

FEZILE DABI DISTRICT MUNICIPALITY

DRAFT ANNUAL REPORT

2015/16



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CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The foreword for the Executive Mayor shall be incorporated as part of the Draft Audited Annual Report to be tabled in Council on/or prior to the 31 January 2017 as required in terms of section 127 (5) of the Local Government: Municipal Finance Management Act (53 of 2003).

1.1 FOREWORD BY THE EXECUTIVE MAYOR

The foreword for the Executive Mayor shall be incorporated as part of the Draft Audited Annual Report to be tabled in Council on/or prior to the 31 January 2017 as required in terms of section 127 (5) of the Local Government: Municipal Finance Management Act (53 of 2003).

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1.2 MUNICIPAL MANAGER'S EXECUTIVE SUMMARY

The Municipal Manager's Executive Summary shall be incorporated as part of the Draft Audited Annual Report to be tabled in Council on/or prior to the 31 January 2017 as required in terms of section 127 (5) of the Local Government: Municipal Finance Management Act (53 of 2003).

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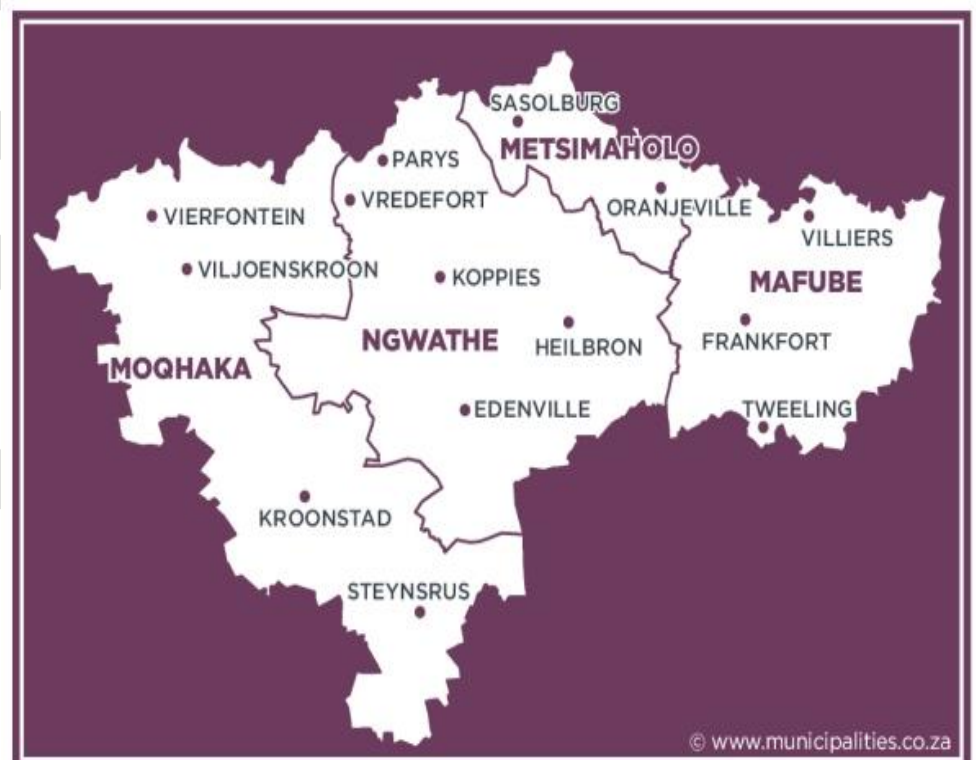
1.3 MUNICIPAL OVERVIEW

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: Moqhaka, 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 km². 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: -Deneysville, 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

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%), and transport (5%).

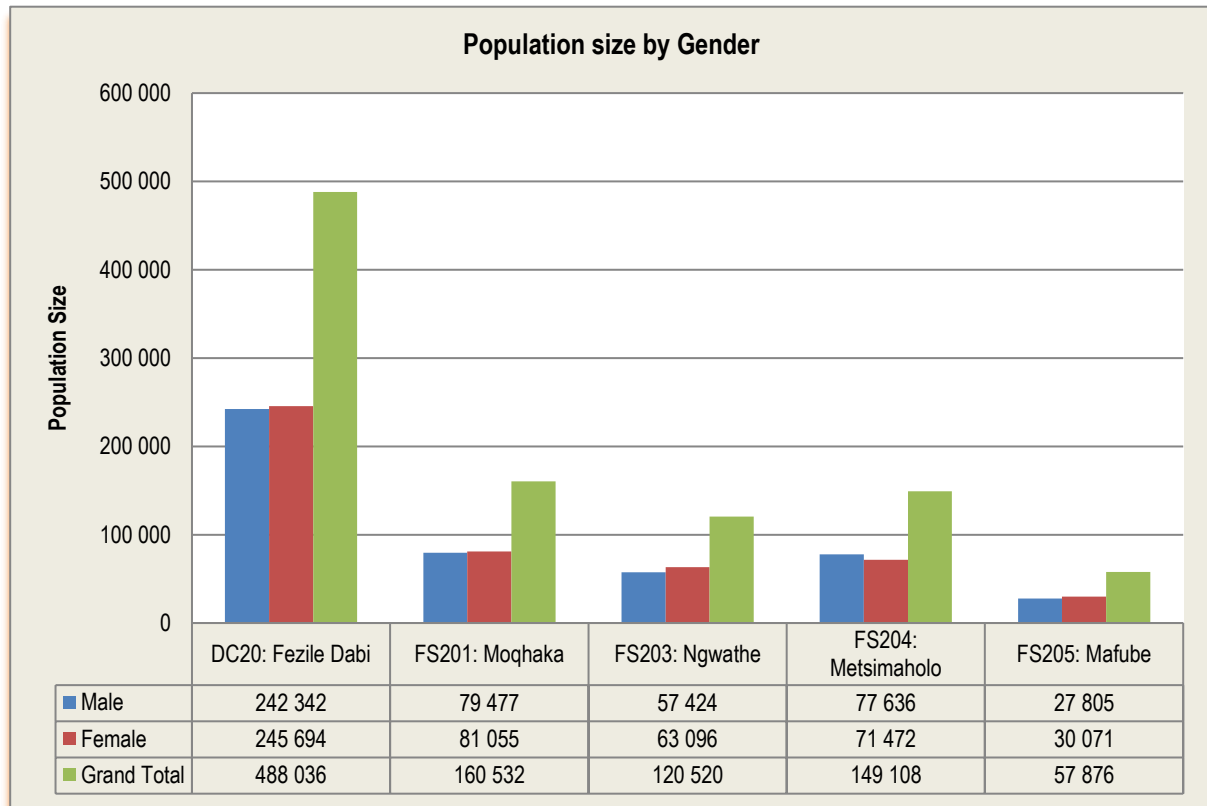
Demographic Information

The district's total population is estimated at 494 770 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.

Population Distribution

The population of Fezile Dabi District Municipality is distributed as outlined below on the chart, taking into account population statistics of the four local municipalities within the district.

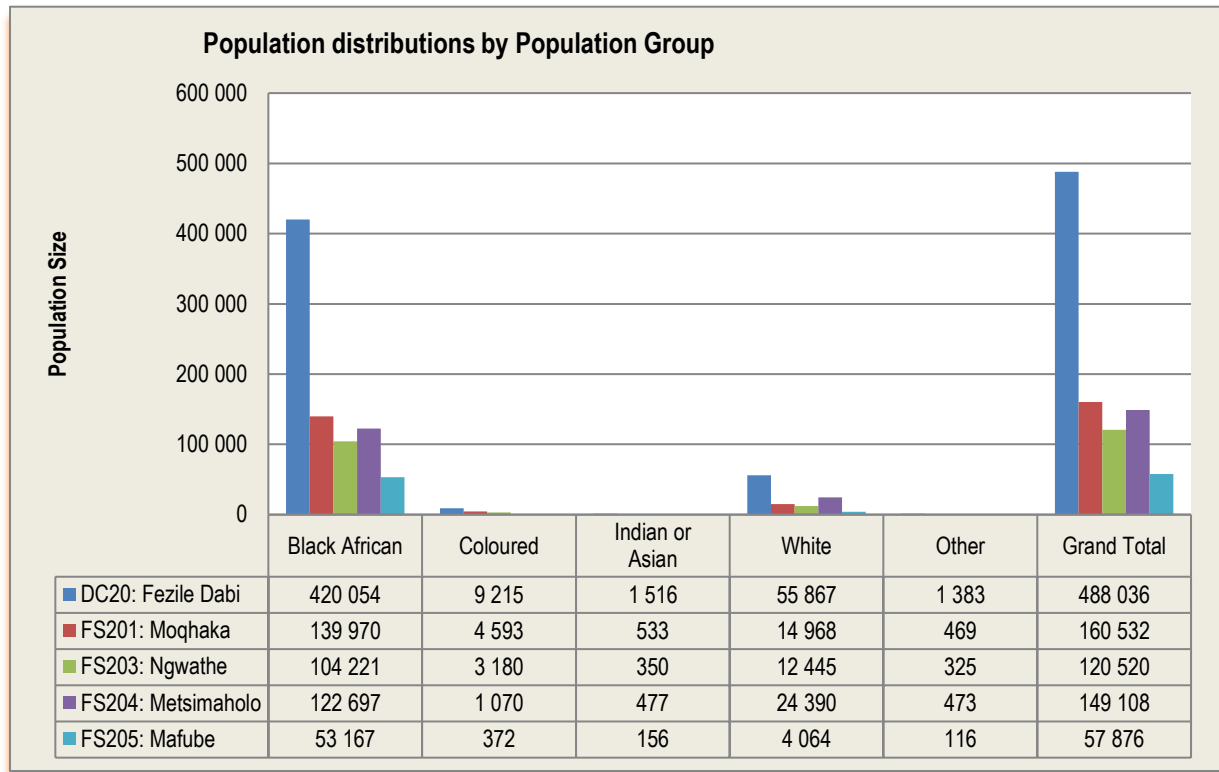
Table 1 and 2: District Population Distribution



The biggest socio-economic challenges that the municipality is faced with is the high rate of your unemployment, currently estimated at 44.4%.

Racial make-up of population

The chart below presents the population group of Fezile Dabi District Municipality by population group segmented according to the four local municipalities in the district.



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 the municipal council which is 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

| Composition of the Council | |
|--|---|
| Name of Political Party | Number of Councillors |
| ANC | 23 |
| DA | 8 |
| COPE | 1 |
| Total | 32 |
| Political Office-Bearers | |
| Executive Mayor: Councillor M P Moshodi | |
| Council Speaker: Councillor Girtz Nketu | |
| Chief Whip: Councillor Eric Notsi | |
| Mayoral Committee Members | |
| Name | Portfolio Responsible for |
| 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 |

- Political Deci
- Dec

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

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| Type of Council Meeting | Date of Meeting | Matter(s) tabled | Resolution Number | Status as at 30 June 2016 |
|-------------------------|-----------------|--|-------------------|---------------------------|
| Special Council Meeting | 27 July 2015 | Write-Off of irrecoverable debts | 20 | Implemented. |
| | | Draft supply chain management policy | 22 | Implemented |
| | | IDP, budgeting, performance and reporting process plan for 2016/17 | 31 | Implemented |
| | | Report on tourism awareness campaigns | 33 | Implemented |
| | | Report on how to start your own B&B training | 34 | Implemented |
| | | Approval of finance policies | 40 | Implemented |
| | | Revised Top-Layer-Service delivery and budget implementation plan for the 2014/2015 financial year | 41 | Implemented |
| | | Approval of the reviewed PMS organisational framework for the FDDM 2015/2016 financial year | 42 | Implemented |
| | | Approval of the final Top-Layer Service Delivery and Budget Implementation Plan (SDBIP) for the 2015/2016 financial year | 43 | Implemented |



| | | | | |
|--------------------------|-----------------|--|----|--|
| | | Conclusion of Performance Agreements for Municipal Manager and Managers directly accountable to the Municipal Manager for the 2015/2016 financial year | 44 | Implemented |
| | | Fezile Dabi district municipality back to basics plan of action progress report for the period ending May 2015 | 45 | Implemented |
| | | Fezile Dabi District Municipality Audit Committee Mid-Year report for the financial year 2014/15 | 46 | Implemented |
| Ordinary Council Meeting | 29 January 2016 | Additional Budget allocation for the Rental of Photocopy Machines - Contracted Services | 61 | Implemented |
| | | Information Technology Policies Review | 63 | Implemented |
| | | Report on Agricultural Projects Monitoring 2015 | 71 | The date of the training not yet been confirmed. |

| | | | | |
|--------------------------|---------------|---|----|-------------|
| | | Report on the Koppies Commercial Greenhouse Vegetable Production project: progress | 72 | Implemented |
| | | Consideration by Council Of The FDDM Mid-Year Budget and Performance Assessment Report as Required in terms of Section 72 of the MFMA: 31 December 2015 | 73 | Implemented |
| | | Tabling of the Draft Annual Report of Fezile Dabi District Municipality for the period ending 30 June 2015 | 74 | Implemented |
| Ordinary Council Meeting | 31 March 2016 | Oversight Report: Annual Report for period ending 30 June 2015 | 62 | Implemented |
| | | Finance Department – extension of banking services | 70 | Implemented |
| | | Disaster & Emergency Services status report for the month January 2016 | 73 | Implemented |

| | | | | |
|--------------------------|-------------|--|----|--|
| | | Report on commodity selection workshop 09 February 2016 | 74 | The approval of the list of people is still awaited from the Executive Mayor's Office. |
| | | Report on Power Boat | 76 | Implemented |
| | | Establishment of Community Safety Forums | 78 | Implemented |
| | | Tabling of the Final Annual Report of Fezile Dabi District Municipality for the period ending 30 June 2015 | 79 | Implemented |
| | | Annual Draft Budget for 2016/17 financial year | 82 | Implemented |
| Ordinary Council Meeting | 27 May 2016 | Municipal Public Accounts Committee (MPAC) report | N1 | Implemented |
| | | National Treasury Budget Circular 82 (2016/2017 MTREF) | 87 | Noted |
| | | Extension of contract for the preparation of annual financial statements for the period of one year | 92 | Implemented - 09 June 2016 |
| | | Assets to be written-off | 94 | The vehicle was auctioned on 30/06/2016 |

| | | | |
|--|--|-----|-------------------------------|
| | Approval of the Annual Budget for 2016/2017 financial year | 98 | Implemented from 01 July 2016 |
| | Risk Management Policy and Strategy review | 99 | Implemented |
| | Adoption of the Fezile Dabi District Municipality final Integrated Development Plan (IDP) for the 2016/17 financial year | 100 | Implemented |
| | Reviewed financial policies | 102 | Implemented |

A2: 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

| Designation | Initials and Surname | Contact Details | |
|-------------------|----------------------|-------------------------|--------------------------|
| | | Office Telephone Number | e-mail address |
| Municipal Manager | L Molibeli (Ms) | 016-970 8607 | lindim@feziledabi.gov.za |

| | | | |
|---|-----------------|--------------|-------------------------------|
| Chief Financial Officer | G Mashiyi (Mr) | 016-970 8625 | gcobanim@feziledabi.gov.za |
| Director: Corporate Support Services | AM Mini (Adv) | 016-970 8635 | andilem@feziledabi.gov.za |
| Director: Environmental Health and Emergency Services | NT Baleni (Mrs) | 016-970 8874 | nonhlanhlab@feziledabi.gov.za |
| Director: Local Economic Development & Tourism | V Moloi (Mrs) | 016-970 8845 | vactoriam@feziledabi.gov.za |
| Director: Project Management and Public Works | Vacant | N/A | N/A |

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:

Table 6: IGR Structures within the district

| Name of the IGR Structure | Convenors | Responsibilities |
|---------------------------------|--|---|
| 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

| The District Coordinating Forum | | |
|---|------------------|---|
| Meeting | Date | Venue |
| No meetings were held during the financial year under review. | | |
| The Speakers Forum | | |
| Meeting | Date | Venue |
| 1 st Meeting | 28 August 2015 | Fezile Dabi District Municipality |
| 2 nd Meeting | 09 October 2015 | Mafube Local Municipality |
| 3 rd Meeting | 15 January 2016 | Ngwathe Local Municipality Parys |
| 4 th Meetings | 22 April 2016 | Moqhaka Local Municipality Kroonstad |
| Technical Intergovernmental Relations | | |
| Meeting | Date | Venue |
| 1 st Meeting | 06 October 2015 | Enoch Sontonga Council Chambers of Fezile Dabi District Municipality, Sasolburg |
| 2 nd Meeting | 12 February 2016 | Enoch Sontonga Council Chambers of Fezile Dabi District Municipality, Sasolburg |
| 3 rd Meeting | 18 March 2016 | 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

| Municipality | Date | Venue | Time |
|---------------------|------------------|------------------|-------------|
| Ngwathe | 16 November 2015 | Vredefort Hall | 10:00 am |
| Metsimaholo | 17 November 2015 | Orangeville Hall | 10:00 am |
| Mafube | 18 February 2016 | Cornelia Hall | 10:00 am |
| Moqhaka | 19 February 2016 | Steynsrus Hall | 10:00 am |

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.

In 2014, we enhanced our risk management approach by establishing the Risk Management Committee. 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:

- Review of RMC Charter
- Review of RM Policy and Strategy
- Quarterly Risk Assessment report
- Risk Management Implementation Plan report
- Risk Management Maturity model

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 (29) | MM - Security | Inability to restore business promptly due to poor implementation and testing of business continuity plan. | <p>Current controls: IT Backup Policy and Procedure. Daily off-site backup of information internally and weekly off-site backup of information externally. Business Continuity plan.</p> <p>Actions to improve: Full implementation and testing of the Business Continuity plan.</p> |
| 2 (60) | EH & ES | None-existence of air quality management by-laws | <p>Current controls: Air Quality Management Plan. Atmospheric Emission Licensing.</p> <p>Actions to improve: Development of customised air quality management by-law at the district level.</p> |
| 3 (63) | Finance | Delays in implementation of mSCOA project. | <p>Current controls: mSCOA training and awareness sessions attended by relevant officials. mSCOA project plan.</p> <p>Actions to improve:</p> <ol style="list-style-type: none"> 1. Implement change management strategy and initiatives. Conduct mSCOA awareness and training to officials within the organisation. 2. Quarterly reports on the implementation of the project. |

| No. | Key focus area | Top risks | Response measure |
|--------|----------------|---|---|
| 4 (64) | Finance | Excessive fees on the upgrading of system | Current controls: Extension of contract with system vendor on month-to-month basis. Actions to improve: Continues engagements with PT and NT |
| 5(65) | Finance | Lack of ICT infrastructure for the implementation of mSCOA. | Current controls: mSCOA compliant server. Budget allocation of IT Infrastructure. Bandwidth programme. Actions to improve: Upgrading of ICT infrastructure. Prioritisation of projects. (Upgrading of network cables and switches, Migration of data). |

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 municipality has an approved supply chain management policy which is in line with the MFMA, Supply Chain Management Regulation and Preferential Procurement Policy Framework Regulations of 2011. The policy was last reviewed in 2015/16 financial year and was adopted by council of 27 May 2016 for implementation in 2016/17 financial year.

The Supply Chain Management unit is appropriately capacitated in terms of human resources and skills. The unit is headed by a senior official who assume the duties of a senior supply chain practitioner.

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

D 4: BY-LAWS

By-Laws

Municipal Health Services By-Laws

Fezile Dabi District Municipality Municipal has Health Services by-laws that were promulgated on 27 March 2009 but are already due for review. South African Local Government Association (SALGA) is currently in a process of developing uniform by-laws for the whole of Local Government, and for this reason we have decided to allow for SALGA process to be finalised so as to ensure that when our own by-laws are reviewed, they are aligned and to those developed by SALGA to ensure uniformity and consistency.

Air Quality By-Laws

Draft By-laws is available. The municipality is must still undertake public participation process in relation to these by-laws, after which they will then be tabled to council and submitted for promulgation after council approval.

Fire By-Laws

FDDM Fire By-laws 35 of 3 July 2015 were promulgated.

Challenges:

Review of Municipal Health Services By-Laws is currently dependent on SALGA completing the related standard by-laws, which is a process that is completely outside the control of the municipality.

Key Interventions:

Once SALGA has finalised the standard by-laws, we will then tailor SALGA by-laws to our situation and submit for council adoption after proper public consultation. Allowing SALGA process to unfold will allow us to work towards standardisation with the rest of the country and the province.

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.

Table 10: Publication of information on municipal website

| Documents to be published on the municipality's website | Published / Not published |
|--|---------------------------|
| Budget | |
| Approved Annual Budget 2015/2016 and quality certificate | Published |
| Adjustment budget 2015/2016 and quality certificate | Published |
| Annual Reports | |
| Draft Annual Report 2014/2015 | Published |
| Over sight report 2014/2015 | Published |
| IDP & SDBIP | |
| FDDM SDBIP 2015/2016 | Published |
| IDP 2015/2016 | Published |
| Quarterly Reports | |
| SCM Quarterly reports 2015/2016 | Published |
| Financial Reports 2015/2016 | Published |
| Budget Related Policies | |
| Asset Management Policy | Published |
| Banking & Investment Policy | Published |

| Documents to be published on the municipality's website | Published / Not published |
|---|---------------------------|
| Funding Reserves Policy | Published |
| Budget Virement Policy | Published |
| Budget & Reporting Policy | Published |
| Supply Management Policy | Published |
| Performance Agreements 2015/2016 | |
| Municipal Manager | Published |
| Chief Financial Officer | Published |
| Director Corporate Support Services | Published |
| Director EH and ES | Published |
| Director LED and Tourism | Published |
| Financial Statements | |
| AFS 2014/2015 | Published |
| Mid-Year budget and performance assessment Reports | |
| S7 Report 2015/2016 | Published |
| Bid Register | |
| Bid Register 2015/2016 | N/A |

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 11: Activities performed by the MPAC

| Municipal Public Accounts Committee (MPAC) | |
|---|------------------|
| Matters considered in 2015/16 | Date |
| Deviations from supply chain policy for June 2015 | 27 July 2015 |
| Fruitless Expenditure identified for the 2014/15 financial year | |
| IDP, Budgeting, performance and reporting process plan for 2016/17 | |
| Implementation of supply chain management policy for the year ending 30 June 2015 | |
| Institutional Compliance status report for the 2014/15 financial year | |
| MFMA Compliance calendar for the year 2015/16 | |
| Progress on the Integrated Development Plan and budgeting process plan 2014/15 | |
| Quarterly financial indicators for the period ending 30 June 2015 | |
| Report on implementation of Action Plan; Audit 2013/14 | 15 October 2015 |
| Annual Financial Statements (AFS) for the year ending 30 June 2015 | |
| Budget Implementation Report for the quarter ending 30 September 2015 | |
| Declaration of interest – Councillors | |
| Deviation from the Supply Chain Policy (SCM) for the period July – September 2015 | |
| Adjustment Budget for 2015/16 financial year | 22 February 2016 |
| Report on dissolution of FDDM trust | |
| Oversight Report: Annual Report for the period ending 30 June 2015 | 22 March 2016 |
| Annual Draft Budget for 2016/2017 financial year | |

Table 12: Activities performed by the Audit & Performance Committee

| Audit & Performance Committee | |
|---|------------------|
| Matters considered in 2015/16 | Date |
| Review of the Annual Financial Statements for 2014/15 financial year | 30 August 2015 |
| Year-end audited performance management information report | |
| Self-assessment document for Audit Committee members | |
| Auditor-General Engagement letter for 2015/16 financial year. | |
| Auditor-General audit strategy for 2015/16 financial year. | |
| Review of the Annual Financial Statements for 2014/15 financial year | |
| Year-end audited performance management information report | 27 November 2015 |
| Self-assessment document for Audit Committee members | |
| Auditor-General Engagement letter for 2015/16 financial year. | |
| Auditor-General report on audit performed for 2014/15 financial year. | |
| Management report for 2014/15 financial year | |
| Audit Committee Charter | |
| Internal Audit Charter | |
| Fourth Quarter Internal Audit report for 2014/15 financial year. | |
| Review of Audited reported performance management | |
| Financial indicators | |



| | |
|---|--------------|
| 1 st & 2 nd Quarter Internal Audit report for 2015/16 financial year. | 10 June 2016 |
| Mid-year performance information report for 2015/16 financial year | |
| Risk Management implementation plan | |
| Risk Committee Charter | |
| Risk Management policy & Strategy review | |
| 1 st & 2 nd Quarter risk assessment report | |
| Financial Indicators for April 2016 | |
| Audit Committee Mid-year report | |
| 3 rd Quarter Internal Audit report for 2015/16 financial year | 30 June 2016 |
| 3 rd Quarter Performance Information report for 2015/16 Financial year | |
| Financial Indicators for May 2016 | |
| Risk Management reports | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (Performance Report Part1)

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*

On the 26th of May 2016 a delegation from the Fezile Dabi District Municipality attended the Disaster Management Institution of Southern

Africa (DMISA) AGM to establish capacity building programmes and projects for disaster practitioners.

