsi	
<b>Mayoral Committee Members</b>	
<b>Name</b>	<b>Portfolio Responsible for</b>
Councillor Eric Notsi	Finance
Councillor Anna Olifant	Corporate Support Services
Councillor Victoria De Beer	Community Health & Environmental Services
Councillor Lucky Hlapane	Project Management & Public Works
Councillor G N Guza	Sports & Social Development
Councillor Kau Khumalo	Local Economic Development & Tourism

### Decision-Making

The political decision making vests with the council. During the period under review, the Council has taken a number of decisions for implementation. The table hereunder provides a summary of key resolutions that were taken by Council during the period under review, with an indication of whether such decisions have been carried out at the administrative level.

**Table 4: Key council resolutions taken**

Type of Council Meeting	Date of Meeting	Matter(s) tabled	Resolution Number	Status as at 30 June 2015
	31 July 2014	<p><b>MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) REPORT</b></p> <ol style="list-style-type: none"> <li>1. That council take note of all recommendations made by committee.</li> <li>2. That council implements where necessary the recommendations made by the committee.</li> <li>3. That council approves the committee report as presented to council.</li> </ol>	01	
		<p><b>IDP, BUDGETING, PERFORMANCE AND REPORTING PROCESS PLAN FOR 2015-16</b></p> <p>That Council takes note of the IDP, Budgeting, Performance and Reporting Process Plan 2015/16 that will further be tabled in Council.</p>	06	
		<p><b>PROGRESS ON THE INTEGRATED DEVELOPMENT PLAN AND BUDGET PROCESS PLAN 2013/14</b></p> <p>That Council takes note of the progress made on the Integrated Development Plan and Budget Process Plan 2013/14 financial year that will further be tabled in Council.</p>	12	
		<p><b>CONCLUSION OF PERFORMANCE AGREEMENTS FOR MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER FOR THE 2014/2015 FINANCIAL YEAR</b></p> <ol style="list-style-type: none"> <li>1. The report on the 2014/15 Annual Performance Agreements and Annual Performance Plans in respect of the Municipal Manager and Managers Directly accountable to Municipal Manager be noted by MAYCO and council; and</li> <li>2. Copies of the Annual Performance Agreements for the Municipal</li> </ol>	24	



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Type of Council Meeting	Date of Meeting	Matter(s) tabled	Resolution Number	Status as at 30 June 2015														
		Manager and Managers Directly accountable to the Municipal Manager be submitted to MEC responsible for Local Government as required by section 53 (3) of the MFMA.																
	29 August 2014	<p><b>UNAUDITED DRAFT ANNUAL REPORT OF FEZILE DABI DISTRICT MUNICIPALITY FOR THE PERIOD ENDING 30 JUNE 2014</b></p> <p>1. That Council take note of the unaudited draft Annual Report of Fezile Dabi District Municipality for the period ending 30 June 2014;</p> <p>2. The copy of the unaudited draft report be submitted to the Internal Audit Committee for verification of both financial and non-financial report for the period ending 30 June 2014; and</p> <p>3. The copy of the unaudited draft annual report for the period ending 30 June 2014 with inputs and comments from the Internal Audit Committee be submitted to the Auditor General of South Africa for auditing.</p>	03															
	30 October 2015	<p><b>RE-ALLOCATION OF FUNDS FROM THE ACCUMULATED SURPLUS TO FINANCE ADDITIONAL PROJECTS</b></p> <p>That funding be re-allocated from accumulated surplus for the following line items 2014/15 financial year:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td>HIV &amp; AIDS Awareness programme</td> <td style="text-align: right;">R 2 500 000</td> </tr> <tr> <td>Business Continuity Plan</td> <td style="text-align: right;">R 700 000</td> </tr> <tr> <td>Qalabotjha construction sewer network</td> <td style="text-align: right;">R 4 000 000</td> </tr> <tr> <td>Ngwathe rehabilitation of streets</td> <td style="text-align: right;">R 10 000 000</td> </tr> <tr> <td>Climate change &amp; green economy</td> <td style="text-align: right;">R 2 000 000</td> </tr> <tr> <td>Upgrade of Deneysville Resort</td> <td style="text-align: right;">R 600 000</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b><u>R 19 800 000</u></b></td> </tr> </table>	HIV & AIDS Awareness programme	R 2 500 000	Business Continuity Plan	R 700 000	Qalabotjha construction sewer network	R 4 000 000	Ngwathe rehabilitation of streets	R 10 000 000	Climate change & green economy	R 2 000 000	Upgrade of Deneysville Resort	R 600 000	<b>Total</b>	<b><u>R 19 800 000</u></b>	07	
HIV & AIDS Awareness programme	R 2 500 000																	
Business Continuity Plan	R 700 000																	
Qalabotjha construction sewer network	R 4 000 000																	
Ngwathe rehabilitation of streets	R 10 000 000																	
Climate change & green economy	R 2 000 000																	
Upgrade of Deneysville Resort	R 600 000																	
<b>Total</b>	<b><u>R 19 800 000</u></b>																	
	30 January 2015	<p><b>MUNICIPAL PUBLIC ACCOUNT COMMITTEE REPORT (MPAC)</b></p> <p>1. That council take note of all recommendations made by committee.</p> <p>2. That council implements where necessary the recommendations made by the committee.</p> <p>3. That council approves the committee report as presented to council.</p>	99															
		<b>DRAFT ANNUAL REPORT OF FEZILE DABI DISTRICT MUNICIPALITY FOR THE PERIOD ENDING 30 JUNE 2014</b>																

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Type of Council Meeting	Date of Meeting	Matter(s) tabled	Resolution Number	Status as at 30 June 2015
		<ol style="list-style-type: none"> <li>1. That Council consider the contents of the Draft Annual Report of Fezile Dabi District Municipality for the period ending 30 June 2014.</li> <li>2. Immediately after the annual report has been tabled, the report must <i>inter alia</i>, be made public and representations be invited from the local community as required by section 127 (5) of the Municipal Financial Management Act and Section 21A of the Municipal System Act;</li> <li>3. According as require in term of section 127 the FDDM Annual Report for the period ending 30 June 2014 be submitted to MPAC for oversight purpose; and</li> <li>4. The final report with inputs from the community and MPAC be table in council for final approval on or before the 31 March 2015.</li> <li>5. That Council takes note of the Audit report and Annual Financial Statements for the period ended 30 June 2014.</li> </ol>	131	
		<p><b>APPROVAL BY COUNCIL OF THE FDDM MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT AS REQUIRED IN TERMS OF SECTION 72 OF THE MFMA: 31 DECEMBER 2014</b></p> <ol style="list-style-type: none"> <li>1. That Council take note of the mid-year budget and performance assessment report for the period ending 31 December 2014 and the attached schedules;</li> <li>2. That cost cutting measures be introduced as in line with regulations issued by National Treasury;</li> <li>3. That this report serve as a basis for adjusting the 2014/2015 financial year Annual Budget in line with the assessment which was conducted as per the requirement of section 72 of the MFMA; and</li> </ol> <p>Copies of the FDDM mid-year budget and performance assessment report for the period ending 31 December 2014 be submitted to the relevant National, Provincial Treasure and CoGTA as required by applicable legislation.</p>	132	
	25 February 2015	<p><b>MUNICIPAL PUBLIC ACCOUNT COMMITTEE OVERSIGHT REPORT</b></p> <p>That the MPAC oversight report be referred back to the Committee and be deferred to Council.</p>	08	
		<p><b>APPROVAL OF THE DRAFT ADJUSTMENT BUDGET FOR</b></p>		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Type of Council Meeting	Date of Meeting	Matter(s) tabled	Resolution Number	Status as at 30 June 2015
		<b>2014/2015 FINANCIAL YEAR</b> 1. That Council approve the Adjustment budget for the 2014/2015 financial year. 2. That funds be sourced from the Capital Expenditure to procure two (2) suction trucks in assistance of the Edenville community with regards to toilet facilities.	27	
	31 March 2015	<b>MUNICIPAL PUBLIC ACCOUNT COMMITTEE REPORT (MPAC)</b> 1. That council take note of all recommendations made by MPAC. 2. That council implement where necessary, the recommendations made by the MPAC. 3. That council approve the MPAC report as presented.	08	
		<b>OVERSIGHT REPORT: ANNUAL REPORT FOR THE PERIOD ENDING 30 JUNE 2014</b> 1. That Council adopt the Annual Report for the period ending 30 June 2014 as presented. 2. That Declaration of Interest forms be reviewed and submitted to MPAC.	134	
		<b>ANNUAL DRAFT BUDGET FOR 2015/2016 FINANCIAL YEAR</b> 1. That Council takes note of the Annual Draft Budget for the 2015/2016 financial year as outlined in the following tables: <ul style="list-style-type: none"> <li>• Table A1-A10</li> <li>• Supporting Tables SA1 – SA37 and</li> </ul> 2. That Council takes note of the proposed schedule for Public Participation meetings.	139	
		<b>REVIEW OF BUDGET RELATED POLICIES</b> 1. That Council take note of the following reviewed budget-related policies: <ul style="list-style-type: none"> <li>• Budget and Reporting Policy.</li> <li>• Transfers and Virement Policy</li> </ul> 2. That Council approved the Budget and Reporting as well as the Transfer and Virement policies.	140	
		<b>REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR THE 2014/2015 FINANCIAL YEAR</b> That Council take note of the Fezile Dabi District Municipality Revised SDBIP for the 2014/15 financial year.	155	
		<b>REMUNERATION OF COUNCILLORS FOR 2014/15 – FINANCIAL</b>		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Type of Council Meeting	Date of Meeting	Matter(s) tabled	Resolution Number	Status as at 30 June 2015
		<b>YEAR</b> That Council approve the implementation of new upper limits as determined in <i>Government Notice No. 38608</i> provided that the increase is within the limit of the budgeted percentage of 6% and concurrence of the MEC for Corporative Governance, Traditional Affairs and Human Settlement is received	159	
	28 May 2015	<b>BUDGET IMPLEMENTATION REPORT FOR THE QUARTER ENDING 31 MARCH 2015</b> That Council take note of the Budget Implementation Report for the quarter ending 31 March 2015.	166	
		<b>APPROVAL OF THE ANNUAL BUDGET FOR 2015/2016 FINANCIAL YEAR</b> 1. That Council take note of the Annual Budget for the 2015/2016 financial year as outlined in the following tables: Table A1-A10 Supporting Tables SA1 – SA37 2. That the Annual Budget 2015/2016 be approved	190	
		<b>BUDGET ADJUSTMENT</b> 1. That council approve funds to be transferred from the Business Continuity Plan (BCP) to Information Technology (IT) capital votes 1020/01/4/04/0101. 2. That council approve funds to be transferred from Emergency Funds to Information Technology (IT) capital votes 1020/01/4/04/0101.	191	
		<b>ADOPTION OF THE FINAL INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW 2015/16</b> That Council adopts of the reviewed final draft IDP 2015/16.	203	
		<b>ASSISTANCE TO MAFUBE LOCAL MUNICIPALITY (ADJUSTMENT ON THE BUDGET 2014/15)</b> That Council approved the adjustments made to the 2014/15 budget.	205	
		<b>PRESENTATION ON THE DISTRICT LED STRATEGY</b> That the presentation on the district Local Economic Development (LED) Strategy be noted.	201	

## **A 2: ADMINISTRATIVE GOVERNANCE STRUCTURE**

The administrative structure of the municipality is headed by the Municipal Manager. As the Accounting Officer, the Municipal Manager accounts to the council for all the administrative issues of the municipality, including implementation of council resolutions. In execution of her duties, the Municipal Manager was assisted by her senior managers, who serve as departmental heads and all together, constitutes the senior management team of the municipality.

The senior management team of Fezile Dabi District Municipality for the period under review was structured as follows:

**Table 5: Administrative governance structure**

<b>Composition of Senior Management</b>	
<b>Name</b>	<b>Capacity</b>
Ms Lindi Molibeli	Municipal Manager
Mr Gcobani Mashiyi	Chief Financial Officer
Adv. Andile Mini	Director: Corporate Support Services
Ms Victoria Moloi	Director: Local Economic Development & Tourism
Ms Nonhlanhla Sgudu	Director: Community Health & Environmental Services
N/ A (Vacant)	Director: Project Management and Public Works

The position of the Director Project Management and Public Works became vacant since December 2012 and was not yet filled as at the end of this reporting period, and Me. ML Molibeli was responsible for overseeing activities of the department during the period under review.

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

Intergovernmental relations within the district were mainly driven through the three interrelated structures during the period under review, viz – The District Coordinating Forum, The Speakers Forum and the Technical Intergovernmental Relations Forum. The responsibilities and activities of these forums were as follows during the reporting period under review:

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Table 6: IGR Structures within the district**

<b>Name of the IGR Structure</b>	<b>Convenors</b>	<b>Responsibilities</b>
The District Coordinating Forum	(Executive) Mayors within the district	To promote and facilitate intergovernmental relations and cooperative government between the District Municipality and its affiliated Local Municipalities.
The Speakers Forum	Speakers within the district	To provide for sharing ideas and integration of municipal programs and identify areas of weakness as well as the type of intervention needed.
The Technical Intergovernmental Relations Forum	Municipal Managers within the district	Promotion of Intergovernmental Relations between the district municipality, local municipalities within the district and other sector departments at the higher spheres of government

The table below provides an overview of details of meetings that were held during the reporting period under review by the above IGR structures.

**Table 7: Details of IGR Structures meetings held**

<b>The District Coordinating Forum</b>		
<b>Meeting</b>	<b>Date</b>	<b>Venue</b>
1 <sup>st</sup> Meeting	07 October 2014	Enoch Sontonga Council Chambers of Fezile Dabi District Municipality, Sasolburg
2 <sup>nd</sup> Meeting	30 June 2015	Enoch Sontonga Council Chambers of Fezile Dabi District Municipality, Sasolburg
<b>The Speakers Forum</b>		
<b>Meeting</b>	<b>Date</b>	<b>Venue</b>
No meetings were held during the period under review.		
<b>Technical Intergovernmental Relations</b>		
<b>Meeting</b>	<b>Date</b>	<b>Venue</b>
1 <sup>st</sup> Meeting	26 September 2014	Enoch Sontonga Council Chambers of Fezile Dabi District Municipality, Sasolburg
2 <sup>nd</sup> Meeting	30 March 2015	Enoch Sontonga Council Chambers of Fezile Dabi District Municipality, Sasolburg
3 <sup>rd</sup> Meeting	19 June 2015	Enoch Sontonga Council Chambers of Fezile Dabi District Municipality, Sasolburg

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

During the reporting period under review, public participation continued to be of pivotal importance in decision-making processes of council. The municipality relied on public inputs through consultation processes to inform the Integrated Development Plans, Budgets, Service Delivery and Budget Implementation Plan (SDBIP) and Performance Plans.

### **C1: PUBLIC MEETINGS**

All municipalities within the district were encouraged to develop and implement public participation monthly programmes. The programmes were facilitated through Ward Committee in various wards.

The Public Participation Meetings were planned as follows:

**Table 8: IDP Public Participation Meeting**

<b>Municipality</b>	<b>Date</b>	<b>Venue</b>	<b>Time</b>
Mafube	25 November 2014	Tweeling Hall	10:00
Metsimaholo	26 November 2014	Deneysville Hall	10:00
Moqhaka	27 November 2014	Kroonstad Hall	10:00
Ngwathe	02 December 2014	Edenville Hall	10:00

All local municipalities had functional Ward Committee structures although monthly programmes were consistently adhered to and not implemented as scheduled.

The following were identified as some of the dominant challenges that affected effectiveness and efficiency of the implementation of the monthly programmes:

- Poor attendance of meetings by communities
- Non availability of resources for public participation
- Municipality not submitting written reports to the DPPSC and PPPSC meetings
- Not all the local municipalities have the monthly public participation programme.

## **C 2: IDP AND BUDGET PUBLIC CONSULTATIONS**

During planning period in the period under review, the Executive supported by all councillors and municipal administration facilitated a series of community and stakeholder engagements to solicit their inputs on the draft Integrated Development Plan and the corresponding MTREF for 2015/2016 after adoption by Council. Consultations took place in all the local municipalities within the District.

Section 26 of the Municipal System Act, 32 of 2000 as amended requires that the council's development strategies must be aligned with any national or provincial sectorial plans and planning requirements binding on the municipality in terms of legislation. Details of this required alignment of strategies and programmes was as per the approved IDP for the period under review.

## **COMPONENT D: CORPORATE GOVERNANCE**

Corporate Governance is a system that encompasses a set of rules, processes and laws. The municipality therefore views corporate governance as an effective system by which our municipality should be operated and controlled and thereby of ensuring that the community gets value for money through diligence and honesty.

In the course of rendering services to the community, it is therefore important to do so within the parameters of the law, and this can be achieved by connecting corporate governance with legislative risk management as a guideline.

### **D 1: RISK MANAGEMENT**

Risk management is an integral part of corporate, business planning and service delivery at the municipality. Pursuant to support this institutional objective, the municipality has a fully functional Risk Management Unit. The unit is mainly responsible for the implementation of effective risk management as a key element of good governance and rigorous performance management.



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

---

In 2014, we enhanced our risk management approach by establishing the Risk Management Committee (RMC). The Committee developed the Risk Management Committee Charter as its governing instrument. This document outlines the membership, meeting format and frequency, responsibilities for risk oversight and reporting, implementation of the Register, and the reporting line that applies to the Committee.

Activities during the period under review include the following:

- Adoption of RMC Charter
- Review of RM Policy and Strategy
- Quarterly Risk Assessment report
- Risk Management Maturity model
- Internal Audit and Training report

RMC formulated the register as a framework that allows the Audit Committee and Management to have better overview of the municipality's major business risks and how management has sought to monitor and mitigate them. For all key risks, existing controls are identified and assessed as well as the ability, benefit and cost to improve them.

During the period under review, strategic and operational risk assessment was performed for all areas within the municipality, risk identification processes were carried out through the interview, discussions and completion of risk management template by management and senior employees.

The following were the municipal key focus areas and strategic risks for the period under review:

**Table 9: Key focus areas and strategic risks**

No.	Key focus area	Top risks	Response measure
1 (26)	MM - Security	Ineffective electronic security system.	<p><b>Current controls:</b> Security policy and directives. Access controls in place. Call out as and when needed</p> <p><b>Actions to improve:</b> Development of maintenance contract.</p>
2 (31)	MM - Security	Inability to restore business promptly due to lack of testing and implementation of business continuity plan.	<p><b>Current controls:</b> IT Backup Policy and Procedure. Daily off-site backup of information internally and weekly off-site backup of information externally.</p> <p><b>Actions to improve:</b> Full implementation and testing of the Business Continuity plan.</p>
3 (67)	EH & ES	Non-existence of air quality management by-laws.	<p><b>Current controls:</b> Air Quality Management Plan. Atmospheric Emission Licensing.</p> <p><b>Actions to improve:</b> Development of customised air quality management by-law at the district level.</p>
4 (68)	EH & ES	Failure to be assisted or assist in response to incident scene of cross boundaries / neighbouring districts.	<p><b>Current controls:</b> Integrated fire management plan. FDDM is assisting local municipalities.</p> <p><b>Actions to improve:</b> Development and implementation of MoUs and SLA. Improve relationship and holding bilateral.</p>
5(69)	EH & ES	Lack of commitment from Local Municipalities to sustain fire services	<p><b>Current controls:</b> Encourage and discuss with Local Municipalities the benefit of effective and efficient emergency services through intergovernmental structures</p> <p><b>Actions to improve:</b> Signing of MoUs and SLA between FDDM and LMs.</p>

**D 2: ANTI-FRAUD AND CORRUPTION**

For the period under review, the municipality adopted strategies to combat fraud and corruption in the IDP.

The municipality's Internal Audit also plays a pivotal role in the review of processes and adherence to process relating to segregation of duties, procurement process, efficiency of internal controls, and other measures to prevent fraud and corruption from occurring.

**D 3: SUPPLY CHAIN MANAGEMENT**

The Supply Chain Management processes of the municipality are managed through a dedicated supply chain management unit. For the period under review, the unit is appropriately capacitated in terms of human resources and skills to be able to perform its assigned duties.

The composition of the bid committees was also in accordance with the provisions of the Supply Chain Management Regulations, 2005.

**D 4: BY-LAWS**

There were no new by-laws introduced or revised in this reporting period.

**D 5: PUBLICATION OF INFORMATION OF THE MUNICIPALITY'S WEBSITES**

The municipality's website was functional and accessible throughout the period under review and the table below provides details of important information that was publicised on the website:

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Table 10: Publication of information on municipal website**

Documents to be published on the municipality's website	Published / Not published
<b>Budget</b>	
Draft Budget 2014/2015	Published
Approved Annual Budget 2014/2015 and quality certificate	Published
Adjustment budget 2014/2015 and quality certificate	Published
<b>Annual Reports</b>	
Annual Report 2013/2014	Published
Over sight report 2013/2014	Published
<b>IDP &amp; SDBIP</b>	
FDDM SDBIP 2014/2015	Published
IDP 2014/2015	Published
<b>Quarterly Reports</b>	
SCM Quarterly reports 2014/2015	Published
Financial Reports 2014/2015	Published
<b>Budget Related Policies</b>	
Asset Management Policy	Published
Banking & Investment Policy	Published
Funding Reserves Policy	Published
Budget Virement Policy	Published
Budget & Reporting Policy	Published
Supply Management Policy	Published
<b>Performance Agreements 2014/2015</b>	
Municipal Manage	Published
Chief Financial Officer	Published
Director Corporate Support Services	Published
Director EH and ES	Published
Director LED and Tourism	Published
<b>Financial Statements</b>	
AFS 2013/2014	Published
<b>Mid-Year budget and performance assessment Reports</b>	
S7 Report 2014/2015	Published
<b>Bid Register</b>	
Bid Register 2014/2015	Published

**D 6: PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

No public satisfaction survey was conducted during the period under review.

**D 7: MUNICIPAL OVERSIGHT COMMITTEES**

Municipal Public Accounts Committee (MPAC) and the Audit and Performance Committee and the two committees responsible to exercise oversight over the executive functionaries of council, ensure good governance in the municipality and to advise the council, the political office-bearers, the accounting officer and the management staff of the municipality on various matters respectively.

During the period under review, the respective committees have discharged their responsibilities as follows in accordance with their terms of reference:

**Table 12: Activities performed by the MPAC**

<b>Municipal Public Accounts Committee (MPAC)</b>	
<b>Matters considered in 2014/15</b>	<b>Date</b>
Awaiting the reports of the committee!	17 July 2014
	15 September 2014
	20 October 2014
	19 February 2015
	18 March 2015
	21 May 2015

**Table 13: Activities performed by the Audit & Performance Committee**

<b>Municipal Public Accounts Committee (MPAC)</b>	
<b>Matters considered in 2013/14</b>	<b>Date</b>
Awaiting the report of the committee!	

## **CHAPTER 3: SERVICE DELIVERY**

### **PERFORMANCE (Performance Report Part 1)**

#### **COMPONENT A: INTRODUCTION TO PERFORMANCE REPORT**

This chapter focuses on reporting on service delivery on a service-by-service basis based on the objectives and strategies that were contained in the municipality's IDP and SDBIP and the resources that were deployed as per the approved budget for the reporting period under review.

Therefore this chapter aims at demonstrating what has been achieved and what remains outstanding as initially planned in terms of the municipality's IDP.

The service delivery performance of the municipality for the period under review, in accordance with the IDP, Budgets and SDBIP is presented on the table below:

#### **COMPONENT B: OVERVIEW OF THE RELEVANT PROGRESS ACHIEVED ON THE RELEVANT OUTCOMES FOR LOCAL GOVERNMENT AS REQUIRED BY NATIONAL AND PROVINCIAL SPHERES**

##### **B1: ENVIRONMENTAL HEALTH AND EMERGENCY SERVICES**

###### **– *Participation in International Platforms***

Municipal Health Services displayed two postcards at the International conference on Environmental Health in Las Vegas, Nevada USA. The South African Institute of Environmental Health requested two convert two programmes into postcard. The programmes were Health and Hygiene Education in Action and Food Safety. The posters were displayed from the 7<sup>th</sup> to the 10<sup>th</sup> of July 2014.

– ***Participation at National Conference on Environmental Health***

A delegation consisting of Councillors, Senior Management and MHS personnel attended National Conference and presented three papers: Greening and Beautification Project in Tumahole (Parys), Assessing the hygiene conditions and safety practices of food vendors and Health and Hygiene Education Approach. A learner from Barnard Molokoane Comprehensive School, Neo Roberts was awarded for winning the Greening and Beautification Project theme competition. He also received Presidential Award from the South African Institute of Environmental Health National President. Me Paulina Radebe was also awarded for the outstanding contributions made to the SAIEH during the past two years. The conference took place from the 27<sup>th</sup> to the 28<sup>th</sup> of August 2014.

– ***Benchmarking on Municipal Health Services and Environmental Management***

Environmental Health and Emergency Services was hosted at Ehlanzeni District Municipality for the benchmarking event over two days to share best practises and flagship project ideas on Municipal Health Services and Environmental Management Services. Members of Portfolio Committees, Senior Managers, Managers and officials from both municipalities were present. The event took place from the 19<sup>th</sup> to the 20<sup>th</sup> of March 2015.

– ***Water Quality***

Water sampling and analysis were done to assist local municipalities to comply with water prescribed National Drinking Water Standard thus providing safe water to the communities.

– ***Integrated Waste Management Plan***

IWMP were developed to assist the four local municipalities within the district. The process undertaken was intergraded Waste management planning info, status quo analysis report, waste characterisation report, recommendations programme and an implementation programme for period 2014-2019. The handing over of IWMPs to the local municipalities was done between December 2014 and March 2015.

– ***Tumahole Park***

Tumahole Park achieved gold award of excellence from South African Landscaping Institute on the 3 June 2015.

– ***Municipal Health Services Awareness***

During the period under review the district hosted number of Municipal Health Services Awareness Programmes as outlined in the table below:



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Table 14: Municipal Health Services Awareness Programme**

<b>Project/ Programme</b>	<b>Date</b>	<b>Target Group</b>	<b>No. of People Reached</b>
Sasol TechnoX (Sasolburg)	11 to 18 August 2014	School learners across South Africa	3 000
Arbour Day Celebration (Frankfort)	14 September 2014	School Learners	600
Hand Wash Day (Frankfort)	22 October 2014	School learners Grade 1 to 4	250
Hygiene and Safety practices at Day care centres (Steynsrus)	18 to 19 November 2014	Day Care Personnel	30
Food Control and Safety for Day Care Centres at Day care Centres (Tumahole)	27 November 2014	Day Care Centers	15
Food Safety (Sasolburg)	28 November 2014	Food hawkers	25
Food Safety Education (Frankfort)	28 November 2014	Food hawkers	35
Food Safety Education (Sasolburg)	11 March 2015	Food Aiders in Hospital	12
Water Conservation (Frankfort)	12 March 2015	Inter denominations woman's prayer group	30
Water Conservation (Frankfort)	15 March 2015	Inter denominations woman's prayer group	40
Water Conservation (Sasolburg)	17 March 2015	Grade R learners	30
Food Safety Education (Tweeling)	16 April 2015	Food handlers at schools	12
World TB Day (Frankfort)	23 April 2015	Inmates	50
World Health Day (Villiers)	07 April 2015	Patients at clinics	45
Waste Management (Koppies)	21 April 2015	Grade 12 Students	30
World No Tobacco day celebrations (Tweeling)	26 May 2015	Refeng-Thabo Secondary School	987
Waste Management Awareness (Parys)	11 May 2015	Lembethe Primary School	60
Waste Management Awareness (Parys)	12 May 2015	Koeburg Primary School	37

– **Environmental Management Awareness**

During the period under review, the district rendered number of Environmental Management Awareness Programmes as detailed in the table below:

**Table 15: Environmental Management Awareness Programmes**

<b>Project/ Programme</b>	<b>Date</b>	<b>Target</b>	<b>No. Of People Reached</b>
Sasol TechnoX 2014	11 to 15 August 2014	School learners across South Africa	3 000
Chemical safety education (Deneysville)	15 September 2014	Grade R learners	144
Chemical safety education (Denneysville)	14 to 15 October 2014	Grade 1 and 2 learners	325
Food safety education (Sasolburg)	24 to 25 November 2014.	Sasol midlands site canteens.	25
Chemical safety education (Parys)	27 November 2014.	Day care facility managers and owners.	15
Waste management training	19, 20 & 25 November 2014	Waste pickers	75
Food safety education	15 January 2015	Food handlers	7
Waste management training	22 January 2015	Waste pickers	50
Waste management training	18 & 24 February 2015	Waste pickers	45
Chemical safety education (stay safe)	11 March 2015	Learners aged 5.	400
Programme of Urban Rangers	13 to 17 April 2015	Park rangers	(No number of participants indicated)
Waste Management (Vredefort)	25 May 2015	Waste Pickers	40
Waste management (Viljoenskroon)	26 May 2015	Waste pickers	17
Air quality (Sasolburg)	28 May 2015	Grade 11 learners	75
Chemical safety	29 May 2015	Grade1 Learners	159
Waste management (Sasolburg)	23 June 2015	Grade R learners.	4 crèches. (+/-180)

## **B 2: DISASTER MANAGEMENT**

### **– *Establishment of Moqhaka Disaster Advisory Forum***

FDDM Disaster Management unit assisted Moqhaka local municipality in establishment of their local Disaster Advisory forum on the 4<sup>th</sup> of December 2014.

The purpose of the forum is to:

- To provides an integrated and coordinated way of planning,
- To holistically reduce the adverse impact to the vulnerable and also prevent incidents from escalating to disasters, and
- To also improve stakeholder relations in dealing with disaster and incident management.

### **– *Disaster Management Plan***

Review of Fezile Dabi District Municipality Disaster Management Plan was concluded on the 23<sup>rd</sup> of October 2014 and adopted by Council during March 2015.

The plan was reviewed to ensure that it is aligned with the municipalities' priorities as outlined in the IDP.

### **– *Fire Fighting Training***

Training of fire fighters was done on the 7<sup>th</sup> of January 2015. Trained fire fighters were twelve, from the four local municipalities within Fezile Dabi region. They were trained in Swift Water Rescue.

### **– *Assistance Rendered to Local Municipality***

Fezile Dabi District Municipality Fire Services responded to structural fire in Heilbron when the regional court caught fire. Ngwathe municipality could not render the service. This occurred during March 2015.

– **Disaster Management Awareness**

During the period under review, the district conducted the Disaster Management Awareness Programs as detailed below in the table:

**Table 16: Disaster Management Awareness Programme**

Project/ Programme	Date	Targeted Group	No. of People Reached
Sasol TechnoX 2014	11 to 15 August 2014	School learners across South Africa	3 000
Educational Awareness Campaign (Sasolburg)	18 September 2014	Learners	160

– **Fire and Rescue Services**

During the period under review, the district conducted the Fire and Rescue services as detailed in the table below:

**Table 17: Fire and Rescue Services**

Project/ Programme	Date	Targeted Group	No. of People Reached
Sasol TechnoX 2014	11 to 15 August 2014	School learners across South Africa	3 000
Fire safety	19 November 2014	Day Care Centers Personnel	30
Fire safety	27 November 2014	Day Care Centers personnel	15
Fire Safety	08 March 2015	Tuck Shop Owners	23

– ***Disaster Assessment***

During the period under review, the district conducted the Disaster Assessment the details are tabled below:

**Table 18: Disaster Assessment**

Activity / Programme	Objective of the Activity / Programme	Description of the Activity / Programme
Structural Burn Assessment (Deneysville)	To ensure that proper relief measure is given to the community of Metsimaholo.	On the 3 <sup>rd</sup> of July 2015 Plot 103 in Veekraal farm, Vaal marine a house was ravaged by fire and destroyed most of the valuables in the house. No injuries were reported.
Assessment and Recovery of a shack burn (Deneysville)	To ensure that mitigation measures are implemented.	The incident of a shack burn happened on the 8 <sup>th</sup> of September 2014 but was reported to Disaster Management Centre on the 11 <sup>th</sup> of September 2014. The cause of the fire was gas stove.

– ***Disaster Response and Recovery***

During the period under review, the district conducted the Disaster Response and Recovery activities as detailed in the table below:

**Table 19: Disaster Response and Recovery**

Activity / Programme	Objective of the Activity / Programme	Description of the Activity / Programme
Delivery of Recovery Material for Zamdela Windstorm	To implement mitigation and preventative measures to assist affected communities.	The material was ordered for the community that was affected by a windstorm on the 30 <sup>th</sup> November 2014. Material of corrugated irons and nails were delivered at Metsimaholo Local Municipality by Cash Build so that it can be distributed to the community.

– ***Disaster Institutional Capacity***

During the period under review, the district conducted the Disaster Institutional Capacity activities as outline in the table below:

**Table 20: Disaster Institutional Capacity**

Activity / Programme	Description of the Activity / Programme
Wilge JPC meeting	Joint planning meetings for the Transnet pipelines which are held once per quarter and these meetings are compulsory. The meeting was held on the 2 <sup>nd</sup> of July 2014.
Natref JPC meeting	Joint planning meeting for the Natref was held in July 2014.
DWA JPC meeting	On the 11 <sup>th</sup> of July 2014 DWA held its quarterly planning meeting for the National Key Points.
JOC/Xenophobic Attacks	Due to Metsimaholo Municipal Strike that took place more than a month, the community looted some of the shops that are owned by foreigners.
Section 4 Meeting: Security Cluster	Several meeting are being held for the Arts & Culture Summer Festival that was held on the 6 <sup>th</sup> of September 2014 in Abrahamsrust.
Arts & Culture Summer Festival Expo 2014	The annual event was held on the 6 <sup>th</sup> of September 2014. Various artists and Vendors were present.
Joint Security Management Committee	Different stakeholders attended this meeting that was held on January 2015 to report on plans that were implemented at local joint committee.
JPC Wilge meeting	These meetings take place quarterly for the compliance of National Key Points. The meeting was held on the 24 <sup>th</sup> of February 2015.
Disaster Advisory Forum	Disaster advisory forum is where all stake holders meet to strategically plan for any disaster occurrences. The meetings were held on the 20 <sup>th</sup> of September 2014, 4 <sup>th</sup> of December 2014, 3 <sup>rd</sup> of March 2015 and the 18 <sup>th</sup> of June 2015.
Xenophobic Attack: JOC	On the 21 <sup>st</sup> of April 2015 Joint Operation Committee was activated nationally due to Xenophobic attacks that erupted in Gauteng and Kwazulu-Natal. The meetings are held twice a day to plan the implementation of evacuation plans from different institutions. JOC will be activated until national has declared South Africa safe.
Freedom in our lifetime Concert	The planning meeting was held on the 23 <sup>rd</sup> of April 2015 to discuss the event that will be held by the Department of Sports, Arts and Culture as annual event in Sasolburg (Abrahamsrust) to celebrate Freedom Day.

**B 3: LED UNIT**

– ***Co-operative support***

The Co-operative Strategy of South Africa recognizes the potential of co-operative enterprises in creating and developing income-generating activities and sustainable employment. The LED unit's co-operative development and support program demonstrates its commitment to government's strategy.