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

Table 12: Municipal Health Services Awareness Programme

| Project/Programme | Date | Target | No. Of People Reached |
|---|----------------------------|---|-----------------------|
| Food Safety | 18 Sept 2015 | Department of Health Community Health Workers | 35 |
| Food Safety | 01 Mar 2015 to 30 Dec 2015 | Fruits and Vegetable hawkers (Parys) | 21 |
| Food Safety | Jan 2015 to Sept 2015 | Fruit and Vegetable hawkers (Kroonstad) | 60 |
| Safe milk supply for farmers | 27 Oct 2015 | Milk suppliers | 3 |
| Health & Hygiene Education for Food Handlers | 26 Oct 2015 | Food handlers | 7 |
| Food Safety | 11 Nov 2015 | Food handlers | 7 |
| Good food hygiene practices make good business sense. (Food Safety) (Sasolburg) | 02 Dec 2015 | Food handlers at the HIV/AIDS benefit concert | 14 |



| | | | |
|---|--------------|---|-----|
| Placing Environmental Health at the heart of human health” Celebrating environmental health Month. | 19 Feb 2016 | Frankfort Town Coordinating | 20 |
| School health Week and TB awareness month (Frankfort) “Hei Wena Use Your Elbow” | 03 Mar 2016 | Grade 6 and 7 | 300 |
| National Water Week (Frankfort) “Water for the people-Water by the people-Water has no substitute” | 15 Mar 2016 | Farm Schools learners | 165 |
| TB(Tuberculosis) awareness month (Deneysville) “Hei wena use your elbow” | 30 Mar 2016 | Patients at Refeng Khotso Clinic | 30 |
| Water Week Celebration (Sasolburg) “Water for the people-Water by the people-Water has no substitute” | 21 Apr 2016 | Grade 7 Learners | 110 |
| World Toilet Day Celebration “My toilet my responsibilities” | 28 Apr 2016, | Community members in Mapetla Section, Mokwallo, Vredefort | 150 |

| | | | |
|--|----------------|--|-----|
| Food Safety with a theme "From farm to plate" | 17 May 2016 | Food handlers in Mmabatho soup kitchen Tweeling | 10 |
| World No Tobacco Day Celebrations under the theme "Tobacco Free Youth" | 24 May 2016 | Grade 6, 7 and 8 learners at Gugulethu Intermediate School Frankfort | 136 |

– **Environmental Management Awareness**

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

Table 13: Environmental Management Awareness Programmes

| Project/ Programme | Date | Target | No. Of People Reached |
|---|-------------|--|--------------------------------------|
| World Health Environmental Day (Zamdela) | 18 Sep 2015 | Crèches Personnel | 250 |
| World Environmental Health Day (Viljoenskroon) | 18 Sep 2015 | Crèches Personnel and parents | 30 |
| Food Safety | 18 Sep 2015 | Department of Health Community Health Workers | 35 |



| Project/ Programme | Date | Target | No. Of People Reached |
|---|-------------|---|--------------------------------------|
| Good food hygiene practices makes good business sense. (Food Safety) (Sasolburg) | 02 Dec 2015 | Food handlers at the HIV/AIDS benefit concert | 14 |
| Placing Environmental Health at the heart of human health” Celebrating environmental health Month. | 19 Feb 2016 | Frankfort Town Coordinating | 20 |
| National Water Week (Frankfort) “Water for the people-Water by the people-Water has no substitute” | 15 Mar 2016 | Farm Schools learners | 165 |
| Water Week Celebration (Sasolburg) “Water for the people-Water by the people-Water has no substitute” | 21 Apr 2016 | Grade 7 Learners | 110 |

DISASTER MANAGEMENT & EMERGENCY SERVICES REPORT FOR THE PERIOD JULY 2015 TO JUNE 2016

B 2: DISASTER MANAGEMENT

The Disaster Management Act, 2015 (Act no 16 of 2015) that commenced on May 1st, 2016 provide for an integrated and co-ordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery.

– *Disaster Management Awareness*

During the period under review, the district conducted educational awareness campaigns in Heilbron schools with Ngwathe Fire & Rescue Fire-fighters and a joint awareness campaign with Community Development Workers (CDW) in Ngwathe Local Municipality.



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1.1 WORKSHOPS, TRAINING AND MEETINGS ATTENDED

Table 14:

| Type of Meeting | Date of the meeting | Description |
|--|--------------------------------|---|
| Joint Planning meetings. | 04-Aug-15 | Joint planning meeting with the Department of Water and Sanitation (Vaal Dam). |
| GIS workshop. | 25-Aug-15 | Discuss on GIS view to be implemented in the District. |
| Provincial Disaster Advisory | 26-Aug-15 | Discussion on Disaster related issues in the District and Province. |
| National Disaster Risk Reduction School toolkit | 28-Aug-15 | Discussion and input on National draft paper for Disaster Risk Reduction school toolkit. |
| Educational Awareness at Tshediso-Xolani primary School. | 01-Sep-15 | To ask the permission to conduct the disaster management educational awareness. |
| Section 4 meeting | 17-Sep-15 | The economic Freedom Fighter (EFF) march against the SAPS in Villiers on the 24 September 2015. |
| Induction meeting with Director Portia Tshabalala | 15-Sep-15 | Me Gorati seconded at Moqhaka Local Municipality as a Disaster coordinator for that area. The meeting with the director was to discuss the role and responsibilities of me Gorati pertaining issues of disaster management in Moqhaka Local Municipality. |
| Section 4 meeting for beach party | 22-Sep-15 | The Batlounge Event Management has applied to host the annual beach party in Frankfort at Water Park on the 03 October 2015. |
| Incident Management System | 27 September - 02 October 2015 | Training on how to manage incidents or accidents. |
| Meeting with Mafube LM Focal Person | 06-Jan-16 | The meeting was about drawing of the program for the first quarter of the year 2016 and to make the Namahadi community aware of the anticipated heat wave that was expected to happen on the 07 & 08 January. |

| | | |
|---|----------------------------|--|
| Training of Fire Personnel on Intelligent Incident Management Portal (IIMP) | 15,19,20 & 22 January 2016 | The Intelligent Incident Management Portal (IIMP) is the system introduced by Aurecon that is used from Disaster Management planning; mobile field data capture call taking and dispatching system automation of processes and communication. |
| Preparation meeting for picketing to Magistrate court | 11-Jan-16 | The meeting aimed at reducing risks before escalating to disaster in terms of Gatherings Act and National Disaster Management |
| Preparation Meetings for Emergency Management Services Open Day | 22 January 2016 | The outlining of roles and responsibilities of the Emergency Units when responding on incident or accident. |
| Meeting with Technical Department- Ngwathe LM | 22-Jan-16 | Identification of the communal boreholes in Ngwathe LM that will assist in the Water Crisis Contingency Plan |
| Disaster Risk Assessment Meeting for Parys Hospital- Ngwathe LM | 25-Jan-16 | The reduction of flood risk in hospital ward during heavy rains (as agreed in the DMAF meeting) in terms of National Disaster Management Act 57 of 2002 |
| Public Information Educational Relation meeting | 17-Feb-16 | The aim of the meeting is to resuscitate the Public Information Educational Relation committee |
| Peace Officer Course | 15-Sep-15 | The enforcement of fire by-laws |
| Fire Safety Conference | 23-24 February 2016 | The conference focused fire occurring in informal settlement, structural and veld fires assessment and investigation and disaster related issues e.g. education training of volunteers and sourcing of relief and funding & PIER |
| Provincial Disaster Advisory Forum | 24-Feb-16 | Stakeholder participation to discuss disaster risk reduction and disaster preparedness |
| JPC meeting Department of Water & Sanitation | 25-Feb-16 | National Key Point Act 102 of 1982 compliance. |
| Educational Campaign Plenary Meeting for Groenpunt Officials | 29-Feb-16 | The plenary meeting was held with Correctional Services to discuss the education campaign about drought, saving of water & disaster related issues .e.g. Drought, fire, extreme cold, lightning and road accidents. |
| Educational Campaign on Community Workers programme | 1-2 March 2016 | The campaign was conducted at Zamdela hall and Harry Gwala Multi-purpose for CWPs on issues related to drought & Saving of water and disaster related issues like classification of disaster, categorization of disaster and different hazards like fire, drought, extreme cold, road accidents and lightning. |

| | | |
|---|-----------|---|
| JPC Meeting | 10-Mar-16 | The NKP JPC meeting is a joint sitting to advise, determine the state of readiness with regard to safety of the NKP and addressing the challenges that relate to the threats. All the stakeholders meet quarterly. |
| IDP assessment session | 20-Apr-16 | Cogta exercise to validate the inclusion of disaster risk management activities projects and programmes in the IDP and budget. |
| Plenary meeting with Koppies Unit Manager | 22-Apr | Plenary meeting for the cleaning and maintenance of Koppies land filled site and for the identification of stakeholders who will participate in the project. |
| Provincial Fire Services Advisory Committee | 06-May-16 | Report from the municipalities to Provincial Disaster Management Centre (PDMC) on the status of Fire Services |
| Corporate Governance and Traditional Affairs (Cogta) IDP Assessment | 20-May-16 | The workshop was about assessing the incorporation of FDDM Disaster Risk Management projects and programmes into the IDP and the alignment thereof |
| National Key Points (NKP) Joint Planning Committee (JPC) Meeting | 24-May-16 | The National Key Points (NKP) JPC meeting is a joint sitting where all stakeholders meet to give advice and determine the state of readiness with regard to the safety of the National Key Point (NKP) and addressing matters that arise as a threat. All stakeholders meet quarterly |
| District Disaster Advisory Forum | 22-Jun-16 | Disaster stakeholder participation for disaster risk reduction in the district |
| Provincial Disaster Advisory Forum. | 25-May-16 | Stakeholder participation in disaster risk reduction in the province and reporting the status of disaster risk management in the districts |
| Attended Disaster Management Institution of Southern Africa (DMISA) AGM | 26-May-16 | Professional institute for disaster risk management practitioners in Southern Africa |

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1.2 PERFORMANCE

1.2.1 FIRE SERVICES

During the period under review the following activities were carried out by the Fire and Rescue services:

Table 15:

| Key Activities | Area | Compliance | | Comments |
|--------------------------------------|--------|------------|----|--|
| | Mafube | Yes | No | |
| Fire & Rescue Incidents responded to | 157 | | | <ul style="list-style-type: none"> • MVA • Grass Fire • House • P1 • P2 • P3 • P4 |
| Building plans scrutinized | 70 | 43 | 11 | <ul style="list-style-type: none"> • 61% of the building plans inspected: the non-compliant plans were referred back for rectification |
| Low risk buildings inspected | 57 | 11 | 47 | <ul style="list-style-type: none"> • 19% of the building complies with the legislation. |
| Medium risk buildings inspected | 24 | 15 | 5 | <ul style="list-style-type: none"> • 62% of building plans inspected complied |
| Fire awareness campaigns conducted | 22 | | | <ul style="list-style-type: none"> • Hazardous material inspection and awareness at N3 national road with Provincial traffic, Emergency Medical Services, South African Police Service and N3 Toll Concession on the 26 April 2016 (checking Material Safety Data Sheets) • Conducted fire awareness at Phekolong Clinic |

| | | | | |
|--|--|--|--|--|
| | | | | <ul style="list-style-type: none"> • Educational Awareness at Fire Station for Masetjhaba Creche • Community ground at Tweeling. • Lesedi la Thuto Day care in Frankfort. • Villiers Crèche and Frankfort Crèche. • Boitumelo day care (33) learners were reached • Katlehong day care (24) learners were reached • Tswelopele day care (14) learners were reached • Phogo crèche (34) learners were reached • Mazibuye edu-care (17) learners were reached • Tweeling community (60) community members were reached • Door to door fire safety awareness (10 houses visited) |
|--|--|--|--|--|

1.2.2 INCIDENTS REPORT

During the period under review the following incidents were reported and responded to by the Fire and Rescue services:

Table 16:

| Incidents | Metsimaholo | Ngwathe | Moqhaka | Total |
|----------------------|-------------|---------|---------|-------|
| MVA | 170 | 79 | 18 | 267 |
| House fire | 16 | 9 | 6 | 31 |
| Shack fire | 5 | 18 | 2 | 25 |
| Structural fire | 0 | 9 | 0 | 9 |
| P1 | 8 | 16 | 6 | 30 |
| P2 | 36 | 10 | 14 | 60 |
| P3 | 68 | 0 | 0 | 68 |
| P4 | 12 | 11 | 1 | 24 |
| Gras/Veld fire | 25 | 0 | 1 | 26 |
| Rescue | 0 | 7 | 1 | 8 |
| Truck fire | 1 | 0 | 0 | 1 |
| Vehicles on fire | 4 | 4 | 4 | 12 |
| Pedestrian accidents | 8 | 0 | 0 | 5 |
| Electrical pole | 2 | 3 | 0 | 5 |

1.2.3 DISASTER

Table 17:

| Key activities | Area | | | | Total | Comments |
|------------------------|-------------------------|---------|-------------|--------|-------|--|
| | Moghaka | Ngwathe | Metsimaholo | Mafube | | |
| | Conduct risk assessment | 4 | 10 | 4 | | |
| Conduct risk reduction | 3 | 7 | 6 | 4 | 20 | <ul style="list-style-type: none"> Testing of FDDM Business Continuity plan |

| | | | | | | |
|---|---|---|---|----|----|--|
| | | | | | | <ul style="list-style-type: none"> • Ngwathe LM institutional capacity meetings to prepare and be ready for any risk that could happen and also to have required capacity. • Preliminary / preparation meeting before the court case. • The Dome Legends Country Music event. • The Dome Bike Legends Rally event. • Training of community members in Tweeling on how to extinguish fire using basket relay system. • Community Fire Safety Educational Awareness in Tweeling • Moqhaka, Ngwathe & Metsimaholo Local Municipalities Risk Reduction to be conducted in the next quarter. |
| Scrutinize submitted stakeholders disaster plans. | 2 | 2 | 0 | 1 | 5 | <ul style="list-style-type: none"> • Moqhaka Local Municipality and Parys Hospital submitted their Disaster plans |
| Generate case study and best practices guide in disaster risk reduction(Conduct assimilation exercise) | 1 | 2 | 4 | 5 | 12 | <ul style="list-style-type: none"> • FDDM Business Continuity Plan testing simulation • Evacuation from the burning housing using STOP, DROP and ROLL technique for crèches • Tweeling community simulation on how to use basket relay system with sand to fight shack fire • Simulation exercise in evacuating the building using STOP, DROP and ROLL technique in Iphupo Lami crèche • Moqhaka & Metsimaholo Local Municipalities assimilation exercise to be conducted in the next quarter |
| Education, Training and public awareness | 4 | 7 | 6 | 10 | 27 | <ul style="list-style-type: none"> • The Disaster Management Centre conducted educational campaign in Nkgopoleng High School targeting only about 200 Grade 10 • Fire awareness campaign at Phekolong Clinic in Frankfort, Mafube LM • Evacuation drill at Kronray Bakery in Frankfort, Mafube LM |

| | | | | | | |
|--|--|--|--|--|--|---|
| | | | | | | <ul style="list-style-type: none"> • The FDDM held the graduation ceremony for Fire, Water purification and Electrical engineering learnerships in Sasolburg. • Educational Awareness Campaign for 65 community members at Tweeling ground-Mafahlaneng. Topics “Disaster and different hazards, how to use buckets effectively in extinguishing house and shack fires”. • Educational Awareness campaign at Motheo Crèche – Deneysville. 60 Children were taught about the danger of fire in their area. Topic “ Fire Safety” • Iphupo Lami crèche in Tumahole (27) learners were reached • Phirihadi Public School (160), learners were reached • Bhakilanga Intermediate School (130) learners were reached • Boitumelong Primary (60) learners were reached all in Heilbron <p>TOPIC:</p> <ul style="list-style-type: none"> • Fire in informal settlement (spread of fire and mitigation strategy) • Veld fires • Disaster drought • Fire Safety and Prevention |
|--|--|--|--|--|--|---|

– ***Institutional Capacity Meetings held***

During the period under review, the following meetings were held by the district:

- Organisations Served Municipality with the notice of the demonstration whereby permission was granted with considerations of the Gatherings Act.
- FDDM Business Continuity Plan testing on the 12 April 2016
- Tumahole institutional Arrangement for Art Market Event
- Activation of Joint Operation Centre (JOC) in Mqohaka LM for water crisis in Kroonstad
- Attended Disaster Advisory Forum on the 22 June 2016
- Drought impact analysis by National Disaster Management Centre (PDMC), Provincial Disaster Management Centre (PDMC) and District Disaster Management Centre (DDMC) for the drought impacts and coordination following water scarcity problem.

B 3: LED UNIT

Realising the importance of creating an enabling environment for local economic development FDDM has embarked on the following activities for 2015/2016:

Agricultural development

3.1. Koppies Greenhouse (Hydroponic) Vegetable Production Project

Hydroponic is a commercial method for growing plants or crops. In a hydroponic system roots grow and develop either in humid air, well-aerated water, or in a moist non-soil medium. The water supplied to the roots comprises of a carefully balanced solution with all the nutrients a plant needs for optimal growth.

The land that has been identified for the project is located in Koppies and owned by FDDM.

The service provider, who was appointed in October 2015 for the implementation phase, performed the following activities for 2015/2016:

- **Business plan review** – it was necessary to review the business plan as the last business plan was reviewed in August 2013. The key issues that were reviewed include the structures, budget, duration, commodities, employment and funding mobilization.
- **Readiness assessment** – an assessment was done to determine possible production of vegetables using the existing structures and available resources.
- **Job creation** – Twenty three temporary workers (12 female and 11 male) were appointed in order to ensure the functionality of the seven tunnels. After the completion of the site preparation 10 workers were selected from the 23 workers to undertake the day to day production management.
- **Procurement of equipment and production items** – the Service Provider procured relevant equipment (wheelbarrows, spades, shovels, rakes,

tunnel plastics and submersible pump) and production items (seeds, chemicals and fertilizers) for site preparation.

- **Induction session** – the Service Provider conducted an induction session for the abovementioned workers, who commenced with their work on 2 December 2015 until 24 December 2015 (17 working days). During this period the following activities were performed – replacing damaged plastic covers of all the tunnels, digging a trench for the laying of water pipes and electricity cables and digging a sloped trench behind the tunnels for waste water collection from the plants in the tunnels.
- **Planting** – All seven tunnels have been put under production for the following commodities, namely English cucumber (3 tunnels), spinach (one tunnel), green/red and yellow pepper (one tunnel) and tomatoes (2 tunnels).
- **Funding application** – applications for funding was submitted to the following institutions:
 - Free State Department of Rural development and Land Reform
 - The Mining Qualification Authority
 - Office of the Free State Premier

3.2. Assistance to co-operatives

The promotion of the establishment and development of sustainable co-operatives in the region has been a priority for FDDM. LED department upheld the mandate of co-operatives development and has assisted the following co-operatives for 2015/2016:

Table No 18:

| Project Name | Town |
|----------------------------------|-----------|
| Phuta Recycling Co operative | Steynsrus |
| Authentic Recycling Co operative | Frankfort |
| Fomapa Co operative | Vredefort |

3.3. Monitoring of SMMEs, co-operatives and self-help projects

Monitoring of SMMEs and self-help projects is essential in order to ensure the sustainability of the projects. The following self-help groups were monitored for 2015/2016:

Table No 19:

| SMMEs, co-operatives and self-help projects | Town | Nature of Project | Municipality |
|--|---------------|--------------------------|--------------------------------|
| Madibo Farm | Frankfort | Crop Farming | Mafube Local Municipality |
| Matsole Farm | Villiers | Crop Farming | Mafube Local Municipality |
| Vredefort Youth for Change | Vredefort | Vegetable Production | Ngwathe Municipality |
| Rammolotsi Co operative | Viljoenskroon | Poultry | Moqhaka Local Municipality |
| Basadi Phahamang | Orangeville | Poultry | Metsimaholo Local Municipality |
| Thlabollo Co operative | Steynsrus | Vegetable Production | Moqhaka Local Municipality |
| Mosia Trust | Koppies | Cattle Farming | |
| Mokhele Clothing | | Clothing | Moqhaka Local Municipality |
| Mampoi Dressmaking and Designing | | Clothing and Designing | Metsimaholo Local Municipality |
| ATN Production Trading and Projects | | Photography | Metsimaholo Local Municipality |

A questionnaire was developed in order to assess the above. The questionnaire focused on the status of the projects, challenges and achievements.

3.4. Training of agricultural co-operatives

FDDM facilitated a training session which was conducted by the Department of Agriculture to empower the members of agricultural co-operatives on project management skills. The sustainability of co-operatives depends largely on the successful application of project management.

B 4: TOURISM DEVELOPMENT UNIT

As part of its powers and functions in terms of Section 84(m) of the Municipal Structures Act FDDM has undertaken the following activities for 2015/2016

4.1. Advertising and Publicity

Fezile Dabi Tourism product offering was advertised in the following tourism magazines, which are distributed in hotels, shows and international travel shows like WTM in London and ITB in Germany.

- Encounter Africa Magazine
- South African Explore Magazine

Forming part of marketing and promotion of tourism FDDM attended the following shows:

- **The Getaway Show from 28-30 August 2015 in Randburg.**

This year the show hosted 297 exhibitors from South Africa and Africa and it was recorded that 23 000 visited the show. Fezile Dabi District Municipality stand distributed 400 Vredefort Dome information flyers, Deneysville brochures, Riemland Route brochures and 550 Parys information office brochures.

The purpose of distributing and marketing Fezile Dabi District (Lion Route) is to provide a positive experience that will help tourism to grow and thereby contributing to improve economic growth in the area in such a manner that it supports the principle of responsible tourism.

Two product owners from Fezile Dabi district were invited to exhibit their products, namely:

- Riemland Route
- Vaal Dam (Deneysville)
- **The Beeld Holiday Show from 26 - 28 February 2016 in Midrand**

During the show exhibitors handed out information on tourism activities, attractions and accommodation in the district. The information material distributed at the show was 200 Vredefort Dome flyers, 100 Kroonstad flyers, 250 Deneysville brochures and Parys brochures. It is recorded that the 2016 Beeld holiday show was attended by 26,821 visitors from all over South Africa

- **The International Tourism Indaba 6-9 May 2016 in Durban**

From the 06th - 09th of May 2016 the tourism unit attended the International Tourism Indaba which was held in Durban at the Durban ICC. The Tourism Indaba is regarded as one of the largest tourism marketing events on the African calendar and one of the top three 'must visit' events of its kind on the global calendar. This show also showcases the widest variety of Southern Africa's best tourism products, and attracts international visitors and media from across the world. This year once again the Indaba 2016 opened its doors to the African continent and featured a number of African destinations on the exhibition floor. It is recorded that 18 countries and 575 national and international media people attended the show, and that 70 exhibiting SMME's also took part at the Tourism Indaba this year.

- **Tourist Guide Celebrations**

This event was hosted by the National Department of Tourism together with the Kwa Zulu Natal Department of Economic Development and Tourism from 20-21 February 2016 in Umfolozi. The theme was: **KEEPING UP WITH THE CHANGING TRENDS**. This year Fezile Dabi took four tourist guides to the celebrations. The aim of these celebrations was to enhance the capacity of tourist guides and provide a platform to share their experiences.

- **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 communities in the district. The aim of these campaigns is to educate, raise awareness and understanding of the importance of tourism to the local economy among members of the public, media and stakeholders within the district. In this regard the tourism unit conducted tourism awareness campaigns in all four local municipalities within the district upgrading of municipal resorts

FDDM allocated a budget for the period under review for the upgrading of municipal resorts in order to assist municipalities in attracting more tourists and generating more revenue. Each year one municipal resort is selected at the request of a local municipality. For 2015/2016 the following areas of the Deneysville resort was upgraded:

- Male and female ablution blocks
- Entrance/security gate
- Fencing
- Braai facilities

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 No 20:

| Name of Centre | Town & Municipality | Items / Equipment |
|-------------------------------|---------------------|--------------------------|
| Ikamoheleng Community Project | Maokeng, | 14 Long-sleeve shirts |
| | Moqhaka | 14 blue and white skirts |
| | Local | 14 ties |
| | Municipality | 7 grey skirts |
| | | 7 grey shorts |

– **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 No 21:

| Name of Centre | Town & Municipality |
|---------------------------|---------------------------------------|
| Thusanang Day Care Centre | Kwakwatsi, Ngwathe Local Municipality |
| Phomolong Edu-care Centre | Namahadi, Mafube Local Municipality |



| | |
|---------------------------|--|
| Mpumelelo Day Care Centre | Matlwangtlwang, Moqhaka Local Municipality |
| Tshepong Crèche | Mokwallo, Ngwathe Local Municipality |

– **Arts and Culture Development**

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

Table No 22:

| Name of Centre | Town & Municipality | Items / Equipment |
|-------------------------------------|--|---|
| The Platform | Maokeng, Moqhaka Local Municipality | 2 hand-held video cameras 4 mics |
| Kedios1FS | Zamdela, Metsimaholo Local Municipality | Attire |
| Ngwathe Performing Arts and Culture | Matlwangtlwang, Moqhaka Local Municipality | 2 Djembe drums 1 keyboard 2 bass guitar strings 2 LED guitar 3 Mics 1 stand 1 Amp |
| Nority Entertainment | Zamdela, Metsimaholo Local Municipality | Studio equipment |
| Costa | Zamdela, Metsimaholo Local Municipality | Music Video |

| | | |
|------------------------|--------------------------------------|-------------------|
| Siyaya Performing Arts | Tumahole, Ngwathe Local Municipality | Performing Attire |
|------------------------|--------------------------------------|-------------------|

B 6: SPORTS DEVELOPMENT

– OR Tambo Games

- On the 23rd, 24th and 25th of October 2015 the Provincial games were held in Welkom
- On the 17th of October 2015 the District games were held in Kroonstad.

– Rural School Development

- On the 28th of May 2016 the Rural School Development took place in Kroonstad on the farm Lovedale.

– Fezile Dabi Powerboat Team

- On the 5th to the 9th of October 2015 Power-boat training camp took place at Emerald Casino in Vanderbijlpark.
- On the 28th of March to the 1st of April Power-boat training camp took place at Emerald Casino in Vanderbijlpark.

– Fezile Dabi Mountain Bike Cycling Team

- On the 21st to the 23rd of August 2015 training camp took place in Parys
- On the 6th of September 2015 training camp took place in Parys.
- On the 4th to the 6th of March 2016 training camp took place in Parys.



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COMPONENT C: ANNUAL PERFORMANCE REPORT AGAINST PRE-DETERMINED OBJECTIVES

Annual Performance Report for 2015/16 financial year

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
|---|--|---|--|--|--|--|---|-------------------------------|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 1.1(a) | To enhance human resource capacity within the municipality | Implement retention strategy so as to provide for conducive working environment & acknowledgement of extra- ordinary performance. | 0% voluntary termination of employment at Senior Management by 30 June 2016. | % of voluntary termination of employment at Senior Management by 30 June 2016. | Nil resignations registered during 2014/15 | 0% voluntary termination of employment at Senior and Middle Management by 30 June 2016. (Retain 100% of the currently employed Senior Management by 30 June 2016.) | During the period under review, no voluntary termination of employment at Senior Management Level was recorded. | Signed Work Profile Reports | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|------------|---------------------------------|---------------------|----------|-----------------------|---------------------------|-------------------------------|--|--|
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| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 1.1(b) | To enhance human resource capacity within the municipality | Implement retention strategy so as to provide for conducive working environment & acknowledgement of extra- ordinary performance. | 0% voluntary termination of employment at Level 1 - 3 Managers by 30 June 2016. | % of voluntary termination of employment at Level 1 - 3 Managers by 30 June 2016. | Nil resignations registered during 2014/15 | 0% voluntary termination of employment at Level 1 - 3 Managers by 30 June 2016. (Retain 100% of the currently employed Level 1 - 3 Managers by 30 June 2016.) | During the period Under review, no voluntary termination of employment at Level 1 - 3 Managers was recorded. | Signed Work Profile Reports | Achieved | None |
| 1.2 (a) | To maintain sound labour relations | Ensure compliance with Collective Agreements, | Nil / Zero disputes filed by employees by 30 June 2016 | Number of disputes filed by employees by 30 June | LLF meetings held in 2014/15 | Nil / Zero disputes filed by employees by 30 June 2016 due to the | The LLF meeting was held on 30 June 2016. No disputes were | Signed Internal Reports indicating disputes filed by employees in | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|---|---|---|----------|--|---|--|--|--|
| | | Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to labour relations. | due to the municipality's non-compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to labour relations | 2016 due to the municipality's non-compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to | | municipality's non-compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to labour relations | filed by employees for the period under review. | relation to non-compliance with collective agreements, basic conditions of employment act, labour relations act and HR policies. | | |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|------------|---------------------|------------|---|---|--|---|---|--|--|--|
| 1.2 (b) | | | | labour relations | | | | | | |
| | | | 6 Human Resource related policies reviewed, updated and approved by Council by 30 June 2016 | Number of Human Resource related policies reviewed, updated and approved by Council by 30 June 2016 | 32 Human Resource Policies under implementation in 2014/15 | 6 Human Resource related policies reviewed, updated and approved by Council by 30 June 2016 | During the period under review, the following HR policies were reviewed and adopted by council on the 29 June 2016. 1. Leave policy, 2. Employee Assistance policy 3. Legal services | Copies of reviewed and approved HR policies supported by a signed extract of council resolutions for approval. | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | policy, 4. Use of internal & external facilities 5. Parking policy and 6. Use of social network policy. | | | |
| 1.3 (a) | To render targeted technical financial management support to municipalities | Roll-out targeted intervention and support to municipalities within the district in financial management and | 100% of requests for technical financial management support received from | %of requests for technical financial management support received from local | Four (4) joint meetings regarding required targeted support held in 2014/15 | Execute 100% of requests for technical financial management support received from local municipalities in | Twelve reports on the technical and financial support that was rendered to the LMS for the month of July, | Signed internal reports indicating number of requests for technical financial support received from local municipalities in the | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|---|--|--|----------|---|--|---|--|--|
| | within the District | legislative compliance aspects based on their specific needs. | local municipalities in the district in 2015/16 executed(i.e. approved / declined with feedback sent to respective municipalities) by 30 June 2016 | municipalities in the district in 2015/16 executed(i.e. approved / declined with feedback sent to respective municipalities) by 30 June 2016 | | the district in 2015/16 by 30 June 2016 | August, September, October, November, December, January, February, March, April, May and June 2016 are attached. | district and the total number executed (i.e. approved/declined with feedback send to respective municipalities), together with copies of signed letters of requests received from municipalities. | | |

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PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---------------------|------------|--|---|---|--|---|---|--|--|
| 1.3 (b) | | | 100% of approved requests for technical financial management support received from local municipalities in the district in 2015/16 implemented by 30 June 2016 | % of requests for technical financial management support received from local municipalities in the district in 2015/16 executed by 30 June 2016 | Four (4) joint meetings regarding required targeted support held in 2014/15 | Implement 100% of all approved requests for technical financial management support received from local municipalities in the district in 2015/16 by 30 June 2016 | During the financial year under review twelve reports on the technical and financial support that was rendered to the LMS were prepared as follows: July, August, September, October, | Signed internal reports indicating number of requests for technical financial management support received from local municipalities in the district in 2015/16 and the total number of requests executed. | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | November, December, January, February, March, April, May & June 2016 are attached. | | | |
| 1.4(a) | To ensure effective & efficient administration | Establish and implement good governance practices in line with Treasury Regulations to ensure proper risk management, | 4 quarterly Internal Audit Reports and related Management Action Plans with specific focus on Risk | Number of quarterly Internal Audit Reports and related Management Action Plans with specific | 20 SLA's were concluded, Twelve (12) Monthly and four (4) quarterly reports submitted in | 4 quarterly Internal Audit Reports (i.e. one report per quarter) and related Management Action Plans with specific focus on | Not applicable, ICT audit is not going to be performed for 2015/16 financial year | 1 quarterly internal audit report and related management action plans with specific focus on Risk Management, Internal Controls | Not Applicable | Avail adequate financial resources to undertake this strategic objective. |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | adequate internal controls for improved financial management, and improved overall organisational performance. | Management, Internal Controls, and Performance Management by 30 June 2016 | focus on Risk Management, Internal Controls, and Performance Management by 30 June 2016 | the in the financial year 2014/15 | Risk Management, Internal Controls, and Performance Management by 30 June 2016 | | and Performance Management. | | |
| 1.4 (b) | | | 100% of Post Audit Action Plan matters for 2014/15 relating to leadership, predetermined objectives and | % of Post Audit Action Plan matters for 2014/15 relating to leadership, predetermined | 2014/15 Audit Action Plan. | 100% of Post Audit Action Plan matters for 2014/15 relating to leadership, predetermined objectives and | All the findings raised by AG were addressed by management and verified through inspection of the | Signed progress reports on post audit action plan matters for 2014/15 relating to leadership, pre-determined | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | other matters addressed by 30 June 2016 | objectives and other matters addressed by 30 June 2016 | | other matters addressed by 30 June 2016 | post audit action plan for 2014/15 financial year. | objectives and other matters. | | |
| 1.4 (c) | To ensure effective & efficient administration | Establish and implement good governance practices in line with Treasury Regulations to ensure proper risk management, adequate internal controls for improved financial | Within 30 calendar days of receiving instructions from user departments and source document informing contract / agreement, | Number of calendar days of appointment of contractors / service providers in this financial year, a written and signed Service Level Agreements | 2014/15 signed SLAs. | Within 30 calendar days of receiving instructions from user departments and source document informing contract / agreement, draft legally compliant Service Level Agreements and | Extension ABSA Limited - Banking Services, Extension - Altimax - Preparation of Financial Statements, SLA: IDI Technology Solutions - Enterprise Risk | Signed appointment letters for each contract procured and copies of signed SLAs. | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | management, and improved overall organisational performance. | draft legally compliant Service Level Agreements and ensure that 100% of signed SLAs are kept in safe custody by 30 June 2016 for audit and other future use purposes. | entered into and a% of signed SLAs that are kept in safe custody by 30 June 2016 for audit and other future use purposes | | ensure that 100% of signed SLAs are kept in safe custody by 30 June 2016 for audit and other future use purposes. | Management Software (SLA at drafting stage), Silverhorns Consulting cc - Design and beautify the Entrance into Namahadi & Frankfort (SLA at drafting stage) | | | |
| 1.4 (d) | To ensure effective & | Establish and implement good governance | Within 5 calendar days of receiving | Number of calendar days of receiving | 2014/15 signed SLAs. | Within 5 calendar days of receiving confirmation of | Achieved: Copy of Register used for transferring of | | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | efficient administration | practices in line with Treasury Regulations to ensure proper risk management, adequate internal controls for improved financial management, and improved overall organisational performance. | confirmation of appointment of service provider /supplier for the department for the SCM, issue a written instruction together with supporting documents informing contract to the Legal Services division for | confirmation of appointment of service provider /supplier for the department from SCM it took to issue a written instruction together with supporting documents informing contract to the | | appointment of service provider /supplier for the department for the SCM, issue a written instruction together with supporting documents informing contract to the Legal Services division for drafting of Service Level Agreement for the | appointments of service providers to legal department to create SLA's | | | |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | drafting of Service Level Agreement for the period ending 30 June 2016 | Legal Services division for drafting of Service Level Agreement for the period ending 30 June 2016 | | period ending 30 June 2016 | | | | |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|-----|--|--|---|---|--|---|--|--|--|---|
| 1.5 | To ensure effective & efficient administration | Establish and implement good governance practices in line with Treasury Regulations to ensure proper risk management, adequate internal controls for | 4 quarterly Internal Audit Reports and related Management Action Plans with specific focus on ICT systems and infrastructure by | Number of quarterly Internal Audit Reports and related Management Action Plans with specific focus on ICT systems and | 4 Internal Audit reports submitted to the Audit Committee in 2014/15 | 4 quarterly Internal Audit Reports (i.e. one report per quarter) and related Management Action Plans with specific focus on ICT systems and infrastructure by | 1 quarterly Internal Audit Reports and related Management Action Plans with specific focus on ICT systems and infrastructure by 30 June 2016 | 1 quarterly Internal Audit Report and related Management Action Plans with specific focus on ICT systems and infrastructure. | Not Applicable | Avail adequate financial resources to undertake this strategic objective. |
| | | Improved financial management, and improved overall | 30 June 2016 | infrastructure by 30 June 2016 | | 30 June 2016 | | | | |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | organisational performance. | | | | | | | | |
| 1.6 | To ensure effective & efficient administration | Ensure compliance with Safety, Health, Risk, Environment & Quality (SHREQ) legislation & regulations so as to eliminate or manage the risks | 4 quarterly internal (SHREQ) compliance reports with indicators of highest level of compliance with all applicable SHREQ | Number of quarterly internal (SHREQ) compliance reports with indicators of highest level of compliance with all | four (4) quarterly reports submitted to management for consideration and noting during 2013/14 | 4 quarterly internal (SHREQ) compliance reports with indicators of highest level of compliance with all applicable SHREQ legislation by 30 June 2016 | Occupational Health and Safety report for the period of July, August, September, October, November, December, January, | 1 quarterly internal (SHREQ) compliance reports with indicators of highest level of compliance with all applicable SHREQ legislation. | Achieved | None |

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FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|--|--|--|--|------------------------------------|--|---|---|--|--|
| | | that are likely to cause occupational accidents and injuries | legislation by 30 June 2016 | applicable SHREQ legislation by 30 June 2016 | | | February, March, April, May and June 2016 are attached. | | | |
| 1.7 (a) | To ensure effective & efficient administration | Ensure compliance with LGSETA regulations. | Review & submit Workplace Skills Plan (WSP), Annual Training Report (ATR), and Professional, Vocational, Technical & | Date of submission WSP, ATR and PIVOTAL Report for 2016/17 financial year to the Municipal Manager | 2015/16 WSP, ATR & PIVOTAL reports | Review & submit Workplace Skills Plan (WSP), Annual Training Report (ATR), and Professional, Vocational, Technical & Academic Learning | The WSP, ART AND pivotal report for 2016/17 was submitted to the Municipal Manager on the 28 April 2016 and to LGSETA on the 29 April | Copy of the reviewed Workplace Skills Plan (WSP), Annual Training Report (ATR), and Professional, Vocational, Technical & Academic Learning | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
|---|--|--|---|--|------------------------------------|---|--|---|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | Academic Learning (PIVOTAL) Report for 2016/17 financial year to the Municipal Manager by 31 March 2016 | | | (PIVOTAL) Report for 2016/17 financial year to the Municipal Manager by 31 March 2016 | LGSETA, evidence attached. | (PIVOTAL) Report for 2016/17 financial year to the Municipal Manager. | | |
| 1.7 (b) | To ensure effective & efficient administration | Ensure compliance with LGSETA regulations. | Ensure submission of WSP, ATR and PIVOTAL report for 2016/17 financial year to | Date of submission WSP, ATR and PIVOTAL Report for 2016/17 | 2015/16 WSP, ATR & PIVOTAL reports | Ensure submission of WSP, ATR and PIVOTAL report for 2016/17 financial year to | Workplace Skills Plan for 2016/2017 & Annual Training Report for 2015/2016 | Copy of Workplace Skills Plan for 2016/2017 & Annual Training Report for 2015/2016. | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | LGSETA by 30 April 2016 | financial year to LGSETA | | LGSETA by 30 April 2016 | submitted to LG SETA on the 29 April 2016 | | | |
| 1.8 (a) | To ensure effective & efficient administration | Ensure compliance with LGSETA regulations. | Review & submit 12 monthly monitoring and implementation reports to the Municipal Manager within 5 days after the end of each month during | Number of monthly monitoring and implementation reports reviewed & submitted to Municipal Manager within 5 days after the end of each month | Monthly monitoring and implementation reports submitted to LGSETA in 2014/15 financial year | Review & submit 12 monthly monitoring and implementation reports to the Municipal Manager within 5 days after the end of each month during 2015/16 financial year | Training Implementation reports for period April - June 2016 were submitted to LG SETA. | Copies of 12 monthly monitoring and implementation reports to the Municipal Manager within 5 days after the end of each month. | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | 2015/16 financial year | during 2015/16 financial year | | | | | | |
| 1.8 (b) | To ensure effective & efficient administration | Ensure compliance with LGSETA regulations. | Ensure submission of 12 monthly monitoring and implementation reports to LGSETA within 7 days after the end of each month during 2015/16 financial year | Number of monthly monitoring and implementation reports submitted to LGSETA within 7 days after the end of each month during 2015/16 financial year | Monthly monitoring and implementation reports submitted to LGSETA in 2014/15 financial year | Ensure submission of 12 monthly monitoring and implementation reports to LGSETA within 7 days after the end of each month during 2015/16 financial year | Twelve monthly reports on implementation of WSP for the month of July, August, September, October, November, December January, February and March, April, May | Copies of 12 monthly monitoring and implementation reports to LGSETA within 7 days after the end of each month. | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
|---|--|---|---|--|----------|--|--|---|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | and June 2016 are attached. | | | |
| 1.9 | To ensure effective & efficient administration | Ensure the institutional preparedness for the possible attack, catastrophic events or related significant security incidents. | 4 quarterly security assessment and / or incidents reports regarding potential security threats to the municipality, employees, information and | Number of quarterly security assessment and / or incidents reports regarding potential security threats to the municipality, | N/A | 4 quarterly security assessment and / or incidents reports regarding potential security threats to the municipality, employees, information and other interest of the municipality by 30 June 2016 | Threat and Risk Assessment of the FDDM was performed for the period January to March 2016. | Copies of quarterly security assessment and / or incidents reports regarding potential security threats to the municipality, employees, information and other interest of the municipality. | Not Achieved, no evidence | Ensure that all units submit their progress reports against the pre-determined objectives. |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|------|--|---|--|---|----------|--|---|--|--|--|
| | | | other interest of the municipality by 30 June 2016 | employees, information and other interest of the municipality by 30 June 2016 | | | | | | |
| 1.10 | To ensure effective & efficient administration | Implement Anti-Fraud & Corruption Policy and Plan of the municipality so as to prevent and detect elements of Fraud and Corruption. | 1 Annual review of the Anti-Fraud & Corruption Policy and Plan and 4 quarterly anti-fraud and corruption awareness | Number of annual reviews of the Anti-Fraud & Corruption Policy and Plan and number of quarterly anti- | N/A | 1 Annual review of the Anti-Fraud & Corruption Policy and Plan and 4 quarterly anti-fraud and corruption awareness programs held by 30 June 2016 | During the period under review the fraud assessment questionnaire was developed together with the fraud control policy. | Copy of Annual review of the Anti-Fraud & Corruption Policy and Plan and 4 quarterly anti-fraud and corruption awareness programs. | Not Achieved, no evidence | Ensure that all units submit their progress reports against the pre-determined objectives. |

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FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|------------|---------------------------------|--|----------|-----------------------|---------------------------|-------------------------------|--|--|
| | | | programs held by 30 June 2016 | fraud and corruption awareness programs held by 30 June 2016 | | | | | | |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|------|--|--|---|---|---|---|---|---|--|--|
| 1.11 | To ensure effective & efficient administration | To ensure inclusive and continuous strategic alignment of departmental plans and goals | Convene 12 monthly departmental meetings by 30 June 2016 for continuous strategic alignment of departmental plans and goals | Number of monthly departmental meetings convened by 30 June 2016 for continuous strategic alignment of departmental plans and goals | Monthly departmental meetings held in 2014/15 | Convene 12 monthly departmental meetings by 30 June 2016 for continuous strategic alignment of departmental plans and goals | During the financial year under review the departmental meetings were convened as follows: 1. 30 July 2015; 2. 31 August 2015; 3. 23 September 2015, 4. 27 October 2015, 5. 26 November 2015, 6. | Proof in a form of agendas to convene 12 monthly departmental meetings for continuous strategic alignment of departmental plans and goals | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
|---|---------------------|------------|---------------------------------|---------------------|----------|---|---|-------------------------------|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | 10 December 2015, 7. 28 January 2016, 8. 25 February 2016, 9. 30 March 2016, 10. 28 April 2016, 11. 26 May 2016 continued on the 20 June 2016, and 12. 30 June 2016 | | | |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|------|--|--|--|--|---|---|---|---|--|--|
| 1.12 | To ensure effective & efficient administration | To ensure inclusive and continuous strategic alignment of organisational plans and goals | Convene 12 monthly Senior Management meetings by 30 June 2016 for continuous strategic alignment of organisational plans and goals | Number of monthly Senior Management meetings convened by 30 June 2016 for continuous strategic alignment of organisational plans and goals | Monthly departmental meetings held in 2014/15 | Convene 12 monthly Senior Management meetings by 30 June 2016 for continuous strategic alignment of organisational plans and goals. | During the financial year under review the Senior Management meetings were held as follows: 1. 09 July 2015, 2. 20 August 2015, 3. 17 September 2015, 4. 07 October 2015, 5. 09 November | Proof in a form of agendas to Convene 12 monthly Senior Management meetings for continuous strategic alignment of organisational plans and goals. | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
|---|---------------------|------------|---------------------------------|---------------------|----------|---|--|-------------------------------|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | 2015, 6. 08 December 2015. 7. 25 January 2016, 8. 15 February 2016, 9. 08 March 2016, 10. 12 April 2016, 11. 16 May 2016, and 12. 13 June 2016 | | | |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
|---|--|---|---|--|--|---|--|---|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 1.13 | To ensure effective & efficient administration | Promote employee wellness through dedicated wellness programmes | Prepare an annual employee-wellness programme for 2015/16 financial year by 1 July 2015, prepare and present 4 quarterly reports in relation thereto to senior management | An annual employee-wellness programme and number of quarterly report in relation thereto prepared and presented to senior management meeting by 30 June 2016 | 2014/15 Wellness programme and reports | Prepare an annual employee-wellness programme for 2015/16 financial year by 1 July 2015, prepare and present 4 quarterly reports in relation thereto to senior management meeting by 30 June 2016 | Eighteen (18) FDDM employees took part in the Annual Zio Marathon that took place on 14 May 2016. (Report is attached) | Proof that an annual employee-wellness programme was conducted, prepare and present 4 quarterly reports in relation thereto to senior management meeting. | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
|---|--|--|--|--|----------|---|--|--|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | meeting by 30 June 2016 | | | | | | | |
| 1.14 | To ensure effective & efficient administration | Ensure consistent follow-up on the status of implementation of Council | Track the implementation of Council resolutions by various officials | Number of monthly reports in relation to tracking of the | N/A | Track the implementation of Council resolutions by various officials and political office | A tracking of Council Resolutions Template in respect of a | Copy of a register to Track the implementation of Council resolutions by various officials | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
|---|--|---|---|--|----------|--|--|---|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | resolutions so improve reporting to council on its decisions. | and political office bearers, update the internal register accordingly and submit 12 monthly reports in relation thereto by 30 June 2016. | implementation of Council resolutions by various officials and political office bearers by 30 June 2016. | | bearers, update the internal register accordingly and submit 12 monthly reports in relation thereto by 30 June 2016. | Council Meeting that was held on 27 May 2016 and 29 June 2016 is attached. | and political office bearers. | | |
| 1.15 | To ensure effective & efficient administration | Provide for forward annual leave planning as part of Human Resource | Prepare and submit the departmental annual leave plan to Human | Date of submission of departmental annual leave plan to Human | N/A | Prepare and submit the departmental annual leave plan to Human | The update leave management plan for the department for the period 01 | Copy of departmental annual leave plan to Human | Achieved | None |

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
|---|---------------------|--|---|---------------------------|----------|---|--|-------------------------------|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | planning to ensure smooth operations with the requisite number of employees. | Resource Management unit by 30 September 2015 | Resource Management unit. | | Resource Management unit by 30 September 2015 | January 2016 to December 2016 is attached as evidence. | Resource Management unit. | | |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | 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 | Based on their specific requests, assist local municipalities within the district financially, technically & administratively with the implementation of water & sanitation, electricity, roads | 100% of requests for financial, technical and administrative support received from local municipalities in the district in 2015/16 in relation to implementation of water & sanitation, electricity, roads and storm water | % of requests for financial, technical and administrative support received from local municipalities in the district in 2015/16 in relation to implementation of water & sanitation, electricity, roads and storm water | 5 Projects completed in 2015/16. | 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 2015/16 in relation | Support rendered to Local Municipalities for the financial year under review is attached in a form of reports tabled to management for the month of: July, August, September, October, November, December, January, | 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 | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS | **ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE**

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|--------------------------|--|-----------------------------------|----------|--|--|---|--|--|
| | | and storm water projects | projects executed (i.e. approved / declined with feedback sent to respective municipalities) by 30 June 2016 | projects approved by 30 June 2016 | | to implementation of water & sanitation, electricity, roads and storm water projects by 30 June 2016 | February, March, April, May and June 2016. | projects approved, together with signed letters of requests received from the municipalities. | | |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|--|---|---|--|----------------------------------|--|---|---|--|--|
| 2.1 (b) | To support local municipalities within the District with the provision of basic services | Based on their specific requests, assist local municipalities within the district financially, technically & administratively with the implementation of water & sanitation, electricity, roads | 100% approved of requests for financial, technical and administrative support received from local municipalities in the district in 2015/16 in relation to implementation of water & sanitation, electricity, roads | % of approved requests for financial, technical and administrative support received from local municipalities in the district in 2015/16 in relation to implementation of water & sanitation, electricity, roads | 5 Projects completed in 2015/16. | 100% approved of requests for financial, technical and administrative support received from local municipalities in the district in 2015/16 in relation to implementation of water & sanitation, electricity, roads and storm water projects | During the financial year under review twelve reports on the technical and financial support that was rendered to the LMS were prepared as follows: July, August, September, October, November, December, | Signed internal reports indicating number of approved requests for financial, technical and administrative support received from local municipalities in the district in relation to implementation of water & sanitation, electricity, roads | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|-----|--|--|---|--|---|---|---|--|--|--|
| | | and storm water projects | and storm water projects implemented by 30 June 2016 | and storm water projects implemented by 30 June 2016 | | implemented by 30 June 2016 | January, February, March, April, May & June 2016 are attached. | and storm water projects implemented. | | |
| 2.2 | To improve sports facilities infrastructure within the District. | Upgrade sports facilities & infrastructure within the District identified in conjunction with local municipalities | All sports facilities & infrastructure within the District identified in 2015/16 in conjunction with local municipalities within the district | % of sports facilities & infrastructure within the District identified in 2015/16 in conjunction with local municipalities within the district | 100% fully upgraded sports facility in Qalabotjha (Mafube LM) in 2014/15. | Upgrade 100% of sports facilities & infrastructure within the District identified in 2015/16 in conjunction with local municipalities within the district | The project is completed, attached is the project completion certificate. | Signed internal report indicating number of sports facilities & infrastructure within the District identified in conjunction with local municipalities | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|-----|--|--|--|--|---|---|---|--|---|---|
| | | within the district. | upgraded by 30 June 2016 | upgraded by 30 June 2016 | | upgraded by 30 June 2016 | | within the district upgraded. | | |
| 2.3 | To promote sustainable human settlement. | Continuously review the municipality's SDF and assists local municipalities in the district with | Reviewed SDF for 2015/16 of the municipality and approved by Council by 30 June 2016 | 1 Reviewed SDF document of the municipality for 2015/16 and Council resolution for | Reviewed SDF for FDDM, Metsimaholo LM, and Ngwathe LM in 2014/15. | Review the SDF of the municipality for 2015/16 and have approved by Council by 30 June 2016 | The SDF for Metsimaholo has been completed by the Service Provider. | 1 Reviewed SDF document of the municipality for 2015/16 and signed extract of the Council resolution | Partially Achieved, no progress report for Ngwathe LM SDF | The KPI to review the SDF to be revised in the next financial year to focus only on |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|--|---------------------------------|--------------------------|----------|-----------------------|---------------------------|-------------------------------|--|--|
| | | the development of their SDFs to ensure an integrated district SDF that facilitates sustainable human settlement and improved quality of household life within the district. | | approval by 30 June 2016 | | | | confirming approval. | | Developing of the SDF for the District. |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
|---|---|---|---|---|--|---|---|---|--|--|
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 2.4 (a) | To provide Municipal Health Services effectively & equitably in the District. | Ensure equitable allocation and distribution of Municipal Health Services resources across the district so as to ensure fair and equitable health services within the district. | 4 quarterly Municipal Health Services reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2016 | Number of quarterly Municipal Health Services reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2016 | 39 certificate of acceptability to various entities in the district and monthly inspection, investigations and sampling reports in 2014/15 financial year. | 4 quarterly Municipal Health Services reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2016 | Quarterly Municipal Health Services report indicating services rendered in various towns across the 4 local municipalities from April - June 2016 | Signed quarterly Municipal Health Services reports indicating services rendered in various towns across the 4 local municipalities in the district. | Achieved | None |
| 2.4 (b) | To provide Municipal | Ensure equitable | 4 quarterly Air Quality | Number of quarterly Air | 2014/15 Quarterly & | 4 quarterly Air Quality | Reports on verification and | Signed quarterly Air Quality | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|--|---|--|--|----------------|--|---|---|--|--|
| | Health Services effectively & equitably in the District. | allocation and distribution of Air Quality Management resources across the district so as to ensure fair and equitable air quality management services within the district. | Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2016 | Quality Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2016 | Annual Reports | Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2016 | existing identification of new pollutants in Kroonstad dated 24 May 2016, Environmental impact application in Parys dated 23 June 2016, Compliance monitoring exercise conducted the 18-22 April 2016 | Management reports indicating services rendered in various towns across the 4 local municipalities in the district. | | |