The following co-operatives were assisted for the 2014/2015 financial year:

**Table 21: Co-operative Support Activities**

Name of the Project / Programme	Support / Service Provided	Area
Iketsetseng Construction & Manufacturing	<p>The following items were provided as part of support:</p> <ul style="list-style-type: none"> <li>• Agram E48 egg laying type brick/block making machine with 2.2kW 380 volts high frequency vibrator, main &amp; pre vibration times with rake.</li> <li>• Mould box &amp; tamper to make 48 standard stock bricks.</li> <li>• Mould box &amp; tamper to make 11 maxi bricks.</li> <li>• Mould box &amp; tamper to make 6 inch cavity blocks.</li> <li>• Mould box &amp; tamper to make 16 straight pavers.</li> <li>• Mould box &amp; tamper to make 12 interlocking pavers.</li> </ul>	Kroonstad
Tshimolohong Primary Coop	<p>The following items were provided as part of support:</p> <ul style="list-style-type: none"> <li>• Plain stitch industrial machines.</li> <li>• 1 Cover seam machine.</li> <li>• 1 Overlocker 4 thread machine.</li> <li>• 1 Industrial bottle iron.</li> <li>• 1 Embroidery, Laptop, designer plus V7 Software And memory stick.</li> </ul>	Kroonstad
Timeless Manufacturing	<p>The following items were provided as part of support:</p> <ul style="list-style-type: none"> <li>• Co2 carbon welding machine.</li> <li>• Cutting torch.</li> <li>• Stick and argon welding machine.</li> <li>• 2x Big angle grinder.</li> <li>• 4x Small angle grinders.</li> <li>• 2x Drilling machine.</li> </ul>	Heilbron

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Name of the Project / Programme	Support / Service Provided	Area
	<ul style="list-style-type: none"> <li>• 2x Pencil grinders.</li> <li>• 1x Medium compressor.</li> </ul>	
Reyathuba Recycling Cooperative	A single chamber bailing machine was provided as part of support.	Deneysville
Mafube Primary Cooperative	A single chamber bailing machine was provided as part of support.	Heilbron
Ikageng Ditamating Recycling	A Multi chamber bailing machine with double chambers was provided as part of support.	Vaalpark

– ***Agriculture and Food security***

The issue of food security has been critical in many parts of the world including South Africa. The right to food is enshrined in international law and national law. In South Africa it was embedded in Section 26 and 27 of the Constitution (No.108 of 1996). The following self-help groups and agricultural co-operatives were assisted for the period under review:

**Table 22: Agriculture and Food Security Activities**

Project Name	Area	Type of Assistance
Itshokolele Ntlafatsong	Zamdela	Garden Equipment
Thekwane Co-operatives	Parys	Garden Equipment
Thlabollo Co-operatives	Steynsrus	Garden Equipment
Rammolotsi Co-operatives	Viljoenskroon	Signage Board
Vredefort Youth for Change	Vredefort	Garden Equipment
Centre of Hope	Deneysville	Garden equipment
Khothalang Basadi	Frankfort	Garden Equipment
Mosia trust	Koppies	Cattle equipment
Madibos Farm	Frankfort	Spraying Machine and generator
Matsoles Farm	Villiers	Spraying Machine and generator



– ***Koppies Greenhouse Vegetable Production (Hydroponics) Project***

The project is regarded as a mitigation strategy to create rural employment for women and youth. This initiative will be implemented on a full scale business development model in order to realise the expected commercial viability. Phase 1 and 2 of the project were completed, which consisted of the following activities:

- Feasibility study, and
- The finalization of the sketch plans with full specifications, the geo-technical report and the Bill of Quantity.

Currently the project is in its implementation phase. The following activities were completed for the period under review:

- The erection of the fence, and
- The erection of the commercial vegetable tunnels.

The erection of the administration block and the identification and training of the beneficiaries will commence in the next financial year.

**B 4: TOURISM DEVELOPMENT UNIT**

– ***Tourism Awareness Campaigns***

Fezile Dabi District Municipality has an important role to play in promoting and raising awareness on tourism among tourists and members of the community in the district. The purpose of these campaigns is to educate, raise awareness and understanding of the importance of tourism to the local economy among members of the community, media and stakeholders within the district. The following campaigns were conducted:

Table 23: Tourism Awareness Campaigns

<b>Date of the Campaign</b>	<b>Area</b>
Saturday 15 November 2014	Vredefort
Saturday 24 January 2015	Frankfort
Saturday 07 February 2015	Viljoenskroon
Saturday 30 May 2015	Deneysville

– ***Tourism Training***

**Customer First Training:** FDDM requested the services of a fully accredited service provider with a CATHSSETA certificate to facilitate training on “Customer First” to local frontline practitioners in all 4 local municipalities within the district. The purpose of the training was to introduce employees in our local tourism businesses to key knowledge and skills pertaining to service excellence and quality in the work environment.

Trainings were conducted in all four local municipalities within the district and 10 candidates per municipality were provided with training. The duration of the training was two days in each municipality and focused on theory and practice.

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Trainings were conducted as follows:

Table 24: Customer First Training

<b>Mafube Local Municipality</b>	<b>Metsimaholo Local Municipality</b>
<b>3 to 4 February 2015</b>	<b>5 to 6 February 2015</b>
<b>Participants Names:</b> <ul style="list-style-type: none"> <li>• Moca-Mama’s Restauraant</li> <li>• DK’s Restaurant</li> <li>• Kgatholoha Guest House</li> <li>• Siphwe Restaurant</li> <li>• Twin Corner Restaurant</li> <li>• Diva’s Restaurant</li> </ul>	<b>Participants Names:</b> <ul style="list-style-type: none"> <li>• Anchor Creek Marina</li> <li>• Moon Bay Guest House</li> <li>• Vaal Prive Resort</li> <li>• Hero’s Heaven Guest House</li> <li>• Stone Cottage Guest House</li> </ul>
<b>Moghaka Local Municipality</b>	<b>Ngwathe Local Municipality</b>
<b>10 to 11 February 2015</b>	<b>12 to 13 February 2015</b>
<b>Participants Names:</b> <ul style="list-style-type: none"> <li>• Cornerstone Guest House</li> <li>• Penny’s Guest House</li> <li>• Hacienda Hotel</li> <li>• Arcadia Guest House</li> </ul>	<b>Participants Names:</b> <ul style="list-style-type: none"> <li>• River Nest Guest Lodge</li> <li>• Plum Tree Coffee Shop</li> <li>• Pickled Pig Restaurant</li> <li>• Takwasa Guest Lodge</li> <li>• Dome Heritage Tours &amp; Art</li> </ul>

**How to start your own Bed and Breakfast training:** FDDM requested the services of a fully accredited service provider to facilitate training on “How to start your own Bed and Breakfast” to people who are working in the hospitality industry and also to those who are not in the hospitality industry but who are planning to start their own Bed and Breakfast business. The purpose of this training was to part knowledge regarding entrepreneurship and business ideas and opportunities, especially in the tourism industry with specific reference to the Bed and Breakfast sector. The training also provided candidates with a better understanding and knowledge on how they can start and run their own Bed & Breakfast business and how the hospitality environment operates.

Trainings were conducted in all four local municipalities within the district and 10 candidates per municipality were provided with training. The duration of the training was 2 days in each municipality and focused on theory and practice. The

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

participants were orientated and capacitated in the practical daily running operations of a Bed and Breakfast business and taken through the housekeeping tasks and operations. All candidates who have completed the two days modules will each receive a certificate of completion.

Trainings were conducted as follows:

**Table 25: How to start own Bed and Breakfast training**

<b>Ngwathe Local Municipality</b>	<b>Metsimaholo Local Municipality</b>
<b>09 to 10 June 2015</b>	<b>11 to 12 June 2015</b>
<p><b>Participants Names:</b></p> <ul style="list-style-type: none"> <li>• Mohammad Ghazal</li> <li>• Shaheen Tickle</li> <li>• Diana Manoto</li> <li>• Bella Tsoeu</li> <li>• Selloane Mohlahleli</li> <li>• Jemina Segole</li> <li>• Diana Kometsi</li> <li>• Anna-Marie Deale</li> </ul>	<p><b>Participants Names:</b></p> <ul style="list-style-type: none"> <li>• Brits Rose</li> <li>• Stemela Berlina</li> <li>• Mkhize Tilda</li> <li>• Modise Matumelo</li> <li>• Nglobongwana Nobantu</li> <li>• Disente Tina</li> <li>• Manosa Malerato</li> <li>• Monywabe Lettia</li> </ul>
<b>Moghaka Local Municipality</b>	<b>Mafube Local Municipality</b>
<b>17 to 18 June 2015</b>	<b>22 to 23 June 2015</b>
<p><b>Participants Names:</b></p> <ul style="list-style-type: none"> <li>• Mangayi Modiehi</li> <li>• Leholo Marcia</li> <li>• Mtimkulu Mapaseka</li> <li>• Mofokeng Elizabeth</li> <li>• Mtimkulu Neville</li> <li>• Mokwena Jaqueline</li> <li>• Rabannye Rebecca</li> <li>• Lekama Mathapelo</li> </ul>	<p><b>Participants Names:</b></p> <ul style="list-style-type: none"> <li>• Mkhwanazi Mothoto</li> <li>• Mazibuko Joyce</li> <li>• Maduna Cindy</li> <li>• Mashiloane Sarah</li> <li>• Mokoena Suzana</li> <li>• Ndlovu Felda</li> <li>• M. Meeko</li> <li>• E.S. Makhoba</li> <li>• M.T. Thithi</li> </ul>

– **Grading of tourism establishments**

The service of a fully accredited assessor from the Tourism Grading Council of South Africa was requested to grade establishments within the district. The grading will assist establishments in positioning their products and guests view this as a good indicator of the type of accommodation they will experience. Tourists and business travellers alike are also more likely to stay at a graded establishment than in one without a grading, as they can then be assured of predictable and guaranteed levels of quality. This is also viewed as an indicator of professionalism and quality support from the grading council for marketing the establishment.

The following establishments were graded:

**Table 26: Grading of tourism establishments**

<b>Establishment</b>	<b>Stars Awarded</b>	<b>Area</b>
Casa Cara Guest House	4 stars	Parys
In Town Guest Lodge	3 stars	Parys
Palm Valley Guest House	3 stars	Kroonstad
Oppi Koppi Guest House	3 stars	Kroonstad
Be My Guest Hotel & Conference	3 stars	Sasolburg

– **School Tourism awareness campaigns**

The Tourism Unit conducted school tourism awareness campaigns at those schools which present tourism as a subject. The objective of these campaigns is to inform learners of all the tourism opportunities, attractions, services and facilities within the district. In addition to this the learners are motivated to consider a career in tourism, as it is one of the key economic drivers within the district.

The following campaigns were conducted:

**Table 27: School Tourism Awareness Campaign**

Name of School	Grade	Area	No. of learners	Municipality
1. Phiritona S/S	10-12	Heilbron	384	Ngwathe
2. Matlwangtlwang	10-12	Steynsrus	153	Moqhaka
3. Cedar S/S	11-12	Sasolburg	161	Metsimaholo
4. Mfundo-Thuto S/S	11-12	Frankfort	57	Mafube
5. Rehauhetswe S/S	10-12	Viljoenskroon	174	Moqhaka
6. Retshedisitsoe S/S	10-12	Villiers	208	Mafube
7. Kgolagano S/S	10-12	Viljoenskroon	256	Moqhaka
8. Bodibeng S/S	10-12	Kroonstad	101	Moqhaka
9. Falesizwe S/S	10-12	Frankfort	220	Mafube
10. Iketsetseng C/SS	11-12	Sasolburg	63	Metsimaholo
11. Motswela S/S	10-12	Kroonstad	205	Moqhaka
12. Nomsa S/S	10-12	Deneysville	112	Metsimaholo
13. Phephetso S/S	10-12	Kroonstad	180	Moqhaka
14. Sandersville	10-11	Heilbron	28	Ngwathe
15. Sarel Cilliers S/S	10-12	Koppies	64	Ngwathe
16. Weiveld S/S	10-12	Parys	139	Ngwathe

– ***Tourism marketing and promotions***

The LED & Tourism Directorate embarks annually on advertising, marketing and promoting the district. The district was well marketed at the following international and national shows:

- Tourism Indaba International Show,
- The Beeld Holiday Show, and
- The Getaway Show.

Every year product owners within the district are part of the exhibitions at the above mentioned shows.

– **Advertisements**

Another marketing tool utilised by the Tourism Unit is marketing the district in popular tourism magazines in order to ensure that a large target is reached.

Advertisements were placed in the following magazines:

- Encounter Africa Magazine,
- Explore Magazine, and
- On Route Magazine.

**B 5: COMMUNITY AND SOCIAL SERVICES**

The community and social development functions are located within the LED Directorate under Community Development Unit. This unit is specially established to ensure that communities within Fezile Dabi District Municipality are able to access government services, to provide interventions and to enhance the spirit of social cohesion.

This unit is responsible for, amongst others, the community and social services: Sports, Arts and culture and social development.

– **Community Development – Social Assistance**

This unit is focusing on the community based organizations; non-governmental organizations which include among others; food security organs, early childhood development centres, old age homes, and home based care centres. The services that we provide are the most needed and urgent commodities that are needed on daily basis to keep the centres operational.

For the period under review, this unit provided assistance, interventions and services to the following beneficiaries as tabled below:

**Table 28: Community Development – Social Assistance**

Name of Centre	Town & Municipality	Items / Equipment
Tumahole Youth Development Centre	Tumahole: Ngwathe Local Municipality	<ul style="list-style-type: none"> <li>• Zozo (Shack)</li> <li>• Gas-stove including gas cylinder</li> <li>• 100 Plates</li> <li>• 3 Pots</li> </ul>

– **Early Childhood Development**

Assistance with varied items and commodities, based on each centre’s needs, was provided to the following community early childhood development centres:

**Table 29: Early Childhood Development**

Name of Centre	Town & Municipality	Items / Equipment
Mpumelelo Day Care Centre	Matlwangtlwang: Moghaka Local Municipality	<ul style="list-style-type: none"> <li>• Tables and Chairs</li> <li>• Kitchen unit and sinc</li> <li>• Gas-stove including gas cylinder</li> <li>• Swings</li> </ul>
Tshepong Day Care Centre	Mokwallo: Ngwathe Local Municipality	<ul style="list-style-type: none"> <li>• Kitchen unit</li> <li>• Gas-stove including gas cylinder</li> <li>• Mattresses and Blankets</li> <li>• Seat Potties</li> </ul>
Thusanang Crèche	Kwakwatsi: Ngwathe Local Municipality	<ul style="list-style-type: none"> <li>• Tables and Chairs</li> <li>• Educational Toys</li> <li>• Swings</li> </ul>
Phomolong Day Care Centre	Namahadi: Mafube Local Municipality	<ul style="list-style-type: none"> <li>• Tables and Chairs</li> <li>• Mattresses and Blankets</li> <li>• Educational Toys</li> <li>• Swings</li> </ul>



– **Arts and Culture Development**

During the year under review, the below listed arts and culture development activities were undertaken:

**Table 30: Arts and Culture Development**

Name of Centre	Town & Municipality	Items / Equipment
Nority Entertainment Studio	Zamdela Metsimaholo Local Municipality	Studio Equipment
Rainbow Tenors	Zamdela Metsimaholo Local Municipality	PA System
Amateur Artists	Fezile Dabi Region	Voice Training Tuition fees at the Conservatoire
Dan Modiselle	Tumahole Ngwathe Local Municipality	Sound System

**B 6: SPORTS DEVELOPMENT**

During the year under review below is the summary of all the sporting activities that took place including the date of the events:

**Table 31: Sport Development**

Programmes	Activities	Dates
OR Tambo Games	Games took place at district level and Provincial level.	4 October 2014 in Villiers
		24 – 26 October 2014 in Welkom.
Rural Schools Development	Cross Country took place on the farm in Frankfort	16 May 2015
Powerboat Team	Powerboat training is taking place during school holidays	6 – 10 October 2014 in Bethlehem
		30 March – 3 <sup>rd</sup> April 2015 in Bethlehem
Mountain Bike Cycling Team	Mountain Bike Training Camp took place	29 – 31 August 2014 in Parys
		6 – 8 March 2015 in Parys

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**COMPONENT C: ANNUAL PERFORMANCE REPORT AGAINST PRE-DETERMINED OBJECTIVES**

**Annual Performance Report for 2014/15 financial year**

**Key Performance Area 1: Municipal Transformation and Organisational Development**

PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS										
ACTUAL PERFORMANCE OUTCOMES & EVIDENCE										
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015										
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
1.1(a)	To enhance human resource capacity within the municipality	0% voluntary termination of employment at Senior Management by 30 June 2015.	% of voluntary termination of employment at Senior Management t by 30 June 2015.	0% voluntary termination of employment at Senior Management by 30 June 2015.	During the period under review no termination of service at Senior Management level was recorded.	A	Signed Workforce Profile reports	Verified through the inspection of the acknowledgement of receipt by LGSETA of WSP and ATR. However, there has not been a resignation by Senior Management for the period under review.	Achieved.	
1.1(b)	To enhance human resource capacity within the municipality	0% voluntary termination of employment at Level 1 - 3 Managers by 30	% of voluntary termination of employment at Level 1 - 3 Managers by 30	0% voluntary termination of employment at Level 1 - 3 Managers by 30	No voluntary resignations were reported during the financial year for post level 1-3 managers.	B	Signed Workforce Profile reports	Verified through the inspection of the workforce profile that reflects the employment category statistics. Secondly, there	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 1: Municipal Transformation and Organisational Development**

PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS										
ACTUAL PERFORMANCE OUTCOMES & EVIDENCE										
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015										
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
		June 2015.	June 2015.	June 2015.				was no resignation on post level 1-3.		
1.2 (a)	To maintain sound labour relations	Nil / Zero disputes filed by employees by 30 June 2015 due to the municipality's non-compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to labour relations	Number of disputes filed by employees by 30 June 2015 due to the municipality's non-compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to labour relations	Nil / Zero disputes filed by employees by 30 June 2015 due to the municipality's non-compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to	No disputes/grievances were filed by employees for the period under review. <i>(refer to the attached)</i>	C	Signed internal reports indicating disputes filed by employees in relation to non-compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations Act and HR	Verified through the Memorandum from corporate services indicating that there were no disputes or grievances filed against the municipality.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 1: Municipal Transformation and Organisational Development**

PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS		ACTUAL PERFORMANCE OUTCOMES & EVIDENCE								
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015										
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
				labour relations			Policies			
1.2(b)		6 Human Resource related policies reviewed, updated and approved by Council by 30 June 2015	Number of Human Resource related policies reviewed, updated and approved by Council by 30 June 2015	6 Human Resource related policies reviewed, updated and approved by Council by 30 June 2015	Two (2) Policies were adopted by Council at an Ordinary Council Meeting held on 31 March 2015 under Resolution Number 145. During the last quarter of the financial year , the following HR Policies were also reviewed/ developed: 1. Leave Policy, 2. Bereavement Policy (evidence is attached)	D	Copies of 6 reviewed and approved HR Policies supported by a signed extract of council resolution for approval	Verified through the inspection of the minutes of the council dated 28 May 2015, Item 182, Approval of HR policies namely Leave and Bereavement policy	Partially achieved, annual target not attained 5 out of 6 target policies were reviewed, updated and adopted by the council.	
1.3(a)	To render	100% of requests	%of requests for	Execute 100%	The municipality has	E	Signed internal	Verified through the	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 1: Municipal Transformation and Organisational Development**

PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS											ACTUAL PERFORMANCE OUTCOMES & EVIDENCE	
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015												
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance		
	targeted technical financial management support to municipalities within the District	for technical financial management support received from local municipalities in the district in 2014/15 executed(i.e. approved / declined with feedback sent to respective municipalities) by 30 June 2015	technical financial management support received from local municipalities in the district in 2014/15 executed(i.e. approved / declined with feedback sent to respective municipalities) by 30 June 2015	of requests for technical financial management support received from local municipalities in this quarter by 30 June 2015	during the financial year under review received and processed the following requests for technical financial management support: (1) Mafube LM - request for upgrading of sewer pump station near new Villers water purification works. (2) Moqhaka LM: request for assistance with the review of LED strategy and sector plans. (3) Mafube LM: request for payment of salaries.		reports indicating number of requests for technical financial management support received from local municipalities in the district and the total number executed (i.e. approved / declined with feedback sent	inspection of the correspondence between the local municipalities and the district, as well as the proof of assistance provided on the following matters: (1) Mafube LM - request for upgrading of sewer pump station near new Villers water purification works. (2) Moqhaka LM: request for assistance with the review of LED strategy and sector plans. (3) Mafube LM: request for payment of salaries.				

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 1: Municipal Transformation and Organisational Development**

Key Performance Area 1: Municipal Transformation and Organisational Development										
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS				ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015										
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
							to respective municipalities), together with copies of signed letters of request received from municipalities			
1.3(b)		100% of approved requests for technical financial management support received from local municipalities in the district in 2014/15	% of requests for technical financial management support received from local municipalities in the district in 2014/15 executed by 30 June 2015	Implement 100% of all approved requests for technical financial management support received from local municipalities in the previous	The municipality has during the financial year which ended on the 30 June 2015 rendered the following financial management support to local municipality: - Mafube LM - request for upgrading of sewer pump station near new Villiers	F	Signed internal reports indicating number of requests for technical financial management support received from	Verified through the inspection of the letter to Mafube local Municipality by Executive Mayo Moshodi responding to Mafube's request ref: 5/6/1/6. FDDM has granted the request from Mafube LM to upgrade the sewer pump station.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 1: Municipal Transformation and Organisational Development**

PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS		ACTUAL PERFORMANCE OUTCOMES & EVIDENCE								
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015										
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
		implemented by 30 June 2015		quarter by 30 June 2015	water purification works.		local municipalities in the district in 2014/15 and the total number of the requests executed.			
1.4(a)	To ensure effective & efficient administration	4 quarterly Internal Audit Reports and related Management Action Plans with specific focus on Risk Management, Internal Controls,	Number of quarterly Internal Audit Reports and related Management Action Plans with specific focus on Risk Management, Internal Controls,	1 quarterly Internal Audit Reports (i.e. one report per quarter) and related Management Action Plans with specific focus on Risk	3rd Quarter Internal / Performance Audit report has been submitted to Audit Committee on the 29 June 2015 report has been	G	1 quarterly Internal Audit Report and related Management Action Plans with specific focus on Risk Management, Internal	Verified through the inspection of the 3rd Quarter Internal Audit report that has been tabled to Audit Committee during the meeting of the 29 June 2015.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 1: Municipal Transformation and Organisational Development**

PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS											ACTUAL PERFORMANCE OUTCOMES & EVIDENCE	
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015												
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance		
		and Performance Management by 30 June 2015	and Performance Management by 30 June 2015	Management, Internal Controls, and Performance Management by 30 June 2015			Controls, and Performance Management.					
1.4(b)		100% of Post Audit Action Plan matters for 2013/14 relating to leadership, predetermined objectives and other matters addressed by 30 June 2015	% of Post Audit Action Plan matters for 2013/14 relating to leadership, predetermined objectives and other matters addressed by 30 June 2015	100% of Post Audit Action Plan matters for 2013/14 relating to leadership, predetermined objectives and other matters addressed by 30 June 2015	The municipality has developed the post audit action plan on matters relating to the 2013/14 financial year. By 30 June 2015 all matters identified in the audit report for the period under review were addressed.	H	Signed Progress Report on Post Audit Action Plan matters for 2013/14 relating to leadership, predetermined objectives and other matters.	Verified through the inspection of the action plan for issues relating to 2013/14 financial year. As listed all the issues affecting leadership and predetermined objectives have been resolved.	Achieved.			



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 1: Municipal Transformation and Organisational Development**

Key Performance Area 1: Municipal Transformation and Organisational Development										
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS				ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015										
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
1.4(c)	To ensure effective & efficient administration	Within 30 days of appointment of contractors / service providers in this financial year, enter into written and signed Service Level Agreements and ensure that 100% of signed SLAs are kept in safe custody by 30 June 2015 for audit and other future use purposes	Number of days of appointment of contractors / service providers in this financial year, a written and signed Service Level Agreements entered into and a of signed SLAs that are kept in safe custody by 30 June 2015 for audit and other future use purposes	Within 30 days of appointment of contractors / service providers in this quarter, enter into written and signed Service Level Agreements and ensure that 100% of signed SLAs are kept in safe custody by 30 June 2015 for audit and other future use	All Service Level Agreements for Contracts concluded during the period under review are attached.	I	Signed appointment letters for each contract procured and copies of signed SLAs.	Verified through the inspection of the SLAs' signed by FDDM and the following service provides: 1. Tiro Trading (appointed 05/03/2015, SLA signed on 08 May 2015) 2. Vexoscore (appointed 01/04/2015, SLA signed on 28 April 2015); 3. Aurecon South Africa (appointed 14/05/2015, SLA signed on 30 June 2015).	<b>Partially achieved, SLA between FDDM and Aurecon not completed 30 days from the date of appointment.</b>	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 1: Municipal Transformation and Organisational Development**

PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS		ACTUAL PERFORMANCE OUTCOMES & EVIDENCE									
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
1.5	To ensure effective & efficient ICT services	4 quarterly Internal Audit Reports and related Management Action Plans with specific focus on ICT systems and infrastructure by 30 June 2015	Number of quarterly Internal Audit Reports and related Management Action Plans with specific focus on ICT systems and infrastructure by 30 June 2015	1 quarterly Internal Audit Reports and related Management Action Plans with specific focus on ICT systems and infrastructure by 30 June 2015	Draft Report on ICT Audit has been finalised is awaiting management response. According to Internal Audit Plan it has been planned for the last quarter of the financial year.	J	1 quarterly Internal Audit Report and related Management Action Plans with specific focus on ICT systems and infrastructure.	Verified through the inspection of the Draft ICT Internal Audit Report, completed after the end of fourth quarter.	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
2.1(a)	To support local municipalities within the District with the provision of basic services	100% of requests for financial, technical and administrative support received from local municipalities in the district in 2014/15 in relation to implementation of water & sanitation, electricity, roads and storm water projects executed (i.e approved / declined with	% of requests for financial, technical and administrative support received from local municipalities in the district in 2014/15 in relation to implementation of water & sanitation, electricity, roads and storm water projects approved by 30 June 2015	Execute (i.e. approved / declined with feedback sent to respective municipalities) 100% of requests for financial, technical and administrative support received from local municipalities in the district in the previous quarter in relation to implementation	The municipality has during the financial year which ended on the 30 June 2015 rendered the following financial, technical, and administrative support to local municipalities: <b>(1) Financial Support:</b> - Mafube LM - request for upgrading of sewer pump station near new Villers water purification works.	K	Signed internal reports indicating number of requests for financial, technical and administrative support received from local municipalities in the district in relation to implementation of water & sanitation, electricity, roads and storm water projects approved, together with signed letters of requests received from the	Verified through the inspection of the confirmation of the following assistance provided to the Local Municipality: 1.Upgrading of sewer pump station; 2.Financial assistance to Mafube to cover the salaries of certain staff member. 3. LED strategy for Moqhaka was not performed because 3 years ago District has performed the similar exercise, of which the local municipality has not yet adopt that existing LED strategy.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
		feedback sent to respective municipalities) by 30 June 2015		of water & sanitation, electricity, roads and storm water projects by 30 June 2015	<p>- Mqohaka LM: request for assistance with the review of LED strategy and sector plans.</p> <p>- Mafube LM: request for payment of salaries.</p>		municipalities.			
					<p><b>(2) Technical Support:</b></p> <p>- Mafube sewer network and toilet structures for 363 ervens in Qalabotjha;</p> <p>- Deneysville Resort in Metsimaholo;</p> <p>- Rehabilitation of</p>			<p>Verified through the inspection of the Infrastructural project list that the following projects are being implemented during the financial year:</p> <p>1. Mafube sewer network and toilet structures for 363 ervens in Qalabotjha;</p> <p>2. Deneysville Resort in</p>	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
					streets in Ngwathe; - Development of stadium parking in Ngwathe; - Upgrading of stadium in Qalabotjha Villers; and Upgrading of Sewer Pump Station in Gortin			Metsimaholo; 3. Rehabilitation of streets in Ngwathe; 4. Development of stadium parking in Ngwathe; 5. Upgrading of stadium in Qalabotjha Villers; and Upgrading of Sewer Pump Station in Gortin		
					<b>(3) Administrative Support: EH&amp;ES</b> - Supported all four local municipalities in the district to comply with SANS 241 on water quality			Verified through the inspection of the report by LMV Town planners dated February 2015 on the preparation of a future spatial development framework in terms of the Municipal System Act.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

**FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015**

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
					monitoring. - Supported Metsimaholo and Moqhaka LM on training of waste pickers on financial management and taking care of the environment and Supported Ngwathe LM on training of urban rangers and assistance on maintenance of the park.			Progress report for April 2015 has also been attached.		
2.1(b)	To support local municipalities	100% approved of requests for financial,	% of approved requests for financial,	Implement 100% of approved of requests for	The municipality has during the financial year which ended	L	Signed internal reports indicating number of approved	Verified through the inspection of the list of infrastructural projects	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

**FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015**

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
	within the District with the provision of basic services	technical and administrative support received from local municipalities in the district in 2014/15 in relation to implementation of water & sanitation, electricity, roads and storm water projects implemented by 30 June 2015	technical and administrative support received from local municipalities in the district in 2014/15 in relation to implementation of water & sanitation, electricity, roads and storm water projects implemented by 30 June 2015	financial, technical and administrative support received from local municipalities in the district in the previous quarter in relation to implementation of water & sanitation, electricity, roads and storm water projects by 30 June 2015	on the 30 June 2015 provided support on provision of basic services to local municipalities: - Mafube sewer network and toilet structures for 363 ervens in Qalabotjha; - Rehabilitation of streets in Ngwathe; and -Upgrading of Sewer Pump Station in Gortin.		requests for financial, technical and administrative support received from local municipalities in the district in relation to implementation of water & sanitation, electricity, roads and storm water projects implemented.	executed during the financial year 2014/15. The list included the following project: 1. Sewer Reticulation network in Qalabotjha (Site Meetings minutes inspected) 2. Rehabilitation of Kruis Street (Bid Specification convened on the 18/08/2015). 3. Gortin Pump Station (Completion certificate issued and the inspection date was on the 25/06/2015)		
2.2	To improve sports	All sports facilities &	% of sports facilities &	100% of sports facilities &	The municipality has during the financial	M	Signed internal report indicating	Verified through the inspection of the list of	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

**FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015**

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
	facilities infrastructure within the District.	infrastructure within the District identified in 2014/15 in conjunction with local municipalities within the district upgraded by 30 June 2015	infrastructure within the District identified in 2014/15 in conjunction with local municipalities within the district upgraded by 30 June 2015	infrastructure within the District identified in 2014/15 in conjunction with local municipalities within the district upgraded by 30 June 2015	year which ended on the 30 June 2015 provided support on improvement of sports facilities and infrastructure within the district: - Development of stadium parking in Ngwathe; and - Upgrading of stadium in Qalabotjha Villers;		number of sports facilities & infrastructure within the District identified in conjunction with local municipalities within the district upgraded.	infrastructural projects executed during the financial year 2013/14. The following projects have been listed: 1. Qalabotjha Stadium (physical progress 100%)  3. Development of Stadium parking (Physical progress 20%)		
2.3	To promote sustainable human settlement.	Reviewed SDF for 2015/16 of the municipality and approved by Council by 30	1 Reviewed SDF document of the municipality for 2015/16 and Council	Reviewed SDF of the municipality for 2015/16 approved by Council by 30	The Reviewed SDF of the Fezile Dabi District Municipality was currently put on hold the past	N	1 Reviewed SDF document of the municipality for 2015/16 and signed extract of the Council	Verified through the inspection of the correspondence from rural development and land reforms on the funding for	Not applicable.	