| Key Performance Area 2: Basic Service Delivery and Infrastructure Development | | | | | | | | | | |
|---|---|---|---|---|--|---|--|--|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | Sasolburg industries | | | |
| 2.4 (c) | To provide Municipal Health Services effectively & equitably in the District. | Ensure equitable allocation and distribution of Disaster Management resources across the district so as to ensure fair and equitable provision of | 4 quarterly Disaster Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2016 | Number of quarterly Disaster Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2016 | Reported outcomes as per the 2014/15 Annual Report | 4 quarterly Disaster Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2016 | Verified through the inspection of reports, Disaster Services Quarterly report, April-June 2016, Disaster Management report indicating services rendered in various towns across the 4 local | Signed internal report indicating number and names of local municipalities in the district assisted with review and updating of Integrated Waste Management Plans. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|-------------------------------|---------------------------------|---------------------|----------|-----------------------|---------------------------------|-------------------------------|--|--|
| | | services within the district. | | | | | municipalities in the district. | | | |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|--|--|--|----------|---|--|--|--|--|
| 2.4 (d) | To provide Municipal Health Services effectively & equitably in the District. | Ensure equitable allocation and distribution of Disaster Management resources across the district so as to ensure fair and equitable disaster management services within the district. | 4 Interdepartmental disaster risk management committee meetings held by 30 June 2016 | Number of Interdepartmental disaster risk management committee meetings held by 30 June 2016 | None | 4 Interdepartmental disaster risk management committee meetings held by 30 June 2016. | Disaster Advisory Forum was held on the 22 June 2016. Minutes and attendance register attached | Copy of reviewed District Disaster Management Plan and internal report supported by attendance register indicating Interdepartmental disaster risk management committee meetings held. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|--|--|--|------------------------------------|--|---|---|--|--|
| 2.4 (e) | To provide Municipal Health Services effectively & equitably in the District. | Ensure equitable allocation and distribution of Fire Fighting resources to Mafube District Municipality as per the provisions of the signed Service Level Agreement. | 4 quarterly inspections at moderate to low risk premises performed in various areas across Mafube Local Municipality by 30 June 2016 | Number of quarterly inspections at moderate to low risk premises performed in various areas across Mafube Local Municipality by 30 June 2016 | 2014/15 Quarterly & Annual Reports | 4 quarterly inspections at moderate to low risk premises performed in various areas across Mafube Local Municipality by 30 June 2016 | Fire services inspection report for the months of April - June 2016 covering medium and low risks and incidents | Signed internal quarterly reports indicating inspections at moderate to low risk premises performed in various areas across the 4 local municipalities in the district. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|---|--|--|----------|--|---|---|--|--|
| 2.4 (f) | To provide Municipal Health Services effectively & equitably in the District. | Ensure equitable allocation and distribution of Environmental Management resources across the district so as to ensure fair and equitable environmental services within the district. | 4 quarterly environmental services reports for services performed in various areas across the 4 local municipalities in the district by 30 June 2016 | Number of quarterly environmental services reports for services performed in various areas across the 4 local municipalities in the district by 30 June 2016 | None | 4 quarterly environmental services reports for services performed in various areas across the 4 local municipalities in the district by 30 June 2016 | 1 quarterly environmental services report for services performed in various areas across the 4 local municipalities in the district by 30 June 2016 | Signed internal quarterly reports indicating environmental services performed in various areas across the 4 local municipalities in the district. Achieved | | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|-----|--|--|--|---|--|---|--|--|--|--|
| 2.5 | To ensure effective & efficient disaster management services | Establish a well-resourced and fully functional effective disaster management centre so as to ensure integrated coordinated disaster management response through partnership | 100 % progress against the set 5 year milestones by 30 June 2016 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 2016 | 60% progress against the set 5 year milestones by 30 June 2015 | 100% progress against the set 5 year milestones by 30 June 2016 | 100% progress has been done for the rebranding of the disaster management centre. Close up report included | Signed internal reports indicating progress against the set 5 year milestones towards a fully established and functional Disaster Management Centre. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|--|---|--|---|---|--|-------------------------------|---|---|
| | | between different stakeholder | | | | | | | | |
| 2.6 (a) | To contribute towards the reduction in the prevalence of HIV/AIDS in the district | Develop and implement high profile HIV/AIDS awareness campaigns and promote regular HIV testing & disclosure amongst communities | 1 Annual HIV/AIDS festival aimed at creating HIV/AIDS awareness by 31 December 2015 | Number of Annual HIV/AIDS festival report by 30 March 2015 | 2014/15 Annual HIV/AIDS festival report | 1 Annual HIV/AIDS festival aimed at creating HIV/AIDS awareness by 31 December 2015 and donation of proceeds to identified organization dealing with HIV / AIDS by 30 June 2016 | (1) The Annual HIV/AIDS festival report for the event which was held on the 05 December 2015 is attached. (2) In the process eight NGOs were identified as recipient of R100 000 donations. | HIV/AIDS festival report. | Partially Achieved, proceeds for the Jazz Festival were not distributed to the NGO's. | In future ensure that proceeds of the HIV/AIDS proceeds are distributed to the beneficiaries. |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---------------------|----------------------|---|---|---|---|---|---|--|--|
| 2.6 (b) | | within the District. | 4 HIV/AIDS awareness campaigns in the district targeting youth, men, women schools, Correctional Centres and private sector institutions held by 30 June 2016 | Number of HIV/AIDS awareness campaigns in the district targeting youth, men, women schools, Correctional Centres and private sector institutions held by 30 June 2016 | 4 HIV/AIDS awareness campaigns held in 2014/15 financial year | 4 HIV/AIDS awareness campaigns in the district targeting youth, men, women schools, Correctional Centres and private sector institutions held by 30 June 2016 | Commemoration of world aids day event which took place on the 1st December 2015 in Parys, Ngwathe Local Municipality. | 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. | Partially Achieved, only one event was held out of four. | To revise the target for the KPI to be in line with available financial resources. |

Key Performance Area 3: Local Economic Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|-----|--|--|---|---|--|---|--|---|--|--|
| 3.1 | To create an environment that stimulates local economic growth | Encourage and support local municipalities within the district to develop and maintain their | 2 biannual LED district forum meetings held by 30 June 2016 | Number of biannual LED district forum meetings held by 30 June 2016 | 2014/15 biannual LED district forum meetings held. | 2 biannual LED district forum meetings held by 30 June 2016 | The second LED District forum meeting was held on the 26th May 2016. | Signed internal reports indicating LED district forum meetings held, supported by copies of | Achieved | None |

| Key Performance Area 3: Local Economic Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | infrastructure to make it easier for businesses to operate (i.e. transport systems, roads, water and electricity etc.). | | | | | | attendance registers. | | |
| 3.2 | To support development of emerging farmers in the district into | Support emerging farmers in identify opportunities in agro-processing | Support at least one (1) agro-processing initiatives / projects by 30 June 2016 | Number of agro-processing initiatives / projects by 30 June 2016 | Koppies greenhouse project | Support at least one (1) agro-processing initiatives / projects by 30 June 2016 | The SLA was signed on the 30th of November 2015. | Signed internal reports indicating number and names of emerging farmers in agro-processing | Achieved | None |

| Key Performance Area 3: Local Economic Development | | | | | | | | | | |
|--|--|--|--|---|--|--|--|--|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | mainstream farming | of products in the district | | | | | | initiatives / projects supported. | | |
| 3.3(b) | To promote & enhance the SMME sector in the district | Identifying training & capacity needs in the SMME sector and provide dedicate entrepreneurial support based on identified needs. | Monitor 4 SMMEs within the district as part of entrepreneurial support by 30 June 2016 | Number of dedicated training interventions for SMMEs within the district as part of entrepreneurial | Number of entrepreneurial training interventions provided in 2014/15 | Monitor 4 SMMEs within the district as part of entrepreneurial support by 30 June 2016 | The overall SMME's monitored in the was five (5) which was achieved the first, second and third quarter. | Signed internal reports indicating number and names of SMMEs in the district that are provided with dedicated training as part of entrepreneurial support. | Achieved | None |

| Key Performance Area 3: Local Economic Development | | | | | | | | | | |
|--|---|--|---|---|------------------------------------|--|--|--|---|---|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | support by 30 June 2016 | | | | | | |
| 3.5(a) | To nurture the development of people's potential in the district through arts & culture | Development of arts & crafts in the communities within the district by providing required resources and support. | Assist and support up to 6 qualifying performing artist groups in the district with cd's, training and coaching by 30 June 2016 | Number of qualifying artists assisted and supported with cd's, training and coaching, and number of crafters supported with exhibitions by 30 June 2016 | 7 Artists & 10 Crafters in 2014/15 | Assist and support up to 6 qualifying performing artist groups in the district with cd's , training and coaching by 30 June 2016 | Four (4) performing were assisted: Platform performing arts, Ikamoheleng Community Project, Ngwathe performing arts group and Kedio's 1fs. | 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. | Partially Achieved, no evidence for crafters. | Avail adequate financial resources for increased support to performing artists in the district. |

| Key Performance Area 3: Local Economic Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 3.6 | To plan, coordinate & support sports amongst the youth | Strengthen relations with the provincial Department of Sports, Arts & Culture for the implementation of sports development plan within the district | Coordinate 4 adventure sports activities and 1 rural sports programme in collaboration with the relevant sector departments and stakeholders by 30 June 2016 | Number of adventure sports programmes and rural sports programme coordinated in collaboration with the provincial Departments of Sports, Arts & Culture by 30 June 2016 | Powerboat adventure sports and Team Fezile Dabi Mountain bike of 2014/15 | Coordinate 4 adventure sports activities and 1 rural sports programme in collaboration with the relevant sector departments and stakeholders by 30 June 2016 | The Rural School Development Cross Country was held on the 28th of May 2016. | Signed internal reports indicating number and names / description of adventure sports programmes and rural sports programme coordinated in collaboration with the provincial Departments of Sports, Arts & Culture | Achieved | None |

Key Performance Area 3: Local Economic Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|--|--|---|---|--|---|---------------------------|--|---|---|
| 3.7 (c) | To promote & develop the tourism sector in the District. | Provide dedicated support to identified Bed & Breakfast (B&B) establishments in the district | Assist 5 B&B establishments in the district with grading, provision of promotional material by 30 June 2016 | Number of B&B establishments in the district assisted with grading, provision of promotional material by 30 June 2016 | 5 B&B establishments assisted in 2014/15 | A Assist 5 B&B establishments in the district with grading, provision of promotional material by 30 June 2016 | Procurement underway. | 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. | Not Achieved, no evidence on the assistance of 5 B&B's. | Fast tract procurement process in order to achieve our pre-determined objectives in line with agreed targets dates. |

| Key Performance Area 3: Local Economic Development | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 3.7 (d) | To promote & develop the tourism sector in the District. | Upgrade, enhance or refurbishment of municipal resorts within the district | 10% progress in refurbishment Deneysville Resort in Metsimaholo Local municipality by 30 June 2016 | % of progress in refurbishment Deneysville Resort in Metsimaholo Local municipality by 30 June 2016 | Deneysville Resort in Metsimaholo | 10% progress in refurbishment Deneysville Resort in Metsimaholo Local municipality by 30 June 2016 | The project is completed, attached is the project completion certificate. | Signed internal reports indicating progress in refurbishment Deneysville Resort in Metsimaholo Local Municipality. | Achieved | None |
| 3.7 (f) | To promote & develop the tourism sector in the District. | Provide dedicated support and training to identified stakeholders | 1 Customer Care training provided by 30 June 2016 | Number of Customer Care training provided by 30 June 2016 | N/A | 1 Customer Care training provided by 30 June 2016 | Procurement underway. | Copy of customer training provided. | Not Achieved, no evidence attached for confirming the training | Avail adequate financial resources to conduct customer care training. |

| Key Performance Area 3: Local Economic Development | | | | | | | | | | |
|--|--|---|--|--|---|--|--|---|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | | | was conducted. | |
| 3.10 | To promote and support the development of vulnerable groups in the district. | Capacitate women and disabled people to participate in mainstream economy as well as in various activities in society | 1 Women empowerment and 1 disabled persons empowerment programmes held by 30 June 2016 | Number of Women empowerment and disabled persons empowerment programmes held by 30 June 2016 | The 50/50 women in stokvel programme were held in 2014/15 | 1 Women empowerment and 1 disabled persons empowerment programmes held by 30 June 2016 | (1) Woman empowerment event was held on the 09 August 2015. (2) Commemoration of international day of persons with disability | Signed internal reports indicating number of women and disabled persons empowerment programmes held | Achieved | None |

Key Performance Area 3: Local Economic Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|------|--|---|---|---|----------|--|---|--|--|--|
| | | | | | | | which took place on the 23 January 2016 at Parys, Ngwathe Local Municipality. | | | |
| 3.11 | To promote & enhance the SMME sector in the district | Identifying needs in the SMME sector and provide dedicate | 2 Cooperatives supplied with identified tools/equipment | Number of cooperatives supplied with identified tools/equipment | N/A | 2 Cooperatives supplied with identified tools/equipment by 30 June 2016. | Machine in Frankfort Authentic cooperative has been delivered. | Signed reports indicating number of Cooperatives supplied with | Partially achieved, only two delivery notes were | Avail adequate financial resources to support |

| Key Performance Area 3: Local Economic Development | | | | | | | | | | |
|--|--|---|--|--|----------|--|---|--|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | entrepreneurial support based on identified needs. | by 30 June 2016. | by 30 June 2016. | | | Awaiting delivery of machine in Steynsrus and Vredefort. | identified tools/equipment. | attached instead of three. | cooperatives in the district. |
| 3.12 | To promote & develop the tourism sector in the District. | Conducting tourism awareness campaigns in the District. | 4 Tourism awareness campaigns (i.e. 1 per local municipality) conducted by 30 June 2016. | Number of tourism awareness campaigns conducted by 30 June 2016. | N/A | 4 Tourism awareness campaigns (i.e. 1 per local municipality) conducted by 30 June 2016. | Awareness Campaign was held on the 23rd April 2016 in Metsimaholo Local Municipality. | Signed reports indicating awareness Campaign was held. | Achieved | None |
| 3.13 | To promote & develop the tourism | Participate in local and international | Participate in at least 2 local and international | Number of local and international | N/A | Participate in at least 2 local and international | The International Indaba Tourism show was held | Signed reports indicating the International | Achieved | None |

Key Performance Area 3: Local Economic Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|-------------------------|---|-------------------------------------|---|----------|-------------------------------------|-------------------------------|-------------------------------|--|--|
| | sector in the District. | tourism conferences with a view to showcase tourism attractions in the district as well as learning new lessons that could be applied to improve tourism offerings in the district. | tourism conferences by 30 June 2016 | tourism conferences participated in by 30 June 2016 | | tourism conferences by 30 June 2016 | from the 6th to 9th May 2016. | Indaba Tourism show attended. | | |

| Key Performance Area 3: Local Economic Development | | | | | | | | | | |
|--|--|--|---|---|----------|---|---|---|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 3.14 | To promote & develop the tourism sector in the District. | Target main tourism publications for placement of tourism related advertorials for promotion of tourism in the district. | 2 Advertisements on promotion of tourism in the district publicized on dedicated tourism publications by 30 June 2016 | Number of advertisements on promotion of tourism in the district publicized on dedicated tourism publications by 30 June 2016 | N/A | 2 Advertisements on promotion of tourism in the district publicized on dedicated tourism publications by 30 June 2016 | Two (2) advertisements were place. One (1) in the quarter On route magazine and Second (2) in the third quarter Explore SA. | Signed reports indicating advertisement that were placed. | Achieved | None |

Key Performance Area 4: Financial Management & Viability

| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
|---|---|---|---|---|------------------------------|---|--|---|---|--|
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | 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 | Plan, implement, monitor and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting | 4 quarterly reviews and updating of financial management related internal controls based on the quarterly Internal Audit reports by 30 June 2016. | Number of quarterly reviews and updating of financial management related internal controls based on the quarterly Internal Audit reports by 30 June 2016. | Audit Action Plan of 2014/15 | 4 quarterly reviews and updating of financial management related internal controls based on the quarterly Internal Audit reports by 30 June 2016. | Achieved: No controls needed to be reviewed. Controls in place adequate for operations | Signed internal quarterly reports indicating financial management related internal controls reviewed and updated based on the quarterly Internal Audit reports findings | Achieved | None |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|---------------------|----------------------|---|---|--|---|--|--|---|---|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 4.1 (b) | | norms and standards. | 7 Budget related policies reviewed, updated and approved by Council by 30 June 2016 | Number of Budget related policies reviewed, updated and approved by Council by 30 June 2016 | 6 Policies reviewed in 2014/15 | 7 Budget related policies reviewed, updated and approved by Council by 30 June 2016 | Achieved, All budget related policies reviewed and approved by council | Copies of Budget related policies reviewed, updated and extract of Council resolution for approved. | Achieved | None |
| 4.1 (c) | | | Suppliers and service providers paid within 30 days of receipt of valid invoice, with no disputed | Number of days it takes to pay suppliers and service providers after receipt of valid invoice, with | 2014/15 Creditors Age Analysis Reports | Suppliers and service providers paid within 30 days of receipt of valid invoice, with no disputed delivery of | Achieved: Venus report attached indicating payment days | Signed internal reports indicating instances, if any, of suppliers and service providers paid after 30 days after receipt of valid | Partially Achieved, not all payments were made within 30 days. As | Ensure that all creditors are paid within 30 days as required in terms of the MFMA. |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|---|--|---|---|-------------------------|---|---|---|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | delivery of goods / services throughout 2015/16 | no disputed delivery of goods / services throughout 2015/16 | | goods / services throughout 2015/16 | | invoice, with no disputed delivery of goods / services, supported by signed, up-to date Creditors' Age Analysis report. | per system generated report no: HR 994. | |
| 4.1 (d) | To ensure financial management practices that enhance viability & compliance with the | Plan, implement, monitor and report financial management activities in accordance with MFMA, its | 100% cash-backed approved budget for 2015/16 financial year supported by month on month | % of cash-backed approved budget for 2015/16 financial year supported by month on | 2014/15 approved Budget | 100% cash-backed approved budget for 2015/16 financial year supported by month on month positive cash flow up to 30 June 2016 | Achieved: Copy of approved budget as evidence | A signed reconciliation of the total approved budget against the total available budget funding, supported by copies of all bank accounts | Achieved | None |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|---|---|---|--|----------------------------------|---|--|---|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | requirements of MFMA & other relevant legislation | associated regulations and prescribed accounting norms and standards. | positive cash flow up to 30 June 2016 | month positive cash flow up to 30 June 2016 | | | | balances certificates / banks statements and copies of gazetted allocations for the financial year under review and copies of monthly actual cash-low statements. | | |
| 4.1 (e) | | | 100% of all monthly payment vouchers and accompanying | % of all monthly payment vouchers and accompanying | 2014/15 Payment vouchers & files | 100% of all monthly payment vouchers and accompanying documents of filed, | Achieved: All vouchers is filed manually | Signed internal register indicating monthly payment vouchers and accompanying | Achieved | None |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | supporting documents of filed, registered and kept in safe custody within 30 days of the end of each month throughout 2015/16 financial year. | supporting documents of filed, registered and kept in safe custody within 30 days of the end of each month throughout 2015/16 financial year. | | registered and kept in safe custody within 30 days of the end of each month throughout 2015/16 financial year. | | supporting documents filed, registered and kept in safe custody within 30 days of the end of each month. | | |
| 4.1 (f) | To ensure financial management | Plan, implement, monitor and | 100% of contracted services | % of contracted services r | 2014/15 Creditor's | 100% of contracted services creditors on the system | Achieved: Attached copies of reconciliations | Signed internal registers of monthly reconciliation of | Achieved | None |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|--|--|--|--|------------------|--|------------------------------|---|---|--|
| | practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation | report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting | creditors on the system reconciled to supporting documentation on a monthly basis throughout 2015/16 financial year. | creditors on the system reconciled to supporting documentation on a monthly basis throughout 2015/16 financial year. | Analysis Reports | reconciled to supporting documentation on a monthly basis throughout 2015/16 financial year. | | creditors on the system reconciled to supporting documentation. | | |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
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| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 4.1 (g) | | norms and standards. | 2 biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 30 June 2016 | Number of biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 30 June 2016 | 2014/15 Annual Assets Verification | 2 biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 30 June 2016 | Achieved: 1 verification was finalised during June, the 2nd one is awaiting the service provider report | Signed internal reports indicting assets verification performed and updates made on the asset registers with all assets movements, including damaged / missing items. | Achieved | None |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|---------------------|------------|--|--|--------------------|--|---|---|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 4.1 (h) | | | Prepare one (1) Audit File for 2014/15 financial year that is compliant with Annexure A of MFMA Circular 50 by 31 August 2014. | 1 Audit file for 2014/15 financial year that is compliant with Annexure A of MFMA Circular 50 by 31 August 2014. | 2013/14 Audit File | Prepare one (1) Audit File for 2014/15 financial year that is compliant with Annexure A of MFMA Circular 50 by 31 August 2014. | Achieved: DVD with all information was handed to AG. Printout of contents on DVD attached as well as working papers to indicate information received and handed over. Acknowledgment of information received also | A signed-off Audit file for 2013/14 financial year that is compliant with Annexure A of MFMA Circular 50. | Achieved | None |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|------------|---------------------------------|---------------------|----------|-----------------------|------------------------------|-------------------------------|---|--|
| | | | | | | | attached as evidence | | | |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|---|--|--|---|--|---|--|---|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 4.1 (i) | To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation | Plan, implement, monitor and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards. | 2014/15 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 2014/15 Annual Financial Statements | 2013/14 Annual Financial Statements and the related Auditor-General's Report | Prepare 2014/15 Annual Financial Statements in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) and section 122 of MFMA by 31 August 2015. | Achieved: Copy of Financial Statements and letter of confirmation form AG receiving it | 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 Practices (GRAP) | Achieved | None |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|---------------------|------------|--|--|--|---|---|--|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | MFMA by 31 August 2015. | | | | | and section 122 of MFMA. | | |
| 4.1 (j) | | | Nil / Zero amount of unauthorised, irregular and fruitless & | Amount of unauthorised, irregular and fruitless & wasteful | 2014/15 Annual Financial Statements disclosure and | Nil / Zero amount of unauthorised, irregular and fruitless & wasteful expenditure | Achieved: No Fruitless or wasteful expenditure in | Signed Internal Reports, supported by signed internal registers of unauthorised, | Achieved | None |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|---------------------|------------|--|---|------------------------------|---|------------------------------|---|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | wasteful expenditure incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 30 June 2016 | expenditure incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 30 June 2016 | the Auditor-General's Report | incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 30 June 2016 | Finance Department | irregular and fruitless & wasteful expenditure. | | |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|--|--|--|--|--|---|--|---|--|
| 4.1 (k) | To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation | Plan, implement, monitor and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards. | 12 monthly budget statement reports, 4 quarterly financial reports for 2015/16 produced and submitted to the Executive Mayor by 30 June 2016 | Number of monthly budget statement reports, quarterly financial reports, for 2015/16 produced and submitted to the Executive by 30 June 2016 | 2014/15 monthly budget statements submitted. | 12 monthly budget statement reports, 4 quarterly financial reports for 2015/16 produced and submitted to the Executive Mayor by 30 June 2016 | Achieved: Copies of Monthly reports for April, May and June and the quarter report ending 30 June 2016 as evidence. | Copies of signed monthly budget statement reports, quarterly financial reports, for 2014/15 produced and submitted to the Executive. | Achieved | None |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|--|--|--|---|--|---|--|--|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 4.1 (l) | To ensure financial management practices that enhance viability & compliance | Plan, implement, monitor and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards. | 12 monthly bank reconciliation statements of all bank accounts by 30 June 2016 | Number of monthly bank reconciliation statement of all bank accounts by 30 June 2016 | 2014/15 Bank Reconciliation Statements | 12 monthly bank reconciliation statement of all bank accounts by 30 June 2016 | Achieved: Bank Recons for April, May and June attached as evidence | Signed monthly bank reconciliation statements of all bank accounts. | Achieved | None |
| 4.1 (m) | with the requirements of MFMA & other relevant legislation | | 100% of Post Audit Action Plan matters for 2014/15 relating to finance addressed by 30 June 2016 | % of Post Audit Action Plan matters for 2014/15 relating to finance addressed by 30 June 2016 | 2014/15 Post Audit Action Plan. | 100% of Post Audit Action Plan matters for 2014/15 relating to finance addressed by 30 September 2015 | Achieved: Bank Recons for April, May and June attached as evidence | Signed internal reports indicating progress made in relation Post Audit Action Plan matters for 2013/14 relating to finance. | Achieved | None |

| Key Performance Area 5: Good Governance & Public Participation | | | | | | | | | | |
|--|---|--|---|--|----------------------|---|---|--|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | 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 | Ensure that the municipality's IDP is aligned with the IDPs of local municipalities within the district, and that all IDPs incorporate communities and stakeholders views and inputs and that they are prepared in accordance with | 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 2016 for | 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 2016 | 2015/16 Approved IDP | 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 2016 for | The 4th quarter District IDP Managers' forum was held on the 10th of June 2016 at the Fezile Dabi district offices. | Signed internal reports indicating District IDP Managers Forums Meetings held, IDP Public Participation Meetings, IDP Steering Committee Meeting and IDP Rep Forum | Achieved | None |

| Key Performance Area 5: Good Governance & Public Participation | | | | | | | | | | |
|--|---------------------|---------------------------|---------------------------------|-----------------------------|----------|---|------------------------------|---|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | the prescribed framework. | the 2016/17 IDP Review. | for the 2016/17 IDP Review. | | the 2016/17 IDP Review. | | Meetings held for the 2015/16 IDP Review, each supported by copies of attendance registers. | | |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|--|---|---|--|---|---|---|---|---|--|
| 5.2 (a) | To implement the Performance Management System of the municipality | Fully comply with the provisions of the municipality's Performance Management System from planning to planning, | Submit 1 draft SDBIP for 2015/16 the budget year and 6 drafts of the annual performance agreements to the Executive Mayor no later than 14 days after the approval of an annual budget by 1 July 2015 | Number of draft SDBIP for 2015/16 the budget year and number of drafts of the annual performance agreements submitted to the Executive Mayor no later than 14 days after the approval of an annual budget by 1 July 2015 | 2015/16 SDBIP and Performance Agreements. | Submit 1 draft SDBIP for 2015/16 the budget year and 6 drafts of the annual performance agreements to the Executive Mayor no later than 14 days after the approval of an annual budget in | The draft SDBIP for the 2015/16 financial year was submitted on the 12 June 2015 and was approved by the Executive Mayor on the 25 June 2015. | Copy of draft SDBIP for 2015/16 the budget year and copies of draft annual performance agreements submitted to the Executive Mayor. | Achieved | None |

| Key Performance Area 5: Good Governance & Public Participation | | | | | | | | | | |
|--|---------------------|------------|---------------------------------|---------------------|----------|---|------------------------------|-------------------------------|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | 2015/16 financial year. | | | | |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---------------------|------------|--|---|--|--|--|---|---|--|
| 5.2 (b) | | | 6 Signed Performance Agreements & Plans for the senior managers including the Municipal Manager, 4 quarterly performance assessment reports not later than 30 days after the end of each quarter | Number of signed Performance Agreements & Plans for the senior managers including the Municipal Manager, number quarterly performance assessment reports not later than 30 days | Five performance plans and agreements for the MM and Senior Managers for the 2015/16 | 5 Signed Performance Agreements & Plans for the senior managers including the Municipal Manager, 4 quarterly performance assessment reports not later than 30 days after the end of each quarter | The Fourth quarter performance assessment report was submitted to internal audit for verification on the 29 July 2016. | Signed quarterly performance assessment reports not later than 30 days after the end of this quarter and 1 annual performance report by 31 August 2015 for 2014/15. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS | **ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE**

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|------------|---|--|----------|---|------------------------------|-------------------------------|---|--|
| | | | and 1 annual performance report by 31 August 2015 for 2014/15 | after the end of each quarter and number of annual performance reports by 31 August 2015 for 2014/15 | | and 1 annual performance report by 31 August 2015 for 2014/15 | | | | |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|--|---|---|--|---|---|---|---|---|--|
| 5.2 (c) | To implement the Performance Management System of the municipality | Fully comply with the provisions of the municipality's Performance Management System from planning to report. | Submit 1 Mid-term year budget and performance assessment report for 2015/16 to the Executive Mayor, Provincial & National Treasuries by 25 January 2016 and 1 Annual Report | Number of mid-term year budget and performance assessment report for 2015/16 to the Executive Mayor, Provincial & National Treasuries by 25 January 2016 | 2014/15 Mid-year budget and performance assessment report | Submit 1 Mid-term year budget and performance assessment report for 2015/16 to the Executive Mayor, Provincial & National Treasuries by 25 January 2016 | The mid-year budget and performance assessment report for the period ending 31 December 2015 was submitted to Executive Mayor, National and Provincial Treasury on the 23 January 2016 and tabled | Copy of mid-term year budget and performance assessment report for 2014/15, and proof of submission to the Executive Mayor, Provincial & National Treasuries. | Achieved | None |

| Key Performance Area 5: Good Governance & Public Participation | | | | | | | | | | |
|--|---------------------|------------|--|---|-----------------------|--|---|--|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | in council for approval on the 29 January 2016. | | | |
| 5.2 (d) | | | Submit the 1 audited annual report for 2014/15 to Provincial Treasury, CoGTA and | Number of audited annual report for 2014/15 submitted to Provincial Treasury, | 2013/14 Annual Report | Submit the 1 audited annual report for 2014/15 to Provincial Treasury, CoGTA and | The Annual Report for the period ending 30 June 2015 was table in council on the 29 January | Proof of submission of audited annual report for 2013/14 submitted to Provincial | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|------------|---|---|----------|---|--|--|---|--|
| | | | National Treasury by the end of 31 December 2015. | CoGTA and National Treasury by the end of 31 December 2015. | | National Treasury by the end of 31 December 2015. | 2016 and was submitted to National, Provincial Treasury and CoGTA on the 29 January 2016. The final Annual Report and Oversight Report for the same period were approved by council 31 March 2016. | Treasury, CoGTA and National Treasury. | | |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | 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 | Ensure that the municipality's information is regularly updated on the municipality's website and other digital communication platforms of the municipality. | 12 updates (i.e. 1 per month) of the municipality's website performed by 30 June 2016. | Number of updates of the municipality's website performed by 30 June 2016. | 4 weekly updates in 2014/15 financial year | 12 updates (i.e. 1 per month) of the municipality's website performed by 30 June 2016. | 3 updates (i.e. 1 per month) of the municipality's website performed for this quarter. | Signed internal reports indicating number of updates of the municipality's website performed, supported by relevant pre and post update screen shots where appropriate. | Achieved | |

| Key Performance Area 5: Good Governance & Public Participation | | | | | | | | | | |
|--|--|---|--|--|--|--|---|--|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| 5.4 | To promote effective communication & coordination of communication structures and systems | Production and publication of informative Fezile Dabi Newsletter that covers news in four local municipalities in Fezile Dabi | 6 Publications of Fezile Dabi Newsletter issued by 30 June 2016 | Number of publications of Fezile Dabi Newsletter issued by 30 June 2016 | 3 Publication in 2014/15 | 6 Publications of Fezile Dabi Newsletter issued by 30 June 2016 | 1 Publications of Fezile Dabi Newsletter issued by 30 June 2016 | Printed copies of Fezile Dabi Newsletters publicised. | Achieved | None |
| 5.5 | To support & capacitate Councillors, Ward committees & Community Development workers in an | Provide regular workshops & training with the view of capacity building to Councillors, Ward Committees & | 4 workshops & training,4 Speaker's Imbizos,1 Ward Committee Conferences, 1 CDW | Number of workshops & training, Speaker's Imbizos, Ward Committee Conferences, | 4 workshops & training,4 Speaker's Imbizos,1 Ward Committee Conferences, | 4 workshops & training,4 Speaker's Imbizos,1 Ward Committee Conferences, 1 CDW | During the Fourth quarter Task Team meeting for the awareness cycling tour was held on the 05 | Signed internal reports indicating number of workshops & training, Speaker's | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|--|--|--|---|---|--|--|---|---|--|
| | effort to enhance governance in the district | Community Development workers so as to enhance the system of cooperative governance within the district. | Conference and 2 Civic Education held with a view of capacity building by 30 June 2016 | CDW Conference and Civic Education held with a view of capacity building by 30 June 2016 | 1 CDW Conference and 2 Civic Education held in 2014/15 | Conference and 2 Civic Education held with a view of capacity building by 30 June 2016 | May 2016. The meeting of the awareness cycling tour was held on the 12 May 2016. | Imbizos, Ward Committee Conferences, CDW Conference and Civic Education held. | | |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|-----|---|--|--|---|---|---|---|--|--|--|
| 5.6 | To promote ethical behaviour & social values & principles enshrined in the country's constitution among the communities within the district | Engage communities through various special programmes of the municipality in pursuance of promotion of ethical behaviour and values. | 100 community leaders within the district identified and equipped with necessary ethical behaviour, social values and principles by 30 June 2016 so as to impart the same skill and knowledge to the | Number of community leaders within the district identified and equipped with necessary ethical behaviour, social values and principles by 30 June 2016 so as to Impart the same skill and | Moral regeneration movement was held in 2014/15 | 100 community leaders within the district identified and equipped with necessary ethical behaviour, social values and principles by 30 June 2016 so as to impart the same skill and knowledge | moral regenerations event was held at Vredefort on the 8th October 2015 | Signed internal reports indicating number and names of community leaders within the district identified and equipped with necessary ethical behaviour, social values and principles. | Partially achieved, only two events were held instead of four as targeted. | Provide adequate financial resources to undertake the Moral regeneration programmes. |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|--|---|--|--------------------------------|--|---|--|---|--|
| | | | Local the communities. | knowledge to the local the communities. | | to the local the communities. | | | | |
| 5.7 (a) | To promote and facilitate Intergovernmental Relations amongst stakeholders in the district. | Facilitate compliance with the principles of co-operative government and intergovernmental | 2 District Coordination Forum (DCF) meetings held by 30 June 2016 | Number of District Coordination Forum (DCF) meetings convened by 30 Jun 2015 | 2 DCF meetings held in 2014/15 | 2 District Coordination Forum (DCF) meetings convened by 30 Jun 2015 | The office has planned for two DCF meetings during the financial year under review. However, as a | Signed internal reports indicating number of District Coordination Forum (DCF) | Not Achieved, no evidence attached. | Ensure all Mayors/Executive Mayors attend the DCF. |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|--------------------------------|---------------------------------|---------------------|----------|-----------------------|--|--|---|--|
| | | relations within the district. | | | | | result of the build-up activities related to the 2016 local government elections all meetings that were convened could not materialise due to unavailability of Executive Mayors and Mayors in the district. | meetings convened, supported by copies of attendance registers for each. | | |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|--|--|--|--|--|--|--|---|--|
| | | | | | | | Evidence in a form of report prepared by the Manager in the Office of the Executive Mayor and Invitations issued are attached as evidence. | | | |
| 5.7 (b) | To promote and facilitate Intergovernmental Relations amongst | Facilitate compliance with the principles of co-operative government and | 2 Technical IGR meetings held by 30 Jun 2015 | Number of Technical IGR meetings held by 30 Jun 2015 | Technical IGR meetings held in 2014/15 | 2 Technical IGR meetings held by 30 Jun 2015 | The Technical IGR meeting was held on the 18 March 2016. | Signed internal reports indicating number of Technical IGR | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|---|---|---|---|---|---|--|---|--|
| | stakeholders in the district. | intergovernmental relations within the district. | | | | | | meetings held, supported by copies of attendance registers for each. | | |
| 5.7 (c) | To promote and facilitate Intergovernmental Relations amongst stakeholders in the district. | Facilitate compliance with the principles of co-operative government and intergovernmental relations within the district. | 4 Municipal Manager's Forum meetings held by 30 June 2016 | Number of Municipal Manager's Forum meetings held by 30 June 2016 | Municipal Manger's Forum meetings held in 2014/15 | 4 Municipal Manager's Forum meetings held by 30 June 2016 | The Last Municipal Manager's forum for the 2015/16 financial year was held on the 24 June 2016. | Signed internal reports indicating number of Municipal Manager's Forum meetings held, supported by copies of | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|---|--|--|--|--|--|---|---|--|
| | | | | | | | | attendance registers for each. | | |
| 5.7 (d) | To promote and facilitate Intergovernmental Relations amongst stakeholders in the district. | Facilitate compliance with the principles of co-operative government and intergovernmental relations within the district. | 2 District LED Forum meetings held by 30 June 2016 | Number of District LED Forum meetings held by 30 June 2016 | Two (2) District LED Forum meetings in 2014/15 | 2 District LED Forum meetings held by 30 June 2016 | The second LED District forum meeting was held on the 26th May 2016. | Signed internal reports indicating number of LED Forum meetings held, supported by copies of attendance registers for each. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|---|--|--|--|--|---|---|---|--|
| 5.7 (e) | To promote and facilitate Intergovernmental Relations amongst stakeholders in the district. | Facilitate compliance with the principles of co-operative government and intergovernmental relations within the district. | 2 CFO Forum meetings held by 30 June 2016 | Number of CFO Forum meetings held by 30 June 2016 | The schedule of CFO forum meetings for 2014/15 | 2 CFO Forum meetings held by 30 June 2016 | Achieved: Scheduled but did not materialize due to unavailability of LM CFO's | Signed internal reports indicating number of CFO Forum meetings held, supported by copies of attendance registers for each. | Partially Achieved, no evidence confirming the CFO's Forum meeting. | Ensure invitations are issued on time to all CFOs in the district. |
| 5.7 (f) | To promote and facilitate Intergovernmental Relations amongst | Facilitate compliance with the principles of co-operative government and | 4 Communications Forum meetings held by 30 June 2016 | Number of Communications Forum meetings held by 30 June 2016 | N/A | 4 Communications Forum meetings held by 30 June 2016 | The Fourth FDDM Communications Forum meeting for the financial | Signed internal reports indicating number of Communications | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|---|---|--|--|---|---|--|---|--|
| | stakeholders in the district. | intergovernmental relations within the district. | | | | | year was held on the 01 June 2016 in Kroonstad. | Forum meetings held, supported by copies of attendance registers for each. | | |
| 5.7 (g) | To promote and facilitate Intergovernmental Relations amongst stakeholders in the district. | Facilitate compliance with the principles of co-operative government and intergovernmental relations within the district. | 2 Technical Managers' / Energy Forum held by 30 June 2016 | Number of Technical Managers' Forum held by 30 June 2016 | 8 Technical Managers' / Energy Forum held in 2014/15 | 2 Technical Managers' / Energy Forum held by 30 June 2016 | During the financial year under review four meeting of the District Energy Forum were held as follows: The First meeting on | Signed internal reports indicating number of Communications Forum meetings held, supported by copies of attendance | Achieved | None |

| Key Performance Area 5: Good Governance & Public Participation | | | | | | | | | | |
|--|---------------------------|----------------------------|---------------------------------|---------------------|---------------------|---|--|-------------------------------|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | the 16 September 2015, The second on the 19 November 2015, the Third on the 11 February 2016 and the Fourth District Energy Forum was held on the 19 May 2016. | registers for each. | | |
| 5.7 (h) | To promote and facilitate | Facilitate compliance with | 4 Corporate Support | Number of Corporate | 3 Corporate Support | 4 Corporate Support | CSS IGR Meeting was | Signed internal reports | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|---------|---|--|--|--|------------------------------------|--|--|--|---|--|
| | Intergovernmental Relations amongst stakeholders in the district. | the principles of co-operative government and intergovernmental relations within the district. | Services Forum meetings held by 30 June 2016 | Support Services Forum meetings held by 30 June 2016 | Services Forum meetings in 2014/15 | Services Forum meetings held by 30 June 2016 | held on 28 June 2016. | indicating number of Technical Managers' Forum held, supported by copies of attendance registers for each. | | |
| 5.7 (i) | To promote and facilitate Intergovernmental Relations amongst | Facilitate compliance with the principles of co-operative government and | 2 Back to Basics Forum meetings held by 30 June 2016 | Number of Back to Basics Forum meetings held by 30 June 2016 | 2 Back to Basics Forum meetings | 2 Back to Basics Forum meetings held by 30 June 2016 | The Back to Basics Forum meeting number two of the 2015/16 was | Signed internal reports indicating number of Back to Basics Forum | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|--------|---|---|--|--|-----------------|--|---|--|---|--|
| | stakeholders in the district. | intergovernmental relations within the district. | | | held in 2014/15 | | held on the 08 April 2016. | meetings held, supported by copies of attendance registers for each. | | |
| 5.7(j) | To promote and facilitate Intergovernmental Relations amongst stakeholders in the district. | Facilitate compliance with the principles of co-operative government and intergovernmental relations within the district. | 2 Water Sector Forum meetings held by 30 June 2016 | Number of Water Sector Forum meetings held by 30 June 2016 | N/A | 2 Water Sector Forum meetings held by 30 June 2016 | District Water Sector Forum (No. 02 of 2015/2016) 24 June 2016 at 10:00 | Signed internal reports indicating number of Water Sector Forum meetings held, supported by copies of attendance | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|--------|---|---|---|---|--|---|--|---|---|--|
| | | | | | | | | registers for each. | | |
| 5.7(k) | To promote and facilitate Intergovernmental Relations amongst stakeholders in the district. | Facilitate compliance with the principles of co-operative government and intergovernmental relations within the district. | 4 Disaster Management Forum meetings held by 30 June 2016 | Number of Disaster Management Forum meetings held by 30 June 2016 | 3 Disaster Management Forum meetings held in 2014/15 | 4 Disaster Management Forum meetings held by 30 June 2016 | Disaster Advisory Forum was held on the 22 June 2016. Minutes and attendance register attached | Signed internal reports indicating number of Disaster Management Forum meetings held, supported by copies of attendance | Achieved | None |

| Key Performance Area 5: Good Governance & Public Participation | | | | | | | | | | |
|--|--|--|--|--|--|--|--|---|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | | registers for each. | | |
| 5.8(a) | To ensure oversight over the affairs of the municipality | Provide reasonable assurance as to the effectiveness of internal controls of the municipality through Internal Audit service | 4 quarterly Internal Audit reports on the assessment of the effectiveness of the controls within the municipality submitted to the | Number of quarterly Internal Audit reports on the assessment of the effectiveness of the controls within the | 4 Internal Audit quarterly reports submitted to the Audit-Committee in 2014/15 | 4 quarterly Internal Audit reports on the assessment of the effectiveness of the controls within the municipality submitted to the | Third Quarter Internal Audit Report be completed for presentation at Audit Committee Meeting | Signed quarterly Internal Audit reports on the assessment of the effectiveness of the controls within the municipality submitted to the | Achieved | None |

| Key Performance Area 5: Good Governance & Public Participation | | | | | | | | | | |
|--|---------------------|---|---|--|--|---|--|---|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE | | | | |
| FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
| | | | Audit – Committee by 30 June 2016 | municipality submitted to the Audit – Committee by 30 June 2016 | | Audit – Committee by 30 June 2016 | | Audit – Committee. | | |
| 5.8(b) | | Submit the quarterly internally audited performance reports and the annual report to the audit Committee & MPAC | 4 quarterly performance report internally audited and 1 annual report submitted to the Audit Committee & MPAC by 30 June 2016 | Number of quarterly performance report internally audited and annual reports submitted to the Audit Committee & MPAC by 30 June 2016 | 4 Quarterly Performance Reports submitted to Internal Audit in 2014/15 | 4 quarterly performance report internally audited and 1 annual report submitted to the Audit Committee & MPAC by 30 June 2016 | Third Quarter Performance Internal Audit Report be completed for presentation at Audit Committee Meeting | Signed quarterly performance report internally audited and annual reports, support by the associated internal audit report submitted to the Audit | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|-----|--|--|---|---|---|---|---|---|---|--|
| | | | | | | | | Committee & MPAC. | | |
| 5.9 | To build a risk conscious culture within the organisation. | Reduction of high risk levels to tolerable levels by performing regular risk assessment, updating risk registers and following up on implementation of risk treatment plans by departments | 4 quarterly risk assessment performed by 30 June 2016 and risk register and risk mitigation plans subsequently updated. | 4 quarterly risk assessment performed by 30 June 2016 and risk register and risk mitigation plans subsequently updated. | 2014/15 Risk Register and Risk Management Plans | 4 quarterly risk assessment performed by 30 June 2016 and risk register and risk mitigation plans subsequently updated. | The 4th Quarter Risk Assessment, Risk Register and Risk Mitigation Plans were performed and tabled in Management on the 13 June 2016. | Signed quarterly risk assessment performed and updated risk register and risk mitigation plans. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|------|---|--|--|--|---|--|--|--|---|--|
| 5.10 | To strengthen a meaningful community participation and interaction program. | Develop and implement annual community participation and interaction program aimed at interacting with the community regarding various matters of local governance including public awareness campaigns, civic education about | 4 community awareness campaigns and civic education held by 30 June 2016 | Number of community awareness campaigns and civic education held by 30 June 2016 | A two day CDW and Public Participation Summit held in 2014/15 | 4 community awareness campaigns and civic education held by 30 June 2016 | During the fourth quarter of the financial year the Office of the Speaker conducted cleaning campaigns on the following dates at Metsimaholo Local Municipality in Zamdela: 10 June 2016, 17 | Signed internal reports indicating number of community awareness campaigns and civic education held. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|------|--|---|--|---|---|--|--|--|---|--|
| | | various programs that are initiated at other spheres of government. | | | | | June 2016 and 18 June 2016. | | | |
| 5.11 | To build a risk conscious culture within the organisation. | Establish and implement good governance practices in line with Treasury Regulations to ensure proper risk management, adequate internal controls for improved | Monitor the performance and relationship of suppliers with user directorates where SLA's have been concluded and submit 4 quarterly suppliers' / | Number of quarterly suppliers' / service providers' performance monitoring reports by 30 June 2016. | 2014/15 Monthly suppliers' monitoring reports | Monitor the performance and relationship of suppliers with user directorates where SLA's have been concluded and submit 4 quarterly suppliers' / | Monitoring report on the performance of contracted service providers is attached. (April - June 2016). However, the quarterly report will be submitted | Signed Monitoring report on the performance of contracted service providers is attached. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|------|--|--|--|---|-------------------------------|--|--|----------------------------------|---|--|
| | | financial management, and improved overall organisational performance. | service providers' monitoring reports by 30 June 2016. | | | service providers' monitoring reports by 30 June 2016. | in the Next Council Meeting scheduled for 15 July 2016. | | | |
| 5.12 | To plan, coordinate & support sports amongst the youth | Ensure exposure of youth to new opportunities in sports. | Host 1 annual OR Tambo Games by 31 October 2015 | Number of annual OR Tambo Games hosted by 31 October 2015 | OR Tambo Games hosted in 2014 | Host 1 annual OR Tambo Games by 31 October 2015 | OR Tambo games was held at Welkom on the 25th October 2015 | Copy of 1 annual OR Tambo Games. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS AND FEEDBACK ON ACTUAL PERFORMANCE

FOR THE PERIOD 1 JULY 2015 – 30 JUNE 2016

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2015/16 | Quarter 4 Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Quarter 4 | Corrective Measure(s) Taken/To be taken to Improve Performance |
|------|---|---|---|---|----------|---|---|---|---|--|
| 5.13 | To promote and facilitate Intergovernmental Relations amongst stakeholders in the district. | Facilitate compliance with the principles of co-operative government and intergovernmental relations within the district. | 2 Local Tourism Organisation (LTO) meetings held by 30 June 2016. | Number of Local Tourism Organisation (LTO) meetings held by 30 June 2016. | N/A | 2 Local Tourism Organisation (LTO) meetings held by 30 June 2016. | The second LTO meeting was held 4 may 2016. | Singed reports indicating number of the LTO meeting held. | Achieved | None |

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

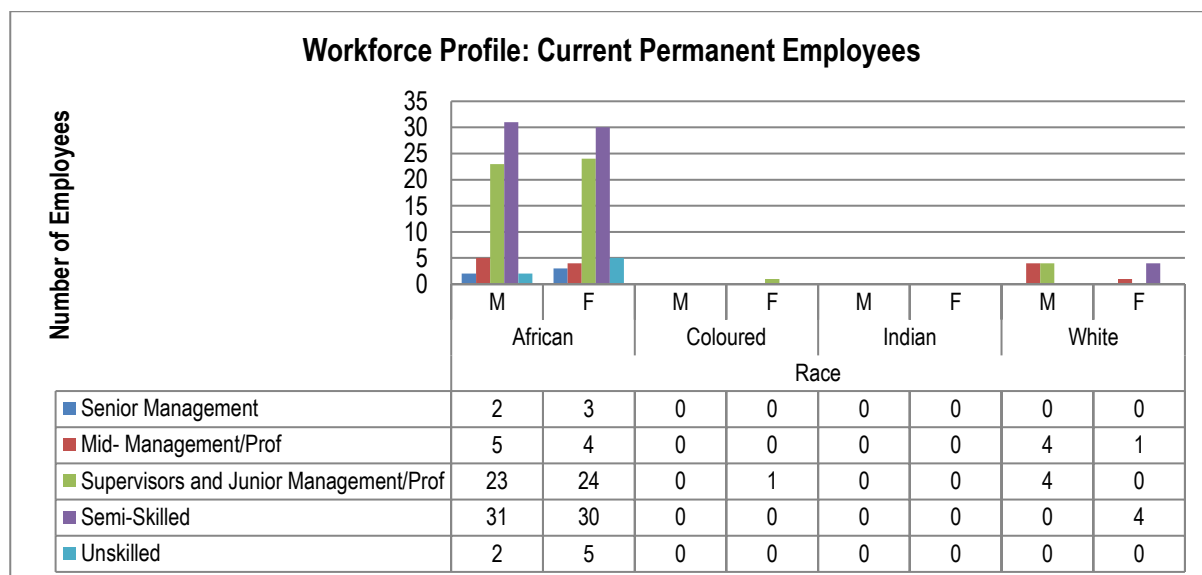
A 1: WORKFORCE PROFILE

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 16: Workforce profile of the municipality



A 2: EMPLOYMENT EQUITY PROFILE

Our Employment Equity profile as at the end June 2016 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 23: Employment equity profile of the municipality

| Category | 2015/16 | | 2014/15 | |
|-----------------------------|---------|----------------------|---------|----------------------|
| | Total | % of total employees | Total | % of total employees |
| Black* employees | 159 | 93 | 141 | 91.56% |
| Women employees | 76 | 44.4 | 76 | 49.40% |
| Employees with Disabilities | 1 | 0.6 | 1 | 0.6% |
| Employees over age 51 | 20 | 11.7 | 21 | 13.64% |
| Employees between 31 & 50 | 118 | 69.0 | 116 | 75.33% |
| Employees under age 30 | 159 | 93 | 17 | 11.04% |

* 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 24: Staff turnover

| Category | Numerical Data | | |
|------------------|----------------|--------|-------|
| | Male | Female | Total |
| New appointments | 13 | 3 | 15 |
| Resignations | 1 | 3 | 4 |
| Pensioned | 1 | 0 | 1 |
| Dismissed | 0 | 0 | 0 |

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 25: Vacancies filled

| Vacancy / Position Filled | Employment Category | Name of the person appointed | Gender | Date Of Appointment |
|---------------------------|---------------------|------------------------------|--------|---------------------|
| Security Officer | 14 | Moses Wessie | M | 03/08/2015 |
| Security Officer | 14 | Surprise Manzi | M | 03/08/2015 |
| Security Officer | 14 | John Phele | M | 03/08/2015 |
| Security Officer | 14 | Babiki De Wet | M | 03/08/2015 |
| Security Officer | 14 | Kekeletso Maleho | M | 03/08/2015 |
| General Worker | 14 | Mothupi Mogase | M | 03/08/2015 |
| General Worker | 14 | Mpho Peloahae | M | 03/08/2015 |
| General Worker | 14 | Joseph Dake | M | 03/08/2015 |
| General Worker | 14 | Mthandazo Zwane | M | 03/08/2015 |
| General Worker | 14 | John Malebo | M | 03/08/2015 |
| General worker | 14 | Molebatsi Noe | M | 03/08/2015 |
| General worker | 14 | Buesak Seahlodi | M | 03/08/2015 |
| General worker | 14 | Moses Kosa | M | 03/08/2015 |
| Sports Dev Officer | 7 | Matshidiso Mahlatsi | F | 01/07/2015 |
| EHS Secretary | 6 | Mammy Mangweni | F | 01/09/2015 |

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

Table 26: 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 Dec 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 27: 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 2015 | August 2015 |
| | August 2015 | 07 September 2015 |
| | September 2015 | 05 October 2015 |
| | October 2015 | 10 November 2015 |
| | November 2015 | 07 December 2015 |
| | December 2015 | 08 December 2015 |
| | January 2016 | 03 February 2016 |
| | February 2016 | 07 March 2016 |
| | March 2016 | 05 April 2016 |
| | April 2016 | 10 May 2016 |
| | May 2016 | 26 May 2016 |
| | June 2016 | 05 July 2016 |

Source: Email transcript send to LGSETA

C 1: SKILLS AUDIT

The Skills Audit Exercise conducted in February 2015 was for 2 years (2015-2016). The purpose of the 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 exercise was to identify employee development needs.