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

**FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015**

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
		June 2015	resolution for approval by 30 June 2015	June 2015	financial year (2014/15), by the Department of Rural Development and Land Reform due to sections in SPLUMA that had not been yet finalised. The Department of Rural Development will resume with all SDF processes during the 2015/16 financial year.		resolution confirming approval.	the formulation of Spatial development Frameworks. The letter states that the department cannot fund any SDFs at the current stage. Workshop for planners and planning stakeholders has been approved to be conducted.		
2.4(a)	To provide Municipal Health Services	4 quarterly Municipal Health Services reports indicating	Number of quarterly Municipal Health Services reports	4 Quarterly Municipal Health Services reports indicating	4 Quarterly reports Municipal Health Services Reports were submitted and	O	Signed quarterly Municipal Health Services reports indicating services	Verified through the inspection of the quarterly report for April - June 2015.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

**FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015**

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
	effectively & equitably in the District.	services rendered in various towns across the 4 local municipalities in the district by 30 June 2015	indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2015	services rendered in various towns across the 4 local municipalities in the district in this quarter by 30 June 2015	evidence of services rendered in all four local municipalities attached.		rendered in various towns across the 4 local municipalities in the district.			
2.4(b)	To provide Municipal Health Services effectively & equitably in the District.	4 quarterly Air Quality Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30	Number of quarterly Air Quality Management reports indicating services rendered in various towns across the 4 local municipalities in	4 Quarterly Air Quality Management reports indicating services rendered in various towns across the 4 local municipalities in the district in this	Awareness campaigns have been conducted in Metsimaholo on the 28/05/2015. Progress Atmospheric Emission Licence application Silicon smelters PTY LTD	P	Signed quarterly Air Quality Management reports indicating services rendered in various towns across the 4 local municipalities in the district.	Verified through the inspection of the IEM: Air Quality Awareness conducted at Iketsetseng Secondary School on the 28/05/2015. Progress report of Atmospheric emissions license application dated 30/04/2015.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
		June 2015	the district by 30 June 2015	quarter by 30 June 2015	Bothaville Plant in Moqhaka LM dated 30/04/ 2015 attached. Senmin Internation dated 15 April 2015 EIA progress report. Attached.					
2.4(c)	To provide Municipal Health Services & equitably in the District.	Assist the 4 local municipalities in the district with review and updating of Integrated Waste Management Plans by 30 June 2015.	Number of local municipalities in the district assisted with review and updating of Integrated Waste Management Plans by 30 June 2015.	Assist the 4 local municipalities in the district with review and updating of Integrated Waste Management Plans by 30 June 2015.	Integrated Waste Management Plans for the four local municipalities have been developed. Attached is the waste management plan, an item report and a close up report.	Q	Signed internal report indicating number and names of local municipalities in the district assisted with review and updating of Integrated Waste Management Plans.	Verified through inspection of the Integrated Waste Management Plan 2014-2019 for Moqhaka Local Municipality, Mafube Local Municipality, and Ngwathe Local Municipality & Metsimaholo Local Municipality.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

**FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015**

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
2.4(d)	To provide Municipal Health Services effectively & equitably in the District.	1 Reviewed District Disaster Management Plan and 4 Interdepartmental disaster risk management committee meetings held by 30 June 2015	Number of reviewed District Disaster Management Plan and Interdepartmental disaster risk management committee meetings held by 30 June 2015	1 Reviewed District Disaster Management Plan and 1 Interdepartmental disaster risk management committee meetings held by 30 June 2015	Reviewed Disaster Management Plan has been reviewed. Copy and item report attached.	R	Copy of reviewed District Disaster Management Plan and internal report supported by attendance register indicating Interdepartmental disaster risk management committee meetings held	Verified through the inspection of the copy of the review of Disaster Management Plan dated 22 October 2014.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

**FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015**

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
2.4(e)	To provide Municipal Health Services effectively & equitably in the District.	4 quarterly inspections at moderate to low risk premises performed in various areas across the 4 local municipalities in the district by 30 June 2015	Number of quarterly inspections at moderate to low risk premises performed in various areas across the 4 local municipalities in the district by 30 June 2015	4 quarterly inspection at moderate to low risk premises performed in various areas across the 4 local municipalities in the district by 30 June 2015	Five medium inspections reports and Seven low inspections were conducted. Reports attached.	S	Signed internal quarterly reports indicating inspections at moderate to low risk premises performed in various areas across the 4 local municipalities in the district.	Verified through the inspection of the Item: Fire Services & Disaster Management fourth Quarter report dated June 2015.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

**FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015**

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
2.4(f)	To provide Municipal Health Services effectively & equitably in the District.	4 quarterly environmental services reports for services performed in various areas across the 4 local municipalities in the district by 30 June 2015	Number of quarterly environmental services reports for services performed in various areas across the 4 local municipalities in the district by 30 June 2015	4 quarterly environmental services report for services performed in various areas across the 4 local municipalities in the district by 30 June 2015	Waste management campaigns were held on the 25 May 2015 in Koppies and Edenville. Waste Pickers Financial Management Training was held on the 9 June 2015 in Sasolburg. Waste Management & greening Project Meeting was held in Mafube on the 7 May. Minutes attached	T	Signed internal quarterly reports indicating environmental services performed in various areas across the 4 local municipalities in the district	Verified through the inspection of the minutes of the waste management & greening projects meeting held on the 7 May 2015 at Frankfort.	Achieved.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

**FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015**

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
2.5	To ensure effective & efficient disaster management services	60 % progress against the set 5 year milestones by 30 June 2015 towards a fully established and functional Disaster Management Centre to be completed by 30 June 2017	% of progress against the set 5 year milestones by 30 June 2015	60% progress against the set 5 year milestones by 30 June 2015	Disaster Management Centre progress report on re activate the disaster management planning tool & incident report dated 31 May 2015 attached	U	Signed internal reports indicating progress against the set 5 year milestones towards a fully established and functional Disaster Management Centre	Verified through the inspection of the project progress report as at 31 May 2015 for Re-activate the Disaster Management Planning Tool & Incident Management system.	Achieved.	
2.6(a)	To contribute towards the reduction in the prevalence of HIV/AIDS in	1 Annual HIV/AIDS festival aimed at creating awareness by 31 December 2014	Number of Annual HIV/AIDS festival report by 30 March 2015	Donation of the festival proceeds to identified organizations dealing with HIV/AIDS related	The Executive Mayor identified nine NGO as beneficiaries for the Fezile Dabi HIV/AIDS Benefit	V	HIV/AIDS festival report	Verified through the inspection of the list of beneficiaries for the benefit concert.	<b>Achieved.</b>	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 2: Basic Service Delivery and Infrastructure Development**

**PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS**

**ACTUAL PERFORMANCE OUTCOMES & EVIDENCE**

**FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015**

ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
	the district			projects within the district by 30 June 2015	concert.					
2.6(b)		4 HIV/AIDS awareness campaigns in the district targeting youth, men, women schools, Correctional Centres and private sector institutions held by 30 June 2015	Number of HIV/AIDS awareness campaigns in the district targeting youth, men, women schools, Correctional Centres and private sector institutions held by 30 June 2015	4 HIV/AIDS awareness campaigns in the district targeting youth, men, women schools, Correctional Centres and private sector institutions held by 30 June 2015	Youth dialogue, schools awareness campaign held on 19/10/2014, Men's Dialogue held on 10/03/ 2015 and Women's Dialogue held on 15/08/2014	W	Signed internal reports indicating number of HIV/AIDS awareness campaigns held in the district targeting youth, men, women schools, Correctional Centres and private sector institutions	Verified through the inspection of the reports and the attendance register attached on the file, youth dialogue, schools awareness campaign held on 19/10/2014, Men's Dialogue held on 10/03/ 2015 and Women's Dialogue held on 15/08/2014	Achieved	



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 3: Local Economic Development										
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE					
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015										
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
3.1	To create an environment that stimulates local economic growth	2 biannual LED district forum meetings held by 30 June 2015	Number of biannual LED district forum meetings held by 30 June 2015	2 biannual LED district forum meetings held by 30 June 2015	Two meetings were held, 3 June 2015 and 31 October 2015.	X	Signed internal reports indicating LED district forum meetings held, supported by copies of attendance registers.	Verified through inspection of the minutes of the District led forum meetings held on 21 October 2014 and 03 June 2015	Achieved	
3.2	To support development of emerging farmers in the district into mainstream farming	Support at least one (1) emerging farmer in agro-processing initiatives / projects by 30 June 2015	Number of emerging farmers in agro-processing initiatives / projects by 30 June 2015	Support at least 1 emerging farmer in agro-processing initiatives / project by 30 June 2015	Two emerging farmers were assisted for the period under review, Mosia Trust and Matsole Madibo's arm trust	Y	Signed internal reports indicating number and names of emerging farmers in agro-processing initiatives / projects supported.	Verified through the report on assisted agricultural project 2014/15 that Mosia Trust Project is the only project assisted in this period.	Achieved	
3.3(a)	To promote & enhance the SMME sector in the district	At least 20 SMMEs in the district are provided dedicated training	Number of SMMEs in the district are provided dedicated training	At least 20 SMMEs in the district are provided dedicated	None - the list of beneficiaries for 2013/14 was submitted for approval and	Z	Signed internal reports indicating number and names of SMMEs in the district that are provided with dedicated training	No evidence has been attached on the assistance provided to the SMME for financial year 2014/15.	<b>Not achieved, no evidence of beneficiaries assisted.</b>	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

		as part of entrepreneurial support by 30 June 2015	as part of entrepreneurial support by 30 June 2015	training as part of entrepreneurial support by 30 June 2015	approval still waited.		as part of entrepreneurial support.			
3.3(b)	To promote & enhance the SMME sector in the district	4 dedicated training interventions for SMMEs within the district as part of entrepreneurial support by 30 June 2015	Number of dedicated training interventions for SMMEs within the district as part of entrepreneurial support by 30 June 2015	4 dedicated training interventions for SMMEs within the district as part of entrepreneurial support by 30 June 2015	None - the list of beneficiaries for 2013/14 was submitted for approval and approval still awaited.	AA	Signed internal reports indicating number and description of dedicated training interventions for SMMEs within the district as part of entrepreneurial support, as well as names of SMMEs / Representatives who attended those training programmes.	No evidence has been attached on the assistance provided to the SMME for financial year 2014/15.	<b>Not achieved, no evidence of beneficiaries assisted.</b>	
3.4	To facilitate Integrated Early Childhood Development service delivery within the district	1 Annual Needs Analysis conducted and 4 Early Childhood Development Centres (ECDC) within the district assisted with capacity building programmes & provision of	Number of Annual Needs Analysis conducted (Needs analysis report) and number of Early Childhood Development Centres (ECDC) within the district assisted with capacity building	1 Early Childhood Development Centre (ECDC) within the district assisted with capacity building programmes & provision of learning aids by 30 June 2015	Four ECDs assisted under this financial year 2014/15. Tshepong Creche, Mpumelelo Day Care, Phomolong Day care and Thusanang Creche.	BB	Signed Internal Reports (Needs Analysis Report) indicating number of Annual Needs Analysis conducted and number and names of Early Childhood Development Centres (ECDC) within the district assisted with capacity building programmes & provision	Verified through the inspection of report on early childhood development centres. Tshepong Creche, Mpumelelo Day Care, Phomolong Day Care Centre and Thusanang Creche were assisted in this period 2014/15	Achieved	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

		learning aids by 30 June 2015	programmes & provision of learning aids by 30 June 2015				of learning aids			
3.5(a)	To nurture the development of people's potential in the district through arts & culture	Assist up to 6 qualifying up and coming performing arts groups and up to 10 crafters from the district with enrolment and 3 year tuition in academic institutions by 30 June 2015	Number of qualifying up and coming performing arts groups and crafters from the district assisted with enrolment and 3 year tuition in academic institutions by 30 June 2015	Assist up to 6 qualifying up and coming performing arts groups and up to 10 crafters from the district with enrolment and 3 year tuition in academic institutions by 30 June 2015	The following performing artists are attending a Developmental Programme at Conservatoire Drie Rivierre: 1. Lehlohonolo Sekhampu, 2. Victoria Mbongo and Easter Titise.	CC	Signed Internal Reports indicating number and names of qualifying up and coming performing arts groups and crafters from the district assisted with enrolment and 3 year tuition in academic institutions.	Verified through the inspection of the reports on early performing arts development, that 1.Lehlohonolo Sekhampu 2.Victoria Mbongo 3. Easter Tiser and Rainbow Tenors were assisted.	Achieved	
3.5(b)	To nurture the development of people's potential in the district through arts & culture	1 Exit package of equipment per group completing training during 2014/15 financial year	Number of exit packages of equipment per group completing training during 2014/15 financial year.	1 Exit package of equipment per group completing training during 2014/15 financial year	1 Exit package/PA System was purchase for the Rainbow Tenors	DD	Signed internal reports indicating number and names of groups assisted with exit packages of equipment per group upon completing training.	Verified through the inspection of the report on early performance Arts Development. Rainbow tenors was assisted through Arts Development Programme	Achieved	
3.6	To plan, coordinate & support sports	Coordinate 2 adventure sports programmes and 1	Number of adventure sports programmes and	Coordinate 2 adventure sports programmes	The training for adventure sport took place from	EE	Signed internal reports indicating number and names / description of	Verified through the inspection of reports on mountain bike	Achieved	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

	amongst the youth	rural sports programme in collaboration with the provincial Departments of Sports, Arts & Culture by 30 June 2015	rural sports programme coordinated in collaboration with the provincial Departments of Sports, Arts & Culture by 30 June 2015	and 1 rural sports programme in collaboration with the provincial Departments of Sports, Arts & Culture by 30 June 2015	the 29-31 August 2014, 6-8 March 2015 for mountain bike , powerboat training camp took place form 30-3rd April 2015 and, the rural school development programme called cross country race took place on the 16th May 2015.		adventure sports programmes and rural sports programme coordinated in collaboration with the provincial Departments of Sports, Arts & Culture	training camp held on 29-31 August 2014 and 06-08 Mach 2015 respectively, and the powerboating training camp held on 06 April 2015		
3.7(a)	To promote & develop the tourism sector in the District.	Review one (1) Tourism Sector Plan and submit in for approval by Council by 30 June 2015	Number of Tourism Sector Plans developed by Council by 30 June 2015	Reviewed Tourism Sector Plan submitted to Council for approval by 30 June 2015	The Tourism Sector Plan was developed and as part of the 2013/14 IDP process. The plan was approved on the 30 June 2014. The Tourism sector plan will be reviewed after five years.	FF	A copy of Tourism Sector Plan developed	Verified through the tourism sector plan that was developed and approved on 30 June 2014. And the plan is reviewed after five years.	Not applicable	
3.7(b)	To promote & develop the tourism sector in	Ensure that the Tourism Sector Plan of the	Reviewed Tourism Sector Plan for Fezile Dabi District	Ensure that the Tourism Sector Plan of the	The Tourism Sector Plan was developed and as	GG	A signed extract of Council resolution indicating approval of	Verified through the tourism sector plan that was developed	Not applicable	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

	the District.	municipality is reviewed and submitted for approval by Council by 30 June 2015	Municipality with minutes of approval by Council by 30 June 2015	municipality is reviewed and submitted for approval by Council by 30 June 2015	part of the 2013/14 IDP process. The plan was approved on the 30 June 2014. The Tourism sector plan will be reviewed after five years.		the Tourism Sector Plan	and approved on 30 June 2014. And the plan is reviewed after five years.		
3.7(c)	To promote & develop the tourism sector in the District.	Assist 5 B&B establishments in the district with grading, provision of promotional material and provide Customer Care training by 30 June 2015	Number of B&B establishments in the district assisted with grading, provision of promotional material and provide Customer Care training by 30 June 2015	Assist 5 B&B establishments in the district with grading, provision of promotional material and provide Customer Care training by 30 June 2015	assistance was provided to three local tourism authorities, 5 B&B's establishment assisted with promotional marketing, Customer First training and How to start your own B&B Training was provided on the 24-27 March 2015 and 10 June - 23 June 2015 respectively, and five establishment	HH	Signed internal reports indicating number, names and location of B&B establishments in the district assisted with grading, provision of promotional material and provide Customer Care training	Verified through the inspection of the number of B&B's were establish and assisted, Brentwood Lodge, Tash on Main B&B Coffee Shop, Villiers Hotel, Victorian Manor Guest B&B and Adove Guest Lodge	Achieved	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

					were graded.					
3.7(d)	To promote & develop the tourism sector in the District.	10% progress in refurbishment Deneysville Resort in Metsimaholo Local municipality by 30 June 2015	% of progress in refurbishment Deneysville Resort in Metsimaholo Local municipality by 30 June 2015	10% progress in refurbishment Deneysville Resort in Metsimaholo Local municipality by 30 June 2015	The upgrading of Deneysville Resort in Metsimaholo LM project is 80% complete, awaiting delivery of fence.	II	Signed internal reports indicating progress in refurbishment Deneysville Resort in Metsimaholo Local Municipality	Verified through the inspection of the minutes of the site meeting dated the 09 June 2015 that indicated the project progress. There are areas that are fully completed and others a partially complete.	Achieved.	
3.7(e)	To promote & develop the tourism sector in the District.	1 identified tourism attraction developed by 30 June 2015	Number of identified tourism attraction developed by 30 June 2015	1 identified tourism attraction developed by 30 June 2015	The upgrading of Deneysville Resort in Metsimaholo LM project is 80% complete, awaiting delivery of fence.	JJ	Signed internal reports indicating number and name/ description of identified tourism attraction developed	Verified through the inspection of the following FDDM LTO's 1.Vredefort Dome Haritage,2. Deneysville LTO and 3.Riemland Route were assisted.	Achieved	
3.8	To promote and support community development programs	3 CBOs and / or Self-help groups identified and provided with dedicated assistance to sustain their programs by 30 June 2015	Number of CBOs and / or Self-help groups identified and provided with dedicated assistance to sustain their programs by 30 June 2015	3 CBOs and / or Self-help groups identified and provided with dedicated assistance to sustain their programs by 30 June 2015	Assistance was provided to three food gardens self-help groups under this period of review.	KK	Signed internal reports indicating number, names and location of CBOs and / or Self-help groups identified and provided with dedicated assistance to sustain their programs	Verified through the inspection of the number of projects that were assisted on food garden, in this period 2014/15 the following projects were assisted:	Achieved	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

								2. Vredefort Youth for change; and 3. Kgothlang Basadi.		
3.9	To promote and support youth development programs	1 Youth Enterprise Exhibition for youth owned businesses and cooperatives conducted by 30 June 2015	Number of Youth Enterprise Exhibition for youth owned businesses and cooperatives conducted by 30 June 2015	1 Youth Enterprise Exhibition for youth owned businesses and cooperatives conducted by 30 June 2015	Assistance was provided to Tshomolohong primary cooperative, Timeless manufacturing, Reyathuba Recycling and Ikageng Detamating Recycling	LL	Signed internal reports indicating number and names / description of Youth Enterprise Exhibition for youth owned businesses and cooperatives conducted	Verified through inspection of Item: Report on Co-operatives within Directorate LED and Tourism on projects/activities that were assisted signed on the 3rd of June 2015.	Achieved	
3.10	To promote and support the development of vulnerable groups in the district	1 Women empowerment and 1 disabled persons empowerment programmes held by 30 June 2015	Number of Women empowerment and disabled persons empowerment programmes held by 30 June 2015	1 Women empowerment and 1 disabled persons empowerment programmes held by 30 June 2015	One women 50/50 was held on 10 March 2015	MM	Signed internal reports indicating number of women and disabled persons empowerment programmes held	Verified through inspection attendance register for the programme women empowerment 50/50 held on 10 March 2015.	Achieved	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
4.1(a)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	4 quarterly reviews and updating of financial management related internal controls based on the quarterly Internal Audit reports by 30 June 2015.	Number of quarterly reviews and updating of financial management related internal controls based on the quarterly Internal Audit reports by 30 June 2015.	4 quarterly review and updating of financial management related internal controls based on the quarterly Internal Audit reports by 30 June 2015	The 3rd Quarter internal Audit findings were received and responded to within time. This was also presented to the audit committee on the 29th of June 2015. A weakness in controls that has been identified is attended to on a continuous basis.	NN	Signed internal quarterly reports indicating financial management related internal controls reviewed and updated based on the quarterly Internal Audit reports findings	Verified through inspection of quarterly reports indicating financial management related internal controls reviewed and updated on quarterly basis.	Achieved		
4.1(b)	To ensure financial management	6 Budget related policies	Number of Budget related policies	6 Budget related policies	The FDDM only has 4 Budget related policies, the 2 policies not	OO	Copies of Budget related policies reviewed, updated	Verified through the inspection of budget reports and the	Achieved		



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
	practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	reviewed, updated and approved by Council by 30 June 2015	reviewed, updated and approved by Council by 30 June 2015	reviewed, updated and approved by Council by 30 June 2015	applicable is the tariff policy, creditors control policy and Indigent Policy.		and extract of Council resolution for approved	review of budget related policies for 2014/15, the following policies relating to the budget were reviewed: 1. Banking and investment policy; 2. Budget and Reporting Policy; 3. Transfer and Virement policy; 4. Asset Management policy; and 5. Information Communication and Technology Policy.			

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS						ACTUAL PERFORMANCE OUTCOMES & EVIDENCE					
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
4.1(c)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	Suppliers and service providers paid within 30 days of receipt of valid invoice, with no disputed delivery of goods / services throughout 2014/15	Number of days it takes to pay suppliers and service providers after receipt of valid invoice, with no disputed delivery of goods / services throughout 2014/15	Suppliers and service providers paid within 30 days of receipt of valid invoice, with no disputed delivery of goods / services throughout this quarter.	All creditors is paid within 30 days. If a payments was made after 30 days an investigation was done as to the reasons this happened and future corrective steps is implemented where it is within the control of the Council	PP	Signed internal reports indicating instances, if any, of suppliers and service providers paid after 30 days after receipt of valid invoice, with no disputed delivery of goods / services, supported by signed, up-to date Creditors' Age Analysis report.	Verified through the inspection of the expenditure reports and the creditors age analysis reports. However, from the fruitless expenditure register there are invoices that incurred interest as a result of late payment.	Achieved, from the fruitless expenditure register there are invoices that incurred interest as a result of late payment. Council did condone the fruitless expenditure.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS						ACTUAL PERFORMANCE OUTCOMES & EVIDENCE					
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
4.1(d)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	100% cash-backed approved budget for 2014/15 financial year supported by month on month positive cash flow up to 30 June 2015	% of cash-backed approved budget for 2014/15 financial year supported by month on month positive cash flow up to 30 June 2015	100% cash-backed approved budget for 2014/15 financial year supported by month on month positive cash flow up to 30 June 2015	The Budget is 97% cash backed. The 3% shortfall is calculated on the interest and other income that is not a certainty as is depend on investments and the withdrawal thereof when needed.	QQ	A signed reconciliation of the total approved budget against the total available budget funding, supported by copies of all bank accounts balances certificates / banks statements and copies of gazetted allocations for the financial year under review and copies of monthly actual cash-low statements.	No evidence attached	<b>Not Achieved, evidence not attached</b>		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
4.1(e)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	100% of all monthly payment vouchers and accompanying supporting documents filed, registered and kept in safe custody within 30 days of the end of each month throughout 2014/15 financial year.	% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30 days of the end of each month throughout 2014/15 financial year.	100% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30 days of the end of each month throughout this quarter	System generated report to indicate all vouchers paid	RR	Signed internal register indicating monthly payment vouchers and accompanying supporting documents filed, registered and kept in safe custody within 30 days of the end of each month	Verified through the inspection of the reports printed each month for all payments made during that month	Achieved		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS						ACTUAL PERFORMANCE OUTCOMES & EVIDENCE					
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
4.1(f)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	100% of creditors on the system reconciled to supporting documentation on a monthly basis throughout 2014/15 financial year.	% of creditors on the system reconciled to supporting documentation on a monthly basis throughout 2014/15 financial year.	100% of creditors on the system reconciled to supporting documentation on a monthly basis throughout this quarter	Not All creditors can be reconciled as monthly statements is not received from all creditors, and due to FDDM normally paying within 14 to 21 days after receiving invoices, creditors do not send statements	SS	Signed internal registers of monthly reconciliation of creditors on the system reconciled to supporting documentation	Verified through the inspection of monthly statements submitted by the service providers, as indicated that some service providers do not bring the statements, as the payments made within 14 to 21 days	Achieved		
4.1(g)	To ensure financial management practices that enhance viability &	2 biannual assets verification performed and asset registers updated with	Number of biannual assets verification performed and asset registers	1 biannual assets verification performed and asset registers updated with	One (1) report included as evidence that asset verification was done for 2014/2015. This full verification was done during May 2015 in	TT	Signed internal reports indicting assets verification performed and updates made on the asset registers	Verified through the inspection of the asset register, all assets were verified, start-up phase, verification phase	Achieved		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS						ACTUAL PERFORMANCE OUTCOMES & EVIDENCE					
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
	compliance with the requirements of MFMA & other relevant legislation	all assets movements, and report any damaged / missing items by 30 June 2015	updated with all assets movements, and report any damaged / missing items by 30 June 2015	all assets movements, and report any damaged / missing items by 30 June 2015	cooperation with TAT I Chain and FDDM officials		with all assets movements, including damaged / missing items	and reconciliation phase done and completed.			
4.1(h)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other	Prepare one (1) Audit File for 2013/14 financial year that is compliant with Annexure A of MFMA Circular 50 by 31 August 2014.	1 Audit file for 2013/14 financial year that is compliant with Annexure A of MFMA Circular 50 by 31 August 2014.	1 Audit file for 2013/14 financial year that is compliant with Annexure A of MFMA Circular 50 by 31 August 2014.	The audit action for 2013/14 was prepared in line with circular no 50 of the MFMA.	UU	A signed-off Audit file for 2013/14 financial year that is compliant with Annexure A of MFMA Circular 50	Verified through the inspection of the AFS for the period ended 30 June 2014. This was submitted to AG on the 1 September 2014 for Audit purpose together with the Audit File.	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
	relevant legislation										
4.1(i)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	2013/14 Annual Financial Statements prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) and section 122 of	Auditor-General's Report on the 2013/14 Annual Financial Statements	2013/14 Annual Financial Statements prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) and section 122 of	The Annual Financial Statements for 2013/14 were prepared and submitted to the AGSA by the 31 August 2014.	VV	Signed-off 2013/14 Annual Financial Statements with Municipal Manager's reporting confirming that the statements were prepared in accordance with the South African Standards of Generally Recognised Accounting	Verified through the inspection of the Audit Report 2013/14 that there are paragraphs affecting the GRAP compliance.	<b>Not Achieved, there are paragraphs in Audit Report affecting the GRAP compliance.</b>		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
		MFMA by 31 August 2014.		MFMA by 31 August 2014.			Practices (GRAP) and section 122 of MFMA				
4.1(j)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	Nil / Zero amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the company's Supply Chain Management Policy, Supply Chain	Amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the company's Supply Chain Management Policy, Supply Chain	Nil / Zero amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the company's Supply Chain Management Policy, Supply Chain	As at 30 June 2015 a total amount of R28 986.40 was identified as fruitless and wasteful expenditure and is still in the process of recovery and investigation. The report on fruitless expenditure was tabled before MPAC for the oversight and the matter has been referred to council to be held on the 31 July	WW	Signed Internal Reports, supported by signed internal registers of unauthorised, irregular and fruitless & wasteful expenditure.	Verified through inspection of the fruitless expenditure register for the fourth quarter indicated that an amount of R28986 .40 was incurred and reported to Mayor, Council and MEC and is still under investigations.	Achieved		



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
		Management Regulations, 2005 and the MFMA by 30 June 2015	Regulations, 2005 and the MFMA by 30 June 2015	Management Regulations, 2005 and the MFMA by 30 June 2015	2015 for condonation.						
4.1(k)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	12 monthly budget statement reports, 4 quarterly financial reports for 2014/15 produced and submitted to the Executive Mayor by 30 June 2015	Number of monthly budget statement reports, quarterly financial reports, for 2014/15 produced and submitted to the Executive by 30 June 2015	12 monthly budget statement reports, 1 quarterly financial report for 2014/15 produced and submitted to the Executive Mayor by 30 June 2015	Twelve (12) Monthly budget statements reports and 1 quarterly report was submitted to portfolio committee and MAYCO	XX	Copies of signed monthly budget statement reports, quarterly financial reports, for 2014/15 produced and submitted to the Executive	Verified through the inspection of monthly budget statement reports, that indicates the actual spending versus the budget.	Achieved		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
4.1(l)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	12 monthly bank reconciliation statements of all bank accounts by 30 June 2015	Number of monthly bank reconciliation statement of all bank accounts by 30 June 2015	12 monthly bank reconciliation statement of all bank accounts by 30 June 2015	Bank Reconciliations for all three bank Accounts is done monthly. This is done not later than 7 working days after month end	YY	Signed monthly bank reconciliation statements of all bank accounts	Verified through the inspection of monthly bank reconciliation. Copies of bank reconciliation for April 2015 to June 2015 were signed and attached.	Achieved		
4.1(m)	To ensure financial management practices that enhance viability & finance	100% of Post Audit Action Plan matters for 2013/14 relating to finance	% of Post Audit Action Plan matters for 2013/14 relating to finance	100% of Post Audit Action Plan matters for 2013/14 relating to finance	Action Plan has been developed and adopted. Implementation is monitored by Internal Audit and Monthly	ZZ	Signed internal reports indicating progress made in relation Post Audit Action Plan matters for	Verified through the inspection of the action plan for issues relating to 2013/14 financial year. As listed, issues	<b>Partially achieved, matters affecting Finance department on post- audit action plan were not fully resolved.</b>		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 4: Financial Management & Viability											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
	compliance with the requirements of MFMA & other relevant legislation	addressed by 30 June 2015	addressed by 30 June 2015	addressed by 30 June 2015	meetings with Auditor General		2013/14 relating to finance	affecting Finance department were not fully resolved.			

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

**Key Performance Area 5: Good Governance & Public Participation**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
5.1	To ensure development of credible IDPs in the district & local municipalities within the district	4 District IDP Managers Forums Meetings held, 4 IDP Public Participation Meetings, 1 IDP Steering Committee Meeting and 1 IDP Rep Forum Meeting by 30 June 2015 for the 2015/16 IDP Review.	Number of District IDP Managers Forums Meetings held, IDP Public Participation Meetings, IDP Steering Committee Meeting and IDP Rep Forum Meeting held by 30 June 2015 for the 2015/16 IDP Review.	4 District IDP Managers Forums Meetings held, by 30 June 2015 for the 2015/16 IDP Review.	The first IDP Manager's forum was held on the 21st July 2014 and the second IDP Managers' forum was held on the 30th October 2014. The third District IDP Managers' forum was scheduled for the 6th February 2015 - was postponed. The last District IDP Managers' forum was scheduled for the 30th June 2015, however the meeting could not be held due to non-availability of primary members of the meeting. The meeting was then postponed to the 10th of July 2015.	AAA	Signed internal reports indicating District IDP Managers Forums Meetings held, IDP Public Participation Meetings, IDP Steering Committee Meeting and IDP Rep Forum Meetings held for the 2015/16	Verified through the inspection of the agenda, invitation, attendance register for the IDP Manager's forum dated 10 July 2015.	<b>Partially achieved, meeting initially scheduled for 30th of June 2015 and only became possible on the 10th July 2015.</b>		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
							IDP Review, each supported by copies of attendance registers.				
5.2(a)	To implement the Performance Management System of the municipality	Submit 1 draft SDBIP for 2015/16 the budget year and 6 drafts of the annual performance agreements to the	Number of draft SDBIP for 2015/16 the budget year and number of drafts of the annual performance	Submit 1 draft SDBIP for 2015/16 the budget year and 6 drafts of the annual	The draft SDBIP for the 2015/16 budget year and 5 annual performance agreements were submitted to the Executive Mayor for approval on the 12 June 2015. The final SDBIP for the budget year 2015/16 was finally approved by the Executive Mayor on	BBB	Copy of draft SDBIP for 2015/16 the budget year and copies of draft annual performance	Verified through the inspection of the letter dated 12 June 2015 for submission of the Draft 2015/16 SDBIP for FDDM to Executive Mayor as well as the	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
		Executive Mayor no later than 14 days after the approval of an annual budget by 1 July 2015	agreements submitted to the Executive Mayor no later than 14 days after the approval of an annual budget by 1 July 2015	performance agreements to the Executive Mayor no later than 14 days after the approval of an annual budget by 1 July 2015	the 26 June 2015. The signed SDBIP and Annual performance Agreements were submitted to CoGTA and Provincial Treasury on the 09 July 2015. The signed SDBIP and Annual Performance agreements for the budget year 2015/16 were tabled in council on the 31 July 2015. Lastly the SDBIP and Annual Performance Agreements were advertised on the website as required.		agreements submitted to the Executive Mayor	submission letter to HOD: CoGTA dated 09 July 2015. Signed copies of the Performance agreements were also inspected.			
5.2(b)	To implement the Performance Management System of the municipality	5 Signed Performance Agreements & Plans for the senior managers, 4 quarterly	Number of signed Performance Agreements & Plans for the senior	1 Quarterly performance assessment reports not later than 30 days after	Four quarterly performance reports including the Annual Performance Report for the financial 2014/15 were prepared and submitted to internal audit by the 31 August 2015.	CCC	Signed quarterly performance assessment reports not later than 30 days after the end of	Verified through the inspection of the fourth quarter report submitted to Internal Audit for verification on 12 of August 2015.	<b>Partially achieved, quarterly report not submitted within 30 days after the end of</b>		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Comments Findings	Auditor's /	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
		performance assessment reports not later than 30 days after the end of each quarter and 1 annual performance report by 31 August 2015 for 2014/15	managers, and number quarterly performance assessment reports not later than 30 days after the end of each quarter and number of annual performance reports by 31 August 2015 for 2014/15	the end of this quarter and 1 annual performance report by 31 August 2015 for 2014/15			this quarter and 1 annual performance report by 31 August 2015 for 2014/15			the quarter.	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
5.2(c)	To implement the Performance Management System of the municipality	Submit 1 Mid-term year budget and performance assessment report for 2014/15 to the Executive Mayor, Provincial & National Treasuries by 25 January 2015 and 1 Annual Report	Number of mid-term year budget and performance assessment report for 2014/15 to the Executive Mayor, Provincial & National Treasuries by 25 January 2015	Submit 1 Mid-term year budget and performance assessment report for 2014/15 to the Executive Mayor, Provincial & National Treasuries by 25 January 2015 and 1	The mid-year budget and performance assessment report for the period ending 31 December 2014 was prepared and tabled to council for approval on the 30 January 2015. The copy of the report was also submitted to the Executive Mayor, National Treasury, Provincial Treasury and CoGTA. The mid-year budget and performance assessment report was used a basis for the adjustment budget which approved by council on the 25 February 2015.	DDD	Copy of mid-term year budget and performance assessment report for 2014/15, and proof of submission to the Executive Mayor, Provincial & National Treasuries	Verified through the inspection of the council resolution dated 30 January 2015, for approval of the mid-year budget and performance assessment report as required in terms of section 72 of the MFMA.	Achieved.		



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
				Annual Report							
5.2(d)		Submit the 1 audited annual	Number of audited annual	Submit the 1 audited	The unaudited Annual Report for the period ending 30 June 2014 was	EEE	Proof of submission of	Verified through the inspection of the	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
		report for 2013/14 to Provincial Treasury, CoGTA and National Treasury by the end of 31December 2014.	report for 2013/14 submitted to Provincial Treasury, CoGTA and National Treasury by the end of 31December 2014.	annual report for 2013/14 to Provincial Treasury, CoGTA and National Treasury by the end of 31December 2014.	<p>tabled for approval by council on the 31 August 2014. The draft annual report for the period under review was tabled for consideration by council on the 30 January 2015. The final audited Annual Report was tabled in council for approval on the 31 March 2015.</p> <p>The draft Annual Report was submitted to CoGTA and Provincial Treasury on the 22 January 2015.</p> <p>The annual report was also advertised on the Sowetan dated 05 February 2015 to solicit public inputs and comment from the 9 February 2015 to 9 March 2015.</p>		audited annual report for 2013/14 submitted to Provincial Treasury, CoGTA and National Treasury	council resolution dated 29 August 2014, Item 03, Unaudited Draft Annual Report of FDDM District Municipality for the period ending 30 June 2014.  Acknowledgement of receipt by receiving department was also inspected.			

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
5.3	To provide information through the available ICT platforms to the municipality and to improve the corporate image of the municipality	192 updates (i.e. 4 per week) of the municipality's website performed by 30 June 2015.	Number of updates of the municipality's website performed by 30 June 2015.	48 updates (i.e. 4 per week) of the municipality's website performed for this quarter.	FDDM Website not functional, but required documents were send to Province website to be published on the FS online website. Evidence of submission to this regard included in evidence file	FFF	Signed internal reports indicating number of updates of the municipality's website performed, supported by relevant pre and post update screen shots where appropriate.	Verified through inspection of the updates performed on the website for the period of 1 April 2015 to 30 June 2015, indicate that 48 updates performed during this quarter.	Achieved		
5.4	To promote effective communication	6 Publications of Fezile Dabi Newsletter issued	Number of publications of Fezile Dabi	1 Publications of Fezile	The contract for the printing of the Fezile Dabi expired in August 2014, currently the unit is still awaiting the	GGG	Printed copies of Fezile Dabi Newsletters	Contract had expired of the publication of Fezile Dabi	<b>Not achieved, the contract for Fezile Dabi</b>		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
	on & coordination of communication structures and systems	by 30 June 2015	Newsletter issued by 30 June 2015	Dabi Newsletter issued by 30 June 2015	appointment of a new service provider after the procurement process has been finalised.		publicised	Newsletter.	<b>Newsletter has expired in August 2014, and there have not been publications.</b>		
5.5	To support & capacitate Councillors, Ward committees & Community Development workers in an effort to enhance governance	4 workshops & training, 4 Speaker's Imbizos, 1 Ward Committee Conferences, 1 CDW Conference and 2 Civic Education held with a view of capacity building	Number of workshops & training, Speaker's Imbizos, Ward Committee Conferences, CDW Conference and Civic Education held with a view	4 workshops & training, 1 Speaker's Imbizo and 1 Civic Education held with a view of capacity building by 30 June	<b>Number of Workshops and Training:</b> Training programme for ward councillors, ward committee, CDWs and other stakeholders (provision basic services) 15 July 2014. Workshop held for Councillors in Mosepili Hall on Development of a park with the assistance of EHS. Training in both Mafube and Ngwathe on 13 and 14 March 2015 respectively.	HHH	Signed internal reports indicating number of workshops & training, Speaker's Imbizos, Ward Committee Conferences, CDW	Verified through the inspection of the attendance registers for the following programmes: 1. Training programme for ward councillors, ward committee, CDWs and other stakeholders (provision of free basic	<b>Partially achieved, no evidence submitted for the performed activities of the 4th quarter.</b>		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Comments / Findings	Auditor's	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
	in the district	by30 June 2015	of capacity building by30 June 2015	2015	Councillor Development Programme was held from the 4-8 May 2015 in Parys. Councillor's workshop held on the 18 September 2014 at Enoch Sentonga Council Chambers in Sasolburg.		Conference and Civic Education held	services) 15 July 2014.			