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

Based on the audit, the skills profile of the Fezile Dabi District was as follows:

| Details | Number of Employees (Excluding Councillors) | NQF Level |
|--|--|-----------|
| Employees who require AET (Adult Education & Training) | 9 | 3 |
| Employees with matriculation certificates (matriculated) | 33 | 4 |
| Employees with other educational certificates | 24 | 5 |
| Employees with National Diploma | 16 | 6 |
| Employees with Bachelor Degrees | 17 | 7 |
| Employees with Honours Degrees | 4 | 8 |
| Employees with Masters Degrees | 2 | 9 |
| Employees with Doctorate Degrees (Ph.D) | 1 | 10 |
| Total Number of employees | 106 | |

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 28 : Minimum Competency Programmes undertaken by Senior Managers

| Name and Surname | Title | Course | Start Date | Expected Completion Date | Progress |
|-------------------|--------------|--------|--------------|--------------------------|------------|
| Nonhlanhla Baleni | Director EHS | CMPD | 30 June 2013 | 29 August 2015 | Incomplete |
| Gcobani Mashiyi | CFO | CMPD | 30 June 2013 | 29 August 2015 | Incomplete |
| Andile Mini | Director CSS | CMPD | 30 June 2013 | 29 August 2015 | Incomplete |

Table 29: Minimum Competency Programmes undertaken by other Financial Officials and Supply Chain Officials

| Name and Surname | Position | Minimum Competency Course / Programme | Start Date | Expected Completion Date |
|-------------------|-----------------------------|---------------------------------------|--------------|--------------------------|
| Manini Lebusa | Finance Intern | CPMD | 10 Aug 2014 | Aug 2015 |
| Ntombi Motaung | Supply Chain Officer | Municipal Finance | 03 Dec 2014 | 02 Dec 2015 |
| Christine Makhubo | Expenditure Accountant | Municipal Finance | 03 Dec 2014 | 02 Dec 2015 |
| Moroesi Khubeka | Supply Chain Practitioner | Municipal Finance | 03 Dec 2014 | 02 Dec 2015 |
| Maria Moeketsi | Senior SCM Officer | PFMA Course | 11 May 2015 | 29 Oct 2015 |
| Nyakallo Mafisa | Payroll Officer | PFMA Course | 11 May 2015 | 29 Oct 2015 |
| Charles Mosia | Budget Officer | PFMA Course | 18 May 2015 | 05 Nov 2015 |
| Paseka Moloji | Senior Financial Accountant | PFMA Course | 18 May 2015 | 29 Nov 2015 |
| Lulama Letsoenyo | Asset Officer | CMPD | 20 Sept 2015 | 30 Apr 2016 |
| Kehumile Taje | Finance Intern | Municipal Finance | 08 Feb 2016 | Oct 2016 |

Table 30: Minimum Competency Programmes undertaken by other Officials

| Name and Surname | Position | Minimum Competency Course / Programme | Start Date | Expected Completion Date |
|-------------------------|-----------------------------------|--|-------------------|---------------------------------|
| Calestina Mongaula | General Worker | AET Level 4 | Jan 2016 | Dec 2016 |
| Boitumelo Mothibi | Tourism Officer | LED Course | 04 May 2015 | 18 Sept 2015 |
| Lindiwe Ntshingila | Agricultural Officer | LED Course | 04 May 2015 | 18 Sept 2015 |
| Mbali Letebele | Planning Manager | IDP Course | 11 May 2015 | 09 Nov 2015 |
| Maserame Mollo | IDP Officer | IDP Course | 11 May 2015 | 09 Nov 2015 |
| Humbulani Gadisi | GIS Officer | GIS Course | 06 July 2015 | 10 July 2015 |
| Tebello Gorati | Disaster Recovery Officer | Incident Command System | 27 Sept 2015 | 02 Oct 2015 |
| Sam Koatsoane | Biochemist | Risk Assessment of Drinking Water Systems | 13 Sept 2015 | 16 Sept 2015 |
| Thembi Sefako | Sports Development Officer | First Aid Course | 10 Nov 2015 | 13 Nov 2015 |
| Matshidiso Mahlatsi | Sports Development Officer | First Aid Course | 10 Nov 2015 | 13 Nov 2015 |
| Liatla Lechesa | Sports Development Officer | First Aid Course | 10 Nov 2015 | 13 Nov 2015 |
| Mantsho Thato | Social Development Coordinator | First Aid Course | 10 Nov 2015 | 13 Nov 2015 |
| Andre Van Zyl | Manager Municipal Health Services | Law Ethics | 18 May 2016 | 20 May 2016 |
| Pauline Phoofolo | Assistant Manager EHS | Law Ethics | 18 May 2016 | 20 May 2016 |
| Doreen Khoza | Assistant Manager EHS | Law Ethics | 18 May 2016 | 20 May 2016 |
| Dirk de Vos | Senior EHP | Law Ethics | 18 May 2016 | 20 May 2016 |
| Jan Moore | Senior EHP | Law Ethics | 18 May 2016 | 20 May 2016 |
| Deliwe Masangani | EHP | Law Ethics | 18 May 2016 | 20 May 2016 |
| Themba Nkwakwa | Senior EHP | Law Ethics | 18 May 2016 | 20 May 2016 |

| Name and Surname | Position | Minimum Competency Course / Programme | Start Date | Expected Completion Date |
|-----------------------|--------------------------------|---------------------------------------|-------------|--------------------------|
| Sebolelo Mosikatsane | EHP | Law Ethics | 18 May 2016 | 20 May 2016 |
| Lerato Molaba | Senior EHP | Law Ethics | 18 May 2016 | 20 May 2016 |
| Nomvula Modumo | EHP | Law Ethics | 18 May 2016 | 20 May 2016 |
| Chakane Sibaya | Manager Environment Management | Law Ethics | 18 May 2016 | 20 May 2016 |
| Debra Ngundue | EHP | Law Ethics | 18 May 2016 | 20 May 2016 |
| Tshepo Makoatle | EHP | Law Ethics | 18 May 2016 | 20 May 2016 |
| Lehloohonolo Makateng | EHP | Law Ethics | 18 May 2016 | 20 May 2016 |
| Matshidiso Mofokeng | In-Service Trainee | Municipal Finance | 08 Feb 2016 | Oct 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 human resources policies that the municipality has in place and whether these policies have been reviewed and adopted by council for implementation. Full text of these policies is obtainable from the **Director: Corporate Services, Advocate AM Mini**.

Table 31: Human Resource Policies

| No | Name of Policy | Adopted By Council | Date of last review / adoption by Council |
|----|--|--------------------|---|
| 1 | Affirmative action | Yes | 30/05/2013 |
| 2 | Attraction and Retention (Staff retention & exit Policy) | Yes | 30/05/2013 |
| 3 | Code of Conduct for employees | Yes | 30/05/2013 |

| No | Name of Policy | Adopted By Council | Date of last review / adoption by Council |
|----|---|--------------------|---|
| 4 | Delegations, Authorization & Responsibility (Corporate governance policy) | Yes | 30/05/2013 |
| 5 | Disciplinary Code and Procedures | Yes | 30/05/2013 |
| 6 | Employee Assistance/Wellness | Yes | 30/05/2013 |
| 7 | Employment Equity | Yes | 30/05/2013 |
| 9 | Grievance Procedures | Yes | 30/05/2013 |
| 10 | HIV/Aids | Yes | 30/05/2013 |
| 11 | Human Resource and Development (Career succession planning policy) | Yes | 30/05/2013 |
| 12 | Leave Policy | Yes | 30/05/2013 |
| 13 | Occupational Health and Safety | Yes | 30/05/2013 |
| 14 | Official Housing (Home-owners allowance policy) | Yes | 30/05/2013 |
| 15 | Official Journeys (Travel & subsistence expenditure) | Yes | 30/05/2013 |
| 17 | Official Working Hours and Overtime | No | N/A |
| 18 | Organisational Rights | No | N/A |
| 19 | Performance Management and Development | Yes | 30/05/2015 |
| 20 | Recruitment, Selection and Appointments | Yes | 30/05/2013 |
| 21 | Resettlement | Yes | 30/05/2013 |
| 22 | Sexual Harassment | Yes | 30/05/2013 |
| 23 | Skills Development | Yes | 30/05/2013 |
| 24 | Work Organisation (Corporate governance Policy) | Yes | 30/05/2013 |
| 25 | Bursary Policy | Yes | 30/05/2013 |
| 26 | Dress Code Policy | Yes | 30/05/2013 |
| 27 | Use of Municipal Assets | Yes | 30/05/2013 |
| 28 | Smoking control Policy | Yes | 29/05/2014 |
| 29 | Records management | Yes | 29/05/2014 |
| 30 | Acting Capacity policy | Yes | 29/05/2014 |
| 33 | Parking Policy | Yes | 29/05/2014 |
| 32 | Recruitment Policy | Yes | 29/05/2014 |
| 33 | Substance Abuse Policy | Yes | 27/03/2015 |
| 34 | Bereavement Policy | Yes | 28/05/2015 |
| 35 | Legal Services Policy | Yes | 30/10/2015 |
| 36 | Use of Internal & External Facilities | Yes | 30/10/2015 |
| 37 | Parking Policy | Yes | 30/10/2015 |
| 38 | Employee Assistance Policy | Yes | 30/06/2016 |

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 32: Number of leave days taken by leave type

| Leave type | Total days | Number of employees |
|-----------------------|------------|---------------------|
| Sick | 1204 | 138 |
| Maternity | 317 | 5 |
| Family Responsibility | 119 | 34 |
| Other/ Special leave | 22 | 6 |
| Annual Leave | 2584 | 159 |

D 2: SKILLS DEVELOPMENT & TRAINING COSTS

Table 33: Skill Development & Training Costs for Finance Officials

| Title | Amount |
|---------------------|----------------------|
| Financial Officials | R 48 500 |
| Financial Interns | Funded by LG SETA |

Table 34: Skill Development & Training Costs for Senior Manager & Councillors

| Name | Title | Amount |
|------------|--|----------|
| G Mashiyi | Chief Financial Officer | R136 500 |
| A Mini | Director Corporate Support Services | |
| N Baleni | Director Environmental Health and Emergency Services | |
| V Moloji | Director Local Economic Development | R 50 410 |
| L Molibeli | Municipal Manager | R 91 000 |
| Cllr Notsi | MMC Finance | |

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

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

| Figures in Rand | Note(s) | 2016 | 2015 Restated* |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Administration and management fees received | | 36 710 | 38 340 |
| Other income | 15 | 1 751 965 | 1 286 385 |
| Interest received – investment | 16 | 7 989 415 | 8 043 872 |
| Total revenue from exchange transactions | | 9 778 090 | 9 368 597 |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Government grants and subsidies | 17 | 145 367 031 | 145 192 042 |
| Total revenue | | 155 145 121 | 154 560 639 |
| Expenditure | | | |
| Employees related costs | 18 | (88 361 309) | (80 294 398) |
| Remuneration of councillors | 19 | (6 894 723) | (6 576 591) |
| Depreciation and amortisation | 20 | (3 590 419) | (3 845 512) |
| Finance costs | 21 | - | (1 011 421) |
| Reversal of impairment/(debt impairment) | | 100 000 | 1 821 000 |
| Repairs and maintenance | | (1 512 178) | (1 564 559) |
| Contracted services | 22 | (13 546 206) | (13 264 785) |
| Grants and subsidies paid | 23 | (13 933 191) | (28 084 669) |
| General Expenses | 24 | (48 670 706) | (51 536 102) |
| Total Expenditure | | (176 408 732) | (184 357 037) |
| Operating deficit | | (21 263 611) | (29 796 398) |
| Loss on disposal of assets | | (109 093) | (350 423) |
| Deficit for the year | | (21 372 704) | (30 146 821) |

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Table 35:

| Asset classification | Amount Spent R |
|-----------------------------|---------------------------|
| Land and Buildings (WIP) | 2 369 639 |
| Plant and Machinery | - |
| Furniture and Fittings | 321 |
| Motor Vehicles | 5 981 970 |
| Office Equipment | 112 690 |
| Computer Equipment | 653 111 |
| Other Assets | 53 786 |
| Total Costs | 5 930 633 |

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Cash Flow Statement

| Figures in Rand | Note(s) | 2016 | 2015 Restated |
|---|---------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Grants | | 145 367 031 | 145 192 041 |
| Interest income | | 7 989 415 | 8 043 872 |
| Other receipts | 25 | 1 788 675 | 1 324 725 |
| | | 155 145 121 | 154 560 638 |
| Payments | | | |
| Employee costs | | (95 256 033) | (86 870 988) |
| Suppliers | | (76 596 012) | (90 218 719) |
| Finance costs | | - | (1 011 421) |
| | | (171 852 045) | (178 101 128) |
| Net cash flows from operating activities | 26 | (16 706 924) | (23 540 490) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (5 930 635) | (1 564 570) |
| Purchase of other intangible assets | 8 | (26 435) | (946 725) |
| Proceeds on sale of assets | | 70 015 | - |
| Other movement | | - | (21 893) |
| Net cash flows from investing activities | | (5 887 055) | (2 533 188) |
| Cash flows from financing activities | | | |
| Movement in long term loans | | - | (2 644 882) |
| Net increase/(decrease) in cash and cash equivalents | | (28 718 561) | (28 718 560) |
| Cash and cash equivalents at the beginning of the year | | 109 743 252 | 138 461 812 |
| Cash and cash equivalents at the end of the year | 3 | 87 149 273 | 109 743 252 |

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

| 2015/16 | | | 2014/15 |
|-------------------|---------------|------|---------|
| Government Grants | Total Revenue | % | % |
| 145 367 031 | 155 145 121 | 93.6 | 93.9 |

Analysis and Interpretation: From the above, it is evident that the municipality is still highly reliant on Government Grants and this reliance has grown compared to the previous reporting periods. This is largely due to the fact that as a district municipality, FDDM has no revenue base of its own and as 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 2015/16 | Budgeted Revenue 2015/16 | Variance R | Variance | |
|---------------------------|-----------------------------|---------------|--------------|--------------|
| | | | 2015/16 % | 2014/15 % |
| 155 145 121 | 212 064 062 | -56 918 941 | -26.8 | -0.6 |

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 26.8%. In the previous financial year, actual revenue was lesser than budgeted revenue by 0.6%. 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

| 2015/16 | | | 2014/15 |
|---------------|-------------------|----|---------|
| Employee Cost | Total Expenditure | % | % |
| 88 361 309 | 176 408 732 | 50 | 43.6 |

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)

| 2015/16 | | | 2014/15 |
|-----------------------------|-------------------|-----|---------|
| Remuneration of Councillors | Total Expenditure | % | % |
| 6 894 723 | 176 408 732 | 3.9 | 3.6 |

Analysis and Interpretation: From the above, it can be deduced that remuneration of councillors as a percentage of total operating expenditure had a slight expansion year on year at 3.9% to total expenditure, and at the same time remuneration of employees to total expenditure remains relatively constants year on year at 50%.

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)

| 2015/16 | | | 2014/15 |
|-----------------------|-------------------|-----|---------|
| Repairs & Maintenance | Total Expenditure | % | % |
| 1 512 178 | 176 408 732 | 0.8 | 0.8 |

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%, which represents a consistency in 2015/16. The main contributing factor to this may be attributable to the fact that as a district municipality, FDDM 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%.

| 2015/16 | | | 2014/15 |
|-------------------------------|---------------------|-------|---------|
| Current Assets less Inventory | Current Liabilities | Ratio | Ratio |
| 93 855 135 | 32 334 468 | 3:1 | 4:1 |

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 (2015/16)

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 (2014/15) 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 |
|---|---|
| Compliance with laws and regulations | <p>Annual financial statements and annual report:</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> |
| Internal control | <p>Leadership:</p> <p>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.</p> <p>Financial and performance management:</p> <p>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.</p> |

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

| 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 |
|----------|---|--|-------------------------|-------------------|--------------------|-----------------------------|------------------------------------|
| 38 | Commitments: Contracts not disclosed as commitments at year end | Contract Register will be updated / redeveloped in order to assist with all contractual monitoring of contract that is awarded. A copy of this register will be supplied on a quarterly basis to the Finance department in order to monitor commitments, and reporting on commitments will be done on a quarterly basis. | P Mloi | | 31 May 2016 | 100% | Still in the middle of the quarter |
| 57 | PPE: Work in progress differences noted | 1) On quarterly basis contract management will send the report of all new contracts entered into by municipality to finance 2) Compare the contract management report with PMPW report noting differences | P Mloi | | 31 May 2016 | 100% | Still in the middle of the quarter |

| 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 |
|----------|---|--|-------------------------|-------------------|--------------------|-----------------------------|---|
| | | 3) Update the contract register. On a quarterly basis PMPW should also report on the performance of the service provider which will also be linked to the contract register, where the performance will be accompanied by completion certificates. | | | | | |
| 25 | Commitments: Difference between the financial statements and the supporting commitment register | Contract Register will be updated / redeveloped in order to assist with all contractual monitoring of contract that is awarded. A copy of this register will be supplied on a quarterly basis to the Finance department in order to monitor commitments, and reporting on commitments will be done on a quarterly basis. | P Moloji | | 31 May 2016 | 100% | Still in the middle of the quarter |
| 39 | Commitments: Difference in accounting policy | When rolling forward the balances of 2014/15 financial year, management will review the opening balances as well as the accounting policies to ensure they are consistent with that of prior year. | P Moloji | | 30 June 2016 | 100% | Management is currently reviewing the opening balance to ensure that they agree to prior years closing balances |

| 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 |
|----------|--|---|-------------------------|-------------------|--------------------|-----------------------------|---|
| 60 | Budget: Monthly report not submitted within 10 working days | Management has put the controls in place 100%. All the current year monthly budget statements were submitted timeously: Monthly reports is submitted to Departmental Meetings and Portfolio by the Compliance Officer | C Mosia / M Monosi | | 31 December 2015 | 100% | 100% implemented |
| 61 | Budget: Final budget in the AFS does not agree to the approved adjusted budget | Management and executive has put controls in place to adjust the budget only up to the end of May after that no adjustment will be made. | C Mosia / M Monosi | | 31 May 2016 | 100% | |
| 10 | Assets without locations on the asset register | Asset location will be captured on the assets register and be reviewed before being submitted and it will be reviewed on a quarterly basis to ensure that movement of assets and additions are correctly accounted for in the asset register. | T Motshoikha | | | | Asset team are currently busy with the asset count and assets will be allocated locations |
| 15 | Assets with duplicated Barcodes | All the sub assets on the Asset register will be investigated and new barcodes will be allocated for each and all related assets will be given a separate bar-code for identification. | P Moloji | | | | Asset team are currently busy with the asset count and assets will be allocated locations |

| 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 | Performance information: Indicators and targets not measurable | Identified indicators and targets in the process of being reviewed in line with the recommendation of the AGSA | T Motshoikha | | 31 March 2016 | 100% | The finding that indicators and targets not measurable was corrected as part of the 2015/16 SDBIP process. Deficiency identified by AGSA during audit under KPA 3 on two programmes under the objective to promote and develop tourism sector in the district has since been corrected. The refurbishment of Deneysville Resort in Metsimaholo Local Municipality has been completed. Refer to the departmental reporting tool for LED department for 2015/16 financial year for purpose of evidence and verification. |

| 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 |
|----------|------------------------------------|--|-------------------------|-------------------|--------------------|-----------------------------|---|
| 50 | AOPO: KPA2 Target not reported | Targets not reported in the Annual Performance Report were corrected during audit as part of the reviewed Annual Performance Report. | T Motshoika | | 30 June 2016 | 100% | The finding that target not reported was corrected during audit. The annual report was amended to allow the user department identified to include progress against the target which was not reported. Refer to the attached audited draft Annual Report of the municipality for the period ending 30 June 2015 (Page 65 (2.6a). In order to exercise internal controls effectively in future all departmental reports will be reviewed by the Municipal Manager and Directors putting emphasis on partially and/or not achieved KPIs due to lack or |

| 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 |
|----------|--|--|-------------------------|-------------------|--------------------|-----------------------------|--|
| | | | | | | | adequate supporting evidence. This control to be implemented with effect from the third quarter of the 2015/16 financial year. |
| 46 | Revenue: Completeness of Jazz festival revenue | | M Moabelo | | | | |

REPORT OF THE AUDITOR-GENERAL

Report of the auditor-general to the Free State Legislature and 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 ... to ..., which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of Grap) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2015 (Act No. 1 of 2015) (Dora), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 2016 and its financial performance and cash flows for the year then ended, in accordance with the 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 28 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 2016 in the financial statements of the Fezile Dabi District Municipality at, and for the year ended, 30 June 2015.

Unauthorised expenditure

9. As disclosed in note 32 to the financial statements, the municipality incurred unauthorised expenditure of R4 348 593 regarding the late MEC of the Department of Health which they did not budget for. This amount was written off by council during the 2015-16 financial year

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 on it.

Report on other legal and regulatory requirements

12. In accordance with the Public Audit Act, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of 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 district municipality for the year ended 30 June 2016:

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

14. I evaluated the usefulness of the reported performance information to determine whether it 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 (FMPPI).

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

16. I did not raise material findings on the usefulness and reliability of the reported performance information for the following key performance area:

- Key performance area 2: service delivery and infrastructural development on pages x to x

Compliance with legislation

17. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

I did not identify any significant deficiencies in internal control

Bloemfontein

30 November 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPENDICES

Appendix A: Councillors; Committee Allocation and Council Attendance

A1: List of Councillors

| Surname & Initials | Ward Responsible for |
|-------------------------------|----------------------|
| ANC Councillor(s) | |
| 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 |
| Mhlakazela SJMT | N/A |
| Pietersen ML | N/A |
| De Beer VE | N/A |
| DA Councillor(s) | |
| Spruit MC | N/A |
| Pittaway SH | N/A |
| Van der Westhuizen PD | N/A |
| COPE Councillor(s) | |
| De Hart D | N/A |

A2: List of Councillors Seconded from Local Municipalities

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

A3: Number of Council Meetings Attended by Councillors



| Number of meetings for the period 192 | Ordinary | Special | Total | Apologies |
|--|--|---------|-------|-----------|
| | 4 | 5 | 9 | |
| Initials & Surname | Meetings Attended | | | |
| | FEZILE DABI DISTRICT MUNICIPALITY | | | |
| Pietersen Magdeline | 4 | 3 | 9 | 2 |
| S.JM.T Mahlakazela | 5 | 4 | 9 | 0 |
| Simon Taje | 3 | 3 | 9 | 3 |
| Moeketsi Paulus Moshodi (Executive Mayor) | 3 | 2 | 9 | 4 |
| P.D Van Der Westhuizen | 3 | 4 | 9 | 2 |
| Mark Cornelius Spruit | 3 | 3 | 9 | 3 |
| Sidney Henry Pittaway | 4 | 3 | 9 | 2 |
| Nodoli Georgina Guza | 4 | 4 | 9 | 1 |
| De Hart Dirk | 4 | 3 | 9 | 2 |
| NP Mokoena | 5 | 2 | 9 | 2 |
| DSL George | 4 | 3 | 9 | 2 |
| ME Mokoena | 2 | 3 | 9 | 4 |
| KGL Nketu (Speaker) | 5 | 0 | 9 | 4 |
| METSIMAHOLO LOCAL MUNICIPALITY | | | | |
| Maboka George Ntoane | 2 | 4 | 9 | 3 |
| Mosiuoa Poho | 5 | 4 | 9 | 0 |
| J. Geysler | 3 | 3 | 9 | 3 |
| Thandi Soetsang | 2 | 2 | 9 | 5 |
| Nomsa Kubheka | 2 | 4 | 9 | 3 |
| NGWATHE LOCAL MUNICIPALITY | | | | |
| Anna Oliphant | 4 | 1 | 9 | 4 |
| Catharina Serfontein | 4 | 4 | 9 | 1 |
| Lucy Hlapane | 3 | 3 | 9 | 3 |
| Victoria De Beer | 1 | 2 | 9 | 6 |
| Kau Khumalo | 2 | 3 | 9 | 4 |
| MOQHAKA LOCAL MUNICIPALITY | | | | |
| Z. Magadlela | 3 | 2 | 9 | 4 |
| Mojohana Mbono | 4 | 2 | 9 | 3 |
| Mokhele Notsi | 5 | 2 | 9 | 2 |
| Matsheliso Koloji | 2 | 2 | 9 | 5 |



| | | | | |
|----------------------------------|---|---|---|---|
| Leburu Makoele | 3 | 3 | 9 | 3 |
| A. Viljoene | 2 | 2 | 9 | 5 |
| MAFUBE LOCAL MUNICIPALITY | | | | |
| Madisa Andries Mosia | 5 | 4 | 9 | - |
| Lucky Kubeka | 4 | 3 | 9 | 2 |

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 |
| ME Notsi (Portfolio Head) | ANC | 11 | 11 |
| ZS Magadlela | ANC | 11 | 8 |
| M Mosia | ANC | 11 | 8 |
| PD Van der Westhuizen | DA | 11 | 6 |
| SJMT Mahlakazela | ANC | 11 | 9 |
| S Pittaway | DA | 11 | 7 |



| 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 | 11 | 11 |
| PM Mokoena | ANC | 11 | 8 |
| M Mbono | ANC | 11 | 10 |
| KJ Makhoba | ANC | 11 | 11 |
| S Pittaway | DA | 11 | 4 |
| D de Hart | COPE | 11 | 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 | 10 | 10 |
| ME Mokoena | ANC | 10 | 6 |
| MC Spruit | DA | 10 | 10 |
| MA Mosia | ANC | 10 | 5 |
| WL Makoele | DA | 10 | 9 |
| N Kubheka | ANC | 10 | 3 |
| MS Taje | ANC | 10 | 7 |



| 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 |
| V de Beer (Portfolio Head) | ANC | 12 | 8 |
| M Poho | ANC | 12 | 12 |
| MS Taje | ANC | 12 | 10 |
| MA Koi | ANC | 12 | 7 |
| P van der Westhuizen | DA | 12 | 9 |
| C Serfontein | DA | 12 | 7 |