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
					<p><b>Speaker's Imbizo:</b>                      Manadela day at Denneysville 01 August 2014.                      The Speaker Imbizo meeting with elderly at Vredefort on the 26 August 2014.                      District Speakers forum held on the 25 March 2015.                      Speaker's Imbizo for the preparation visit of the Minister of Home Affairs held on the 30 March 2015 at Fezile Dabi Stadium in Parys.                      Imbizo held on the 31 March 2015 at Tumaholoe Hall in preparation of the Minister Visit as well.                      The actual visit by the Minister of Home Affairs 07 April 2015.</p>			Verified through the inspection of the program and attendance registers for the preparation meetings for the following event. 1. Visit of Home Affairs Minister Imbizo on the 07 April 2015.	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
					<p><b>Ward Committee Conference:</b> Ward committee functionality assessment was held refer to attached report. Ward committee certificate award ceremony held on the 17 March 2015 in Tweeling.</p>			Verified through the inspection of the attendance register for the ward committee certificate awards ceremony held on the 17 March 2015 in Tweeling.	Achieved.		
					<p><b>CDW Conference:</b> Preparatory meeting CDWs and PPOs in preparation for the District CDW summit. The CDW conference was held in Parys on the 26-27 March 2015.</p>			Verified through the inspection of the attendance register for CDW & Public Participation 1st Quarter 2014 Meeting. Report on the event held has also been submitted as	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
								evidence.			
					<b>Civic</b> Handing out school uniform at Chris Van Niekerk Combined School at Vredefort on the 22 August 2014. Role of government spheres. Meeting with Department of Education on Khari Gude was held on 06 May 2015.			Verified through the attendance register dated 22 August 2014 for Handing out of school uniform at Chris van Niekerk. Secondly, attendance registers for meeting with department of Education on the 6	Achieved.		



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
								May 2015.			
5.6	To promote ethical behaviour & social values & principles enshrined in the country's constitution among the	100 community leaders within the district identified and equipped with necessary ethical behaviour, social values and principles by 30 June 2015 so as	Number of community leaders within the district identified and equipped with necessary ethical behaviour, social	100 community leaders within the district identified and equipped with	Moral Regeneration poverty alleviation programme was held on the 07 December 2014 in Edenville.	III	Signed internal reports indicating number and names of community leaders within the district identified and	verified through the inspection of the attendance register for moral regeneration poverty alleviation programme held on 07 December 2014	Achieved		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Comments / Findings	Auditor's	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
	communities within the district	to impart the same skill and knowledge to the local the communities.	values and principles by 30 June 2015 so as to impart the same skill and knowledge to the local the communities.	necessary ethical behaviour, social values and principles by 30 June 2015 so as to impart the same skill and knowledge to the local the communities			equipped with necessary ethical behaviour, social values and principles				

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Comments / Findings	Auditor's	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
5.7(a)	To promote and facilitate Intergovernmental Relations amongst stakeholders in the district.	2 District Coordination Forum (DCF) meetings held by 30 June 2015	Number of District Coordination Forum (DCF) meetings convened by 30 Jun 2015	2 District Coordination Forum (DCF) meetings held by 30 June 2015	Two meetings of the District Coordinating Forum were held during financial year under review as follows: First meeting: 07 October 2014 Second meeting: 30 June 2015	JJJ	Signed internal reports indicating number of District Coordination Forum (DCF) meetings convened, supported by copies of attendance registers for each	Verified through the inspection of the minutes of District coordinating Forum meeting held on 07 October 2014 and 30 June 2015 and the attendance register.		Achieved	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
5.7(b)	To promote and facilitate Intergovernmental Relations amongst stakeholders in the district.	2 Technical IGR meetings held by 30 Jun 2015	Number of Technical IGR meetings held by 30 Jun 2015	2 Technical IGR meetings held by 30 June 2015	Three meetings of the Technical IGR were held during financial year under review as follows: First meeting: 19 Sep 2014 Second meeting: 30 Mar 2015 Third meeting: 19 June 2015	KKK	Signed internal reports indicating number of Technical IGR meetings held, supported by copies of attendance registers for each	Verified through the inspection of the minutes, agenda and attendance register of the technical IGR forum meeting held on the 19 June 2015.	Achieved.		
5.7(c)	To promote and facilitate Intergovernmental Relations amongst	4 Municipal Manager's Forum meetings held by 30 June 2015	Number of Municipal Manager's Forum meetings held by 30 June 2015	4 Municipal Manager's Forum meetings held by 30 June 2015	Three meetings of the Municipal Manager's Form were held during financial year under review as follows: First meeting: 20 March 2015	LLL	Signed internal reports indicating number of Municipal Manager's	Verified through the inspection of the minutes of the forum of the Municipal Managers dated 20/03/2015.	<b>Partially achieved, there is no meeting held during the fourth quarter.</b>		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
	stakeholders in the district.						Forum meetings held, supported by copies of attendance registers for each				
5.7(d)	To promote and facilitate Intergovernmental Relations amongst stakeholders in the district.	2 LED Forum meetings held by 30 June 2015	Number of LED Forum meetings held by 30 June 2015	2 LED Forum meetings held by 30 June 2015	Two meeting were held; 3 June 2015 and 21 October 2014	MMM	Signed internal reports indicating number of LED Forum meetings held, supported by copies of attendance registers for each	Verified through inspection of the minutes of the District led forum meetings held on 21 October 2014 and 03 June 2015. The minutes attached for the LED Forum meetings are duplicated to the minites attached in	Achieved		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
								KPA3.1			
5.7(e)	To promote and facilitate Intergovernmental Relations amongst stakeholders in the district.	2 CFO Forum meetings held by 30 June 2015	Number of CFO Forum meetings held by 30 June 2015	2 CFO Forum meetings held by 30 June 2015	The CFO Forum was cancelled / postponed due to non-availability of LM CFO's. Emails with apologies to confirm attached as evidence	NNN	Signed internal reports indicating number of CFO Forum meetings held, supported by copies of attendance registers for each	Verified through the inspection of the report attached on the file, the forum has been postponed to a later date.	<b>Partial achieved, targeted meetings could not be realised.</b>		
5.7(f)	To promote and facilitate Intergovernmental Relations amongst	4 Communications Forum meetings held by 30 June 2015	Number of Communications Forum meetings held by 30 June 2015	4 Communications Forum meetings held by 30 June 2015	Four meetings of the communicators forum were held during financial year under review as follows: First meeting: 11 Sep 2014 Second meeting: 05 Dec 2014 Third meeting: 06 Feb 2015	OOO	Signed internal reports indicating number of Communications Forum meetings	Verified through the inspection of the minutes and attendance register of communicators forum meeting held in	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
	stakeholders in the district.				Fourth meeting:17 June 2015		held, supported by copies of attendance registers for each	Mafube on the 17 June 2015.			
5.7(g)	To promote and facilitate Intergovernmental Relations amongst stakeholders in the district.	2 Technical Managers' Forum held by 30 June 2015	Number of Technical Managers' Forum held by 30 June 2015	2 Technical Managers' Forum held by 30 June 2015	The District Energy Forum meeting which is forum for Technical People in the District was held on the 10 March 2015.	PPP	Signed internal reports indicating number of Communications Forum meetings held, supported by copies of attendance registers for each	Verified through the inspection of the attendance register and minutes of District Energy Forum meeting held on the 11 June 2015.	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
5.7(h)	To promote and facilitate Intergovernmental Relations amongst stakeholders in the district.	4 Corporate Support Services Forum meetings held by 30 June 2015	Number of Corporate Support Services Forum meetings held by 30 June 2015	1 Corporate Support Services Forum meetings held by 30 June 2015	Four Corporate Support Service Forum Meetings for the 2014/15 financial year were held as follows: 1st meeting 28 August 2014 2nd meeting 20 November 2014 3rd meeting 29 January 2015 4th meeting 02 June 2015.	QQQ	Signed internal reports indicating number of Technical Managers' Forum held, supported by copies of attendance registers for each	Verified through the inspection of the agenda, minutes and attendance register for CSS Director's Forum held on the 02 June 2015.	Achieved.		



**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
5.7(i)	To promote and facilitate Intergovernmental Relations amongst stakeholders in the district.	2 Back to Basics Forum meetings held by 30 June 2015	Number of Back to Basics Forum meetings held by 30 June 2015	2 Back to Basics Forum meetings held by 30 June 2015	Three meetings of the Back to Basics Forum were held during financial year under review as follows: First meeting: 14 Aug 2014 Second meeting: 06 Feb 2015 Third meeting: 22 May 2015	RRR	Signed internal reports indicating number of Back to Basics Forum meetings held, supported by copies of attendance registers for each	Verified through the inspection of the agenda, minutes, attendance register for district Back to Basics forum meeting held on the following dates: 1. 14 August 2014; 2. 06 February 2015; 3. 22 May 2015.	Achieved.		
5.7(j)	To promote and facilitate Intergovernmental Relations amongst	2 Water Sector Forum meetings held by 30 June 2015	Number of Water Sector Forum meetings held by 30 June 2015	2 Water Sector Forum meetings held by 30 June 2015	Three meetings of the Water Sector Forum were held during financial year under review as follows: First meeting: 26 August 2014 (Water Summit) Second meeting: 18 Feb 2015	SSS	Signed internal reports indicating number of Water Sector Forum meetings held,	Verified through the inspection of the attendance register and minutes of District Water Sector Forum meeting held on the	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
	stakeholders in the district.				Third meeting: 27 May 2015		supported by copies of attendance registers for each	27 May 2015.			
5.7(k)	To promote and facilitate Intergovernmental Relations amongst stakeholders in the district.	4 Disaster Management Forum meetings held by 30 June 2015	Number of Disaster Management Forum meetings held by 30 June 2015	4 Disaster Management Forum meetings held by 30 June 2015	Disaster forum meeting was held on the 18 June 2015. Signed minutes and attendance register attached	TTT	Signed internal reports indicating number of Disaster Management Forum meetings held, supported by copies of attendance registers for each	Verified through the inspection of the attendance register for the District Disaster Management Advisory Forum held on the 18 June 2015.	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
5.8(a)	To ensure oversight over the affairs of the municipality	4 quarterly Internal Audit reports on the assessment of the effectiveness of the controls within the municipality submitted to the Audit –Committee by 30 June 2015	Number of quarterly Internal Audit reports on the assessment of the effectiveness of the controls within the municipality submitted to the Audit – Committee by 30 June 2015	4 quarterly Internal Audit reports on the assessment of the effectiveness of the controls within the municipality submitted to the Audit – Committee by 30 June 2015	3rd Quarter Internal Audit report has been submitted to Audit Committee on the 29 June 2015 report has been	UUU	Signed quarterly Internal Audit reports on the assessment of the effectiveness of the controls within the municipality submitted to the Audit – Committee	Verified through the inspection of the 3rd Quarter Internal Audit report that has been tabled to Audit Committee during the meeting of the 29 June 2015.	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
5.8(b)		4 quarterly performance report internally audited and 1 annual report submitted to the Audit Committee & MPAC by 30 June 2015	Number of quarterly performance report internally audited and annual reports submitted to the Audit Committee & MPAC by 30 June 2015	4 quarterly performance report internally audited and 1 annual report submitted to the Audit Committee & MPAC by 30 June 2015	3rd Quarter Performance Audit report has been submitted to Audit Committee on the 29 June 2015 report has been	VVV	Signed quarterly performance report internally audited and annual reports, support by the associated internal audit report submitted to the Audit Committee & MPAC	Verified through the inspection of the 3rd Quarter Performance Audit report that has been tabled to Audit Committee during the meeting of the 29 June 2015.	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
5.9	To build a risk conscious culture within the organisation.	4 quarterly risk assessment performed by 30 June 2015 and risk register and risk mitigation plans subsequently updated.	4 quarterly risk assessment performed by 30 June 2015 and risk register and risk mitigation plans subsequently updated.	3 quarterly risk assessment for quarter 3 of 2014/15 performed by 30 June 2015 and risk register and risk mitigation plans subsequently updated.	The third quarter risk assessment report was performed and tabled to Management, MAYCO and Council on the 20th, 25th and 28th of May 2015 respectively.	WWW	Signed quarterly risk assessment performed and updated risk register and risk mitigation plans	Verified through the inspection of the council resolution on Item 204 for Ordinary council meeting of the 28 May 2015. Council resolved that it takes note of the 3rd quarter risk assessment.	Achieved.		
5.10	To strengthen a meaningful	4 community awareness campaigns and	Number of community awareness	4 community awareness campaigns	Agriculture meeting with office of the Speaker held at TNH Building on the 21 August 2014.	XXX	Signed internal reports indicating	Verified through the inspection of the minutes and	Achieved.		

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Auditor's Comments / Findings	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance	
	community participation and interaction program.	civic education held by 30 June 2015	campaigns and civic education held by 30 June 2015	and civic education held by 30 June 2015	Stakeholder's meeting held on the 25 July 2014 at Disaster Forum Building TNH Building. Awareness Campaign cycling tour held on the 10 April 2015. Awareness cycling tour held on the 24 April 2015. Another cycling tour was held 14 May 2015. Focusing on Crime Awareness, Gangsterism and Substance abuse. Conduct ID campaigns held as follows: 18 Sep 2014, 19 Sep 2014 20 Sep 2014, 22 Sep 2014 and 23 Sep 2014. District Public Participation 27 August 2014 District Public Participation 23 February 2015.		number of community awareness campaigns and civic education held	attendance register of the awareness campaign cycling tour plenary held on 10 April 2015.			

**FEZILE DABI DISTRICT MUNICIPALITY**  
**AUDITED DRAFT ANNUAL REPORT – 2014/15**

Key Performance Area 5: Good Governance & Public Participation											
PERFORMANCE OBJECTIVES, INDICATORS AND TARGETS					ACTUAL PERFORMANCE OUTCOMES & EVIDENCE						
FOR THE PERIOD 1 JULY 2014 – 30 JUNE 2015											
KPI ID	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measurement	Annual Target	Actual Performance as at 30 June 2015	File Ref.	Source of Supporting Evidence	Internal Comments Findings	Auditor's /	Responsible Official's comments on verification, including audit findings	Corrective measure(s) taken / to be taken to improve performance
					District Managers forum held on the 19 Sep 2014 and 20 February 2015 and last one 05 May 2015						

---

## **CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (Performance Report Part II)**

### **4.1 INTRODUCTION TO ORGANISATIONAL DEVELOPMENT**

This chapter addresses information pertaining to the implementation of an effective performance management system, organisational development and performance of a municipality. Such information is required to identify skills gaps and plans for the development of such skills.

The following are the key organisational development areas will be reported on in order to measure the outcome of effective organisational development against the municipality's strategic plans:

- Municipal Human Resource,
- Capacitating the municipal workforce,
- Managing the municipal workforce expenditure.
- Organisational structure enhancement;
- Increased accountability;
- Increased participation in problem solving, goal setting and new ideas; and
- Identifying and development of skills needed to perform

### **COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE**

#### **A 1: WORKFORCE PROFILE**

As part of the bigger human resource management plan, the municipality's human resource strategy focuses on filling of critical vacancies, skills audit, and capacity building intervention for councillors and officials, performance recognition and develop human equity plan.

The municipality's primary focus is to ensure that departments are neither over- nor understaffed, and that employees with appropriate talents and skills are available to carry out tasks in the right jobs at the right time to support the municipality to achieve its strategic objectives.



The table hereunder summarizes the total workforce of the municipality per race group for the period under review.

**Table 32: Workforce profile of the municipality**

Employment category	Race										
	African		Coloured		Indian		White		Total		Total
	M	F	M	F	M	F	M	F	M	F	
Senior Management	2	3	0	0	0	0	0	0	2	3	5
Mid- Management/Prof	5	6	0	0	0	0	4	1	9	7	16
Supervisors and Junior Management / Professional	31	27	0	0	0	0	3	0	34	27	61
Clerical / administrative	23	34	0	0	0	0	0	4	23	38	61
Elementary	17	7	0	0	0	0	0	0	17	7	24
<b>Total Permanent</b>	<b>78</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>5</b>	<b>85</b>	<b>82</b>	<b>167</b>
<b>Temporary Employee</b>	<b>22</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>15</b>	<b>37</b>
<b>Grand Total</b>	<b>100</b>	<b>92</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>5</b>	<b>107</b>	<b>97</b>	<b>204</b>

## A 2: EMPLOYMENT EQUITY PROFILE

Our Employment Equity profile as at the end June 2015 is presented in the table below in support of the fact that the municipality has met most of transformation goals that it has set.

**Table 33: Employment equity profile of the municipality**

Category	2014/15		2013/14	
	Total	% of total employees	Total	% of total employees
Black* employees			132	92%
Women employees			74	51.8%
Employees with Disabilities			1	0.7%
Employees over age 51			12	8.4%
Employees between 31 & 50			103	72
Employees under age 30			15	10.5%

\* African, Coloured, Indian

**A 3: STAFF TURNOVER**

The staff turnover of the municipality over the period under review is presented in the table below under the different categories:

**Table 34: Staff turnover**

Category	Numerical Data		
	Male	Female	Total
New appointments	6	4	10
Resignations	1	2	3
Pensioned	0	0	0
Dismissed / retrenched	0	1	1
Deceased	0	2	2

**COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE LEVELS**

The following vacancies were filled during the period under review in line with the approved organisational structure:

**Table 35: Vacancies filled**

Vacancy / Position Filled	Employment Category	Name of the person appointed	Gender	Date Of Appointment
Junior Fire Fighter	Professional	Sibusiso Tshabalala	Male	14 September 2014
Environmental Health Practitioner	Professional	Alex Makateng	Male	01 April 2015
Environmental Health Practitioner	professional	Justice Makoatle	Male	01 April 2015
Snr Accountant: Expenditure	Professional	Luzuko Magqwanti	Male	01 December 2014
Special Programmes Coordinator	Clerical	Mannini Maduna	Female	02 February 2015
General Worker	Elementary	Dieketseng Mathibe	Female	01 July 2014
Receptionist	Clerical	Evelyn Zwane	Female	02 March 2015
CSS Secretary	Clerical	Boitumelo Koi	Female	01 June 2015
Web Developer	Professional	Molifi Makgahle	Male	01 June 2015
Driver: Office Of Speaker	Elementary	Lekgotla Thebane	Male	02 February 2015

The following management position(s) were/ was vacant as at the end of the period under review:

**Table 36: Vacant management positions**

Job Title	Employment Category	Provided for on the Org. Structure	Position Budgeted for in 2013/14	Date since vacant
Director: Project Management and Public Works	Senior Management	Yes	Yes	31 December 2012

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Capacitating municipal workforce relates to continuous professional development and training of employees. Training is provided to staff in line with the Workplace Skills Development Plan (WSP) that was drafted and co-signed by labour representatives as required by legislation. Workplace Skills Plan and Annual Training Report for 2014/15 financial year were submitted to LGSETA on the 24 April 2014.

Monthly and quarterly to the LGSETA were done as follows during the reporting period under review:

**Table 37: Monthly monitoring and Implementation Reports**

Type of Report	Reporting Period	Date of Submission of Report
Monthly Monitoring and Implementation Reports (Mandatory, Discretionary Grant and Self-Funded)	July 2014	19 August 2014
	August 2014	10 September 2014
	September 2014	01 October 2014
	October 2014	04 November 2014
	November 2014	Still to follow
	December 2014	Still to follow
	January 2015	05 February 2015
	February 2015	04 March 2015
	March 2015	07 April 2015
	April 2015	30 April 2015
	May 2015	03 June 2015
	June 2015	02 July 2015

**Source:** Email transcript send to LGSETA

**C 1: SKILLS AUDIT**

Skills Audit exercise conducted in February 2015. Purpose of Skills Audit was to gather information on the competency profile of all FDDM employees so that competency gaps can be identified and training plan used as an input to the FDDM Workplace Skills Plan. The benefit of the skills audit is to identify employee development needs.

106 Employees completed Skills Audit Questionnaire, and the skills profile of the Fezile Dabi District was as follows:

- 9 employees, excluding councillors require AET (Adult Education & Training) – NQF level 3.
- 33 employees, excluding councillors matriculated – NQF level 4.
- 24 employees, excluding councillors have certificates – NQF level 5.
- 16 employees, excluding councillors have national diploma – NQF level 6.
- 17 employees, excluding councillors have degrees – NQF level 7.
- 4 employees, excluding councillors have honours degree – NQF level 8.
- 2 employees, excluding councillors have master’s degree – NQF level 9.
- 1 employee, excluding councillors have do crate – NQF level 10.

**C 2: MINIMUM COMPETENCY LEVELS**

Municipal Regulation on Minimum competency Levels, 2007 set out the minimum competency levels that must be met by The Accounting Officer; the Chief Financial Officer; Senior Managers of the Municipality; Other Financial Officials and Supply Chain Management Officials of the Municipality;

In line with the above stated legislative requirement, the table below provides an overview of progress made in meeting the set minimum competency levels:

**Table 38: Minimum Competency Programmes undertaken by senior managers**

Name and Surname	Title	Course	Start Date	Expected Completion Date	Progress	Reasons for Variance
Lindi Molibeli	Municipal Manager	CPMD	February 2014	16 March 2015	In progress	Declared competent on 2 unit standards
Qcobane Mashiyi	CFO	CPMD	12 June 2013	11 May 2015	In progress	Declared competent on 6 unit standards
Andile Mini	Director CSS	CPMD	12 June 2013	11 May 2015	In progress	Declared competent on 9 unit standards
Nonhlanhla Baleni	Director EHS	CPMD	12 June 2013	11 May 2015	In progress	Declared competent on 10 unit standards

Name and Surname	Title	Course	Start Date	Expected Completion Date	Progress	Reasons for Variance
Victoria Mloi	Director LED	Municipal Finance	July 2013	15 April 2015	In progress	Declared competent on 12 unit standards, 3 unit standards pending assessment
Mokhele Notsi	MMc Finance	CPMD	February 2014	February 2015	Completed	Declared competent on 30 unit standards

**Table 39: Minimum Competency Programmes taken by other Financial Officials and Supply Chain Officials**

Name and Surname	Position	Minimum Competency Course / Programme	Start Date	Expected Completion Date
Hlale Maphatheni	Financial Intern	CPMD	10 August 2014	March 2015
Luzuko Magqwanti	Financial Intern	CPMD	10 August 2014	March 2015
Manini Lebusa	Financial Intern	CPMD	10 August 2014	March 2015
Tshotleho Kumalo	Financial Intern	CPMD	10 August 2014	March 2015
Lerato Rabodile	Financial Intern	CPMD	10 August 2014	March 2015
Ntombi Motaung	Supply Chain Officer	Municipal Finance	01 December 2015	02 December 2016
Christinah Makhubo	Expenditure clerk	Municipal Finance	01 December 2015	02 December 2016
Renicia Khubeka	Supply Chain Officer	Municipal Finance	01 December 2015	02 December 2016

## 2.7 Performance Management System

The municipality has a functional Performance Management System in place. Performance recognition is designed and the reward system is implemented for the senior management level. All the reported performance information is subject to internal and external audits. Performance evaluation is conducted on the basis of reported performance and performance evidence disclosed and audited.

## 2.8 Human Resource Policies

The table below provides an overview of minimum human resources policies that the municipality must have in place and whether these policies have been reviewed and adopted by council for implementation in the period under review.

**Table 40: Human Resource Policies**

Name of Policy	Policy in place Yes / No	Reviewed for 2013/14 Yes / No	Date adopted by council or comment on failure to adopt
Affirmative action	No	No	N/A
Attraction and Retention (Staff retention & exit Policy)	Yes	Yes	30 /05/2013
Code of Conduct for employees	Yes	Yes	30 /05/2013
Delegations, Authorization & Responsibility (Corporate governance policy)	Yes	Yes	30 /05/2013
Disciplinary Code and Procedures	Yes	Yes	30 /05/2013
Essential Services	No	No	N/A
Employee Assistance/Wellness	Yes	Yes	29 /05/2014
Employment Equity	Yes	Yes	30 /05/2013
Exit management (Staff retention & Exit Policy)	Yes	Yes	30 /05/2013
Grievance Procedures	Yes	Yes	30 /05/2013
HIV/Aids	Yes	Yes	30 /05/2013
Human Resource and Development (Career succession planning policy)	Yes	Yes	30 /05/2013
Information Technology (ICT policies)	Yes	Yes	29/05/2014
Job Evaluation	No	No	N/A
Leave	Yes	Yes	30 /05/2013
Occupational Health and Safety	Yes	Yes	30 /05/2013
Official Housing (Home-owners allowance policy)	Yes	Yes	30 /05/2013
Official Journeys (Travel & subsistence expenditure)	Yes	Yes	30 /05/2013
Official transport to attend Funerals (Bereavement Policy)	Yes	Yes	30 /05/2013
Overtime	Yes	No	29/05/2014
Organisational Rights	Yes	Yes	
Performance Management and Development	Yes	Yes	2703/2014
Recruitment, Selection and Appointments	Yes	Yes	30 /05/2013
Resettlement	Yes	Yes	30 /05/2013
Sexual Harassment	Yes	Yes	30 /05/2013
Skills Development	Yes	Yes	29 /05/2014
Smoking	Yes	Yes	29/05/2014
Special Skills	No	No	N/A
Work Organisation (Corporate governance Policy)	Yes	Yes	30 /05/2013
Uniforms and protective clothing	No	No	N/A
Bursary Policy	Yes	Yes	29 /05/2014
Dress Code Policy	Yes	Yes	29 /05/2014
Use of Municipal Assets	Yes	Yes	30 /05/2013

**COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE**

**D 1: LEAVE UTILISATION**

The table hereunder provides an overview of number of leave days utilised by type for the period under review.

**Table 41: Number of leave days taken by leave type**

Number of Leave Days taken by leave type		
Leave type	Total days	Number of employees
Sick	1 097.5	125
Maternity	260	4
Family Responsibility	126	39
Other/ Special leave	Outstanding	Outstanding
Annual Leave	Outstanding	Outstanding

**D 2: SKILLS DEVELOPMENT & TRAINING COSTS**

**Table 42: Skill Development & Training Costs for Finance Officials**

Report still outstanding

**Table 43: Skill Development & Training Costs for Senior Manager & Councillors**

Report still outstanding

## **CHAPTER 5: FINANCIAL PERFORMANCE**

### **5.1 INTRODUCTION**

The finance service directorate is responsible for administering and managing the financial affairs of the municipality. It ensures accountability on municipal expenditure and provides reports to various stakeholders on the utilization of municipal funds. The department also provides technical and strategic assistance and support to local municipalities within the district.

This department consists of the following key operational components, *viz*: Supply Chain Management, Information Communication Technology, Expenditure and Creditors, Local Municipalities Assistance unit, Financial Accounting, Budget Office, Payroll and Compliance unit.

The Local Municipalities Assistance unit that renders expert technical assistance to the Treasury and Budget Offices of the local municipalities within the district was established by Council resolution in 2009.

The activities, duties and functions in these components are carried out within the framework of Municipal Finance Management Act (MFMA) Act No 56 of 2003 and the Annual Division of Revenue Act (DoRA), other applicable pieces of legislation and approved budget related policies of the municipality.

#### **1. Supply Chain Management**

For the period under review, the municipality's Supply Chain was largely implemented in line with the approved policy, Municipal Finance Management Act and the associated regulations. The municipality's supply chain management Policy complies with the provision of section 112 of Municipal Finance Management Act.

All the tenders that were approved during the period were in line with the recommendations of the Bid Committees of the municipality and reporting has been done consistently monthly, quarterly and yearly to different authorities and stakeholders.

There is clear separation of duties within the supply chain management unit itself including its committees. No councillor or political office bearer is a member of any of the Bid Committees of the municipality, and the structures of the Bid Committees for the period under review were as follows:



**1.1 Bid Specification Committee:**

- SCM Practitioner 1 (Chairperson)
- SCM Practitioner 2 Secretary
- Snr. Budget Officer
- Manager Planning
- User department representative

**1.2 Bid Evaluation Committee:**

- Deputy Manager Admin and Auxiliary (Chairperson)
- SCM Practitioner (Secretary)
- Chief Risk Officer
- Snr Financial Accountant
- PMS Officer
- User department (Technical advisor)

**1.3 Bid Adjudication Committee:**

- Chief Financial Officer (Chairperson)
- Director EH & ES
- Director LED & Tourism
- Director Corporate Services
- Snr SCM Practitioner(Secretary)

Consistent with the previous reporting period, no complaints, disputes, objections, or incidents of irregular conduct were received from any party in respect of implementation of supply chain management activities.

**2. Expenditure and Creditors**

The expenditure unit is responsible for all the payments of suppliers and creditors to which the municipality has the obligation. For the period under review, all the expenditure incurred was within the limits of the municipality's approved budget.

Suppliers and creditors were paid within 30 days of receipt of valid tax invoices, and only where delivery and / or supply of goods and / or services was evaluated and confirmed as satisfactory by various user departments.

Because of limitations for generating own revenue, our expenditures were largely financed through equitable share and to an extent Finance Management Grant and Municipal Systems Improvement Grant for qualifying expenditure.

### **3. Local Municipalities Assistance unit**

This unit is responsible for rendering expert technical support to various financial management matters to all the local municipalities within the district. The support is rendered to municipalities on request and also based on urgency.

For the period under review, the unit rendered support to all municipalities within the district. Major Focus for Mafube and Moqhaka local municipalities was on Contract Management. Ngwathe local municipality was assisted through a Waste management and Greening project. All local municipalities within in the district were assisted with Informal Waste Pickers workshop and Environmental Health Promotional materials.

### **4. Plans to enhance financial viability**

The following matters, as raised in the Auditor-General's report, need to be addressed in the 2014/15 financial year.

- Ensure consistent application of accounting policies applicable to the financial statements so as to eliminate possibilities of errors and re-statement of financial information during external audits.
- Strengthening of controls relating to daily financial activities and ensuring correct recording of financial transactions.
- Ensure compliance with applicable laws and regulations regarding financial matters, financial management and other related matters.
- Improve the effectiveness and monitoring of financial reporting and related internal controls.

**COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE**

Figures in Rand	Note(s)	2015	2014 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Administration and management fees received		38 340	78 020
Other income	16	1 286 385	2 761 035
Interest received – investment	17	8 043 872	8 571 525
Gains on disposal of assets		-	77 907
<b>Total Revenue</b>		<b>9 368 597</b>	<b>11 488 487</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and subsidies	18	145 192 041	138 694 586
<b>Total revenue</b>		<b>9 368 597</b>	<b>150 183 073</b>
<b>Expenditure</b>			
Employees related costs	19	(80 294 398)	(70 606 304)
Remuneration of councillors	20	(6 576 590)	(5 964 912)
Depreciation and amortisation	21	(3 845 512)	(5 141 907)
Finance charges	22	(1 011 421)	(377 622)
Reversal of impairment /(debt impairment)		1 821 000	(198 462)
Repairs and maintenance		(1 564 557)	(718 019)
Contracted services	23	(13 264 785)	(10 415 560)
Grants and subsidies paid	24	(28 084 669)	(13 240 845)
Loss on disposal of assets		(350 423)	-
General Expenses	25	(51 121 490)	(53 686 090)
<b>Total Expenditure</b>		<b>(184 292 845)</b>	<b>(169 124 210)</b>
<b>Operating deficit</b>		<b>(29 732 207)</b>	<b>(18 941 137)</b>
<b>(Deficit) surplus for the year</b>		<b>(29 732 207)</b>	<b>(18 941 137)</b>

**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

<b>Asset classification</b>	<b>Amount Spent</b>
Land and Buildings	117 687
Plant and Machinery	–
Furniture and Fittings	237 345
Motor Vehicles	619 534
Office Equipment	47 851
Computer Equipment	360 012
Other Assets	186 307
<b>Total Costs</b>	<b>1 568 736</b>

**COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2015</b>	<b>2014 Restated</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		145 192 041	138 694 586
Interest income		8 043 872	8 571 525
Other receipts	26	<u>1 324 725</u>	<u>2 839 055</u>
		<u>154 560 638</u>	<u>150 105 166</u>
<b>Payments</b>			
Employee costs		(86 870 988)	(76 589 347)
Suppliers		(89 890 189)	(73 539 174)
Finance costs		<u>(1 011 421)</u>	<u>(377 622)</u>
		<u>(177 772 598)</u>	<u>(150 506 143)</u>
<b>Net cash flows from operating activities</b>	<b>27</b>	<b><u>(23 211 960)</u></b>	<b><u>(400 977)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	( 1 564 570)	(3 844 138)
Purchases of other intangible assets	8	(946 725)	-
Profit/(Loss) from sale of property, plant and equipment		<u>(350 423)</u>	<u>77 907</u>
<b>Net cash flows from investing activities</b>		<b><u>( 2 861 718)</u></b>	<b><u>(3 766 231)</u></b>
<b>Cash flows from financing activities</b>			
Movement in long term loan		<u>(2 644 883)</u>	<u>(17 781 655)</u>
<b>Net increase /(decrease) in cash and cash equivalent</b>		<b>(28 718 561)</b>	<b>(21 948 863)</b>
Cash and cash equivalents at the beginning of the year		<u>138 461 812</u>	<u>160 410 675</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b><u>109 743 251</u></b>	<b><u>138 461 812</u></b>

**COMPONENT D: OTHER FINANCIAL MATTERS**

**1. Expression on the Auditor General Report**

We believe that the opinion expressed by the Auditor-General is a true reflection of our efforts to ensure institutional excellence through accountability over public resources under our authority and control.

**2. Plans to enhance financial viability**

- Ensure consistent application of accounting policies applicable to the financial statements so as to eliminate possibilities of errors and re-statement of financial information during external audits.
- Strengthening of controls relating to daily financial activities and ensuring correct recording of financial transactions.
- Ensure compliance with applicable laws and regulations regarding financial matters, financial management and other related matters.
- To ensure the municipality progressively work towards obtaining a clean audit opinion.
- Improve the effectiveness and monitoring of financial reporting and related internal controls.

**3. Financial Ratios based on Key Performance Indicators**

**3.1 Revenue Management**

**3.1.1 Level of Reliance on Government Grants**

Purpose: The purpose of this ratio is to determine what percentage of the municipality's revenue is made up of government grants, to determine level of reliance on government funding by the municipality.

Formula: Grants & Subsidies/Total Revenue

2014/15			2013/14
Government Grants	Total Revenue	%	%
145 192 041	154 560 638	93.9	92.4

Analysis and Interpretation: From the above, it is evident that the municipality's is highly reliant on Government Grants and this reliance has grown compared to the previous reporting period. This is largely due to the fact that as a district municipality, FDDM has no revenue base of its own and such the municipality is bound to depend on government grants and subsidies.

### 3.1.2 Actual Revenue versus Budgeted Revenue

Purpose: The purpose of this ratio seeks to determine deviations between actual and budgeted revenue and to ascertain reasons for the deviations

Formula: Variance/Actual Revenue

Actual Revenue 2014/15	Budgeted Revenue 2014/15	Variance R	Variance	
			2014/15 %	2013/14 %
154 560 638	155 493 685	-933 047	- 0.6	-11.2

Analysis and Interpretation: The acceptable standard is that the actual revenue for a financial year must equal or exceed the approved budget for the financial year. The municipality's actual revenue is less than the budget by 0.60%. In the previous financial year, actual revenue was lesser than budgeted revenue by 11.2%. The actual revenue includes Government Grants.

### 3.2 Expenditure Management

#### 3.2.1 Employee Related Costs to Total Expenditure

Purpose: The purpose of this ratio is to indicate Personnel Cost as a percentage of Total Expenditure.

Formula: Actual Salaries, Wages and Allowances/Total Expenditure

2014/15			2013/14
Employee Cost	Total Expenditure	%	%
80 294 398	184 292 845	43.6	43.1

#### 3.2.2 Remuneration of Councillors

Purpose: The purpose of this ratio is to indicate Remuneration of Councillors as a percentage of Total Expenditure.

Formula: (Actual Remuneration of Councillors/ Total Expenditure)

2014/15			2013/14
Remuneration of Councillors	Total Expenditure	%	%
6 576 590	184 292 845	3.6	3.6

Analysis and Interpretation: From the above, it can be deduced that remuneration of councillors as a percentage of total operating expenditure remained constant year on year at 3.6% to total expenditure, and at the same time remuneration of employees to total expenditure remains relatively constants year on year at 43%.

### **3.2.3 Repairs and Maintenance to Total Expenditure**

Purpose: The purpose of this ratio is to indicate Repairs and Maintenance as a percentage of Total Expenditure.

Formula: (Actual Repairs & Maintenance/ Total Expenditure)

2014/15			2013/14
Repairs & Maintenance	Total Expenditure	%	%
1 564 557	184 292 845	0.8	0.5

Analysis and Interpretation: The norm for this ratio is that Repairs and Maintenance should equal at least 10% of Total Operating Expenditure. In this case the expenditure is below 10%, although has increased from 0.5% to 0.8% in 2014/15. The main contributing factor to this variance between the norm and actual may be attributable to the fact that as a district municipality, FDDDM does not have major infrastructure assets to provide substantial maintenance for.

### **3.3 Liability Management**

#### **3.4.1 Acid Test Ratio**

Purpose: To test the extent to which the municipality's current assets can cover the short term obligations.

Formula: Current Assets less Inventory/Current Liabilities. The norm for this ratio is 1.5:1, i.e. the Current Assets less Inventory must exceed the Current Liabilities by 150%.

2014/15			2013/14
Current Assets less Inventory	Current Liabilities	Ratio	Ratio
111 443 887	29 379 646	4:1	5:1

Analysis and Interpretation: The above ratio indicates that the municipality had a substantially positive current ratio as at the end of the financial year, which implies that the value of current assets was substantially enough to can cover current liabilities. However, there is a noticeable decline in the ration from the previous reporting period.



---

## **CHAPTER 6: AUDITOR-GENERAL'S FINDINGS (2013/14)**

### **COMPONENT A: BACKGROUND**

In terms of section 20 of the Public Audit Act, 25 of 2004 (PAA), the Auditor-General must in respect of each audit performed in respect of the auditee, in this case Fezile Dabi District Municipality, prepare a report on the audit. An audit report must reflect such opinions and statements as may be required by any legislation applicable to the auditee who is the subject of the audit, but must reflect at least an opinion or conclusion on:

- a) whether the annual financial statements of the auditee fairly present, in all material respects, the financial position at a specific date and results of its operations and cash flow for the period which ended on that date in accordance with the applicable financial framework and legislation;
- b) the auditee's compliance with any applicable legislation relating to financial matters, financial management and other related matters; and
- c) the reported information relating to the performance of the auditee against predetermined objectives.

With the above background in mind, this chapter provides an overview of the Auditor-General Report of the previous financial year (2013/14) with specific focus on the following:

- a) Matters raised during the previous financial year's audit; and
- b) Remedial action taken to address those issues and preventative measures taken.

**COMPONENT B: MATTERS RAISED DURING THE PREVIOUS FINANCIAL YEAR'S AUDIT**

AREA OF FOCUS	MATTERS RAISED
<b>Compliance with laws and regulations</b>	<p><b>Annual financial statements and annual report:</b></p> <p>The financial statements submitted for auditing were not in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, and expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.</p>
<b>Internal control</b>	<p><b>Leadership:</b></p> <p>Oversight of financial reporting and related internal controls was not effective during the year due to a lack of monitoring.</p> <p><b>Financial and performance management:</b></p> <p>The staff members of the municipality did not fully implement controls in respect of the daily financial activities and ensure that all transactions are correctly recorded in the records of the municipality. Management also did not ensure that adequate controls were in place to detect and correct all errors in the financial records.</p> <p>The financial statements were subjected to material corrections resulting from the audit process, which are attributable to weakness in the design and implementation of internal control in respect of financial management and financial reporting and weakness in the information system of the municipality.</p>

**COMPONENT C: REMEDIAL ACTION TAKEN TO ADDRESS ISSUES AND PREVENTATIVE MEASURES TAKEN**

The table below provides a comprehensive plan of the cause of action instituted to resolve and / or take remedial actions on functional activities relating to the above matters raised by the Auditor-General.

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
22	During the audit of long term loan liabilities the following differences were noted between the summary of the loan register and the supporting calculation	The supporting calculation to the loan register will be corrected	Paseka	12 Feb 2015	Feb 2015	100%	Resolved
53	During the audit of long term loans the following differences were noted between the amounts disclosed in the financial statements, register and the loan statements	Bi-annual report will be performed to agree register of long term loan and statements	Paseka	01 Feb 2015	In the current financial year	100%	Resolved
88	Management did not ensure that the signatories are updated.	The signatories on the Income account will be updated and	Sello	01 Feb 2015	31 May 2015	100%	Resolved
25	Contrary to the above, no system has been put in place to measure the performance of non-section 56 employees. The matters occurred due to the following: (a) Controls are not implemented to ensure that performance agreements and assessments are done for non-section 56 employees. (b) A performance management system (PMS) was not established that includes non –section 56 employees.		CSS			50%	Partially resolved, the municipality has developed the action plan on how to cascade performance to non-section 56 managers and phase one of the implementation of the plan is already in progress
38	During the audit of expenditure the following payments could not be tested as to whether payments were made within 30 days as the date that the invoice was received had not been indicated on the invoice.(According to the Mrs Maria Moeketsi the municipality acknowledges receipt of the invoice by stamping it as proof of receipt)	A date stamp is used in a case were the invoice does not indicate the invoice date.	SCM	During the 2013/14 FY audit	During the 2013/14 FY audit	80%	Partially resolved, as there were invoices which were identified to be paid after 30 days, but no penalties were incurred.

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
84	Material adjustments were made to the following account balances resulting in non-compliance to fair representation of the financial statements as prescribed: (a) Property, plant and equipment: (b) Trade and other payables: (c) Commitments(disclosure note): (d) Unspent grants (e) Revenue(Grants and subsidies - disclosure note) (f) Bank	Management accounts is currently performed monthly.	Paseka	01 Feb 2015	30 Jun 2015	100%	Resolved
66	Contrary to the above it was noted that some of the monthly budget statements were not submitted to Provincial Treasury within 10 working days	Monthly budget statements will be submitted on time.	Momo/Tsholofelo/ Charles	Throughout the year	Monthly from July to 30 June	100%	Resolved.
78	Unspent grants: retention amount debited to conditions met Contrary to the above, it was noted that the following amounts have been processed to the incorrect accounts	The retention amounts will be corrected.  The invoice from Sizampilo Construction was not split to indicate what retention was and work done instead the invoice captured both on one line item.	Johan/Morongwa	01 Feb 2015	April 2015	100%	Resolved
72	The following journals did not have adequate supporting documentation attached	Support each journal with adequate supporting documentation	Johan	The process takes place	The process takes place	100%	Resolved

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
				throughout the year.	throughout the year.		
30	The following instances were noted while auditing Supply Chain Management: c) The contract was not awarded to the bidder that scored the highest total number of points	The bidder that did not meet the functionality threshold is not assessed further. In the listed cases successful bidder was awarded based on meeting the required functionality whereas other competitors did not	SCM	The process takes place throughout the year	The process takes place throughout the year	100%	Resolved.
1	Procurement and Contract Management: Consultants: Transfer of skills	The SLA's between consultants and FDDM has a clause that caters for transfer of skill and these takes place this is being through monitoring of the contract.	SCM	When the municipality contracts with consultants.	When the municipality contracts with consultants.	80%	Partially resolved.
18	From the supporting documentation attached to the payment it could not be determined if the services were rendered. According to the invoices all air conditioners in the Fezile Dabi District Municipality's offices were serviced and maintained for the month. (a) No evidence was attached to the following payment to proof that the monthly service for April 2014 were rendered (b) Although lists of air conditioners were attached to the following payment, all the items were not certified as been attended to for May 2014. The date by when the service were performed was also not indicated.	A report on the monthly service will be attached to the payment pack.	SCM	Throughout the year.	Throughout the year.	100%	Resolved.

FEZILE DABI DISTRICT MUNICIPALITY

DRAFT ANNUAL REPORT – 2014/15

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
27	SCM- indicators of possible fraud The following instances were noted: a) the following directors did not declare that they are employed by the state on declaration form (MBD 4)	Security performs background check on all database forms received. On regular basis they draw a sample of existing service providers in the database and perform the same checks.	SCM	Throughout the financial year.	Throughout the financial year.	90%	Partially resolved, the municipality does not have the capacity to verify whether service providers are in the service of the state or not.
28	The following declaration of interest of the employee of Fezile Dabi District could not be obtained	Security performs background check on all database forms received. On regular basis they draw a sample of existing service providers in the database and perform the same checks	SCM	During the 2013/14 financial year audit.	During the 2013/14 financial year audit.	100%	Resolved.
29	The following instances were noted: a) Three quotations were not obtained for the following purchases b) Proper controls are not in place to avoid splitting of quotations.  This has resulted in irregular expenditure (note 31) being understated with R798 120.02 in the annual financial statements		SCM			100%	Resolved.
35	Contrary to the MFMA and SCM Regulations the following: (a) From the payment vouchers inspected in the year under review no indication could be found that the list of prospective supplies was used and that the selection of the suppliers was done on a rotational basis. (b) No indication could be found that the new suppliers were subjected to a screening process in terms of a framework by a risk manager to confirm for example the validity of the supplier, correctness of the banking details	Security performs background check on all database forms received. On regular basis they draw a sample of existing service providers in the database and perform the same checks	SCM			100%	Resolved

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
	<p>and that the supplier is not a prohibited supplier.</p> <p>(c) All the information on the list of prospective suppliers was not completed or incorrectly completed. Various shortcomings were identified for example:</p> <p>(i) 261 suppliers were listed with no physical address.</p> <p>(ii) 690 suppliers were listed without a VAT number although some of the suppliers are registered VAT vendors</p> <p>(iii) 2597 supplies were listed without telephone and fax numbers needed for requesting quotations.</p> <p>(iv) 4421 suppliers or 91% of the suppliers were classified as “general”. It is therefore impossible to obtain a list of suppliers of a specific item or service. It is also impossible that the suppliers could supply in all the needs of the municipality.</p>						
41	<p>An invoice was issued by the successful supplier, NPB Funeral Services (PTY) Ltd trading as Benny's Construction, on 12 February 2014 amounting to R198 500.</p> <p>No supporting documentation was attached to the payment to proof that:</p> <p>(a) The work was completed successfully. No risk assessment report was included</p>	<p>Technical requirements are included in the procurement in specialized services</p>	SCM			100%	Resolved.

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
	(b) Due to the nature of the service no indication could be found that the supplier is a specialist in performing tests on water as specified.						
6	Sufficient and appropriately designed controls do not exist over the receipt of goods and services at the municipality. There is not a formal standardised procedure in place whereby goods and services that are delivered are confirmed as having been received	Receiving point of goods from external will be established	SCM			100%	Resolved, the invoices are stamped for goods received in order.
61	Contrary to the Municipal Supply Chain Management Regulations three formal written price quotations were not obtained for the following procurement  Supply chain management processes were not followed for the goods/services required.  The supplier list was not utilised as prescribed  The procurement is not regarded as fair, equitable, transparent, competitive and cost-effective and should be recorded as irregular in terms of the MFMA.	Evidence of requested quotations will be kept	SCM			100%	Resolved.
8	The following instances were noted while performing the audit of Supply Chain Management:  a) The reasons for the proposed amendment of contract extension of C-Sonke (Review of FDDM annual report) was not tabled to council	Resolutions of council meetings for such will be kept	SCM			100%	Resolved



**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
	b) The following competitive bids were not advertised nor registered on the CIBD web-site.						
39	<p>Contrary to the SCM Regulations 3 quotations were not obtained for the following procurement</p> <p>Management did not adequately review the supporting documentation provided for procuring of goods and service to ensure that it was in compliance with the requirement of the SCM regulations and policy.</p> <p>This will result in an understatement of Irregular expenditure (note 31) by R77 500 in the financial statements.</p>	Competitive bidding is always applied.	SCM	On-going	On-going	100%	Resolved.
59	Contrary to the above, the municipality received money from various departments which is to be utilized for projects belonging to the Local municipalities where the agreements between the municipality and the various departments stipulate that the municipality is an implementing agent.		EXPENDITURE/ OHAN			100%	Resolved
89	<p>During the testing performed on VAT it was noted that various suppliers did not have the following on their tax invoices:</p> <p>(a) The word "TAX INVOICE",</p> <p>(b) VAT Registration number of the supplier,</p>	In going forward, SCM will ensure that all invoices have the word Tax Invoice if not invoice will be send back	SCM	ongoing	ongoing	100%	Resolved

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
	(c) VAT Registration number of the municipality, (d) Serial number and date of issue, (e) Date, and (f) Price and VAT						
2	From the high level review performed, the following misstatements were identified; please refer to Annexure 1 -->> D.3.1	Management accounts reports and Half-yearly AFS will be performed	Paseka	01 Feb 2015	30 Jun 2015	100%	Resolved.
7	No indication could be found that management investigated the previous year's account balances and that any journals were passed to rectify the misstatements. (Request for Information Nr 7 of 2014, refers)	Management is currently investigating differences on accrual balances.	Morongwa	Beginning of February 2015	30 June 2015	100%	Resolved
21	During the audit of investment the following differences were noted: The statements and the final financial statements were obtained and the following differences were noted	The mapping of the investment votes will be corrected on the Case ware	Paseka	01 Feb 2015	28 Feb 2015	100%	Resolved, management correctly mapped the investment votes during the audit.
31	During the audit of receivables it was noted that: (a) The District does not keep an age analysis report for its receivables and (b) The suspense account has not been cleared at year end. The suspense account has a balance of R474 535 at year end. (c) Management has incorrectly accounted for the suspense account that relates to bonuses that needed to be paid to the managers; this amount has been incorrectly accounted for as a debtor instead of a creditor.		Sello			100%	Resolved

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
54	(a) The following asset was written off but still included in the asset register (b) The following asset could not be verified as the asset was lost during the financial year. Adequate supporting documentation indicating that the asset was lost could not be obtained	The asset register will be examined and assets written off will be removed	Paseka/ Sello	01 Feb 2015	30 Jun 2015	80%	Partially resolved, as management still has to address the issue of assets to be written as they are still part of the asset register as at 30 June 2015.
3	(a) The total value for the Property, plant and equipment per the asset register did not agree to the amount disclosed in the financial statements Note 7 (b) The net carrying value for the Property, plant and equipment categories as per the fixed asset register did not agree to the amount disclosed in the financial statements Note 7	The financial statements note 7 will be evaluated and adjusted with the amount disclosed in the asset register	Paseka/ Sello	01 Feb 2015	31 May 2015	80%	Partially resolved, as management still to pass journals to ensure that financial statements agrees to the general ledger.
19	Contrary to paragraph 56 of GRAP 17 no evidence could be found that the municipality reviewed the residual value of the assets at reporting date and if the expectations differ from previous estimates  The residual value of buildings was not recorded in the asset register although a value was estimated during the previous financial year. No change in an accounting estimate was disclosed in the financial statements.	Complying with the accounting standards the residual values will be reviewed at the reporting date	Paseka/Sello	01 Feb 2015	30 Jun 2013	80%	Partially resolved, as management still to finalize the review of residual values and useful life of assets.

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
		Asset register will be adjusted with the residual value of the buildings and vehicles					
56	Assets selected from the floor could not be traced to the asset register	Asset verification will be performed to record all assets in the asset register.	Paseka/ Sello	01 Feb 2015	30 Jun 2015	80%	Partially resolved, as the report from I-chain indicated that there are assets which could not be accounted for
60	<p>The methodology used to calculate the change in useful life of the assets is not in line with the requirements of GRAP 17. Furthermore the basis on which the useful lives of the assets was calculated is not in line with the expected useful lives disclosed in Annexure A of the fixed asset policy of the municipality.</p> <p>(a) Management did not ensure that the requirements of GRAP 17 and 3 are adhered to.</p> <p>(b) Management did not adequately review the financial statements to ensure that they fairly present the financial performance and position of the municipality.</p> <p>(c) A change in useful lives note was also not disclosed in the annual financial statements as required by GRAP 4.</p>	Review the assets register and update methodology used to change asset useful life	Paseka/ Sello	01 Feb 2015	30 June 2015	80%	Partially resolved, as management still to finalize the review of residual values and useful life of assets.

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
		Adjust financial statements to include note on change in useful life					
64	<p>(a) The purchase date as per the asset register does not agree to the date as per the invoice, which results in differences in the calculation for depreciation</p> <p>(b) Please refer to Annexure A for the differences noted in the recalculation of the depreciation</p> <p>This matter occurred due to that management did not adequately reviewing the calculation of depreciation to be in a position to identify these errors.</p> <p>This will result in depreciation relating to assets held for the full financial year being understated R4 478.04 (extrapolated error R10 397,05) in the statement of financial performance and property, plant and equipment being overstated with the same amount in the statement of financial</p>	Asset register column for Purchase date will be changed to depreciation start date.	Paseka/ Sello	1 <sup>st</sup> of February	28 <sup>th</sup> February 2015	80%	Partially resolved, to be finalized when the final asset register is provided for review.

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
	position.						
76	The amount of R78 727, 73 which related to emergency equipment was incorrectly classified as vehicles.	A new vote will be created for emergency equipment	Paseka/ Sello	1 <sup>st</sup> February 2015	30 June 2015	100%	Resolved.
77	The manual journal completed for the correction of the prior year revaluation surplus is incomplete	The manual journal was corrected during the audit	Paseka/ Sello			100%	Resolved.
47	Asset category totals as per the asset register could not be agreed to the general ledger	The concern raised by AG will be communicated to Business Connexion for intervention.	Paseka/ Sello	1 <sup>st</sup> February 2015	30 <sup>th</sup> June 2015	50%	Unresolved, eVenus has to be upgraded.
81	Opening balances as per the trial balance do not agree to opening balances as per the financial statements	The opening balances will be re-examined and be agreed to AFS	Paseka/ Sello	1 <sup>st</sup> of February 2015	31 <sup>st</sup> May 2015	100%	Resolved, the previous year opening balance was adjusted and verification for the new financial year will be verified when TB and the financial draft financial statements are available for verification.
37	it was noted that vat input was claimed following entertainment transactions	Expenditure management is investigating the finding with the intention of correcting as per tax regulations.	Luzuko	1 <sup>ST</sup> of February 2015	31 <sup>ST</sup> May 2015	100%	Resolved
57	During the audit of expenditure it was noted that the following payments were included in the general ledger, however they relate to different	Controls are put in place to ensure adherence to procedures.	Luzuko	1 <sup>st</sup> of February 2015	Ongoing	100%	Resolved

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
	accounting periods						
73	During the audit of expenditure incurred pertaining to grants, the following was noted: (a) The following payments could not be tested to determine whether payments were made within 30 days, as the date which indicates when the invoices were received had not been indicated on the invoice	Controls are put in place to ensure adherence to procedures.	Luzuko	1 <sup>st</sup> of February 2015	Ongoing	100%	Resolved.
93	It was noted that expenditure was incorrectly classified on all accounts as the municipality used both the nature and the function of expenditure when disclosing it in the financial statements. The following instances were identified and it should be noted that this is only an example and there is also other line items in the expenditure which are impacted	Management is in the process of correcting classification of all accounts to comply with the standards	Johan	31 <sup>st</sup> May 2015	Ongoing	100%	Resolved
32	Payments certificates for the following retentions creditors could not be obtained Rehilobile Clinic, R1 401 824.56; Tumahole Stadium,R1 005 075.39	Management is in talks with the Province to retrieve information pertaining to outstanding certificates saved in their Archives	Morongwa	1 <sup>ST</sup> February 2015	30 June 2015	100%	Resolved
46	a)The following expenditure occurred after year end; therefore it was not supposed to be included in the accrual list for 2013/14 financial year (b) The following invoice does not have a date on it and there is no evidence as to when the invoice was received by the municipality	Journals will be passed in correcting the error.	Morongwa	Beginning of February 2015	30 June 2015	100%	Resolved
33	Incorrect classification of retention creditors	The error related to mapping and was corrected during the	Morongwa/	During the	During the audit	100%	Resolved

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
		audit.	Paseka	audit			
63	suppliers were not raised as creditors at year end, although the invoices for the goods/services delivered were dated before year end	Journals will be passed to correct the error	Morongwa	Beginning of February 2015	30 June 2015	100%	Resolved
74	expenditure was incurred after year end, but the supplier was included in the suppliers' list for the 2013-14 financial year	Journals will be passed to correct the error	Morongwa	Beginning of February 2015	30 June 2015	100%	Resolved
87	a) The prior year difference of R212 879.81 could not be explained.  A difference was noted in opening balance between the financial statements and the general ledger:  c)The difference was noted in the closing balance between the financial statements and the general ledger	Management is currently investigating differences on accrual balances.	Morongwa	Beginning of February 2015	30 June 31 <sup>st</sup> of March 2015	100%	Resolved
83	During the audit of predetermined objectives, we discovered that the following planned performance objectives and indicators/ measures in the annual report did not have well defined time frames:  Refer to Annexure A for the list of performance objectives and indicators/ measures that does not have well defined time frames.	The audit finding is receiving necessary attention. All identified/indicators and or measures will be reviewed as part of the revised SDBIP, to be tabled in council by April 2015	TLADI	February 2015	30 April 2015	100%	Resolved



**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENTATION (%)	VERIFICATION BY INTERNAL AUDIT
23	No technical indicators for the performance indicators	In the process of developing standing operating procedures, that will include definition of all technical indicators contained in the approved SDBIP	TLADI/THANDI	February 2015	June 2015	100%	Resolved
85	Objectives and indicators/ measures reported in the annual performance report but not in the approved SDBIP	It was corrected during the audit after a revised annual performance report aligned to the SDBIP was submitted.	TLADI/THANDI	completed	completed	100%	Resolved
92	During the audit of predetermined objectives, we discovered that the following planned performance objectives and indicators/ measures in the annual report did not have well defined targets	The audit finding is receiving necessary attention. All identified/indicators and or measures will be reviewed as part of the revised SDBIP, to be tabled in council by April 2015	TLADI/THANDI	February 2015	30 April 2015	100%	Resolved
49	Revaluation reserve: GL/TB does not agree to the AFS		Paseka			90%	Partially resolved. Management still to correct the AFS to disclose the error as prior year errors, the exception will be eliminated with the review of the AFS.
65	the following documentation was not submitted for audit purposes	Management is currently investigating differences on accrual balances.	Morongwa	Beginning of February 2015	30 June 31 <sup>st</sup> of March 2015	100%	Resolved
70	No supporting documents could be obtained for differences identified when recalculating the Jazz festival income  This occurred due to management not implementing controls over the	A ticket register with ticket collectors signatures was submitted to the Audit General during the Audit.	Morongwa	During the 2013/14 financial year audit.	During the 2013/14 financial year audit.	100%	Resolved.

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

EXC. NUM	DEFICIENCIES POINTED OUT IN REPORT	DETAIL OF REMEDIAL ACTION TO BE IMPLEMENTED (PLAN OF ACTION)	RESPONSIBLE OFFICIAL(S)	DATE OF EXECUTION	DATE OF COMPLETION	LEVEL OF IMPLEMENT ATION (%)	VERIFICATION BY INTERNAL AUDIT
	issue of tickets to employees and other municipalities etc.						

## APPENDICES

### ***Appendix A: Councillors; Committee Allocation and Council Attendance***

**A1: List of Councillors**

Surname & Initials	Ward Responsible for
<b>ANC Councillor(s)</b>	
Moshodi MP ( Executive Mayor)	N/A
KGL Nketu (Speaker)	N/A
Mokoena NP	N/A
Guza NG	N/A
Taje MS	N/A
George DSL	N/A
Mokoena ME	N/A
Mahlakazela SJMT	N/A
Pietersen ML	N/A
De Beer VE	N/A
<b>DA Councillor(s)</b>	
Spruit MC	N/A
Pittaway SH	N/A
Van der Westhuizen PD	N/A
<b>COPE Councillor(s)</b>	
De Hart D	N/A

**A2: List of Councillors Seconded from Local Municipalities**

Surname & Initials	Political Party
<b>Seconded Councillors from Metsimaholo Local Municipality</b>	
Khubeka NJ	ANC
Soetsang TL	ANC
Poho MS	ANC
Geyser JJ	DA
Makhoba KJ	ANC
Ntoane MG	DA
<b>Seconded Councillors from Moqhaka Local Municipality</b>	
Notsi ME	ANC
Mbono MD	ANC
Koloi MA	ANC
Magadlela ZS	ANC
Viljoen AH	DA
Makoele WL	DA
<b>Seconded Councillors from Ngwathe Local Municipality</b>	
Oliphant MA	ANC
De Beer VE	ANC
Khumalo KJ	ANC
Hlapane ML	ANC
Serfontein C	DA
<b>Seconded Councillors from Mafube Local Municipality</b>	
Kubeka L	ANC
Mosia MA	ANC

**A3: Number of Council Meetings Attended by Councillors**

2014/15	DATE	DATE	DATE	DATE	DATE	DATE	DATE
Initials & Surname	31 July 2014	29 August 2014	30 October 2014	30 January 2015	25 February 2015	31 March 2015	28 May 2015
<b>Fezile Dabi District Municipality Councillors</b>							
Pietersen Magdeline	Present	Present	Present	Present	Present		Present
S.J.T Mahlakazela	Present	Present	Present	Present	Present		Present
Simon Taje	Present	Apology	Present	Apology	Present	Present	Present
Moeketsi P Moshodi (Executive Mayor)	Present	Present	Present	Present	Present	Present	Present
P.D Van Der Westhuizen	Present	Apology	Apology	Present	Present	Present	Present
Mark Cornelius Spruit	Present	Apology	Present	Present	Present	Present	Apology
Sidney Henry Pittaway	Present	Apology	Present	Present	Present	Present	Present
Nodoli Georgina Guza	Present	Apology	Present	Present	Present	Present	Present
De Hart Dirk	Present	Apology	Present	Present	Present	Present	Present
NP Mokoena		Present	Present		Present	Present	Present
DSL George	Present	Present	Present	Present	Present		Present
Me Mokoena	Apology	Present	Present	Present	Present	Present	Present
KGL Nketu (Speaker)	Present	Present	Present	Apology	Present	Present	Present
<b>Metsimaholo Local Municipality Councillors</b>							
Maboka George Ntoane	Present	Present	Present	Present	<b>Present</b>	Present	Present

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

Mosiua Poho	Present	Present	Present	Present	Present	Present	Present
J. Geysen							
Thandi Soetsang	Apology	Present	Present	Present	Present	Present	Apology
Nomsa Kubheka	Apology	Present	Apology	Present	Apology	Apology	Apology
K. Makhoba	n/a	Present	Present		Apology		
<b>Moghaka Local Municipality Councillors</b>							
Z. Magadlela	Present	Present	Present	Present	Present	Present	
Mojohanna Mbono	Present	Apology	Present	Present	Apology		Present
Mokhele Notsi	Present	Present		Present	Apology		Present
Matsheliso Kolo	Present	Apology		Apology	Present	Present	Apology
Leburu Makoele	Present	Present	Present	Present	Present	Present	Present
A. Viljoen	Present	Present	Present	Present	Present	Present	Present
<b>Ngwathe Local Municipality Councillors</b>							
Anna Oliphant	Apology	Present	Present	Apology	Present	Present	Present
Catharina Serfontein	Apology	Present	Present	Present	Present		Present
Lucy Hlapane	Present	Present	Present	Present	Present	Present	Present
Victoria De Beer	Present	Present	Present	Present	Present	Present	Apology
Kau Khumalo	Apology	Present	Present	Present	Present		Apology
<b>Mafube Local Municipality Councillors</b>							
Madisa Andries Mosia	Apology	Present	Present	Present	Present	Present	Present
Lucky Kubeka	Present	Present	Apology	Present	Present	Present	Present

## Appendix B: Committee and Committee Purpose

The following table provides an overview of the council committees and the purpose of each committee.

Name of Committee	Purpose of Committee
Finance	Oversight over financial matters of the municipality
Corporate Support Service	Responsible for oversight over Human Resources matters of the municipality
Project Management & Public Works	Responsible for oversight over the infrastructure and service delivery matters of the municipality.
Environmental Health & Emergency Services	Responsible for oversight over health and environmental functions of the municipality.
Led & Tourism	Responsible for oversight over Local Economic Development and Tourism functions of the municipality.
Audit Committee	Responsible for oversight over the work of the internal audit and performance management units of the municipality.
Municipal Public Accounts Committee	Responsible for overall oversight over the annual report and other assigned functions of the municipality.

### B1: Committee Allocation

FINANCE PORTFOLIO COMMITTEE			
Initials & Surname	Political Party	No. of Meetings Held by the Committee for the period	No. of Meetings Attended by the Member
M E Notsi (Portfolio Head)	ANC	10	1
Z S Magadlela	ANC	10	3
M Mosia	ANC	10	1
P D Van Der Westhuizen	DA	10	5
S J M T Mahlakazela	ANC	10	7
S Pittaway	DA	10	4

CORPORATE SUPPORT SERVICES PORTFOLIO COMMITTEE			
Initials & Surname	Political Party	No. of Meetings Held by the Committee for the period	No. of Meetings Attended by the Member
AM Oliphant (Portfolio Head)	ANC	10	10
PM Mokoena	ANC	10	0
M Mbono	ANC	10	8
KJ Makhoba	ANC	10	1
S Pittaway	DA	10	7
D de Hart	COPE	10	10

PROJECT MANAGEMENT & PUBLIC WORKS PORTFOLIO COMMITTEE			
Initials & Surname	Political Party	No. of Meetings Held by the Committee for the period	No. of Meetings Attended by the Member
ML Hlapane (Portfolio Head)	ANC	4	4
ME Mokoena	ANC	4	4
MC Spruit	DA	4	4
MA Mosia	ANC	4	3
WL Makoele	DA	4	3
N Kubheka	ANC	4	3

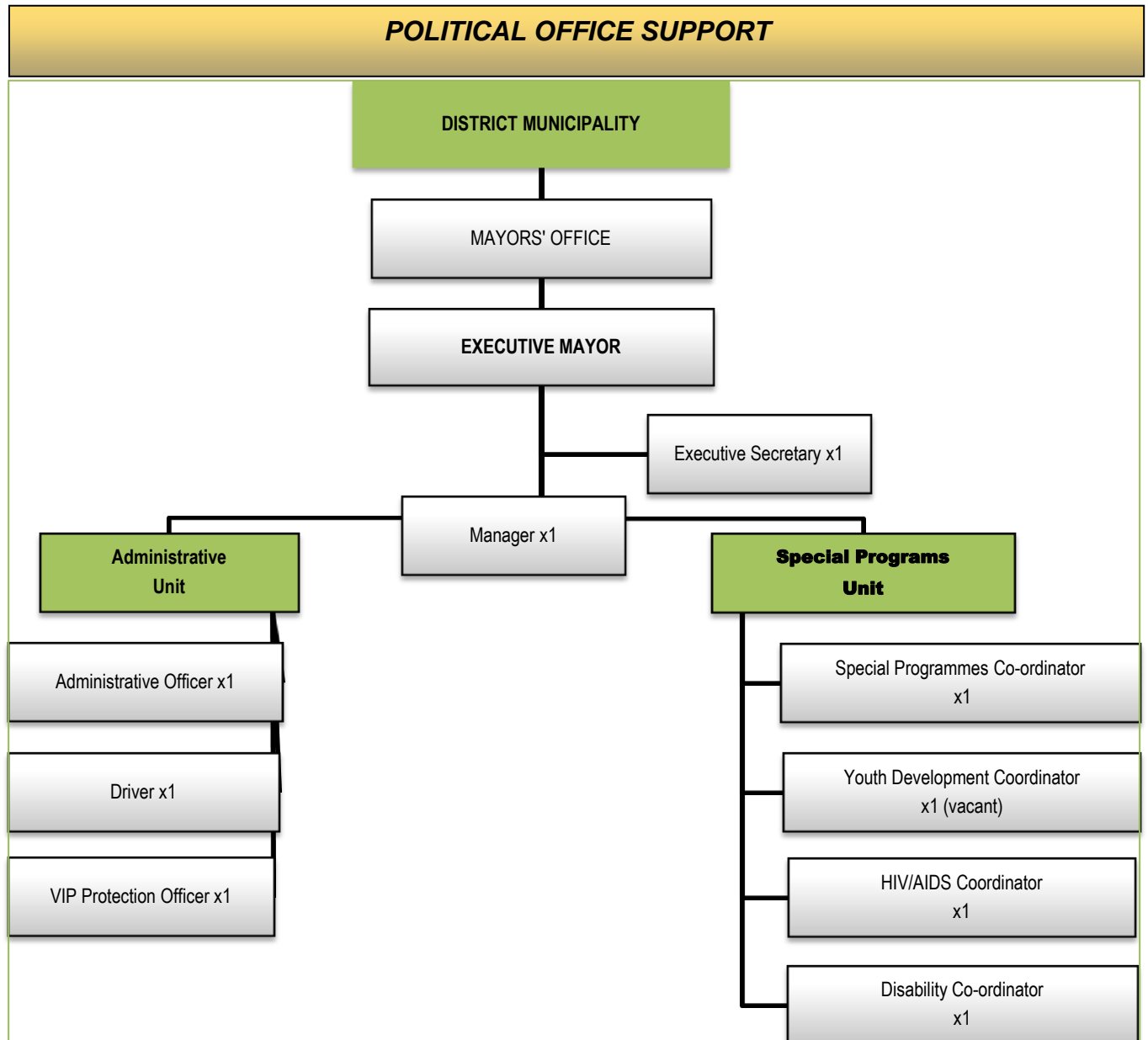
COMMUNITY HEALTH & ENVIRONMENTAL SERVICES PORTFOLIO COMMITTEE			
Initials & Surname	Political Party	No. of Meetings Held by the Committee for the period	No. of Meetings Attended by the Member
L Hlapane (Acting Portfolio Head)	ANC	1	1
M Notsi (Acting Portfolio Head)	ANC	2	2
V De Beer (Portfolio Head)	ANC	1	1
MS Taje (Acting Portfolio Head)	ANC	6	6
MA Koloï	ANC	6	6
C Serfontein	DA	6	6
<b>NB:</b> During the period under review, councillor Magashule resigned and the Executive Mayor made an <i>ad hoc</i> provision for Cllr L Hlapane and M Notsi to act interchangeably as portfolio heads while awaiting the confirmation of Cllr De Beer as the new portfolio committee head.			