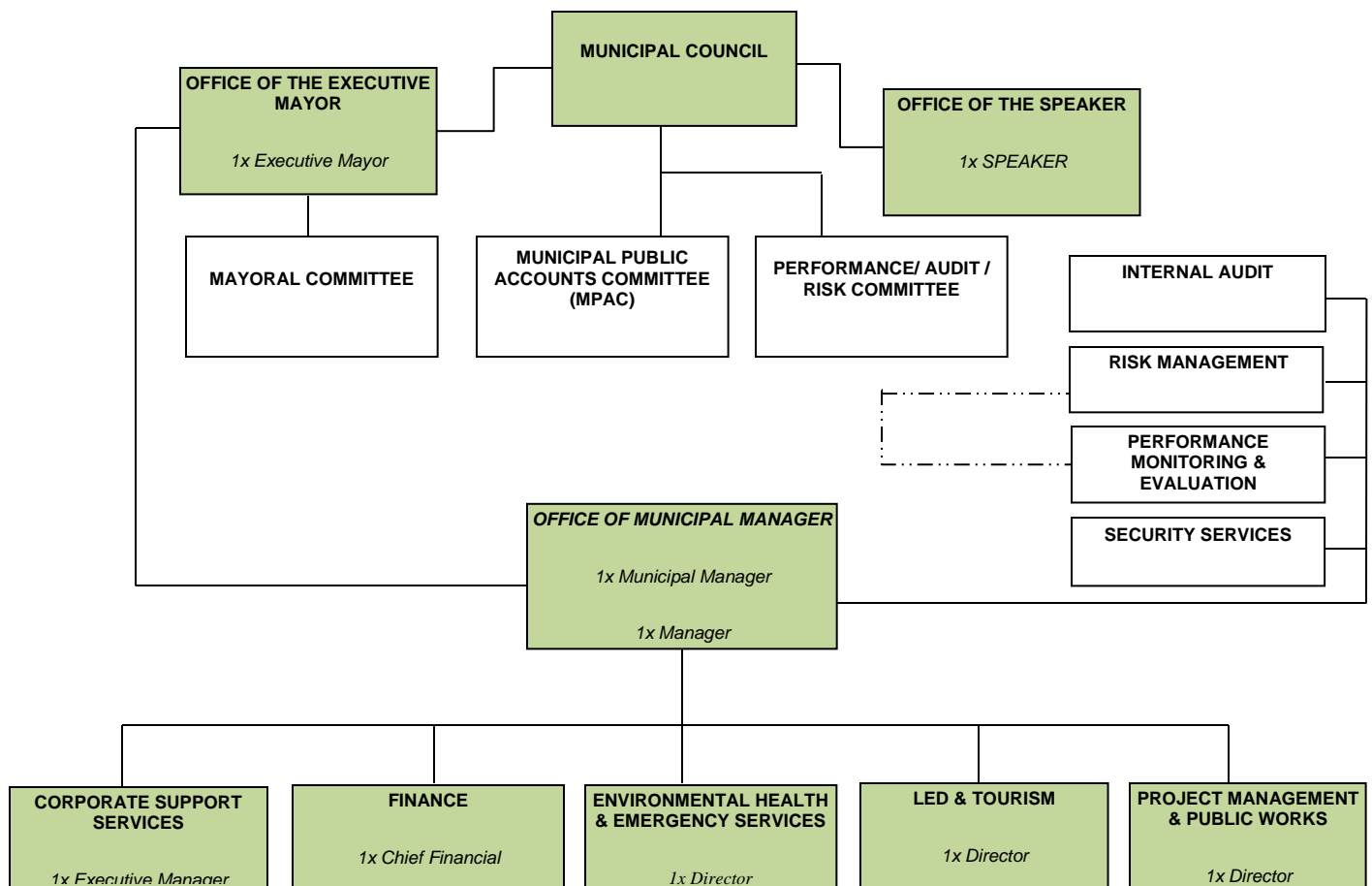
| LED & TOURISM PORTFOLIO COMMITTEE | | | |
|--|------------------------|---|---|
| Initials & Surname | Political Party | No. of Meetings Held by the Committee for the period | No. of Meetings Attended by the Member |
| KJ Khumalo (Portfolio Head) | ANC | 9 | 6 |
| DSL George | ANC | 9 | 7 |
| ML Pietersen | ANC | 9 | 6 |
| SJMT Mahlakazela | ANC | 9 | 6 |
| MS Poho | ANC | 9 | 9 |
| S Holt | DA | 9 | Member resigned from politics and was replaced by JJ Geyser |
| A Viljoen | DA | 5 | 4 Member resigned from the party in January 2016 |
| JJ Geyser | DA | 9 | 8 |



| SOCIAL & SPORTS DEVELOPMENT PORTFOLIO COMMITTEE | | | |
|--|------------------------|---|---|
| Initials & Surname | Political Party | No. of Meetings Held by the Committee for the period | No. of Meetings Attended by the Member |
| GN Guza (Portfolio Head) | ANC | 7 | 5 |
| K Makhoba | ANC | 7 | 6 |
| T Soetsang | ANC | 7 | 7 |
| NP Mokoena | ANC | 7 | 5 |
| M Ntoane | DA | 7 | 5 |
| ZS Magadlela | ANC | 7 | 7 |
| A Viljoen / M Spruit | DA | 7 | 4 A Viljoen attended 2 out of 4 meetings. Member resigned from the party in January 2016. M Spruit attended 2 out of 2 meetings. |

Appendix C: Third tier Administrative Structure

Macro-Organisational Structure



Appendix D: Functions of Municipality/Entity

| Powers and Functions in terms of Schedule 4 (Part B) and Schedule 5 (Part B) of the Constitution | Definition |
|---|---|
| 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 “Firefighting” 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 “Firefighting” 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 (continued)

| Powers and Functions in terms of Schedule 4 (Part B) and Schedule 5 (Part B) of the Constitution | Definition |
|--|---|
| 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"> <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 <input type="checkbox"/> Scheduled services for the carriage of passengers, owned and operated by the municipality, on specific routes |
| 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) | 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. District: water quality monitoring, including potable water |
| Sanitation | 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. District: monitoring and awareness (sampling on networks and connection to assess compliance with applicable standards) |
| Cemeteries, funeral parlours and crematoria | The establishment conducts and control of facilities for the purpose of disposing of human and animal remains. District: <ul style="list-style-type: none"> <input type="checkbox"/> monitoring of funeral parlours and crematoria for compliance, <input type="checkbox"/> responsible for regional cemeteries |

| 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 D: Functions of Municipality/Entity (continued)

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 | | | |
| Payday software system | Payday support system | Y | | 01 July 2014 | 30 June 2017 | In Progress |
| C-Sonke Investments | FDDM's Annual report for 2013/14, 2014/15 & 2015/16 | Y | | 26 Aug 2014 | 01 April 2017 | In Progress |
| Flagg Civil Engineers | RRAMS | Y | | 01 Aug 2014 | 01 July 2017 | In Progress |
| Vaal triangle Fire Services | Maintenance of Building fire equipment | Y | | 27 July 2015 | 26 July 2017 | In Progress |
| IDI Technology Solution | Implementation of Enterprise Risk Management system | Y | | 01 July 2016 | 30 June 2019 | In Progress |
| Mash (Pty) Ltd | Short-term insurance | Y | | 01 July 2015 | 29 June 2017 | In Progress |
| Maki Mokhaneli Trading and projects | Development for Koppies Commercial Greenhouse | Y | | 27 Oct 2015 | 30 June 2017 | 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 2016 |
|-------------------------------------|--|------------|----|-----------|----|--|--------------------------------|
| | | Yes | No | Yes | No | | |
| Midvaal Scientific Service | Water & food samples analyses | X | | X | | Completed | Good |
| Aurecon South Africa | Re-activation of Disaster management Planning Tool & incident management system | X | | X | | Completed | Good |
| Vexoscore (Pty) Ltd | Supply & delivery of RIV with equipment | X | | X | | Completed | Good |
| C-Sonke | FDDM's Annual report for 2013/14, 2014/15 & 2015/16 | X | | X | | In progress, however 2014/15 FDDM's Annual Report completed in April 2016. | Good |
| Simon & Lee | Architectural Services - Building alteration of FDDM Main building and EvH Building, Sasolburg | X | | X | | In progress | Good |
| Tiro Trading Enterprise cc | Building additions and alterations at the main building and EvH Building, Sasolburg | X | | X | | In progress | Good |
| Flagg Civil Engineers | RRAMS | X | | X | | In progress | Good |
| NT Geomatics | Feasibility study and GIS for FDDM and its Locals | X | | X | | Completed | Good |
| C-Sonke | Review of FDDM PMS - cascading from level 1 - 3 | X | | X | | Completed | Good |
| Mash (Pty) Ltd | Short-term insurance | X | | X | | In progress | Good |
| Swift Micro Laboratories | Sampling of Water, etc | X | | X | | In progress | Good |
| Motumisheng Investments (Pty) Ltd | Rehabilitation of Grens Street, Parys | X | | X | | Completed | Good |
| Vaal triangle fire service | Maintenance of building fire equipment | X | | X | | In progress | Good |
| Maki Mokhaneli Trading and projects | Development for Koppies Commercial Greenhouse | X | | X | | In progress | Good |
| Dumelang News | Compilation, Design, layout and printing of FDDM news | X | | X | | In progress | Good |
| Soul Commision | Event management company - Fezile Dabi HIV/AIDS Benefit concert | X | | X | | In progress | Good |
| Crazy Daizy | Fresh Flowers | X | | X | | In progress | Good |

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 | MP MOSHODI (Executive Mayor) | ANC | No |
| | KGL NKETU (Speaker) | ANC | Yes |
| MAFUBE | L.KUBEKA (Chairperson MPAC) | ANC | Yes |
| | M.MOSIA | ANC | Yes |
| METSIMAHOLO | T.SOETSANG | ANC | No |
| | L.CHEBASE | ANC | No |
| | M.POHO | ANC | Yes |
| | NJ KUBHEKA | ANC | No |
| | S.HOLT | DA | No |
| | G.NTOANE | DA | Yes |
| MOQHAKA | M.MBONO | ANC | Yes |
| | Z.MAGADLELA | ANC | Yes |
| | T.KOLOI | ANC | Yes |
| | M.NOTSI | ANC | No |
| | W.MAKOELE | DA | Yes |
| | A.VILJOEN | DA | Yes |
| NGWATHE | C.SERFONTEIN | DA | Yes |
| | K.KHUMALO | ANC | No |
| | A.OLIPHANT | ANC | Yes |
| | M.E MAGASHULE | ANC | No |
| | L.HLAPANE | ANC | Yes |
| FEZILE DABI DISTRICT MUNICIPALITY | N G GUZA | ANC | Yes |
| | MS TAJE | ANC | Yes |
| | M.L PIETERSEN | ANC | Yes |
| | T.MAHLAKAZELA | ANC | Yes |
| | DSL GEORGE | ANC | Yes |
| | M.E MOKOENA | ANC | Yes |
| | D.DE HART | COPE | Yes |
| | S.PITTAWAY | DA | Yes |
| | M.C SPRUIT | DA | No |
| | P.VAN DERWESTHUIZEN | DA | No |

J 2: Disclosure of Financial Interest by Senior Management

| SURNAME &INITIALS | DESIGNATION | DECLARATION OF INTEREST MADE (YES/NO) |
|----------------------------------|---|--|
| 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 Moloji | Director: Local Economic Development & Tourism | Yes |
| Vacant | Director: Project Management & Public Works | N/A |

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 | 0 | 0 | 0 | 1 250 000 |
| MSIG | National Treasury | 930 000 | 0 | 0 | 0 | 930 000 |
| EPWP | Department of Public Works, Roads and Transport | 400 000 | 0 | 0 | 600 000 | 1 000 000 |
| ES | National Treasury | 4 720 400 | 3 776 400 | 2 832 200 | 0 | 11 329 000 |
| RSC LEVY | National Treasury | 53 668 600 | 42 935 600 | 32 201 800 | 0 | 128 806 000 |
| Total | | 60 969 000 | 46 712 000 | 35 034 000 | 600 000 | 143 315 000 |

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

Projects still under implementation in 2015/16 financial year

| Projects Description | Municipality where Project implemented | 2015/16 Budget Allocation | Actual Expenditure as at 30 June 2016 | New Infrastructure or Upgrade | Status of the Asset / Project as at 30 June 2016 |
|---|--|---------------------------|---------------------------------------|-------------------------------|---|
| Rural Roads Asset Management System | Rural Areas | R 2 039 000 | R 1 380 700 | Upgrade | Work-in-Progress - Planned completion - June 2017 |
| Building additions and alterations (Main Building and EHS-PM&PW) | FDDM | R 3 643 100 | R 2 389 233 | Upgrade | Work-in-Progress - Planned completion – July 2016 |
| Rehabilitation of Streets | Ngwathe | R 10 000 000 | R 4 169 028 | Upgrade | Work-in-Progress - Planned completion – July 2016 |
| Total Budget & Expenditure for All Projects still under Implementation | | R 15 682 100 | R 7 938 961 | | |

Appendix N: Capital Programme by Project current year

| Project description | Area | 2015/16 Expenditure |
|---|-------------|--------------------------------|
| Qalabotjha Stadium | Mafube | 3 800 000 |
| Rehabilitation of Kruis Street in Parys | Ngwathe | 9 300 000 |
| Metsimaholo: Deneysville Municipal Resort | Metsimaholo | 1 200 000 |

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 year 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 II: ANNUAL FINANCIAL STATEMENTS

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

General Information

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

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

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 |

Annual Financial Statements for the year ended 30 June 2016

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 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 5 to 70, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed on its behalf by:

ML Molibeli
Municipal Manager
Sasolburg
31 August 2016

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

| Figures in Rand | Note(s) | 2016 | 2015 Restated* |
|---|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 87 149 273 | 109 743 252 |
| Receivables non-exchange transactions | 4 | 1 518 665 | 1 700 635 |
| VAT receivable | 6 | 5 187 197 | - |
| | | 93 855 135 | 111 443 887 |
| Non-Current Assets | | | |
| Property, plant and equipment | 7 | 31 902 405 | 29 557 573 |
| Intangible assets | 8 | 856 571 | 1 013 860 |
| | | 32 758 976 | 30 571 433 |
| Total Assets | | 126 614 111 | 142 015 320 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 9 | 22 626 518 | 21 285 675 |
| VAT payable | 10 | - | 3 544 553 |
| Unspent conditional grants and receipts | 11 | 9 707 950 | 4 599 068 |
| | | 32 334 468 | 29 429 296 |
| Non-Current Liabilities | | | |
| Retirement benefit obligation | 12 | 9 029 000 | 7 934 000 |
| Provisions for long service awards | 13 | 11 128 000 | 9 075 000 |
| Operating lease liability | | - | 81 683 |
| | | 20 157 000 | 17 090 683 |
| Total Liabilities | | 52 491 468 | 46 519 979 |
| Net Assets | | 74 122 643 | 95 495 341 |
| Revaluation reserve | 14 | 12 798 150 | 13 598 737 |
| Accumulated surplus | | 61 324 493 | 81 896 604 |
| Total Net Assets | | 74 122 643 | 95 495 341 |

FEZILE DABI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2016
Statement of Financial Performance

| Figures in Rand | Note(s) | 2016 | 2015 Restated* |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Administration and management fees received | | 36 710 | 38 340 |
| Other income | 15 | 1 751 965 | 1 286 385 |
| Interest received – investment | 16 | 7 989 415 | 8 043 872 |
| Total revenue from exchange transactions | | 9 778 090 | 9 368 597 |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Government grants and subsidies | 17 | 145 367 031 | 145 192 042 |
| Total revenue | | 155 145 121 | 154 560 639 |
| Expenditure | | | |
| Employees related costs | 18 | (88 361 309) | (80 294 398) |
| Remuneration of councillors | 19 | (6 894 723) | (6 576 591) |
| Depreciation and amortisation | 20 | (3 590 419) | (3 845 512) |
| Finance costs | 21 | - | (1 011 421) |
| Reversal of impairment/(debt impairment) | | 100 000 | 1 821 000 |
| Repairs and maintenance | | (1 512 178) | (1 564 559) |
| Contracted services | 22 | (13 546 206) | (13 264 785) |
| Grants and subsidies paid | 23 | (13 933 191) | (28 084 669) |
| General Expenses | 24 | (48 670 706) | (51 536 102) |
| Total Expenditure | | (176 408 732) | (184 357 037) |
| Operating deficit | | (21 263 611) | (29 796 398) |
| Loss on disposal of assets | | (109 093) | (350 423) |
| Deficit for the year | | (21 372 704) | (30 146 821) |

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

| Figures in Rand | Revaluation reserve | Accumulated surplus | Total net assets |
|---|----------------------------|----------------------------|-------------------------|
| Opening balance as previously reported | 14 399 324 | 110 877 875 | 125 277 199 |
| Adjustments | | | |
| Prior year adjustments | - | 364 963 | 364 963 |
| Balance as at 01 July 2014 as restated* | 14 399 324 | 111 242 838 | 125 642 162 |
| Changes in net assets | | | |
| Deficit for the year | - | (30 146 821) | (30 146 821) |
| Revaluation reserve realised | (800 587) | 800 587 | - |
| Total changes | (800 587) | (29 346 234) | (30 146 821) |
| Opening balance as previously reported | 13 598 737 | 81 171 880 | 94 770 617 |
| Total changes | (813 890) | (18 127 246) | (18 941 136) |
| Opening balance as previously reported | 13 598 737 | 81 171 880 | 127 409 785 |
| Adjustments | | | |
| Prior year adjustments | - | 724 730 | 724 730 |
| Restated* Balance at 01 July 2015 as restated* | 13 598 737 | 81 896 610 | 95 495 347 |
| Changes in net assets | | | |
| Revaluation reserve realised | (800 587) | 800 587 | - |
| Net losses recognised directly in net assets | (800 587) | 800 587 | - |
| Deficit for the year | - | (21 372 704) | (21 372 704) |
| Total recognised income and expenses for the year | (800 587) | (20 572 117) | (21 372 704) |
| Total changes | (800 587) | (20 572 117) | (21 372 704) |
| Balance at 30 June 2016 | 12 798 150 | 61 324 493 | 74 122 643 |
| Note(s) | 14 | | |

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Cash Flow Statement

| Figures in Rand | Note(s) | 2016 | 2015 Restated |
|---|---------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Grants | | 145 367 031 | 145 192 041 |
| Interest income | | 7 989 415 | 8 043 872 |
| Other receipts | 25 | 1 788 675 | 1 324 725 |
| | | <u>155 145 121</u> | <u>154 560 638</u> |
| Payments | | | |
| Employee costs | | (95 256 033) | (86 870 988) |
| Suppliers | | (76 596 012) | (90 218 719) |
| Finance costs | | - | (1 011 421) |
| | | <u>(171 852 045)</u> | <u>((178 101 128))</u> |
| Net cash flows from operating activities | 26 | <u>(16 706 924)</u> | <u>(23 540 490)</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (5 930 635) | (1 564 570) |
| Purchase of other intangible assets | 8 | (26 435) | (946 725) |
| Proceeds on sale of assets | | 70 015 | - |
| Other movement | | - | (21 893) |
| Net cash flows from investing activities | | <u>(5 887 055)</u> | <u>(2 533 188)</u> |
| Cash flows from financing activities | | | |
| Movement in long term loans | | - | (2 644 882) |
| Net increase/(decrease) in cash and cash equivalents | | (28 718 561) | (28 718 560) |
| Cash and cash equivalents at the beginning of the year | | <u>109 743 252</u> | <u>138 461 812</u> |
| Cash and cash equivalents at the end of the year | 3 | <u>87 149 273</u> | <u>109 743 252</u> |

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

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 43) |
|--|---------------------|----------------------|----------------------|-----------------------------------|--|---------------------|
| Figures in Rand | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Administration and management fee received | 36 291 | 9 | 36 300 | 36 710 | 410 | |
| Other income | - | 750 104 | 750 104 | 1 751 965 | 1 001 861 | 43.1 |
| Interest received – investment | 4 200 000 | 600 000 | 4 800 000 | 7 989 415 | 3 189 415 | 43.2 |
| Total revenue from exchange transactions | 4 236 291 | 1 350 113 | 5 586 404 | 9 778 090 | 4 191 686 | |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Government grants & subsidies | 145 504 221 | 11 085 683 | 156 589 904 | 145 367 031 | (1222 873) | 43.3 |
| Other transfer revenue | 17 690 428 | 37 783 730 | 55 474 158 | - | (55474158) | 43.4 |
| Total revenue from non-exchange transactions | 163 194 649 | 48 869 413 | 212 064 062 | 145 367 031 | (6 697 031) | |
| Total revenue | 167 430 940 | 50 219 526 | 217 650 466 | 155 145 121 | (62505345) | |
| Expenditure | | | | | | |
| Employee related cost | (88 460 200) | 350 700 | (88 109 500) | (88 361 309) | (251 809) | |
| Remuneration of councillors | (8 082 600) | - | (8 082 600) | (6 894 723) | 1 187 877 | 44.3 |
| Depreciation and amortisation | (5 900 000) | - | (5 900 000) | (3 590 419) | 2 309 581 | 44.5 |
| Reversal of impairment | - | - | - | 100 000 | 100 000 | |
| Repairs and maintenance | (2 473 600) | (150 000) | (2 623 600) | (1 512 178) | 1 111 422 | |
| Contracted Services | (10 270 000) | (10 521 711) | (20 791 711) | (13 546 206) | 7 245 505 | 44.7 |
| Grants and subsidies paid | (3 039 000) | (23 936 849) | (26 975 849) | (13 933 191) | 13 042 658 | 44.8 |
| General expenses | (49 205 540) | (15 958 666) | (65 164 206) | (48 670 706) | 16 493 500 | 44.9 |
| Total expenditure | (167 430940) | (50 216 5265) | (217647 466)) | (176 408 732) | 41 238 734 | |
| Operating deficit | (295 999) | 3 000 | 3 000 | (29 411 342) | (21 266 611) | |
| Loss on disposal of assets and liabilities | - | - | - | (109 093) | (109 093) | |
| Deficit before taxation | - | 3 000 | 3 000 | (21 372 704)) | (21 375 704)) | |
| Actual amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | - | 3 000 | 3 000 | (21 372 704) | (21 375 704) | |



FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

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 |
|--|----------------------|--|--------------------------|--|--|---------------------|----------------------|--------------------------|---------------------|-------------------------------------|--|
| Figures in Rand | | | | | | | | | | | |
| 2016 | | | | | | | | | | | |
| Financial Performance | | | | | | | | | | | |
| Investments revenue | 4 200 000 | 600 000 | 4 800 000 | - | - | 4 800 000 | 7 989 415 | - | 3 189 415 | 166 % | 190 % |
| Transfer recognised- operational | 145 504 221 | 11 085 683 | 156589 904 | - | - | 156589 904 | 145 367 031 | - | (11 222 873) | 99% | 100 % |
| Other own revenue | 17 726 719 | 38 533 843 | 56 260 562 | - | - | 56 260 562 | 1 788 675 | - | (54 471 887) | 3 % | 10 % |
| Total revenue (excluding capital transfers and contributions) | 167 430 940 | 50 219 526 | 217 650 466 | - | - | 217 650 466 | 155 145 121 | - | (62 505 345) | 71 % | 93 % |
| Employee costs | (88 460 200) | 350 700 | (88 109 500) | - | - | (88 109 500) | (88 361 309) | - | (251 809) | 100 % | 100 % |
| Remuneration of councillors | (8 082 600) | - | (8 082 600) | - | - | (8 082 600) | (6 894 723) | - | 1 187 877 | 85 % | 85 % |
| Reversal of impairment / (debt impairment) | - | - | - | - | - | - | 100 000 | - | 100 000 | 100 % | 100 % |
| Depreciation and asset impairment | (5 900 000) | - | (5 900 000) | - | - | (5 900 000) | (3 590 419) | - | 2 309 581 | 61 % | 61 % |
| Finance charges | (3 039 000) | (23 936 849) | (26 975 849) | - | - | (26 975 849) | (13 933 191) | - | 13 042 658 | 52 % | 458 % |
| Transfers and grants | (61 949 140) | (26 633 377) | (88 582 517) | - | - | (88 582 517) | (63 838 183) | - | 24 744 334 | 72 % | 103 % |
| Other expenditure | (167 430 940) | (50 219 526) | (217650 466) | - | - | (217650 466) | (176517 825)) | - | 41 132 641 | 81 % | 105 % |
| Total expenditure | - | - | - | - | - | - | (21 372 704) | - | (21 372 704) | 100 % | 100 % |
| Surplus/ (Deficit) | - | - | - | - | - | - | (21 372 704) | - | (21 372 704) | 100 % | 100 % |

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

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 |
|--|---------------------|--|--------------------------|--|--|---------------------|---------------------|--------------------------|---------------------|-------------------------------------|--|
| Figures in Rand | | | | | | | | | | | |
| Capital expenditure and fund sources | | | | | | | | | | | |
| Total capital expenditure | 700 000 | 6 267 562- | 6 967 562 | - | | 6 967 562 | 5 965 229 | | (1 002 333) | 86 % | 852 % |
| Sources of capital funds | | | | | | | | | | | |
| Transfers recognised - capital | 700 000 | 6 267 562 | 6 267 562 | - | | 6 267 562 | 5 965 229 | | (1 002 333) | 86 % | 852 % |
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | (10 550 428) | (32 056 168) | (42 606 596) | - | | (42 606 596) | (16 706 924) | | 25 899 672 | 39 % | 158 % |
| Net cash from (used) investing | (700 000) | (6 267 562) | (6 967 562) | - | | (6 967 562) | (5 887 055) | | 1 080 507 | 84 % | 841 % |
| Net increase/ decrease in cash and cash equivalents | (11 250 428) | (38 323 730) | (49 574 158) | - | | (49 574 158) | (22 593 979) | | 26 980 179 | 46 % | 201 % |
| Cash and cash equivalents at the beginning of the year | 109 743 252 | - | 109 743 252 | - | | 109 743 252 | 109 743 252 | | - | 100 % | 100% |
| Cash and cash equivalents at year end | 98 492 824 | (38 323 730) | 60 169 094 | - | | 60 169 094 | 87 149 273 | | (26 980 179) | 145 % | 88 % |

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Appropriation Statement

| | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated audited outcome |
|--|---|--|----------------------------|--------------------------------|
| Figures in Rand | | | | |
| 2015 | | | | |
| Financial Performance | | | | |
| Investments revenue | | | | 8 043 872 |
| Transfer recognised- operational | | | | 145 192 042 |
| Other own revenue | | | | 1 324 725 |
| Total revenue (excluding capital transfers and contributions) | | | | 154 560 639 |
| Employee costs | - | - | - | (80 294 398) |
| Remuneration of councillors | - | - | - | (6 576 591) |
| Reversal of impairment / (debt impairment) | - | - | - | 1 821 000 |
| Depreciation and asset impairment | - | - | - | (3 845 512) |
| Finance charges | - | - | - | (28 084 669) |
| Transfers and grants | - | - | - | (63 816 701) |
| Other expenditure | - | - | - | (66 715 869) |
| Total expenditure | - | - | - | (184 707 460) |
| Surplus/ (Deficit) | | | | (30 146 821) |
| Surplus/ (Deficit) for the year | | | | (30 146 821) |

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

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 are 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 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 receivable.