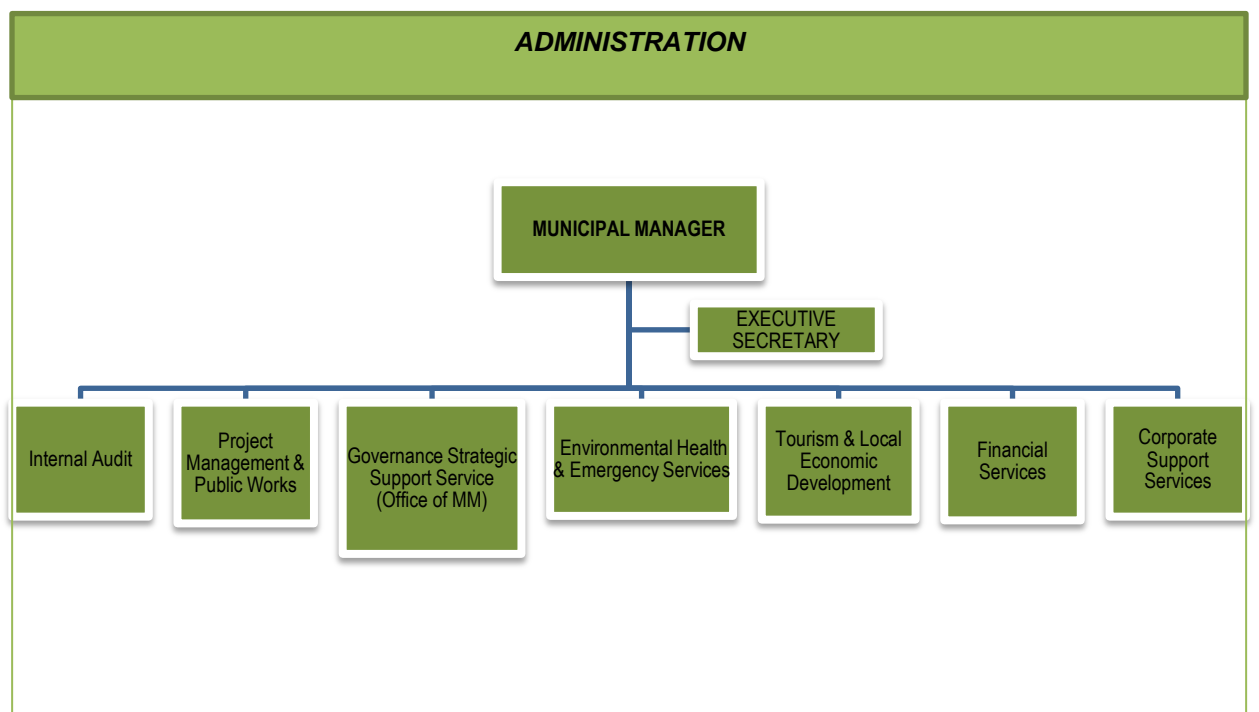
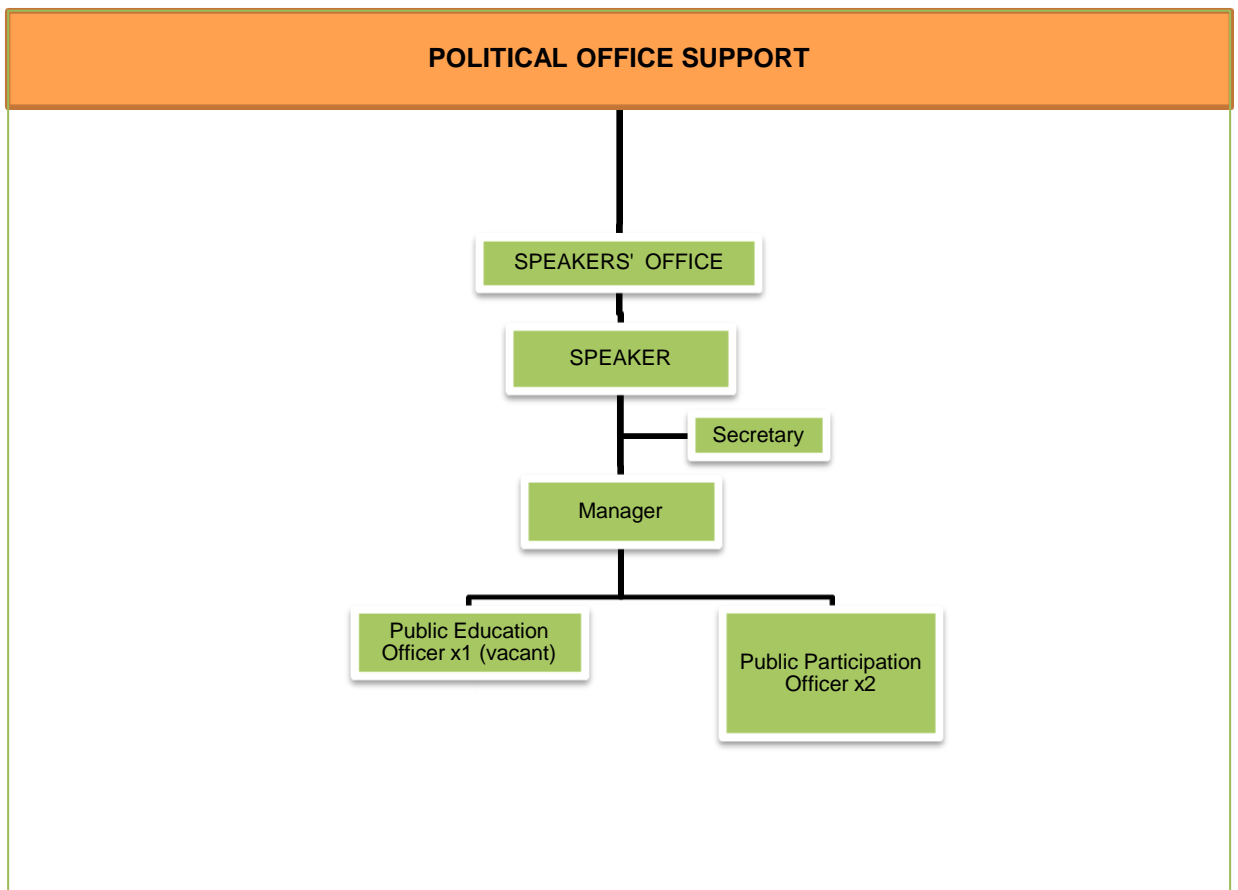


<b>LED &amp; TOURISM PORTFOLIO COMMITTEE</b>			
<b>Initials &amp; Surname</b>	<b>Political Party</b>	<b>No. of Meetings Held by the Committee for the period</b>	<b>No. of Meetings Attended by the Member</b>
KJ Khumalo (Portfolio Head)	ANC	4	3
DSL George	ANC	4	4
ML Pietersen	ANC	4	4
SJMT Mahlakazela	ANC	4	2
MS Poho	ANC	4	4
S. Holt	DA	4	4
A.Viljoen	DA	4	3

<b>SOCIAL &amp; SPORTS DEVELOPMENT PORTFOLIO COMMITTEE</b>			
<b>Initials &amp; Surname</b>	<b>Political Party</b>	<b>No. of Meetings Held by the Committee for the period</b>	<b>No. of Meetings Attended by the Member</b>
G.N. Guza (Portfolio Head)	ANC	4	4
Makhoba	ANC	4	1
Soetsang	ANC	4	4
M . Ntoane	DA	4	3
A Viljoen	DA	4	3

**Appendix C: Third Tier Administrative structure**





<b>Powers and Functions in terms of Schedule 4 (Part B) and Schedule 5 (Part B) of the Constitution</b>	<b>Definition</b>
---------------------------------------------------------------------------------------------------------	-------------------

Air pollution	Any change in the quality of the air that adversely affects human health or well-being or the ecosystems useful to mankind, now or in the future. District: licensing of listed processes
Building regulations	The regulation, through by-laws, of any temporary or permanent structure attached to, or to be attached to, the soil within the area of jurisdiction of a municipality, which must at least provide for: <input type="checkbox"/> Approval of building plans, <input type="checkbox"/> Building inspections, and <input type="checkbox"/> Control of operations and enforcement of contraventions of building regulations if not already provided for in national and provincial legislation. District: Control of premises from health point of view, starting from scrutinizing of building plans
Child care facilities	Facilities for early childhood care and development which fall outside the competence of national and provincial government. District: Control of premises and other places of care.
Fire Fighting	In relation to District Municipality “Fire fighting” means: <input type="checkbox"/> Planning, co-ordination and regulation of fire services; <input type="checkbox"/> Co-ordination of the standardization of infrastructure, vehicles, equipment and procedures; <input type="checkbox"/> Training of fire officers. In relation to Local Municipality “Fire fighting” means: <input type="checkbox"/> Any function not included in the definition applicable to a district municipality, including fighting and extinguishing of all fires; <input type="checkbox"/> The rescue and protection of any person, animal or property in emergency situations not covered by other legislation or powers and functions.
Local tourism	The promotion, marketing and if applicable, the development, of any tourist attraction within the area of the municipality with a view to attract tourists; to ensure access, and municipal services to such attractions, and to regulate, structure and control the tourism industry in the municipal area subject to any provincial and national legislation, and without affecting the competencies of nation-al/provincial government pertaining to “nature conservation”, “museums”, “libraries” and “provincial cultural matters”.
Municipal Planning	The compilation and implementation of an integrated development plan in terms of the Systems Act.

**Appendix D: Functions of Municipality/Entity**

**Appendix D: Functions of Municipality/Entity (continued)**

<b>Powers and Functions in terms of Schedule 4 (Part B) and Schedule 5 (Part B) of the Constitution</b>	<b>Definition</b>
Municipal Health Services	<input type="checkbox"/> Subject to an arrangement with MECs to do the necessary authorizations, or alternatively, subject to amendments to the Structures Act, Municipal Health Service means environmental health services performed by a district municipality.
Municipal public transport	The regulation and control, and where applicable, the provision of:

	<ul style="list-style-type: none"> <li><input type="checkbox"/> Services for the carriage of passengers, whether scheduled or unscheduled, operated on demand along a specific route or routes or where applicable, within a particular area</li> <li><input type="checkbox"/> Scheduled services for the carriage of passengers, owned and operated by the municipality, on specific routes</li> </ul>
Storm water drainages /	The management of systems to deal with storm water in built-up areas.
Trading regulations	The regulation of any area facility and/or activity related to the trading of goods and services within the municipal area not already being regulated by national and provincial legislation.
Water (Potable)	<p>The establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution; bulk supply to local supply points, metering, tariffs setting and debt collection so as to ensure reliable supply of a quantity and quality of water to households, including in-formal households, to support life and personal hygiene and establishment, provision, operation, management, maintenance and regulation of a system, including infrastructure for the collection, removal disposal and/or purification of human excreta and domestic waste-water to ensure minimum standard of services necessary for safe hygienic households.</p> <p>District: water quality monitoring, including potable water</p>
Sanitation	<p>The establishment, provision, operation, management, maintenance and regulation of a system, including infrastructure for the collection, removal, disposal and/or purification of human excreta and domestic waste water to ensure minimum standard of service.</p> <p>District: monitoring and awareness (sampling on networks and connection to assess compliance with applicable standards)</p>
Cemeteries, funeral parlours and crematoria	<p>The establishment conducts and control of facilities for the purpose of disposing of human and animal remains.</p> <p>District:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> monitoring of funeral parlours and crematoria for compliance,</li> <li><input type="checkbox"/> responsible for regional cemeteries</li> </ul>

**Appendix D: Functions of Municipality/Entity (continued)**

Powers and Functions in terms of Schedule 4 (Part B) and Schedule 5 (Part B) of the Constitution	Definition
Cleansing	The cleaning of public streets, roads, and other public spaces either manually or mechanically. District: Waste management monitoring in terms of the health act, excludes collection and disposal of refuse, but includes development of plans and awareness and education programmes.
Control of public nuisance	The regulation, control and monitoring of any activity, condition or thing that may adversely affect a person or a community. Description: In terms of general function of municipal health services



Facilities for the accommodation, care and burial of animals	The provision of and/or the regulation, control and monitoring of facilities which provide accommodation and care for well or sick animals and the burial or cremation of animals, including monitoring of adherence to any standards and registration requirements and/or compliance with any environmental health standards and regulations. District: In terms of the By-laws, control of keeping of animals
Licensing and control of undertakings that sell food to the public	Ensuring the quality and the maintenance of environmental health standards through regulation, a licensing mechanism and monitoring of any place that renders in the course of any commercial transaction, the supply of refreshments or meals for consumption on or to be taken away from the premise at which such refreshments or meals are supplied. Implement policy ad regulations.
Municipal roads	The construction, maintenance, and control of a road which the public has the right to and includes, in addition to the roadway the land of which the road consists or over which the road extends and anything on that land forming part of, connected with, or belonging to the road, and also, for purposes of a local municipality, includes a street in a build-up areas.
Noise pollution	The control and monitoring of any noise that adversely affects human health or well-being or the ecosystems useful to mankind, now or in the future.
Street trading	The control, regulation and monitoring of the selling of goods and services along a public pavement or road reserve.
Municipal public works	Any supporting infrastructure or service to empower a municipality to perform its function

## ***Appendix E: Ward Reporting***

### **Status of ward committees in the district**

The purpose of Ward Committees is to enhance participatory democracy with which ward councillors liaise regarding matters affecting their respective wards.

Although Ward Committees are established in all local municipalities within the district, there are however a number of challenges which impact on their optimal functionality. However, one of the improvement measures that were instilled in this reporting period was to ensure that there is continuous monitoring and ensuring that meetings are held regularly as planned.

The following is an overview of the status of established Ward Committees within the district:

#### **– Metsimaholo Local Municipality**

Municipality has 21 wards and all ward committees were established and inducted on their roles and responsibility by a service provider appointed by the municipality. Only one ward committee is dysfunctional. Every ward committee member receives a monthly stipend paid by the municipality since September 2012, ward /public meetings do take place.

#### **– Mafube Local Municipality**

Municipality has 9 wards and all ward committees were established and inducted on roles and responsibility by Fezile Dabi District Municipality Public Participation Officer and COGTA Officials, as per the induction manual approved by the National Department of Cooperative Governance. The municipality also pay out monthly stipends. All the wards are fully functional and have programmes.

#### **– Ngwathe Local Municipality**

Municipality has only 20 wards and all ward committees are established and inducted on roles and responsibility.

All ward committees are functional and have programmes with the exceptions of the following:

- Ward 13
- Ward 18 and
- Ward 20.

Ward 13 was led by a DA Councillor, who has since passed on, but by elections has not been held, but prior to his death the ward committee did not have a programme of action and no meetings were held, hence it is classified as dysfunctional.

The ward committee in ward 18 has never been stable since 2012, because it has been plagued with resignations of Councillors; the current Councillor is the third in this term. This is due to internal party matters.

Ward 20 is led by a Councillor who no longer resides in that ward, and no longer holds any public meetings.

Two capacity building workshops have been held for the ward committees and CDW's by COGTA. Ward Committees still receive their stipends on monthly basis.

– **Moqhaka Local Municipality**

Municipality has 25 wards and all ward committees were established and all ward committees are established and inducted on roles and responsibility. All wards are functional with the exception of ward 24. The only challenge is that the stipend payments to ward committees are irregular, in the sense that the ward committees do not receive their payments every month.

## ***Appendix F: Ward Information***

Not applicable to Fezile Dabi District Municipality.

---

***Appendix G: Recommendations of the  
Municipal Audit Committee***

To be updated when the Audit Committee report is available

## Appendix H: Long term Contracts and Public Private Partnership

The schedule below is for contract that the municipality entered into that are for a period of up to three years and are of significant value.

Name of Service Provider	Name of Project	SLA signed		Project Starting Actual Date	Completion Date	Status
		Yes	No			
Khemano Productions	HIV/AIDS Benefit Concert event	Y		14 Sep 2012	31 Dec 2014	In progress
Vaal Document Management	Rental Photocopy machines	Y		01 March 2013	29 Feb 2016	In progress
Salcorp 101 cc	Fezile Dabi News publication	Y		11 Sep 2012	31 Aug 2014	In progress
The Curves Behind Trading 309 cc	Maintenance of Air conditioners	Y		14 May 2013	15 Apr 2015	In progress
ABSA BANK	Banking Services	Y		01 July 2013	30 June 2016	In progress
GISCO Pty LTD	Environmental health management	Y		01 July 2013	30 June 2015	In progress
Abaphangeli Logistics	Purified water services	Y		01 Feb 2014	31 Jan 2016	In progress
Steiner Hygiene	Hygiene Services	Y		01 March 2014	29 Feb 2016	In progress
Tata I-Chain	Asset Verification	Y		27 May 2014	01 Aug 2016	In progress
Altimax(Pty)Ltd	Prepare Annual Financial Statements	Y		19 May 2014	30 Nov 2015	In progress

## **Appendix I: Municipal Entity/Service Provider Performance Schedule**

Name of Service Provider	Name of Project	SLA signed		Specs met		Status	Performance as at 30 June 2015
		Yes	No	Yes	No		
C-Sonke	Review of FDDM PMS					In progress	
NT Geomatics	Feasibility study and GIS for FDDM and Locals					In progress	
Vaal Triangle Fire Services	Maintenance of Building Fire Equipment					In progress	
Thatobopelo Construction & Projects	Upgrading of Municipal Resort in Deneysville					Work in progress	
Flagg Civil Engineering	RRAMS					In progress	
Tiro Trading Enterprise CC	Building additions and alternations at the main building and EvH Building, Sasolburg					In progress	
Simon & Lee	Artichecural Services - Building alteration of FDDM Main building and EvH Building, Sasolburg					Active. Main contractor (Tiro Trading Enterprise)	
C-Sonke	FDDM's Annual report for 2013/14, 2014/15 & 2015/16					In progress	
Flagg Civil Engineers	Master plan and design the storm water canal adjacent to the railway line in Kwakwatsi					Completed	
Vexoscore (Pty) Ltd	Supply & delivery of RIV with equipment					In progress	
Aurecon South Africa	Re-activation of Disaster management Planning Tool & incident management system					In progress	

## Appendix J: Disclosure of Financial Interest

### J 1: Disclosure of Financial Interests by Councillors

MUNICIPALITY	REPRESENTATIVE	PARTY	DECLARATION OF INTEREST MADE (YES/NO)
FEZILE DABI DISTRICT MUNICIPALITY	MP MOSHODI (EXECUTIVE MAYOR)	ANC	Yes
	KGL NKETU (SPEAKER)	ANC	Yes
MAFUBE	L.KUBEKA	ANC	Yes
	M.MOSIA	ANC	Yes
METSIMAHOLO	T.SOETSANG	ANC	Yes
	L.CHEBASE	ANC	Yes
	M.PHOHO	ANC	Yes
	NJ KUBHEKA	ANC	Yes
	S.HOLT	DA	Yes
	G.NTOANE	DA	Yes
MOQHAKA	M.MBONO	ANC	Yes
	Z.MAGADLELA	ANC	Yes
	T.KOLOI	ANC	Yes
	M.NOTSI	ANC	Yes
	W.MAKOELE	DA	Yes
	A.VILJOEN	DA	Yes
NGWATHE	C.SERFONTEIN	DA	Yes
	K.KHUMALO	ANC	Yes
	A.OLIPHANT	ANC	Yes
	M.E MAGASHULE	ANC	Yes
	L.HLAPANE	ANC	Yes
FEZILE DABI DISTRICT MUNICIPALITY	N G GUZA	ANC	Yes
	MS TAJE	ANC	Yes
	M.L PIETERSEN	ANC	Yes
	T.MAHAKAZELA	ANC	Yes
	DSL GEORGE	ANC	Yes
	M.E MOKOENA	ANC	Yes
	D.DE HART	COPE	Yes
	S.PITTAWAY	DA	Yes
	M.C SPRUIT	DA	Yes
P.VAN DERWESTHUIZEN	DA	Yes	



**J 2: Disclosure of Financial Interest by Senior Management**

<b>SURNAME &amp;INITIALS</b>	<b>DESIGNATION</b>	<b>DECLARATION OF INTEREST MADE (YES/NO)</b>
Me. L Molibeli	Municipal Manager	Yes
Mr. G Mashiyi	Chief Financial Officer	Yes
Adv. AM Mini	Director: Corporate Support Services	Yes
Mrs. NT Sgudu	Director: Community, Health and Environmental Services	Yes
Mrs. V Mloi	Director: Local Economic Development & Tourism	Yes
Vacant	Director: Project Management & Public Works	Not applicable

---

***Appendix K: Revenue Collection Performance***

Not applicable to Fezile Dabi District Municipality.

**Appendix L: Conditional Grants Received:  
Excluding MIG**

Name of Grants	Name Organ of State	Quarterly Receipts				Total
		September	December	March	June	
FMG	National Treasury	1 250 000	-	-	-	R1 250 000
MSIG	National Treasury	890 000	-	-	-	R890 000
EPWP	Department of Public Works, Roads and Transport	-	-	1 000 000	-	R1 000 000
ES	National Treasury	5 195 000	4 156 000	3 119 000	-	R12 470 000
RSC LEVY	National Treasury	50 847 000	40 678 000	30 506 000	-	R122 031 000
<b>Total</b>		<b>58 182 000</b>	<b>44 834 000</b>	<b>34 625 000</b>		<b>137 641 000</b>

### ***Appendix M: Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG***

No.	Project description	2013/14 & 2014/15 Allocation	Expenditure	Balance of project allocation	New / Upgrade
1	Qalabotjha Stadium	R3 800 00.00	R3 515 770.14	R284 229.86	New
2	Rehabilitation of Kruis Street in Parys	R9 300 000.00	R7 644 829.27	R1 655 170.73	Upgrade
3	Electrification of stands in Edenville	R2 700 000.00	R1 764 118.02	R935 881.98	New
4	Metsimaholo: Sewer Yard Connections in Gortin for 2400 ervens	R5 985 151.77	R1 057 095.00	R4 928 056.77	New
5	Mafube: Sewer Network and Toilet Structures for 363 ervens in Qalabotjha	R9 000 000.00	R3 362 400.52	R5 637 599.48	New
6	EPWP Projects (Funded from EPWP incentive Grant)	R1 000 000.00	R228 912.00	R771 088.00	Upgrade
7	Metsimaholo: Deneysville Municipal Resort	R900 000.00	R0.00	R900 000.00	Upgrade

**Appendix N: Capital Programme by Project current year**

<b>Project description</b>	<b>Area</b>	<b>2013/14 Expenditure</b>
Qalabotjha Stadium	Mafube Local Municipality	R 3 515 770.14
Rehabilitation of Kruis Street in Parys	Ngwathe Local Municipality	R 7 644 829.27
Electrification of stands in Edenville	Ngwathe Local Municipality	R 1 764 118.02
Metsimaholo: Sewer Yard Connections in Gortin for 2400 ervens	Metsimaholo Local Municipality	R 1 057 095.00
Mafube: Sewer Network and Toilet Structures for 363 ervens in Qalabotjha	Mafube Local Municipality	R 3 362 400.52
EPWP Projects (Funded from EPWP incentive Grant)	Ngwathe Local Municipality	R 228 912.00
Metsimaholo: Deneysville Municipal Resort	Metsimaholo Local Municipality	R0.00

***Appendix O: Capital Programme by project by Ward current year***

Not applicable to Fezile Dabi District Municipality.

***Appendix P: Service Connection Backlogs at Schools and Clinics***

Not applicable to Fezile Dabi District Municipality

***Appendix Q: Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision***

Not applicable to Fezile Dabi District Municipality

***Appendix R: Declaration of Loans and Grants Made by the Municipality***

None.

***Appendix S: Declaration of Returns not Made in due Time under MFMA s71***

All returns under MFMA section 71 were made in time during the financial under review, and where appropriate as per arrangement with the National Treasury

***Appendix T: National and Provincial Outcome for local government***

Not applicable to Fezile Dabi District Municipality.

---

## **VOLUME I: REPORT OF THE AUDITOR- GENERAL**

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

#### **Report on the financial statements**

##### **Introduction**

1. I have audited the financial statements of the Fezile Dabi District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

##### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fezile Dabi District Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

### **Emphasis of matters**

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

Restatement of corresponding figures

8. As disclosed in note 29 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material impairments

9. As disclosed in note 5 to the financial statements, a provision for the impairment of debtors amounting to R4 448 593 (2013-14: R6 269 593) had been made with regard to irrecoverable receivables from non-exchange transactions.

### **Additional matter**

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

Unaudited disclosure notes

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

### **Report on other legal and regulatory requirements**

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

### **Predetermined objectives**

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

- Key performance area 2: service delivery and infrastructural development, on pages x to x
- Key performance area 3: local economic development, on pages x to x

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

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

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

17. I did not identify material findings on the usefulness and reliability of the reported performance information for the following key performance areas:

- Key performance area 2: service delivery and infrastructural development, on pages x to x
- Key performance area 3: local economic development, on pages x to x



#### **Additional matter**

18. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected key performance areas, I draw attention to the following matter:

Achievement of planned targets

19. Refer to the annual performance report on page(s) x to x and x to x for information on the achievement of the planned targets for the year.

#### **Compliance with legislation**

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

#### **Annual financial statements**

21. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### **Internal control**

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

#### **Leadership**

23. The leadership did not always exercise adequate oversight responsibility over financial reporting, resulting in material adjustments having to be made to the financial statements submitted for auditing, due to the slow response by management in addressing internal control deficiencies reported in the prior year.

#### **Financial and performance management**

24. Management did not design and implement adequate controls over the process followed during the preparation of the financial statements, resulting in material adjustments having to be made to the financial statements submitted for auditing. There was also a lack of controls to ensure that the general ledger and other supporting schedules were reconciled to the financial statements, resulting in material differences being identified.

Bloemfontein

30 November 2015



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**VOLUME II: ANNUAL FINANCIAL STATEMENTS****FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**General Information**

<b>Legal form of entity</b>	Municipality (MFMA)
<b>Nature of business and principal activities</b>	District Municipality
<b>Mayoral committee</b>	
Executive Mayor	CIlr M P Moshodi
Councillors	CIlr KGL Nketu (Speaker) CIlr VE de Beer CIlr GN Guza CIlr ML Hlapane CIlr K Khumalo CIlr LS Kubeka CIlr ME Notsi CIlr AM Olifant
<b>Municipal demarcation code</b>	DC20
<b>Grading of local authority</b>	Grade 1
<b>Capacity of local authority</b>	Low Capacity
<b>Chief Finance Officer (CFO)</b>	G Mashiyi
<b>Accounting Officer</b>	ML Molibeli
<b>Registered office</b>	John Vorster Road Sasolburg 1947
<b>Postal address</b>	P.O Box 10 Sasolburg 1947
<b>Bankers</b>	ABSA BANK
<b>Auditors</b>	Auditor – General of South Africa
<b>Attorneys</b>	Peyper Attorneys Inc Ponoane Attorneys

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Index**

---

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

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9
Appropriation Statement	10-12
Accounting Policies	13 - 36
Notes to the Annual Financial Statements	37 - 74
Appendixes:	
Appendix A: Schedule of External loans	73
Appendix B: Analysis of Property, Plant and Equipment	74
Appendix C: Segmental analysis of Property, Plant and Equipment	75
Appendix D: Segmental Statement of Financial Performance	76
Appendix E: Actual versus Budget (Acquisition of Property, Plant and Equipment)	77
Appendix F (1): Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	78
Appendix F (2): Disclosure of grants and subsidies in terms of the Municipal Finance Management Act	79

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Index**

---

**Abbreviations:**

AIDS	Acquired Immune Deficiency Syndrome
DBSA	Development Bank of South Africa
DWA	Department of Water Affairs
EHS	Environmental, Health Services
EPWP	Expanded Public Works Program
FDDM	Fezile Dabi District Municipality
GRAP	Generally Recognised Accounting Practice
HIV	Human Immunodeficiency Virus
IAS	International Accounting Standards
IDP	Integrated Development Plan
IPSAS	International Public Sector Accounting Standards
LED	Local Economic Development
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
SALGA	South African Local Government Association
SAMWU	South African Municipal Workers Union
SETA	Skills Education Training Authorities
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Officer's Responsibilities and Approval**

---

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 7 to 74, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on her behalf by:

---

**ML Molibeli**  
**Municipal Manager**  
**Sasolburg**  
**31 August 2015**

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Statement of Financial Position as at 30 June 2015**

Figures in Rand	Note(s)	2015	2014 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	109 743 251	1 118 341
Receivables non-exchange transactions	4	<u>1 700 636</u>	<u>6 709 595</u>
		<b><u>111 443 887</u></b>	<b><u>139 022 426</u></b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	29 557 573	31 743 572
Intangible assets	8	<u>1 013 860</u>	<u>258 177</u>
		<b><u>30 571 433</u></b>	<b><u>32 001 749</u></b>
<b>Total Assets</b>		<b><u>142 015 320</u></b>	<b><u>171 024 175</u></b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	21 236 024	19 997 201
VAT payable	10	3 544 553	2 581 414
Unspent conditional grants and receipts	11	4 599 069	5 358 475
Current portion of long term loans	12	<u>-</u>	<u>2 644 883</u>
		<b><u>29 379 646</u></b>	<b><u>30 581 973</u></b>
<b>Non-Current Liabilities</b>			
Retirement benefit obligation	13	7 934 000	7 444 000
Provision for long service awards	14	9 075 000	7 595 000
Operating lease liability		<u>81 683</u>	<u>126 002</u>
		<b><u>17 090 683</u></b>	<b><u>15 165 002</u></b>
<b>Total Liabilities</b>		<b><u>46 470 329</u></b>	<b><u>45 746 975</u></b>
<b>Net Assets</b>		<b><u>95 544 991</u></b>	<b><u>125 277 200</u></b>
Revaluation reserve	15	13 598 737	14 399 324
Accumulated surplus		<u>81 964 254</u>	<u>110 877 876</u>
<b>Total Net Assets</b>		<b><u>95 544 991</u></b>	<b><u>125 277 200</u></b>

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Statement of Financial Performance**

Figures in Rand	Note(s)	2015	2014 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Administration and management fees received		38 340	78 020
Other income	16	1 286 385	2 761 035
Interest received – investment	17	8 043 872	8 571 525
Gains on disposal of assets		-	77 907
<b>Total revenue from exchange transactions</b>		<b>9 368 597</b>	<b>11 488 487</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and subsidies	18	145 192 041	138 694 586
<b>Total revenue</b>		<b>154 560 638</b>	<b>150 183 073</b>
<b>Expenditure</b>			
Employees related costs	19	(80 294 398)	(70 606 304)
Remuneration of councillors	20	(6 576 590)	(5 983 043)
Depreciation and amortisation	21	(3 845 512)	(3 589 010)
Finance charges	22	(1 011 421)	(377 622)
Reversal of impairment/( debt impairment)		1 821 000	(6 269 593)
Repairs and maintenance		(1 564 557)	(1 698 536)
Contracted services	23	(13 264 785)	(9 505 675)
Grants and subsidies paid	24	(28 084 669)	(17 408 337)
Loss on disposal of assets		(350 423)	-
General Expenses	25	(51 121 490)	(53 686 090)
<b>Total Expenditure</b>		<b>(184 292 845)</b>	<b>(169 124 210)</b>
<b>Operating deficit</b>		<b>(29 732 207)</b>	<b>(18 941 137)</b>
<b>Deficit for the year</b>		<b>(29 732 207)</b>	<b>(18 941 137)</b>

## FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	16 466 211	126 026 255	142 492 466
Adjustments			
Prior year error (Note 29)	<u>(1 252 997)</u>	<u>2 978 867</u>	<u>1 725 870</u>
<b>Balance as at 01 July 2013 as restated*</b>	<b>15 213 214</b>	<b>129 005 122</b>	<b>144 218 336</b>
Changes in net assets			
Revaluation reserve realised	<u>(813 890)</u>	<u>813 890</u>	<u>-</u>
Net income recognised directly in net assets	<u>(813 890)</u>	<u>813 890</u>	<u>-</u>
Deficit for the year	<u>-</u>	<u>(18 941 136)</u>	<u>(18 941 136)</u>
Total changes	<u>(813 890)</u>	<u>(18 127 246)</u>	<u>(18 941 136)</u>
Opening balance as previously reported	14 399 324	113 010 461	127 409 785
Adjustments			
Prior year error (Note 29)	<u>-</u>	<u>(2 132 586)</u>	<u>(2 132 586)</u>
<b>Restated* Balance at 1 July 2014 as restated*</b>	<b>14 399 324</b>	<b>110 877 875</b>	<b>125 277 199</b>
Changes in net assets			
Revaluation reserve realised	<u>(800 587)</u>	<u>800 587</u>	<u>-</u>
Net losses recognised directly in net assets	<u>(800 587)</u>	<u>800 587</u>	<u>-</u>
Deficit for the year	<u>-</u>	<u>(29 732 208)</u>	<u>(29 732 208)</u>
Total changes	<u>(800 587)</u>	<u>(28 931 621)</u>	<u>(29 732 208)</u>
<b>Balance at 30 June 2015</b>	<b>13 598 737</b>	<b>113 010 462</b>	<b>128 662 783</b>
Note(s)	15	29	



**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Cash Flow Statement**

Figures in Rand	Note(s)	2015	2014 Restated
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		145 192 041	138 694 586
Interest income		8 043 872	8 571 525
Other receipts	26	<u>1 324 725</u>	<u>2 839 055</u>
		<u>154 560 638</u>	<u>150 105 166</u>
<b>Payments</b>			
Employee costs		(86 870 988)	(76 589 347)
Suppliers		(89 890 189)	(73 539 174)
Finance costs		<u>(1 011 421)</u>	<u>(377 622)</u>
		<u>(177 772 598)</u>	<u>(150 506 143)</u>
<b>Net cash flows from operating activities</b>	<b>27</b>	<b><u>(23 211 960)</u></b>	<b><u>(400 977)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(1 564 570)	(3 844 138)
Purchase of other intangible assets	8	(946 725)	-
Profit/(Loss) from sale of property, plant and equipment		<u>(350 423)</u>	<u>77 907</u>
<b>Net cash flows from investing activities</b>		<b><u>(2 861 718)</u></b>	<b><u>(3 766 231)</u></b>
<b>Cash flows from financing activities</b>			
Movement in long term loans		<u>(2 644 883)</u>	<u>(17 781 655)</u>
<b>Net increase /(decrease) in cash and cash equivalents</b>		<b>(28 718 561)</b>	<b>(21 948 863)</b>
Cash and cash equivalents at the beginning of the year		<u>138 461 812</u>	<u>160 410 675</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b><u>109 743 251</u></b>	<b><u>138 461 812</u></b>

## FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amount on comparable basis	Difference between final budget and actual	Reference (Note 44)
<b>Figures in Rand</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Administration and management fee received	78 100	-	78 100	38 340	(39 760)	44.1
Other income	1 488 000	(523 760)	964 240	1 286 385	322 145	44.2
Interest received – investment	5 008 571	2 796 761	7 778 332	8 043 872	265 540	
<b>Total revenue from exchange transactions</b>	<b>6 574 671</b>	<b>2 246 001</b>	<b>8 820 672</b>	<b>9 368 597</b>	<b>547 925</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Government grants & subsidies	142 674 070	3 998 943	146 673 013	145 192 041	(1 480 972)	
<b>Total revenue</b>	<b>149 248 741</b>	<b>6 244 944</b>	<b>155 493 685</b>	<b>154 560 638</b>	<b>(933 047)</b>	
<b>Expenditure</b>						
Employee related cost	(87 997 163)	2 438 238	<b>(85 558 925)</b>	(80 294 398)	<b>5 264 527</b>	
Remuneration of councillors	(7 586 076)	-	<b>(7 586 076)</b>	(6 576 590)	<b>1 009 486</b>	44.3
Transfer payments - Other	62 898 460	19 701 416	<b>82 599 876</b>	-	<b>(82 599 876)</b>	44.4
Depreciation and amortisation	(4 799 999)	-	<b>(4 799 999)</b>	(3 845 512)	<b>954 487</b>	44.5
Finance costs	(4 500 000)	850 454	<b>(3 649 546)</b>	(1 011 421)	<b>2 638 125</b>	44.6
Debt impairment/(Reversal of impairment)	-	-	-	1 821 000	<b>1 821 000</b>	
Repairs and maintenance	(1 311 900)	(305 600)	<b>(1 617 500)</b>	(1 564 207)	<b>53 293</b>	
Contracted Services	(12 358 000)	(6 276 079)	<b>(18 634 079)</b>	(13 264 785)	<b>5 369 294</b>	44.7
Grants and subsidies paid	(31 283 152)	(15 516 190)	<b>(46 799 342)</b>	(28 084 669)	<b>18 714 673</b>	44.8
General expenses	(62 606 910)	(6 365 844)	<b>(68 972 754)</b>	(51 151 398)	<b>17 821 356</b>	44.9
<b>Total expenditure</b>	<b>(149 544 740)</b>	<b>(5 473 605)</b>	<b>(155 018 345)</b>	<b>(183 971 980)</b>	<b>(28 953 635)</b>	
<b>Operating deficit</b>	<b>(295 999)</b>	<b>771 339</b>	<b>475 340</b>	<b>(29 411 342)</b>	<b>(29 886 682)</b>	
Loss on disposal of assets and liabilities	-	-	-	(350 423)	<b>(350 423)</b>	
<b>Deficit before taxation</b>	<b>(295 999)</b>	<b>771 339</b>	<b>475 340</b>	<b>(29 761 765)</b>	<b>(30 237 105)</b>	
<b>Actual amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(295 999)</b>	<b>771 339</b>	<b>475 340</b>	<b>(29 761 765)</b>	<b>(30 237 105)</b>	

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Appropriation Statement**

	Original budget	Budget Adjustments (i.t.o.s28 and s31 of the MFMA)	Final Adjustments budget	Shifting of fund( i.t.o s31 of the MFMA)	Virement (i.t.o council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual Outcome as % of final budget	Actual outcome as % of original budget
<b>Figures in Rand</b>											
<b>2015</b>											
<b>Financial Performance</b>											
Investments revenue	5 005 571	2 769 761	7 778 332	-		7 778 332	8 043 872		265 540	103%	161%
Transfer recognised- operational	142 674 070	3 998 943	146 673 013	-		146 673 013	145 192 041		(1 480 972)	99%	102%
Other own revenue	1 566 100	(523 760)	1 042 340	-		1 042 340	1 324 725		282 385	127%	85%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>149 248 741</b>	<b>6 244 944</b>	<b>155 493 685</b>	<b>-</b>		<b>155 493 685</b>	<b>154 560 638</b>		<b>(933 047)</b>	<b>99%</b>	<b>104%</b>
Employee costs	(87 997 163)	2 438 238	(85 558 925)	-	-	(85 558 925)	(80 294 398)	-	5 264 527	94%	91%
Remuneration of councillors	(7 586 076)	-	(7 586 076)	-	-	(7 586 076)	(6 576 590)	-	1 009 486	87%	87%
Reversal of impairment / (debt impairment)	-	-	-			-	1 821 000	-	1 821 000	-%	-%
Depreciation and asset impairment	(4 799 999)	-	145 192 041			(4 799 999)	(3 845 512)	-	954 487	80%	80%
Finance charges	(4 500 000)	850 454	-	-	-	(3 649 546)	(1 011 421)	-	2 638 125	28%	22%
Transfers and grants	(31 283 350)	(15 516 190)	-	-	-	(46 799 342)	(28 084 669)	-	18 714 673	60%	90%
Other expenditure	(13 378 350)	5 861 654	(80 294 398)	-	-	(7 516 696)	(66 301 257)	-	<b>(58 784 561)</b>	<b>882%</b>	496%
<b>Total expenditure</b>	<b>(146 544 740)</b>	<b>(6 365 844)</b>	<b>(6 576 590)</b>	<b>-</b>	<b>-</b>	<b>(155 910 584)</b>	<b>(184 292 847)</b>	<b>-</b>		<b>118%</b>	<b>123%</b>
<b>Surplus/ (Deficit)</b>	<b>(295 999)</b>	<b>(120 900)</b>	<b>-</b>	<b>-</b>		<b>(416 899)</b>	<b>(29 732 209)</b>			<b>7 132%</b>	<b>10 045%</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(295 999)</b>	<b>(120 900)</b>	<b>(3 845 512)</b>	<b>-</b>		<b>(416 899)</b>	<b>(29 732 209)</b>			<b>7 132%</b>	<b>10 045%</b>

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Appropriation Statement**

Figures in Rand	Original budget	Budget Adjustments (i.t.o.s28 and s31 of the MFMA)	Final Adjustments budget	Shifting of fund( i.t.o s31 of the MFMA)	Virement (i.t.o council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual Outcome as % of final budget	Actual outcome as % of original budget
<b>Capital expenditure and fund sources</b>											
Total capital expenditure	7 035 000	-	7 035 000	-		7 035 000	2 765 617		(4 269 383)	39%	39%
<b>Sources of capital funds</b>											
Internally generated funds	7 035 000	-	7 035 000	-		7 035 000	2 765 617		(4 269 383)	39%	39%
<b>Cash flows</b>											
Net cash from (used) operating	(58 394 460)	39 268 384	(19 126 076)	-		(19 126 076)	(23 211 960)		(4 085 884)	121%	40%
Net cash from (used) investing	(7 035 000)	-	(7 035 000)	-		(7 035 000)	(2 861 718)		4 173 282	41%	41%
Net cash from (used) financing	(2 644 883)	-	(2 644 883)	-		(2 644 883)	(2 644 883)		-	100%	100%
<b>Net increase/ decrease in cash and cash equivalents</b>	<b>(68 074 343)</b>	<b>39 268 384</b>	<b>(28 805 959)</b>	-		<b>(28 805 959)</b>	<b>(28 805 959)</b>		<b>87 398</b>	<b>100%</b>	<b>42%</b>
Cash and cash equivalents at the beginning of the year	138 461 812	-	138 461 812	-		138 461 812	138 461 812		-	100%	100%
<b>Cash and cash equivalents at year end</b>	<b>70 387 469</b>	<b>39 268 384</b>	<b>109 655 853</b>	-		<b>109 655 853</b>	<b>109 743 251</b>		<b>(87 398)</b>	<b>100%</b>	<b>156%</b>

**FEZILE DABI DISTRICT MUNICIPALITY**  
**DRAFT ANNUAL REPORT – 2014/15**

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Appropriation Statement**

Figures in Rand	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>2014</b>				
<b>Financial Performance</b>				
Investments revenue				8 571 525
Transfer recognised- operational				138 694 586
Other own revenue				2 916 961
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>150 183 072</b>
Employee costs	-	-	-	(70 606 303)
Remuneration of councillors	-	-	-	(5 983 043)
Reversal of impairment / (debt impairment)	-	-	-	(6 269 593)
Depreciation and asset impairment	-	-	-	(3 589 010)
Finance charges	-	-	-	(377 622)
Transfers and grants	-	-	-	(17 408 337)
Other expenditure	-	-	-	(63 816 701)
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(168 050 609)</b>
<b>Surplus/ (Deficit)</b>				<b>(17 867 537)</b>
<b>Surplus/ (Deficit) for the year</b>				<b>(17 867 537)</b>
<b>Cash flows</b>				
Net cash from (used) operating				(400 977)
Net cash from (used) investing				(3 766 231)
Net cash from (used) financing				(17 781 655)
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>(21 948 863)</b>
Cash and cash equivalents at the beginning of the year				160 410 675
<b>Cash and cash equivalents at year end</b>				<b>138 461 812</b>

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1. Presentation of Annual Financial Statements**

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

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

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

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

**1.1 Going concern assumption**

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

**1.2 Significant judgements and sources of estimation uncertainty**

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

**Receivables**

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

The impairment for 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 balances in the portfolio and scaled to the estimated loss emergence period.

**Impairment testing**

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

**Value in use of cash generating assets**

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

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

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

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.2 Significant judgements and sources of estimation uncertainty (continued)****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 and equipment and other assets**

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

**Post-retirement benefits**

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

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

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

**Effective interest rate**

The municipality used the government bond rate to discount future cash flows.

**Allowance for impairment**

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

**1.3 Property, plant and equipment**

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

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

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

Property, plant and equipment are initially recognised at cost.

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

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

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

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies****1.3 Property, plant and equipment (continued)**

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

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

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

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

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

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

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. 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 asset.

The revaluation surplus in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

<b>Item</b>	<b>Average useful life</b>
Buildings	6 - 30years
Computer equipment	2 - 20 years
Furniture and fixtures	2 - 24years
Land	Indefinite
Motor vehicles	2 - 20 years
Office equipment	20 - 30years
Other assets	1- 30 years
Plant and machinery	2 - 10 years

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

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

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



---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.3 Property, plant and equipment (continued)**

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

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

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

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

**1.4 Site restoration and dismantling cost**

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The related asset is measured using the cost model:

- a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

**1.5 Intangible assets**

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

Intangible assets are initially recognised at cost.

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

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

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

**1.5 Intangible assets (continued)**

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

Subsequent to initial measurement intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

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

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

<b>Item</b>	<b>Useful life</b>
Computer software	5 -12 years

Intangible assets are derecognised:

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

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

**1.6 Financial instruments**

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

**Classification**

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

<b>Class</b>	<b>Category</b>
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

**Class Category**

Trade and other payables	Financial liability measured at amortised cost
Long term loans	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.6 Financial instruments (continued)****Initial recognition**

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

The municipality recognises financial assets using trade date accounting.

**Initial measurement of financial assets and financial liabilities**

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

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

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

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue

**Subsequent measurement of financial assets and financial liabilities**

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

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

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

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

**Fair value measurement considerations**

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

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

**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.

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.6 Financial instruments (continued)****Impairment and uncollectibility of financial assets**

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

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

Financial assets measured at amortised cost:

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

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

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

Financial assets measured at cost:

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

**Derecognition****Financial assets**

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.6 Financial instruments (continued)****Financial liabilities**

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

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

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

**1.7 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and building elements, the municipality assesses the classification of each element separately.

**Operating leases - lessor**

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

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

Any contingent rents are recognised separately as revenue in the period in which they are received.

**Operating leases - lessee**

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

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

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

**1.8 Impairment of non-cash-generating assets**

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

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

**Identification**

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

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

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

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.8 Impairment of non-cash-generating assets (continued)****Value in use**

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

**Depreciated replacement cost approach**

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

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

**Recognition and measurement**

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

An impairment loss is recognised immediately in surplus or deficit.

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

**Reversal of an impairment loss**

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

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

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

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

**1.9 Statutory receivables**

Statutory receivables are receivables that:

- arise from legislation, supporting regulations, or similar means; and
- require settlement by another entity in cash or another financial asset.
- 

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.9 Statutory receivables (continued)**

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
  - the definition of an asset is met; and
  - it is probable that future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

The municipality measures a statutory receivable initially at its transaction amount.

The municipality measures all statutory receivables after initial recognition using the cost method.

Under the cost method the amount recognised initially is only changed subsequently to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment loss; and
- amounts derecognised.

The municipality assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired.

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

If there is objective evidence that an impairment loss on statutory receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated future cash flows - discounted if the effect of discounting is material - using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

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

The municipality derecognises a statutory receivable when:

- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable;
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognises the receivable;
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.10 Employee benefits****Short-term employee benefits**

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

Short-term employee benefits include items such as:

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

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

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

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

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

**Post-employment benefits**

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

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

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

**Multi-employer plans and/or State plans and/or Composite social security programmes**

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.



**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies****1.10 Employee benefits (continued)****Post-employment benefits: Defined contribution plans**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.10 Employee benefits (continued)****Post-employment benefits: Defined benefit plans**

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

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

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

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

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

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

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

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

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

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

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

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

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies****1.10 Employee benefits (continued)****Actuarial assumptions**

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

**Other long-term employee benefits**

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

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

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

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

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

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

**Termination benefits**

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

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

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

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

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.10 Employee benefits (continued)****Termination benefits**

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

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

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

**1.11 Provisions and contingencies**

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating expenditure.

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

A constructive obligation to restructure arises only when the municipality:

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

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies****1.11 Provisions and contingencies (continued)**

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

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

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

A contingent liability:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

**Decommissioning, restoration and similar liability**

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit;
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication
- that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality
- tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and accounts for
- any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting
- policy 1.8.
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

**1.12 Revenue from exchange transactions**

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

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

**Measurement**

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

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.12 Revenue from exchange transactions (continued)****Sale of goods**

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

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

**Rendering of services**

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

**Interest**

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

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

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

**1.13 Revenue from non-exchange transactions**

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

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the municipality.

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

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.13 Revenue from exchange transactions (continued)****Recognition**

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

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

**Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

**Transfers**

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

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

**Collection charges and penalties**

Collection charges and penalty interest is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with the relevant legal requirements (if applicable).

**Gifts and donations, including goods in-kind**

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

**Services in-kind**

Services in-kind are not recognised.

**Concessionary loans received**

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

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

**1.14 Borrowing costs**

Borrowing costs are interest and other expense 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.

## FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### Accounting Policies

---

#### 1.15 Service concession arrangements: Grantor

A service concession arrangement is a contractual arrangement between a grantor (the municipality) and an operator in which:

- the operator uses the service concession asset to provide a mandated function on behalf of the municipality for a specified period of time; and
- the operator is compensated for its services over the period of the service concession arrangement.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
  - the operator constructs, develops, or acquires from a third party; or
  - is an existing asset of the operator.
- is provided by the grantor (municipality) which:
  - is an existing asset of the municipality; or
  - is an upgrade to an existing asset of the municipality.

An asset is provided by the operator, or an upgrade to an existing asset of the municipality is recognised as a service concession asset if:

- the municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price;
- the municipality controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the arrangement.

The municipality measures initially a service concession asset at its fair value.

The municipality recognises a liability where a service concession asset is recognised.

The liability is initially recognised at the same amount as the service concession asset, adjusted by the amount for any consideration from the municipality to the operator, or from the operator to the municipality.

Where the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, the liability is accounted for as a financial liability in accordance with GRAP 104.

The payments made to the operator are accounted for according to their substance as:

- a reduction in the liability recognised;
- a finance charge; and
- charges for services provided by the operator.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments are allocated by reference to the relative fair values of the service concession asset and the services. If not, the service component of payments is determined using valuation techniques.

Where the municipality does not have an unconditional obligation to pay cash or another financial asset to the operator, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the liability is accounted for as the unearned portion of revenue arising from the exchange of assets between the municipality and the grantor.

The liability is reduced and revenue recognised according to the substance of the service concession arrangement



---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**1.16 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Refer to note 30 for detail.

**1.17 Unauthorised expenditure**

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11 (3) of the Municipal Finance Management Act ( Act No.56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

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

**1.18 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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

**1.19 Irregular expenditure**

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

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

**1.20 Revaluation reserve**

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

**1.21 Grants in aid**

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

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

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

## FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### Accounting Policies

---

#### 1.22 Commitments

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

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

Commitments for which disclosure is necessary to achieve fair presentation are disclosed if both the following criteria are met:

- contracts are non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services) and;
- contracts relate to something other than the routine, steady, state business of the municipality - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.
- where the expenditure has been approved and the contract has been awarded at the reporting date.
- approved and contracted commitments

#### 1.23 Budget information.

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

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

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

#### 1.24 Related parties

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.

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

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

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

#### 1.25 Events after the reporting date

Events after 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. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

#### 1.26 Value –added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payments basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

## FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### Accounting Policies

---

#### 1.27 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited /credited against accumulated surplus when retrospective adjustments are made.

#### 2. New standards and interpretations

##### 2.1 Standards and interpretations effective and adopted in the current year

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

##### **GRAP 5 (revised 2013): Borrowing Costs**

Benchmark treatment is to recognise borrowing costs as an expense.

Allowed alternative is to capitalise borrowing costs if it is attributable to the acquisition, construction or production of a qualifying asset. All other instances, expense borrowing costs.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2014.

The municipality has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material

##### **GRAP 100 (revised 2013): Discontinued Operations**

All accounting, presentation and disclosure requirements with regards to non-current assets held for sale (or disposal groups) have been deleted. The impact of the amendments is:

- Will no longer be required to reclassify assets as held for sale. GRAP 100 now only deals with discontinued operations.
- Certain disclosure must be made if, at the reporting date, management has taken a decision to dispose of a significant asset or a group of assets and liabilities. Will fall under the Standard of GRAP on Presentation of Financial Statements.

Measurement requirements are to be applied prospectively and presentation and disclosure requirements are to be applied retrospectively

The effective date of the amendment is for years beginning on or after 01 April 2014.

The municipality has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material.

##### **GRAP 1 (as revised 2012): Presentation of Financial Statements**

Minor amendments were made to the statement of financial performance as well as the statement of changes in net assets.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

##### **2.2 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 2014 or later periods:

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**2.2 Standards and interpretations issued, but not yet effective (continued)****GRAP 18: Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

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

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

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

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

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

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

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

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

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

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

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

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values.

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

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

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies****2.2 Standards and interpretations issued, but not yet effective (continued)****GRAP 107: Mergers**

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger. A merger is where a new combined entity is started, acquirer can be identified and the combining entities do not have any control over the combined entity.

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

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

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

**GRAP 20: Related Parties**

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

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

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

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

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

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

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

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

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies****2. New standards and interpretations (continued)****GRAP 20: Related Parties (continued)**

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.

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

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

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

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

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

**IGRAP 11: Consolidation – Special purpose entities**

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE.

Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2016 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statement

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies****2. New standards and interpretations (continued)****IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures**

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venture in surplus or deficit;
- how additional consideration should be accounted for by the venture; and
- how any unrealised gain or loss should be presented in the consolidated financial statements.

This Interpretation of the Standards of GRAP deals with the venture's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2016 annual financial statements. It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

**GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements**

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. These amendments should be applied prospectively for annual financial periods beginning on or after the effective date.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. These amendments should be applied prospectively for annual financial periods beginning, on or after the effective date, from the date at which the municipality first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. These amendments should be applied when the municipality applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of this amendment is in conjunction with the effective date of GRAP 105, 106 and 107.

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

**GRAP 7 (as revised 2010): Investments in Associates**

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. These amendments should be applied prospectively for annual financial periods beginning on or after the effective date.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. These amendments and addition should be applied when the municipality applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**2. New standards and interpretations (continued)****GRAP 7 (as revised 2010): Investments in Associates (continued)**

The effective date of this amendment is in conjunction with the effective date of GRAP 105, 106 and 107.

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

**GRAP 8 (as revised 2010): Interests in Joint Ventures**

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. These amendments should be applied prospectively for annual financial periods beginning on or after the effective date.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. These amendments and addition should be applied when the municipality applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of this amendment is in conjunction with the effective date of GRAP 105, 106 and 107.

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

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

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

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

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

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

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

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

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

**GRAP 108: Statutory Receivables**

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

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

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



---

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Accounting Policies**

---

**2. New standards and interpretations (continued)****GRAP 108: Statutory Receivables**

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

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

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

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

**IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset**

This interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time.

The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this interpretation need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

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

The municipality expects to adopt the interpretation for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

**Directive 11: Changes in Measurement Bases Following the Initial Adoption of Standards of GRAP**

The objective of this directive is to permit the municipality to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this directive allows the municipality, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the municipality elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the municipality made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this directive, the municipality will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the directive is for years beginning on or after 01 April 2015.

The municipality expects to adopt the directive for the first time in the 2016 annual financial statements.

It is unlikely that the directive will have a material impact on the municipality's annual financial statements

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>3. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	12 502 352	2 685 716
Short-term deposits	97 240 899	135 776 096
	<b>109 743 251</b>	<b>138 461 812</b>

Cash equivalents are held for the purpose of meeting short- term cash commitments rather than for investment or other purposes. Cash and cash equivalents include cash on hand, current bank account, bank overdraft and short term deposits with a maturity less.

**Short-term deposits consist of the following balances at various institutions**

Absa Bank	34 736 604	42 721 060
Nedbank	31 283 903	32 837 531
Rand Merchant Bank	-	12 038 909
Standard Bank	31 220 392	48 178 596
	<b>97 240 899</b>	<b>138 776 096</b>

**The municipality had the following bank accounts**

Account number / description	Bank Statement Balances			Cash book balance		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA BANK-Account - 520000100	11 734 765	1 126 975	3 744 526	11 717 205	(73 813)	3 586 712
ABSA BANK - Savings Account - 9070399717	427 285	321 832	25 546 554	427 285	321 832	25 546 554
ABSA BANK - HIV/Aids Project Bank Account - 9209269959	340 302	1 236 909	2 462 650	340 302	1 236 908	2 462 650
	<b>12 502 352</b>	<b>2 685 716</b>	<b>31 753 730</b>	<b>12 484 792</b>	<b>1 484 927</b>	<b>31 595 916</b>

**4. Receivables from exchange transactions**

Bursary recoupments	70 720	-
Fuel deposit	1000	1000
Other debtors	151 170	151 370
Payments in advance	728 436	-
Pick n Pay Card	2 251	2 251
Recoverable expenses: Lottery grant	686 860	-
S Dhlamini - vehicle loan	-	162 502
S Tshabalala - vehicle loan	-	35 960
Salary/performance bonus	-	404 495
Suspense	60 199	1 498
Less: allowance for impairment	-	(198 462)
	<b>1 700 636</b>	<b>560 614</b>

**Pledged as security**

None of the receivables was pledged as security by the municipality during the financial year.

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>4. Receivables from exchange transactions (continued)</b>		
<b>Trade and other receivables impaired</b>		
As of 30 June 2015, trade and other receivables of R 1 700 636 (2014: R 560 614) were impaired and provided for.		
The amount of the provision was R - as of 30 June 2015 (2014: R (198 462) )		
The ageing of these receivables is as follows:		
3 to 6 months	908 807	151 370
Over 6 months	791 829	409 244
<b>Reconciliation of provision for impairment of trade and other receivables</b>		
Opening balance	198 462	198 462
Amounts written off as irrecoverable	(198 462)	-
	<u>-</u>	<u>198 462</u>
<b>5. Receivables from non-exchange transactions</b>		
Funeral expenses: MEC Health	4 448 593	6 269 593
Provisions for doubtful debt	(4 448 593)	(6 269 593)
	<u>-</u>	<u>-</u>

**Pledged as security**

None of the receivables from non-exchange transactions was pledged as security by the municipality during the financial year.

**6. VAT receivable**

Vat is payable on the payment basis. VAT is only paid to SARS on receipts of payment from customers.

## FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015			2014		
<b>7. Property, plant and equipment</b>						
	2015		Carrying value	2014		Carrying value
	Cost / Valuation	Accumulated depreciation and accumulated impairment		Cost / Valuation	Accumulated depreciation and accumulated impairment	
Buildings	19 257 884	(2 178 342)	17 079 542	18 912 483	(1 224 086)	17 688 397
Computer equipment	5 367 627	(4 463 987)	903 640	5 835 920	(4 455 507)	1 380 413
Furniture and fixtures	4 485 184	(3 426 968)	1 058 216	4 278 102	(3 137 648)	1 140 454
Land	2 590 000	-	2 590 000	2 590 000	-	2 590 000
Motor vehicles	10 656 20	(4 674 232)	5 981 970	10 200 583	(3 526 836)	6 673 747
Office equipment	2 476 650	(1 968 235)	508 415	2 557 364	(1 871 036)	686 328
Other assets	3 194 177	(1 758 547)	1 435 630	3 031 953	(1 447 976)	1 583 977
Plant and machinery	12 204	(12 044)	160	12 204	(11 948)	256
<b>Total</b>	<b>48 039 928</b>	<b>(18 482 355)</b>	<b>29 557 573</b>	<b>47 418 609</b>	<b>(15 675 037)</b>	<b>31 743 572</b>

**Reconciliation of property, plant and equipment - 2015**

	Opening Balance	Additions	Work In Progress	Disposals	Depreciation	Total
Buildings	17 688 397	-	371 641	(2 811)	(977 685)	17 079 542
Computer equipment	1 380 412	101 893	-	(59 362)	(519 304)	903 639
Furniture & fixtures	1 140 454	237 344	-	(5 403)	(314 180)	1 058 215
Land	2 590 000	-	-	-	-	2 590 000
Motor vehicles	6 673 747	619 535	-	(232 700)	(1 078 612)	5 981 970
Office equipment	686 328	47 850	-	(16 269)	(209 495)	508 414
Other assets	1 583 978	186 307	-	(11 987)	(322 668)	1 435 630
Plant and machinery	256	-	-	-	(96)	160
<b>Total</b>	<b>31 743 572</b>	<b>1 192 929</b>	<b>371 641</b>	<b>(328 532)</b>	<b>(3 422 040)</b>	<b>29 557 570</b>

**Reconciliation of property, plant and equipment – 2014**

	Opening Balance	Additions	Disposals	Depreciations	Total
Buildings	18 440 467	225 081	-	(977 151)	17 688 397
Computer equipment	1 476 275	460 374	-	(556 237)	1 380 412
Furniture and fixtures	1 432 383	45 020	-	(336 949)	1 140 454
Land	2 590 000	-	-	-	2 590 000
Motor vehicles	5 468 995	2 688 154	(491 849)	(991 553)	6 673 747
Office equipment	862 062	92 788	-	(268 522)	686 328
Other assets	1 592 357	332 721	-	(341 100)	1 583 978
Plant and machinery	406	-	-	(150)	256
<b>Total</b>	<b>31 862 945</b>	<b>3 844 138</b>	<b>(491 849)</b>	<b>(3 471 662)</b>	<b>31 743 572</b>

**Pledged as security**

No property, plant and equipment was pledged as security for liabilities.

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>7. Property, plant and equipment (continued)</b>		
<b>Other information</b>		
<b>Property, plant and equipment (Work in progress)</b>		
Mafube: Qalabotjha Stadium (Seditrade Pty Ltd)	-	1 817 358
Mafube: Sewer Network & Toilets Structures for 363 erven in Qalabotjha (Ramutsa Rail cc)	10 250 918	2 382 907
Metsimaholo: Sewer Yard connections in Gortin for 2400 erven (Seditrade (Pty) Ltd)	-	1 057 095
Metsimaholo: Deneysville Resort	195 589	-
Ngwathe: Rehabilitation of Kruis Street in Parys (Moreteng Investments (Pty) Ltd)	4 296 555	-
	<b>10 446 507</b>	<b>9 553 915</b>

**Key Assumptions used to determine the recoverable service amount of assets during the period:**

The municipality conducted asset count, and in this process the assets' conditions were assessed, and it was determined that no assets were identified to be impaired.

No further information is therefore disclosed, as there were no assets impaired during the period under review.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

**Revaluations**

The effective date of the revaluations was 28 June 2013. Revaluations were performed by Kgolofelo Property Services CC an independent valuer. Valuations were made on the basis of recent market transactions on arm length terms. The revaluation surplus was credited to revaluation reserve.

Land and buildings are re-valued independently every 5 years.

**8. Intangible assets**

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Caseware	173 950	(146 950)	24 160	173 950	(120 799)	53 151
Dispatch and early warning	219 000	(7 840)	211 160	-	-	-
Drivelock system	728 625	(66 791)	661 834	-	-	-
E-Venus	468 460	(421 156)	47 304	468 460	(398 450)	70 010
Microsoft exchange 2010	56 848	(35 793)	21 055	56 848	(27 371)	29 477
Microsoft office 2007	163 027	(145 366)	17 661	163 027	(137 215)	25 812
Payday system	89 052	(80 060)	8 992	89 052	(75 743)	13 309
Server software	241 071	(224 327)	16 744	241 071	(185 003)	56 068
Telephone system	27 000	(22 050)	4 950	27 000	(16 650)	10 350
<b>Total</b>	<b>2 167 033</b>	<b>(1 153 173)</b>	<b>1013 860</b>	<b>1 219 408</b>	<b>(961 231)</b>	<b>258 177</b>

## FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
-----------------	------	------

**8. Intangible assets (continued)****Reconciliation of intangible assets – 2015**

	Opening balance	Additions	Amortisation	Total
Caseware	53 151	-	(28 991)	24 160
Dispatch and early warning system	-	219 000	(7 840)	211 160
Drivelock system	-	727 725	(65 891)	661 834
E-Venus	70 010	-	(22 706)	47 304
Microsoft exchange 2010	29 477	-	(8 422)	21 055
Microsoft office 2007	25 813	-	(8 152)	17 661
Payday system	13 308	-	(4 316)	8 992
Server software	56 068	-	(39 323)	16 745
Telephone system	10 350	-	(5 400)	4 950
	<b>258 177</b>	<b>946 725</b>	<b>(191 041)</b>	<b>1 013 861</b>

**Reconciliation of intangible assets – 2014**

	Opening Balance	Amortisation	Total
Caseware	82 143	(28 992)	53 151
E-Venus	92 715	(22 705)	70 010
Microsoft exchange 2010	37 899	(8 422)	29 477
Microsoft office 2007	33 964	(8 151)	25 813
Payday system	17 624	(4 316)	13 308
Server software	95 163	(39 095)	56 068
Telephone system	15 750	(5 400)	10 350
	<b>375 258</b>	<b>(117 081)</b>	<b>258 177</b>

**Pledged as security**

No intangible assets was pledged as security for liabilities

**Other information**

Fully amortized intangible assets still in use (cost price)	4 094	4 094
-------------------------------------------------------------	-------	-------

Fully amortised intangible assets still in use consist of:  
- MS Exchange 2003 Server

There were no intangible assets that were assessed as having an indefinite useful life.

There are no intangible assets whose title is restricted

There are no contractual commitments for the acquisition of intangible assets.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2015</b>	<b>2014</b>
<b>9. Payables from exchange transactions</b>		
Retention creditors	2 669 384	2 242 742
Service bonus accrual	2 961 338	2 880 898
Staff leave accrual	5 632 314	5 562 264
Trade payables	9 955 428	8 110 508
Uncashed cheques	17 560	1 200 789
	<u>21 236 024</u>	<u>19 997 201</u>
<b>10. VAT payable</b>		
VAT	<u>3 544 553</u>	<u>2 581 414</u>
<b>11. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Department of Health-Relebohile Clinic :Ngwathe Local Municipality	2 516 435	1 427 933
Department of Public Works- Church: Ngwathe Local Municipality	85 794	85 794
Department of Roads, Transport and Police – Internal Roads: Ngwathe Local Municipality	732 391	732 391
Department of Sports – Grant: Fezile Dabi Stadium	1 264 448	1 264 448
Expanded public works program integrated grant	-	866 923
Lottery grant	-	980 986
	<u>4 599 069</u>	<u>5 358 475</u>
<b>Movement during the year</b>		
Balance at the beginning of the year	5 358 475	7 195 886
Additions during the year	144 432 635	136 857 175
Income recognition during the year	<u>(145 192 041)</u>	<u>(138 694 586)</u>
	<u>4 599 069</u>	<u>5 358 475</u>
<b>11. Long term loans</b>		
Loans from DBSA		
External loans	-	2 644 883
Less: Current portion transferred to current liabilities	<u>-</u>	<u>(2 644 883)</u>
	<u>-</u>	<u>-</u>

See appendix "A" for a detailed schedule of external loans

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
-----------------	------	------

**1. Retirement benefit obligation**

**Defined benefit plan**

The municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to level of cover.

Upon retirement, an employee may continue membership of the medical aid scheme, Upon a member's death- in –service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

In-service members are entitled to a post-employment medical aid subsidy of 60% of the contribution payable. All current continuation members receive a 60% subsidy.

Upon a member's death-in-service or death-in-retirement, the surviving dependants will continue to receive the same 60% subsidy.

The obligation in respect of medical care contributions for retirement benefits is valued every year by independent qualified actuaries.

An actuarial valuation has been performed of the municipality's liability in respect in respect of benefits to eligible retirees and retired employees of the municipality by ZAQ Consultants and Actuaries.

**Post-retirement medical aid plan**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employees) members	122	122
Continuation members (e.g: Retirees, widows, orphans)	4	5
	<b>126</b>	<b>127</b>

The municipality make monthly contributions for health care arrangements to the following medical aid schemes:

- LA Health Medical Scheme
- Bonitas Medical Scheme
- Hosmed Medical Scheme
- Samwumed Medical Scheme
- KeyHealth Medical Scheme
- Discovery Medical Scheme

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

**Carrying value**

Present value of the defined benefit obligation-wholly unfunded	(7 444 000)	(8 417 000)
Service Cost	(557 000)	(802 000)
Interest Cost	(681 000)	(816 000)
Actuarial gains or (losses)	587 000	2 437 026
Actuarial benefits paid	161 000	153 974
<b>Net liability</b>	<b>(7 934 000)</b>	<b>(7 444 000)</b>



## FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>13. Retirement benefit obligation (continued)</b>		
<b>Net expense of the defined benefit obligation recognised in the statement of financial performance</b>		
Current service cost	(557 000)	(802 000)
Interest cost	(681 000)	(816 000)
Actuarial gains (losses)	587 000	2 437 026
Benefit payments	161 000	153 974
	<u>(490 000)</u>	<u>973 000</u>

**Key assumptions used**

Assumptions used at the reporting date:

Discount rates used	Yield curve	8.94%
Healthcare cost inflation	CPI+1%	8.05%
Net discount rate	Yield curve based	0.82%

The basis used to determine the overall expected rate of return on assets is as follow:

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bond with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

We used the nominal and real zero curves as at 30 June 2015 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we use the prevailing yield at the time of performing our calculations. We have changed this methodology from a point estimate in order to present a more accurate depiction of the liability. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years. Previously only one discount rate was rate used to value all the liabilities.

**Other assumptions**

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the accrued liability	8 149 000	7 660 000
Effect on interest cost	764 000	717 000
Effect on service cost	568 000	535 000

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	7 934 000	7 444 000	8 417 000	6 440 000	5 643 000

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014	
<b>14. Provisions for Long service awards</b>			
<b>Reconciliation of provision for long service awards – 2015</b>			
	Opening Balance	Additions	Total
Long Service Awards	7 595 000	1 480 000	9 075 000
<b>Reconciliation of provisions for long service awards - 2014</b>			
	Opening Balance	Additions	Total
Long Service Awards	7 190 000	405 000	7 595 000
<b>Amounts recognised in the statement of Financial Performance are as follows:</b>			
Current service cost	(1 300 000)	(1 235 000)	
Interest Cost	(647 000)	(557 000)	
Actuarial gains/(losses)	(582 146)	384 599	
<b>Cash movements</b>			
Benefit payments	1 049 146	1 002 401	
	<b>(1 480 000)</b>	<b>(405 000)</b>	
<b>Amounts recognised in the statement of Financial Position are as follows:</b>			
Defined benefit obligation	9 075 000	7 595 000	

The provision relates to the Long Service Award obligations for the municipal employees. The actuarial valuation was performed in line with the requirements of GRAP 25 by ZAQ Consultants and Actuaries on 30 June 2015.

**Key assumptions used:**

Assumptions used at the reporting date:

Discount rate used	Yield curve	7.96%
Salary inflation	Equal to CPI	7.33%
Net discount rate	Yield curve	0.59%

The basis on which the discount rate has been determined is as follow:

The nominal and zero curve as at 30 June 2015 supplied by the JSE to determine our discounted rate and CPI assumptions at each relevant time period.

**15. Revaluation reserve**

Opening balance	14 399 324	15 213 214
Reserve realised	(800 587)	(813 890)
	<b>13 598 737</b>	<b>14 399 324</b>

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2015</b>	<b>2014</b>
<b>16. Other income</b>		
Insurance claim received	30 689	921 676
Jazz festival income	482 789	1 266 788
Recoveries – Officials & Councillors	483 291	9 458
Sundry income	289 616	563 113
	<b>1 286 385</b>	<b>2 761 035</b>
<b>17. Interest received</b>		
Interest revenue		
Bank	1 149 714	1 608 746
Short term deposits	6 894 158	6 962 779
	<b>8 043 872</b>	<b>8 571 525</b>
<b>18. Government grants and subsidies</b>		
Equitable share	137 551 000	134 501 000
Expanded public works program integrated grant	1 921 922	133 078
Financial management grant	1 250 000	1 250 000
Municipal systems improvement grant	934 000	890 000
Rural roads assets management system grant	1 709 000	-
Skills education training authorities intern program	1 695 000	1 740 000
Skills education training authorities skills levy	131 119	180 508
	<b>145 192 041</b>	<b>138 694 586</b>

**Equitable share**

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

**Financial Management Grant**

Current-year receipts	1 250 000	1 250 000
Conditions met-transferred to revenue	(1 250 000)	(1 250 000)
	-	-

The purpose of the financial management grant is to assist municipalities to implement financial reforms required by MFMA.

**Municipal Systems Improvement Grant**

Current-year receipts	934 000	890 000
Conditions met - transferred to revenue	(934 000)	(890 000)
	-	-

The fund is used to assist the district in building capacity to perform its functions and stabilize institutional and governance systems as required by the Municipal Systems Act 32 of 2000.

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>18. Government grants and subsidies (Continued)</b>		
<b>Expanded public works program integrated grant</b>		
Balance unspent at beginning of year	866 922	-
Current-year receipts	1 055 000	1 000 000
Conditions met - transferred to revenue	<u>(1 921 922)</u>	<u>(133 078)</u>
	<u>-</u>	<u>866 922</u>

The grant was received by the municipality based on its ability to meet the performance requirements as set by the Department of Public Works.

**Skills education training authorities intern program**

Current-year receipts	1 695 000	1 740 000
Conditions met - transferred to revenue	<u>(1 695 000)</u>	<u>(1 740 000)</u>
	<u>-</u>	<u>-</u>

The purpose of the SETA grant is aimed at skills development, promoting growth in employment and capacity building to address scarce skills.

**Skills education training authorities skills levy**

Current-year receipts	131 119	180 508
Conditions met - transferred to revenue	<u>(131 119)</u>	<u>(180 508)</u>
	<u>-</u>	<u>-</u>

The purpose of the SETA grant is aimed at skills development, promoting growth in employment and capacity building to address scarce skills.

**Rural roads assets management system grant**

Current-year receipts	1 709 000	-
Conditions met - transferred to revenue	<u>(1 709 000)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The purpose of the Rural roads asset management system grant is to assist the rural district municipalities to set up their road asset management systems and to collect rural data in line with the Road Infrastructure Strategic Framework for South Africa.

**Changes in level of government grants**

Based on the allocations set out in the Division of Revenue Act, (Act No.5 of 2012), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2015</b>	<b>2014</b>
<b>19. Employee related costs</b>		
Annual bonus	3 119 326	3 176 804
Contributions of UIF, pension and medical aids	11 043 415	10 036 887
Housing benefit	298 255	285 608
Leave pay provision charge	2 616 257	2 460 383
Long-service awards	2 529 146	405 000
Overtime payments	1 444 119	1 290 297
Performance bonus	-	860 137
Retrenchment- Provident fund contributions	1 648 769	-
Salaries and wages	46 445 749	42 242 803
Long-Service awards	405 000	1 513 000
Termination benefits	490 000	29 401
Travel and motor car allowances	10 656 362	9 818 984
	<b>80 294 398</b>	<b>70 606 304</b>

The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.

**Remuneration of Municipal Manager: ML Molibeli**

Annual Remuneration	1 205 792	1 120 873
Car Allowance	454 070	446 803
Contributions to UIF, Medical and Pension Funds	250 696	221 320
Performance bonuses	254 279	238 000
	<b>2 164 837</b>	<b>2 026 996</b>

**Remuneration of Director-Chief Finance Officer: G Mashiyi**

Annual Remuneration	1 171 985	1 078 140
Car Allowance	363 256	359 380
Contributions to UIF, Medical and Pension Funds	16 624	1 785
Performance Bonuses	203 423	190 400
	<b>1 755 288</b>	<b>1 629 705</b>

**Remuneration of Director-LED: V Moloji**

Annual Remuneration	777 796	714 661
Back Pay	188 056	-
Car Allowance	144 000	136 000
Contributions to UIF, Medical and Pension Funds	185 749	173 178
Performance Bonuses	157 698	136 633
	<b>1 453 299</b>	<b>1 160 472</b>

**Remuneration of Director-PMU**

The position Director: PMU were vacant during the 2013/2014 and 2014/2015 financial year.

**Remuneration of Director-Corporate Services: Adv A Mini**

Annual Remuneration	869 368	813 098
Car Allowance	266 000	266 000
Contributions to UIF, Medical and Pension Funds	37 446	19 053
Performance bonuses	157 698	147 602
	<b>1 330 512</b>	<b>1 245 753</b>

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>19. Employee related costs (continued)</b>		
<b>Remuneration of Director-Health &amp; Safety: N Sgudu</b>		
Annual Remuneration	883 667	818 667
Car Allowance	266 000	266 000
Contributions to UIF, Medical and Pension Funds	23 147	16 544
Performance bonuses	157 698	147 602
	<b>1 330 512</b>	<b>1 248 813</b>
<b>20. Remuneration of Councillors</b>		
Executive Mayor	787 849	745 621
Speaker	618 791	582 908
Mayoral committee members	2 597 396	1 730 686
Councillors	2 572 554	2 922 828
	<b>6 576 590</b>	<b>5 983 043</b>
<p>The remuneration of the political office- bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.</p>		
<b>Executive Mayor – Cllr M P Moshodi</b>		
Basic Salary	476 908	443 975
Car Allowance	183 868	175 950
Cellphone Allowance	41 820	41 820
Social Contributions	85 253	83 876
	<b>787 849</b>	<b>745 621</b>
<b>Speaker – Cllr KGL Nkethu</b>		
Basic Salary	380 723	352 174
Car Allowance	147 094	140 760
Cellphone Allowance	20 868	20 868
Social Contributions	70 106	70 106
	<b>618 791</b>	<b>583 908</b>
<b>MPAC Chairperson: Cllr LS Kubeka</b>		
Basic Salary	231 089	216 985
Car Allowance	75 583	72 328
	<b>306 672</b>	<b>289 313</b>
<b>MMC – Technical services: Cllr K Khumalo</b>		
Basic Salary	211 792	196 606
Car Allowance	84 777	81 126
Social Contributions	47 406	46 771
	<b>343 975</b>	<b>324 503</b>
<b>MMC Social Development: Cllr GN Guza</b>		
Basic Salary	353 954	329 225
Car Allowance	137 901	131 963
Cellphone Allowance	20 868	20 868
Social Contributions	67 696	66 664
	<b>343 975</b>	<b>324 503</b>

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>20. Remuneration of Councillors (continued)</b>		
<b>MMC –EHS &amp; Public Safety: Cllr ME Magashule</b>		
Basic Salary	-	162 252
Car Allowance	-	54 084
Social Contributions	-	623
	<u>-</u>	<u>216 959</u>
Councillor Magashule, only served the municipality up to 28 February 2013.		
<b>MMC –EHS &amp; Public Safety: Cllr VE de Beer</b>		
Basic Salary	259 080	20 281
Car Allowance	84 777	6 780
	<u>343 857</u>	<u>27 041</u>
Councillor VE de Beer assumed duties with the municipality with effect from 1 June 2014.		
<b>MMC –LED &amp; Tourism: Cllr ML Hlapane</b>		
Basic Salary	212 426	196 606
Car Allowance	84 777	81 126
Social Contributions	46 771	46 771
	<u>343 974</u>	<u>324 503</u>
<b>MMC – Finance: Cllr ME Notsi</b>		
Basic Salary	221 371	206 551
Car Allowance	82 741	79 178
Social Contributions	31 602	30 983
	<u>335 714</u>	<u>316 712</u>
<b>MMC – Corporate Services: Cllr AM Olifant</b>		
Basic Salary	213 135	196 606
Car Allowance	84 777	81 126
Social Contributions	46 062	46 062
	<u>343 974</u>	<u>323 794</u>
<b>Part Time Councillors</b>		
<b>Cllrs: ME Mokoena, ML Pietersen, SJMT Mahlakazela, DP van der Westhuizen, MC Spruit, SH Pittaway, MS Taje, DLS George, KJ Makhoba, D de Hart</b>		
Basic Salary	1 633 904	1 471 508
Car Allowance	532 952	490 949
Cellphone Allowance	201 724	191 944
	<u>2 368 580</u>	<u>2 154 401</u>
Sitting Allowance for Seconded Councillors of Local Municipalities	<u>200 719</u>	<u>127 570</u>

**In-kind benefits**

The Executive Mayor, Speaker and Executive Committee Members are employed on a full-time basis. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2015</b>	<b>2014</b>
<b>21. Depreciation and amortisation</b>		
Intangible assets	191 041	117 081
Property, plant and equipment	<u>3 654 471</u>	<u>3 471 929</u>
	<b>3 845 512</b>	<b>3 589 010</b>
<b>22. Finance costs</b>		
Interest on long term liabilities	<u>1 011 421</u>	<u>377 622</u>
Finance cost relates to financial liabilities at amortised cost.		
<b>23. Contracted services</b>		
Various Contractors	<u>13 264 785</u>	<u>9 505 675</u>
These payments are contracts which have been entered into during the current and prior financial year.		
Cleaning Services	392 457	309 104
Climate change and green economy	3 065 693	609 650
Establishment of District Centre	-	8 965
Improve response incidents'	1 237 515	846 866
Jazz Festival	5 742 828	5 855 694
Municipal systems improvement programme	-	656 802
Other	58 500	37 100
Performance Management System	2 339 177	692 591
Sports Development Programme	242 127	488 903
Upgrading of Municipal Resorts	<u>171 569</u>	<u>-</u>
	<b>13 249 866</b>	<b>9 505 675</b>
<b>24. Grants and subsidies paid</b>		
Develop stadium parking	234 331	-
District areas	2 071 089	3 766 179
Mafube Local Municipality	10 448 440	3 386 241
Metsimaholo Municipality	4 582 760	1 057 095
Moqhaka Local Municipality	-	2 016 315
Ngwathe Local Municipality	7 519 305	5 781 986
Rural road asset management system	1 601 743	-
Support to local municipality- capacity building	1 463 802	1 270 521
Support to local municipality- disaster management	<u>163 200</u>	<u>130 000</u>
	<b>28 084 670</b>	<b>17 408 337</b>

The Municipality identifies projects which are funded through grants and subsidies in the various local municipalities within the District. Projects are identified through the Integrated Development Plan. The operation and control of items of property, plant and equipment funded through these grants and subsidies vests in the local municipalities.



## FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>25. General expenses</b>		
Accounting fees	150 000	175 439
Advertising	421 731	347 997
Air quality management	186 650	145 250
Auditors remuneration	4 014 429	2 518 433
Bank charges	99 935	78 746
Bursaries: External students	1 554 143	1 688 475
Bursaries: Internal	326 889	549 189
Catering	3 966 741	5 372 598
Cleaning	15 180	200 267
Community development and training	856 270	1 076 729
Conferences and seminars	452 116	667 976
Consulting and professional fees	110 106	369 067
Consumables	141 292	265 967
Corporate gifts	132 750	91 802
Corporate reports	623 595	178 234
Distribution to beneficiaries (HIV & Aids)	900 000	1 300 000
District outreach programmes	64 205	-
Donations	676 741	1 191 605
Emergency funds	567 776	199 398
Employee assistance program	133 304	14 805
Entertainment	698 111	1 204 413
Entrepreneurial support system	597 499	346 247
Environmental health projects	72 800	189 839
Event expense	6 079 617	6 935 867
Fleet	73 309	75 270
Fuel and oil	1 255 516	1 000 345
IDP implementation monitoring	269 000	589 460
IT expenses	1 291 286	1 269 957
Insurance	359 658	294 315
Insurance: Workers Compensation Assistance	-	333 871
Learnership : Service provider	710 739	1 669 653
Learnership : Student material	62 014	26 155
MHS auxiliary services projects	-	47 630
Magazines, books and periodicals	59 976	130 480
Marketing	2 520 099	2 434 795
Medical expenses	-	626
Municipal services	1 021 764	692 423
Other expenses	3 309 498	2 832 285
Policy review	-	29 880
Postage and courier	6 949	8 935
Printing and stationery	1 580 636	2 258 644
Promotions	1 688 269	343 303
Protective clothing	167 288	703 060
Public participation meetings	-	42 689
Rental Equipment	2 257 177	2 005 157

## FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>25. General expenses (continued)</b>		
<i>brought forward</i>	19 734 510	15 632 256
Research and development costs	-	100 000
Royalties and license fees	56 878	13 832
Sampling testing	301 951	300 829
Security (Guarding of municipal property)	103 506	81 603
Stipends	2 482 397	1 776 021
Subscriptions and membership fees	786 480	718 679
Telephone and fax	1 128 308	982 544
Tourism development	-	382 900
Training	557 583	934 820
Travel - local	6 202 329	6 497 587
	<b>51 121 490</b>	<b>53 686 091</b>
<b>Donations</b>		
All donations made by the municipality are in terms of the council's donation policy		
<b>26. Other receipts</b>		
Administration and management fees received	38 340	78 020
Insurance claim received	30 689	921 676
Jazz festival income	482 789	1 266 788
Recoveries – Councillors and officials	483 291	9 458
Sundry income	289 616	563 113
	<b>1 324 725</b>	<b>2 839 055</b>
<b>27. Cash used in operations</b>		
(Deficit) surplus	(29 732 209)	(18 941 137)
<b>Adjustments for:</b>		
Depreciation and amortisation	3 845 512	3 589 010
Gain on sale of assets and liabilities	350 423	(77 907)
(Reversal of impairment)/ debt Impairment	(1 821 000)	6 269 593
Movements in operating lease assets and accruals	44 320	81 900
Movements in retirement benefits assets and liabilities	490 000	(973 000)
Movements in provisions	1 480 000	405 000
<b>Changes in working capital:</b>		
Receivable from exchange transactions	688 439	1 085 018
Payable from exchange transactions	1 238 822	4 925 524
VAT	963 140	2 024 613
Unspent conditional grants and receipts	(759 407)	1 210 409
	<b>(23 211 960)</b>	<b>(400 977)</b>
<b>28. Retirement Benefit Information</b>		

Councillors and employees belong to two defined benefit retirement funds which are the Free State Municipal Pension Fund and the Councillors Pension Fund governed by the Pension Fund Act of 1956. These Funds are subject to triennial actuarial valuation.

The last valuation of the Free State Municipal Pension Fund was performed June 2008. The Free State Municipal Pension Fund, net assets that are available for benefits at 30 June 2008 was R 1 929 769 000.

The actuarial valuation determined that the fund was in a sound financial position. The estimated liability of the funds is R 1 576 689 000 which is adequately financed.

No new information was available at reporting date.

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>29. Prior period errors</b>		
The prior year has been amended to account for prior period errors.		
Below is a description of each individual prior period error followed by a summary of the total effect on the prior period errors on the amounts previously disclosed.		
1. Property, plant and equipment		
During the 2014-15 financial year, the municipality corrected depreciation on property, plant and equipment incorrectly processed during the 2013-14 financial year.		
The effect of this adjustment on the prior year is as follows:		
<b>Adjustments affecting the statement of financial position</b>		
Increase in property, plant and equipment	108 391	
Decrease in accumulated surplus		<u>(108 391)</u>
		-
<b>Adjustments affecting the statement of financial position</b>		
Decrease in depreciation and amortisation		<u>108 124</u>
2. Payables from exchange transactions.		
During the 2014-15 financial year the municipality reversed accruals incorrectly raised during 2013-14 financial year.		
The effect of these adjustments on the prior year are as follows:		
<b>Adjustments affecting the statement of financial position</b>		
Decrease in payable from exchange transactions	1 188 364	
Decrease in accumulated surplus		29 589
Increase in opening accumulated surplus		<u>(1 217 953)</u>
		-
<b>Adjustments affecting the statement of financial performance</b>		
Decrease in employee related cost		2 438
Increase in repairs and maintenance		(40 772)
Decrease in grants and subsidies paid		193 078
Increase in general expenditure		<u>(184 333)</u>
		<b>(29 589)</b>
3. Revaluation reserve		
During the 2014-15 financial year, the municipality corrected entries relating to revaluation reserve incorrectly allocated to accumulated surplus during the 2013-14 financial year.		
The effect of this adjustment on the prior year is as follows:		
<b>Adjustments affecting the statement of financial position</b>		
Decrease in employee related cost		1 252 997
Increase in repairs and maintenance		<u>(1 252 997)</u>
		-

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>29. Prior period errors (continued)</b>		
4. Receivables from exchange transactions		
During the 2014-2015 financial year the municipality corrected expenditure incurred during the 2013-2014 financial year through the credit card, not allocated		
<b>Adjustments affecting the statement of financial position</b>		
Decrease in employee related cost	(156 098)	
Increase in repairs and maintenance	156 098	
		-
<b>Adjustments affecting the statement of financial performance</b>		
Increase in general expenditure	(156 098)	
5. Cash and cash equivalents		
During the 2014-2015 financial year the municipality reversed interest incorrectly accrued during the 2013-2014 financial year.		
<b>Adjustments affecting the statement of financial position</b>		
Decrease in cash and cash equivalents	(1034)	
Decrease in accumulated surplus	1034	
		-
<b>Adjustments affecting the statement of financial performance</b>		
Increase in interest received-investment	408	
Increase in finance charges	(1 442)	
		(1 034)
6. Unspent conditional grants		
During the 2014-2015 financial year the municipality correct unspent conditional grants incorrectly accounted for during the 2012-2013 financial year.		
The effect of these adjustments on the prior year are as follows:		
<b>Adjustments affecting the statement of financial position</b>		
Decrease in unspent conditional grants	507 649	
Decrease in opening accumulated surplus	(507 649)	
		-
7. Payable from exchange transactions		
During the 2014-2015 financial year, the municipality corrected trade payables incorrectly raised during the 2013-14 financial year.		
The effect of these adjustments on the prior year as follows:		
<b>Adjustments affecting the statement of financial position</b>		
Increase in VAT receivable	-	173 810
Increase in payable from exchange transactions	-	(1 440 488)
Decrease in accumulated surplus	-	1 266 678
	-	-

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>29. Prior period errors (continued)</b>		
7. Payable from exchange transactions (continued)		
<b>Adjustments affecting the statement of financial performance</b>		
Increase in repair and maintenance	-	(39 520)
Increase in grants and subsidies paid	-	(193 078)
Increase in general expenditure	-	(1 034 080)
	-	(1 266 678)

8. Vat payable

During the 2014-2015 financial year, the municipality corrected VAT incorrectly claimed during the 2013-2014 financial year.

The effect of the adjustment on the prior year is as follows:

**Adjustments affecting the statement of financial position**

Decrease in VAT receivable / Increase in VAT payable	-	(6 470 512)
Decrease in unspent conditional grants	-	2 704 333
Decrease in accumulated surplus	-	3 766 179
	-	-

**Adjustments affecting the statement of financial performance**

Increase in grants and subsidies paid	-	(3 766 179)
---------------------------------------	---	-------------

Statement of Financial Performance for the year ended 30 June 2013	Balance as previously reported	Prior period error	Reclassified (note 29)	Restated balance
Administration and management fees received	78 020	-	-	78 020
Other income	2 761 035	-	-	2 761 035
Interest received- investment	8 571 117	408	-	8 571 525
Gain on disposal of assets	77 907	-	-	77 907
Government grants and subsidies	138 694 586	-	-	138 694 586
Total revenue	150 182 665	408	-	150 183 073
<b>Expenditure</b>				
Employee related cost	(70 608 742)	2 438	-	(70 606 304)
Remuneration of councillors	(5 983 043)	-	-	(5 983 043)
Administrative expense	(1 194 040)	-	1 194 040	-
Depreciation and amortisation	(3 697 134)	108 124	-	(3 589 010)
Finance charges	(376 180)	(1 442)	-	(377 622)
Provision for doubtful debts	(6 269 593)	-	-	(6 269 593)
Repairs and maintenance	(1 549 881)	(80 292 )	(68 363)	(1 698 536)
Contracted services	(10 555 832)	-	1 050 157	(9 505 675)
Grants and subsidies paid	(14 428 656)	(3 766 179)	786 498	(17 408 337)
General expenses	(49 349 247)	(1 374 511)	(2 962 332)	(53 686 090)
Total expenditure	(164 012 348)	(5 111 862)	-	(169 124 210)
Opening surplus/ (deficit)	(13 829 683)	(5 111 454)	-	(18 941 137)
Surplus / (deficit) for the year	(13 829 683)	(5 111 454)	-	(18 941 137)

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014		
<b>29. Prior period errors(continued)</b>				
<b>Statement of Financial Position as at 30 June 2014</b>	Balance as previously reported	Prior period error	Reclassified (note 29)	Restated balance
<b>Assets</b>				
<b>Current Assets</b>				
Receivables from exchange transactions	629 156	(156 098)	87 556	560 614
VAT receivable/ (payable)	3 715 288	(6 296 702)	-	(2 581 414)
Cash and cash equivalents	138 462 846	(1 034)	-	138 461 812
Total current assets	<u>142 807 290</u>	<u>(6 453 834)</u>	<u>87 556</u>	<u>136 441 012</u>
<b>Non-current Assets</b>				
Property, plant and equipment	31 712 193	108 391	(77 012)	31 743 572
Intangible assets	181 165	-	77 012	258 177
Total non-current assets	<u>31 893 358</u>	<u>108 391</u>	<u>-</u>	<u>32 001 749</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payable from exchange transactions	19 657 521	252 124	87 556	19 997 201
Unspent conditional grants and receipts	8 570 457	(3 211 982)	-	5 358 475
Total current liabilities	<u>2 644 883</u>	<u>-</u>	<u>-</u>	<u>2 644 883</u>
	<u>30 872 861</u>	<u>(2 959 858)</u>	<u>87 556</u>	<u>28 000 559</u>
<b>Non-current Liabilities</b>				
Retirement benefit obligation	7 444 000	-	-	7 444 000
Provisions for long service award	7 595 000	-	-	7 595 000
Operating lease liability	126 002	-	-	126 002
Total non-current liabilities	<u>15 165 002</u>	<u>-</u>	<u>-</u>	<u>15 165 002</u>
<b>Net Assets</b>				
Accumulated surplus	113 010 462	(2 132 586)	-	110 877 876
Revaluation reserve	15 652 321	(1 252 997)	-	14 399 324
Total net assets	<u>128 662 783</u>	<u>(3 385 583)</u>	<u>-</u>	<u>125 277 200</u>

**30. Comparative figures**

Certain comparative figures have been reclassified.\*

The reason for reclassification is to classify expenditure to correct classification. Trade receivables from exchange transactions with credit balance reclassified to payables from exchange transactions.

The effects of the reclassification are as follows:

**Statement of financial position**

Receivables from exchange transactions	87 556
Payables from exchange transactions	(87 556)

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>30. Comparative figures (continued)</b>		
<b>Statement of financial Performance</b>		
Administrative expense	1 194 040	
Repairs and maintenance	(68 363)	
Contracted services	1 050 157	
Grants and subsidies paid	786 498	
General expenses	(2 962 332)	
<b>31. Going concern</b>		
<p>The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business</p>		
<b>32. Change in estimate</b>		
<b>Property, plant and equipment</b>		
<p>Depreciable assets' remaining useful lives were reassessed at the beginning of the current reporting period to reflect the actual pattern of service potential derived from assets.</p> <p>The effect on the current year:</p>		
Decrease in depreciation	(258 153)	-
Increase in Property, plant and equipment	<u>258 153</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>33. Unauthorised expenditure</b>		
Balance at the beginning of the year	-	-
Less: Amounts approved/written-off by council	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>34. Fruitless and wasteful expenditure</b>		
Opening balance	2 454	2 454
Fruitless and wasteful expenditure -current year	28 986	20 191
Amount recovered	(2 978)	(3 973)
Written off by council	(28 462)	(16 218)
	<u>-</u>	<u>2 454</u>
<b>35 Irregular expenditure</b>		
Opening balance	4 744 616	311 767
Add: Irregular Expenditure - current year	-	4 432 849
Less: Amounts approved/written-off by council	(4 744 616)	-
	<u>-</u>	<u>4 744 616</u>
<b>Analysis of expenditure awaiting condonation per age classification</b>		
Current year	-	4 432 849
Prior years	-	311 767
	<u>-</u>	<u>4 744 616</u>
<b>Details of irregular expenditure – prior year</b>		
	Disciplinary steps taken / criminal proceedings	
SCM procedures not followed	Under investigation	4 354 996
SCM functionality not followed	Under investigation	389 620
		<u>4 744 616</u>
<b>36. In-kind donations and assistance</b>		
No in-kind donations or assistance were received during the year.		
<b>37. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	22 632	674 882
Amount paid - current year	(22 632)	(674 882)
	<u>-</u>	<u>-</u>
<b>Audit fees</b>		
Current year subscription /fee	4 014 429	2 518 433
Amount paid - current year	(4 014 429)	(2 518 433)
	<u>-</u>	<u>-</u>
<b>PAYE and UIF</b>		
Current year subscription /fee	16 520 225	14 466 370
Amount paid - current year	(16 520 225)	(14 466 370)
	<u>-</u>	<u>-</u>
<b>Pension and medical aid deductions</b>		
Current year subscription / fee	17 563 414	14 537 852
Amount paid – current year	(17 563 414)	(14 537 852)
	<u>-</u>	<u>-</u>



**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
-----------------	------	------

**37. Additional disclosure in terms of Municipal Finance Management Act (continued)**

**VAT**

VAT payable	3 544 553	2 581 414
-------------	-----------	-----------

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

All VAT returns have been submitted by the due date throughout the year

**38. Related parties**

Members of key management Refer to note 19 and 20

There were no related party transactions identified during the financial year under review.

**39. Risk Management**

**Financial risk management**

The municipality's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk).

**Liquidity risk**

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

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The municipality monitors the cash projections by ensuring that borrowing facilities are available to meet its cash requirements.

No significant financial risk pertaining to the creditors exists except for mainly operational risks that are not covered in here.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2015				
Payables from exchange transactions	21 236 024	-	-	-
At 30 June 2014				
Payables from exchange transactions	19 997 201	-	-	-
Long term loans	2 644 883	-	-	-

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>39. Risk Management (continued)</b>		
<b>Credit risk</b>		
Financial instrument		
Receivables from exchange transactions	1 700 636	560 614
Cash and cash equivalents	109 743 251	138 461 812

**Market risk**

**Interest rate risk**

The municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates.

The risk is managed on an on-going basis.

**40. Event after the reporting date**

Assets written off- during the submission of the asset register, assets with nil values were identified on the asset register.

Management took resolution to write off these assets. These assets were taken to council for approval.

No events took place after the reporting date.

**41. Deviation from supply chain management regulations**

Paragraph 12(1)(d)(i) of Government gazette No.27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette state that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and report them to the next meeting of the council and includes a note to the consolidated annual financial statements.

Deviations from supply chain management regulations did occur. These deviations were submitted and noted by council. A detailed deviation register is available at the municipality for inspection.

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>41. Deviation from supply chain management regulations (continued)</b>		
<b>Deviation Categories</b>		
Emergency	540 820	49 210
Others	339 090	207 767
	<u>879 910</u>	<u>256 977</u>
<b>42. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2015</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Receivables from exchange transactions	1 700 636	1 700 636
Cash and cash equivalents	109 743 251	109 743 251
	<u>111 443 887</u>	<u>111 443 887</u>
<b>Financial Liabilities</b>		
	At amortised cost	Total
Payables from exchange transactions	21 236 024	21 236 024
<b>2014</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Receivables from exchange transactions	560 614	560 614
Cash and cash equivalents	138 461 812	138 461 812
	<u>139 022 426</u>	<u>139 022 426</u>
<b>Financial Liabilities</b>		
	At amortised cost	Total
Receivables from exchange transactions	19 997 201	19 997 201
Cash and cash equivalents	2 644 883	2 644 883
	<u>22 642 084</u>	<u>22 642 084</u>

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>43. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Design and establish parks in greening entrance into Tumahole on Parys	-	2 482 929
• Electrification stands – Edenville	-	705 480
• Metsimaholo sewer connections Gortin 240	-	5 617 985
• Qalabotjha construction sewer network	-	3 637 572
• Qalabotjha stadium	1 453 733	1 453 733
• Rehabilitation – Kruis street Parys	-	2 970 836
• Rural roads assets management system	4 265 257	-
• Thatobopelo construction and project	296 919	-
• Tiro trading enterprise CC	2 499 089	-
	<b>8 514 998</b>	<b>16 868 535</b>

This commitment expenditure relates to property and will be financed by available bank facilities, accumulated surpluses, existing cash resources, funds internally generated, etc.

**Operating leases – as lessee (expenses)**

Minimum lease payments due		
- Within one year	977 680	1 388 420
- In second to fifth year inclusive	-	977 680
	<b>977 680</b>	<b>2 366 100</b>

The municipality rents photocopying machines from Nashua Vaal, being the major supplier:

- no contingent rent is payable in term of the lease agreements
- there is no renewal or purchase options as per lease agreement terms, the lease escalates as determined
- in the various lease agreements with the renter; and
- no restrictions are imposed by the lease agreements, with regards to additional debt and further leasing.

The lease agreements is for a total period of 36 months ( 3 years)

**44. Contingencies**

The municipality had the following contingent liabilities as at year-end:

The certainty and timing of the outflow of these liabilities are uncertain. The amount disclosed below are possible outflow;

FDDM/SAMWU obo P. Sethsli – Labour case	1 000 000	1 000 000
FDDM/SAMWU obo T. Gorati – Labour case	600 000	600 000
FDDM/T. Mohlakoana	-	100 000
FDDM/A. Radebe	-	100 000
FDDM/ Nyumba Mobile Homes & Office Pty (Ltd)	353 130	-
FDDM/Picasso Headline (Pty) Ltd	42 476	-
	<b>1 995 606</b>	<b>1 800 000</b>

**FEZILE DABI DISTRICT MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
-----------------	------	------

**44. Contingencies (continued)**

- Setseli: Dismissal due to misconduct in refusing to take lawful orders
- Gorati: Dismissal due to misconduct, the applicant is contesting dismissal.
- T Mohlakoana: Resigned on constructive dismissal and has given notice of intention to go for arbitration
- A Radebe: Resigned on constructive dismissal and indicated, labour court will be approached
- Nyumba Mobile Homes & Office Pty Ltd: Outstanding money owed or project undertaken by joint venture for the construction of additional wards and new forensic mortuary at Metsimaholo District Hospital.
- Picasso Headline (Pty) Ltd: Outstanding payments relating to advertising charges.
- Anquet Construction and Friedshel JV vs FDDM: The case relating to breach of contract was removed from the roll during May 2014 in order for the complainant to amend their pleadings. At reporting date no further communication regarding the case has been received.

**45. Budget differences**

**Material differences between budget and actual amounts.**

1. Administration and management – Decrease in number of tender documents sold
2. Other income - Recovery of telephone and cellphone for private used
3. Remuneration of councillors- Councillors that resigned and not replaced Mayco members only getting difference between their own local municipality and Fezile Dabi District Municipality Mayco amounts.
4. Transfer payments- Other-Contribution from accumulated surplus to cover deficit on expenditure.
5. Depreciation and amortisation – Asset useful life was reviewed.
6. Finance costs- Loan was redeemed early.
7. Contracted services- Underspending on spatial and master plans, upgrading of municipal resorts, green house Koppies and sport development
8. Grants and subsidies paid- Late start of projects in Local Municipalities
9. General expense- Cost saving due to budget deficit

**Differences between budget and actual amounts basis of preparation and presentation**

The budget is approved on an accrual basis by functional classification. The approved budget covers the period from 1 July 2014 to 30 June 2015. The financial statements are prepared on the accrual basis using a budget basis, no differences.

**Changes from the approved budget to the final budget.**

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.