The impairment for receivables is calculated on a portfolio basis. 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.

Allowance for slow moving, damaged and obsolete inventory

An allowance for inventory to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the surplus/deficit.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the 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 including 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 2016

Accounting Policies

1.1 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 norms and on the pattern in which an asset's future economic benefits or service potential is expected to be consumed by the municipality.

Post-retirement benefits and other long-term benefits

The present value of the post retirement obligation and other long-term employee obligations 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 obligations. In determining the appropriate discount rate, the municipality considers 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 post-retirement and other long-term employee obligations are based on current market conditions. Additional information is disclosed in note 12.

Effective interest rate

The municipality used the incremental borrowing rate to discount future cash flows.

Allowance for impairment

On 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.

1.2 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.2 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. Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of 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. Subsequent to initial measurement Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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 equity 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 the straight line basis over their expected useful lives to their estimated.

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

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Buildings | | 6 - 30 years |
| Computer equipment | | 2 - 20 years |
| Furniture and fixtures | | 2 - 24 years |
| Land | | Indefinite |
| Motor vehicles | | 2 - 20 years |
| Office equipment | | 20 - 30 years |
| Plant and machinery | | 1 - 30 years |

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.2 Property, plant and equipment (continued)

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

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.

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

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

The gain or loss arising from the de recognition of an item of 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.

1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from a 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 of the asset 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 through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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

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

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

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

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.3 Intangible assets (continued)

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:

| Item | Useful life |
|-------------------|-------------|
| 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.

1.4 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:

| Class | Category |
|--|--|
| 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 |

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

FEZILE DABI DISTRICT MUNICIPALITY

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Accounting Policies

1.4 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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.

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.

FEZILE DABI DISTRICT MUNICIPALITY

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Accounting Policies

1.4 Financial instruments (continued)

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.

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.

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

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 2016

Accounting Policies

1.4 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, expired 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).

1.5 Statutory receivables Identification

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.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means

The transaction amount (for purposes of the Standard of GRAP on Statutory Receivables) means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the accounting policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the accounting policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the accounting policy on Revenue from exchange transactions or the accounting policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

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Accounting Policies

1.5 Statutory receivables Identification (continued)

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- it is probable that the receivable will enter sequestration, liquidation or other financial re-organisation.
- a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable, or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the 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; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell 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; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.6 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Identification

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

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

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Impairment of cash-generating assets (continued)

Value in use

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

Cash-generating units

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

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

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

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

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

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

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

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

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

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

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

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.7 Impairment of non-cash-generating assets

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 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 is initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

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 assets 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.

FEZILE DABI DISTRICT MUNICIPALITY

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Accounting Policies

1.7 Impairment of non-cash-generating assets (continued)

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.

1.8 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).

1.9 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total 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.

1.10 Leases

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

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases – lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value

of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

FEZILE DABI DISTRICT MUNICIPALITY

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Accounting Policies

1.10 Leases(continued)

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 payments 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.

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

Operating leases – lessee

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

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

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

1.11 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 a 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.

FEZILE DABI DISTRICT MUNICIPALITY

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Accounting Policies

1.11 Employee benefits (continued)

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 it 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.

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 of 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.

The municipality determines 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.

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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;
- past service cost;
- 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.

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) 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 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.

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.11 Employee benefits (continued)

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees.

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 other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- 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;
- past service cost; 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.

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.

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

FEZILE DABI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.12 Provisions and contingencies (continued)

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

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.

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 is 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
- present obligation that arises from past events but is not recognised because:
 - it is not probable than 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 42

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, are accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability are 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; and
- 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 account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.6 and 1.7.

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 are 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.

FEZILE DABI DISTRICT MUNICIPALITY

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Accounting Policies

1.13 Revenue from exchange transactions

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.

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, royalties and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions 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.

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

1.14 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 municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

FEZILE DABI DISTRICT MUNICIPALITY

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Accounting Policies

1.14 Revenue from non-exchange transactions(continued)

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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

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

Recognition

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

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

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

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

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.

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

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 that are significant to the municipality's operations and/or service delivery objectives are recognised as assets and the related 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.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period.

Concessionary loans received

A concessionary loan is a loan granted to or received by the municipality on terms that are not market related.

FEZILE DABI DISTRICT MUNICIPALITY

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Accounting Policies

1.14 Revenue from non-exchange transactions(continued)

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.

1.15 Borrowing costs

Borrowing costs are interest and other expenses incurred by a municipality in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Grant 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 given raise to the transfer occurred.

1.17 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 28 for detail.

1.19 Unauthorised expenditure

Unauthorised expenditure means:

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 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.

FEZILE DABI DISTRICT MUNICIPALITY

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Accounting Policies

1.21 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 economic entity'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.

1.22 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

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.

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.24 Events after 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 discloses 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.

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2. New standards and interpretations

3.2 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 21 (as amended 2015): Impairment of Non-cash-generating Assets

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash generating assets, and consequential amendments made to the definition of cash-generating assets;
- the indicators of internal sources of information were amended to include obsolescence as an indication that an asset may be impaired. In line with the amendments made to IPSAS 21 on Impairment of Non-cash-generating Assets (IPSAS 21) in 2011, an amendment has been made to include another indicator of impairment i.e., where an asset's useful life has been reassessed as finite rather than indefinite;
- where the recoverable service amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples of indications of impairment and measurement of impairment losses have been deleted from the Standard as the National Treasury has issued complete examples as part of its Implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements.

The impact of the standard is not material.

GRAP 26 (as amended 2015): Impairment of Cash-generating Assets

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash

generating assets, and consequential amendments made to the definition of cash-generating assets and cash generating unit;

- in line with the amendments made to IPSAS 26 on Impairment of Cash-generating Assets (IPSAS 26) in 2010, an amendment has been made to include another indicator of impairment in relation to the internal sources of information;
- where the recoverable amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples on using present value techniques to measure value in use and illustrative guidance have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements.

The impact of the standard is not material.

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2. New standards and interpretations (continued)

Improvements to the Standards of GRAP (2013)

Amendments were made to the following standards of GRAP:

- GRAP 1 - Presentation of Financial Statements;
- GRAP 2 - Cash Flow Statements;
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors;
- GRAP 7 - Investments in Associates;
- GRAP 10 - Financial Reporting in Hyperinflationary Economies;
- GRAP 11 - Construction Contracts;
- GRAP 13 - Leases;
- GRAP 17 - Property, Plant and Equipment;
- GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets;
- GRAP 21 - Impairment of Non-cash-generating Assets (refer to separate note);
- GRAP 24 - Presentation of Budget Information in Financial Statements;
- GRAP 25 - Employee Benefits;
- GRAP 26 - Impairment of Cash-generating Assets (refer to separate note);
- GRAP 31 - Intangible Assets;
- GRAP 103 - Heritage Assets; and
- GRAP 104 - Financial Instruments.

The amendments relate mainly to editorial and other changes to the original text to ensure consistency with other Standards of GRAP and deletion of the appendices with illustrative guidance and examples from the standards, as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the improvements is for years beginning on or after 01 April 2015.

The municipality has adopted the improvements for the first time in the 2016 annual financial statements.

The impact of the improvements is not material

GRAP 23 (as amended 2015): Revenue From Non-exchange Transactions

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- the scope paragraph has been amended to exclude non-exchange revenue from construction contracts from this Standard;

- commentary has been added to clarify that discounts, volume rebates or other reductions in the quoted price of assets are exchange transactions that should be treated in accordance with the Standard of GRAP on Revenue from Exchange Transactions;
- the Standard was amended to make it mandatory for entities to recognise services in-kind to the extent that the services in-kind are significant to an entity's operations and/or service delivery objectives and to the extent that the recognition criteria have been met;
- commentary has been added to clarify that services in-kind are not limited to the provision of services by individuals but also include the right to use assets. Examples have been added to illustrate this amendment; and
- the appendix with illustrative examples has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements.

The impact of the standard is not material.

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2. New standards and interpretations (continued)

3.3 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 2016 or later periods:

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 the municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of the municipality 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 the municipality within a particular region.

This 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 when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more presentation and disclosure than is currently provided in the annual financial statements.

GRAP 20: Related Parties

The objective of this standard is to ensure that a reporting municipality'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.

A municipality that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting municipality) shall apply 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 (a) and (b) is required; and
- determining the disclosures to be made about those items.

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

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

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

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2. New standards and interpretations (continued)

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

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

The standard elaborates on the definitions and identification of:

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

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

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

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard, but has already formulated an accounting policy for this reporting period based on the Standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the 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.

Public Private Partnership agreements that are governed and regulated in terms of the 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.

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

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2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's 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.

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard, but has already formulated an accounting policy for this reporting period based on the Standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service

concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

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 of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

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

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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2. New standards and interpretations (continued)

GRAP 16 (as amended 2015): Investment Property

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- the encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements is now required.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 17 (as amended 2015): Property, Plant and Equipment

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by the municipality to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when the municipality is a principal or an agent.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

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| 3. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Bank balances | 7 760 615 | 12 502 352 |
| Short-term deposits | 79 388 658 | 97 240 900 |
| | 87 149 273 | 109 743 252 |

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 of three months or less.

Short-term deposits consist of the following balances at various institutions

Credit rating

| | | |
|------------------|-------------------|--------------------|
| Absa Bank | 26 800 368 | 34 521 318 |
| Nedbank | 19 418 585 | 31 212 432 |
| Standard Bank | 32 774 374 | 31 148 727 |
| Accrued interest | 395 330 | 358 423 |
| | 97 240 899 | 138 776 096 |

The municipality had the following bank accounts

| Account number / description | Bank Statement Balances | | | Cash book balances | | |
|--|-------------------------|-------------------|------------------|--------------------|-------------------|------------------|
| | 30 June 2016 | 30 June 2015 | 30 June 2014 | 30 June 2016 | 30 June 2015 | 30 June 2014 |
| ABSA BANK-Account - 520000100 | 6 733 744 | 11 734 765 | 1 126 975 | 6 648 425 | 11 734 765 | (73 813) |
| ABSA BANK - Savings Account - 9070399717 | 127 890 | 427 285 | 321 832 | 127 890 | 427 285 | 321 832 |
| ABSA BANK - HIV/Aids Project Bank Account - 9209269959 | 984 300 | 340 302 | 1 263 909 | 984 300 | 340 302 | 1 263 908 |
| | 7 845 934 | 12 502 352 | 2 685 716 | 7 760 615 | 12 502 352 | 1 484 927 |

4. Receivables from exchange transactions

| | | |
|----------------------|------------------|------------------|
| Bursary recoupments | 98 814 | 70 720 |
| Fuel deposit | 1 000 | 1 000 |
| Other debtors | 110 013 | 211 368 |
| Payments in advance | 577 551 | 728 436 |
| Pick n Pay Card | 2 251 | 2 251 |
| Recoverable expenses | 729 036 | 686 860 |
| | 1 518 665 | 1 700 635 |

Pledged as security

None of the trade and other receivables were pledged as security.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

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| 4. Receivables from exchange transactions (continued) | | |
| Trade and other receivables past due but not impaired | | |
| Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2016, R 1 518 665 (2015: R 1 700 636) were past due but not impaired. | | |
| The ageing of amounts past due but not impaired is as follows: | | |
| The ageing of these receivables is as follows: | | |
| 3 months past due | 1 518 665 | 1 700 636 |
| Reconciliation of provision for impairment of trade and other receivables | | |
| Opening balance | - | 198 462 |
| Amounts written off as uncollectible | - | (198 462) |
| | - | - |
| 5. Receivables from non-exchange transactions | | |
| Funeral expenses: MEC Health | - | 4 448 593 |
| Provisions for doubtful debt | - | (4 448 593) |
| | - | - |

Pledged as security

None of the trade and other receivables were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

Receivables from non-exchange transactions impaired

As of 30 June 2016, other receivables from non-exchange transactions of R - (2015: R 4 448 593) were impaired and provided for.

The amount of the provision was R - as of 30 June 2016 (2015: R 4 448 593).

The ageing of these receivable from non-exchange transactions is as follows:

| | | |
|---------------|---|-----------|
| Over 6 months | - | 4 448 593 |
|---------------|---|-----------|

Reconciliation of provision for impairment of receivables from non-exchange transactions

| | | |
|--------------------------------------|-------------|------------------|
| Opening balance | 4 448 593 | 6 269 593 |
| Amounts written off as uncollectible | (4 348 593) | - |
| Unused amounts reversed | (100 000) | (1 821 000) |
| | <u>-</u> | <u>4 448 593</u> |

6. VAT receivable

| | | |
|-----|-----------|---|
| VAT | 5 187 197 | - |
|-----|-----------|---|

VAT is payable on the payment basis.

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|---|-------------------|---|-------------------|-------------------|---|-------------------|
| 7. Property, plant and equipment | | | | | | |
| | 2016 | | Carrying value | 2015 | | Carrying value |
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | | Cost / Valuation | Accumulated depreciation and accumulated impairment | |
| Buildings | 21 358 319 | (3 136 814) | 18 221 505 | 19 257 884 | (2 178 342) | 17 079 542 |
| Computer equipment | 4 995 736 | (3 550 965) | 1 444 771 | 5 517 143 | (4 523 793) | 993 350 |
| Furniture and fixtures | 4 216 675 | (3 432 230) | 784 445 | 4 485 184 | (3 426 968) | 1 058 216 |
| Land | 2 590 000 | - | 2 590 000 | 2 590 000 | - | 2 590 000 |
| Motor vehicles | 12 717 288 | (5 369 374) | 7 347 914 | 10 656 202 | (4 674 232) | 5 981 970 |
| Office equipment | 2 470 542 | (1 909 385) | 561 157 | 2 476 650 | (1 968 235) | 508 415 |
| Other assets | 1 214 178 | (816 223) | 397 955 | 1 481 672 | (820 729) | 660 943 |
| Plant and machinery | 1 678 325 | (1 123 667) | 554 658 | 1 575 193 | (890 056) | 685 137 |
| Total | 51 241 063 | (19 338 658) | 31 902 405 | 48 039 928 | (18 482 355) | 29 557 573 |

Reconciliation of property, plant and equipment - 2016

| | Opening Balance | Additions | Work In Progress | Disposals | Transfer | Depreciation | Total |
|-----------|-----------------|-----------|------------------|-----------|-----------|--------------|------------|
| Buildings | 17 079 542 | 17 500 | 2 352 141 | - | (253 353) | (253 353) | 18 211 505 |

| | | | | | | | |
|----------------------|-------------------|------------------|------------------|------------------|-----------|--------------------|-------------------|
| Computer equipment | 993 350 | 653 111 | - | (15 483) | 253 500 | (439 707) | 1 444 771 |
| Furniture & fixtures | 1 058 216 | 321 | - | (1 914) | 26 974 | (299 152) | 784 445 |
| Land | 2 590 000 | - | - | - | - | - | 2 590 000 |
| Motor vehicles | 5 981 970 | 2 741 086 | - | (149 600) | - | (1 225 542) | 7 347 814 |
| Office equipment | 508 415 | 112 690 | - | (11 493) | 171 381 | (219 836) | 561 157 |
| Other assets | 660 942 | 53 786 | - | (590) | (239 296) | (76 887) | 397 955 |
| Plant and machinery | 685 138 | - | - | (28) | 40 794 | (171 246) | 554 688 |
| Total | 29 557 573 | 3 578 494 | 2 352 141 | (179 108) | - | (3 406 695) | 31 903 405 |

Reconciliation of property, plant and equipment – 2015

| | Opening Balance | Additions | Disposals | Depreciations | Total |
|------------------------|-------------------|------------------|------------------|--------------------|-------------------|
| Buildings | 17 079 542 | 225 081 | - | (977 151) | 17 688 397 |
| Computer equipment | 993 350 | 460 374 | - | (556 237) | 1 380 412 |
| Furniture and fixtures | 1 058 216 | 45 020 | - | (336 949) | 1 140 454 |
| Land | 2 590 000 | - | - | - | 2 590 000 |
| Motor vehicles | 5 981 970 | 2 688 154 | (491 849) | (991 553) | 6 673 747 |
| Office equipment | 508 415 | 92 788 | - | (268 522) | 686 328 |
| Other assets | 660 942 | 332 721 | - | (341 100) | 1 583 978 |
| Plant and machinery | 685 138 | - | - | (150) | 256 |
| Total | 31 862 945 | 3 844 138 | (491 849) | (3 471 662) | 31 743 572 |

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|-----------------|------|------|

7. Property, plant and equipment (continued)

Revaluations

The effective date of the revaluations was 28 June 2013. Revaluations were performed by independent valuer, Kgolofelo

Property Services CC. 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.

Other information

Property, plant and equipment (Work in progress)

| | | |
|--|----------------|-------------------|
| Mafube: Sewer network and toilet structures for 363 erven in Qalabotjha Ramutsa Rail CC) | - | 10 250 918 |
| Metsimaholo: Deneysville Resort | - | 195 589 |
| Koppies Greenhouse primary cooperative | 317 030 | - |
| | 317 030 | 10 446 507 |

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 during the year a vehicle was impaired.

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.

8. Intangible assets

| | 2016 | | | 2015 | | |
|-----------------------------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Autodesk revit software | 173 950 | (146 950) | 26 435 | - | - | - |
| Caseware | 219 000 | (173 950) | 211 160 | 173 950 | (149 790) | 24 160 |
| Dispatch and early warning system | 219 000 | (29 684) | 189 316 | 219 000 | (7 840) | 211 160 |
| Drivelock system | 468 460 | (139 653) | 588 972 | 728 625 | (66 791) | 661 834 |
| E-Venus | 56 848 | (443 862) | 24 598 | 468 460 | (421 156) | 47 304 |
| Microsoft exchange 2010 | 163 027 | (44 215) | 12 633 | 56 848 | (35 793) | 25 812 |
| Microsoft office 2007 | 89 052 | (153 517) | 9 510 | 163 027 | (145 366) | 13 309 |
| Payday system | 89 052 | (84 376) | 4 676 | 89 052 | (80 060) | 56 068 |
| Server software | 241 071 | (240 640) | 431 | 241 071 | (224 327) | 10 350 |
| Telephone system | 27 000 | (27 000) | - | 27 000 | (22 050) | - |
| Total | 2 167 033 | (1 336 897) | 856 571 | 2 167 033 | (1 153 173) | 258 177 |

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8. Intangible assets (continued)

Reconciliation of intangible assets – 2016

| | Opening balance | Additions | Amortisation | Total |
|-----------------------------------|------------------|---------------|------------------|----------------|
| Autodesk revit software | - | 26 435 | - | 26 435 |
| Caseware | 24 160 | - | (24 160) | - |
| Dispatch and early warning system | 211 160 | - | (21 844) | 189 316 |
| Drivelock system | 661 834 | - | (72 862) | 588 972 |
| E-Venus | 47 304 | - | (22 706) | 24 598 |
| Microsoft exchange 2010 | 21 055 | - | (8 422) | 12 633 |
| Microsoft office 2007 | 17 661 | - | (8 151) | 9 510 |
| Payday system | 8 992 | - | (4 316) | 4 676 |
| Server software | 16 744 | - | (16 313) | 431 |
| Telephone system | 4 950 | - | (4 950) | - |
| | 1 013 860 | 26 435 | (183 724) | 856 571 |

Reconciliation of intangible assets – 2015

| | Opening Balance | Additional | 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 | - | (8 151) | 17 661 |
| Payday system | 13 308 | - | (4 316) | 8 992 |
| Server software | 56 068 | - | (39 324) | 16 744 |
| Telephone system | 10 350 | - | (5 400) | 4 950 |
| | 258 177 | 946 725 | (191 042) | 1 013 860 |

Pledged as security

None of the above intangible assets have been pledged as security.

Other information

Fully amortised intangible assets still in use - 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

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| 9. Payables from exchange transactions | | |
| Retention creditors | 1 618 725 | 2 669 384 |
| Service bonus accrual | 3 304 697 | 2 961 338 |
| Staff leave accrual | 6 468 569 | 5 562 264 |
| Trade payables | 10 800 525 | 9 230 703 |
| Uncashed cheques | - | 17 560 |
| WCA accrual | 434 002 | 774 376 |
| | 22 626 518 | 21 285 675 |
| 10. VAT payable | | |
| VAT | - | 3 544 553 |

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

| | | |
|--|------------------|------------------|
| Department of Health - Relebohile Clinic: Ngwathe Local Municipality | 2 516 435 | 2 516 435 |
| 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 Programme | 1 000 000 | - |
| Municipal infrastructure grant - Mafube Local Municipality | 4 108 882 | - |
| | 9 707 950 | 4 599 068 |

Movement during the year

| | | |
|--|------------------|------------------|
| Balance at the beginning of the year | 4 599 068 | 5 358 475 |
| Additions during the year | 146 367 031 | 144 432 634 |
| Income recognition during the year | (145 367 031) | (145 192 041) |
| Additions during the year - principal-agent capacity | 9 351 000 | - |
| Utilised during the year - principal-agent capacity | (5 242 118) | - |
| | 9 707 950 | 5 358 475 |

See note 17 for reconciliation of grants from National/Provincial Government.

The municipality is acting in a principal-agent capacity, where projects are handled on behalf of another organ of state for the following unspent conditional grants:

- Department of Health - Relebohile Clinic: Ngwathe Local Municipality
- Department of Public Works - Church: Ngwathe Local Municipality
- Department of Roads, Transport and Police - Internal Roads: Ngwathe Local Municipality
- Department of Sports - Grant: Fezile Dabi Stadium
- Municipal infrastructure grant - Mafube Local Municipality

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12. 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 levels 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 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 members (employees) | 139 | 122 |
| Continuation members (e.g: retirees, widows, orphans) | 4 | 4 |
| | <u>143</u> | <u>126</u> |

The municipality make monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas Medical Scheme
- Discovery Medical Scheme
- Hosmed Medical Scheme
- KeyHealth Medical Scheme
- LA Health Medical Scheme
- Samwumed 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 | (7 934 000) | (7 444 000) |
| Service Cost | (556 000) | (557 000) |
| Interest Cost | (743 000) | (681 000) |
| Actuarial gains | 26 000 | 587 000 |
| Actuarial benefits paid | <u>178 000</u> | <u>161 000</u> |
| Net liability | <u>(9 029 000)</u> | <u>(7 934 000)</u> |

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|-----------------|------|------|

12. Retirement benefit obligation (continued)

Net expense of the defined benefit obligation recognised in the statement of financial performance

| | | |
|--------------------------|---------------------------|-------------------------|
| Current service cost | (556 000) | (557 000) |
| Interest cost | (743 000) | (681 000) |
| Actuarial gains (losses) | 26 000 | 587 000 |
| Benefit payments | <u>178 000</u> | <u>161 000</u> |
| | <u>(1 095 000)</u> | <u>(490 000)</u> |

Key assumptions used

Assumptions used at the reporting date:

| | | |
|---------------------------|-------------------|-------------------|
| Discount rates used | Yield curve | Yield curve |
| Healthcare cost inflation | CPI+1% | CPI+1% |
| Net discount rate | Yield curve based | Yield curve based |

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 bonds 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 2016 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.

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 | 9 231 000 | 8 781 000 |
| Effect on interest cost | 941 000 | 895 000 |
| Effect on service cost | 713 000 | 679 000 |

| | 2016 R | 2015 R | 2014 R | 2013 R | 2012 R |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Defined benefit obligation | 9 029 000 | 7 934 000 | 7 444 000 | 8 417 000 | 6 440 000 |

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13. Provisions for long service awards

Reconciliation of provision for long service awards – 2016

| | Opening Balance | Movement | Total |
|---------------------|-----------------|-----------|------------|
| Long Service Awards | 9 075 000 | 2 053 000 | 11 128 000 |

Reconciliation of provisions for long service awards - 2015

| | Opening Balance | Movement | Total |
|---------------------|-----------------|-----------|-----------|
| Long Service Awards | 7 595 000 | 1 480 000 | 9 075 000 |

Amounts recognised in the statement of Financial Performance are as follows:

| | | |
|----------------------|-------------|-------------|
| Current service cost | (1 437 000) | (1 300 000) |
|----------------------|-------------|-------------|

| | | |
|--------------------------|--------------------|--------------------|
| Interest Cost | (882 000) | (647 000) |
| Actuarial gains/(losses) | (971 203) | (582 146) |
| Cash movements | | |
| Benefit payments | 1 237 203 | 1 002 401 |
| | (2 053 000) | (1 480 000) |

Amounts recognised in the statement of Financial Position are as follows:

| | | |
|----------------------------|------------|-----------|
| Defined benefit obligation | 11 128 000 | 9 075 000 |
|----------------------------|------------|-----------|

The provision relates to the Long Service Award obligation 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 2016.

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:

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 bonds 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.”

The nominal and zero curves as at 30 June 2016 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period.

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

14. Revaluation reserve

| | | |
|------------------|-------------------|-------------------|
| Opening balance | 13 598 737 | 14 399 324 |
| Reserve realised | (800 587) | (800 587) |
| | 12 798 150 | 13 598 737 |

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| Figures in Rand | 2016 | 2015 |
|--------------------------------------|------------------|------------------|
| 15. Other income | | |
| Insurance claim received | 16 676 | 30 689 |
| Jazz festival income | 980 958 | 482 789 |
| Recoveries – Officials & Councillors | 481 903 | 483 291 |
| Sundry income | 272 428 | 289 616 |
| | 1 751 965 | 2 761 035 |
| 16. Interest received | | |
| Bank | 1 230 167 | 1 149 714 |
| Short term deposits | 6 759 248 | 6 894 158 |

| | <u>7 989 415</u> | <u>8 043 872</u> |
|--|--------------------|--------------------|
| 17. Government grants and subsidies | | |
| Equitable share | 140 135 000 | 137 551 000 |
| Expanded public works program integrated grant | - | 1 921 923 |
| Financial management grant | 1 250 000 | 1 250 000 |
| Municipal systems improvement grant | 930 000 | 934 000 |
| Rural roads assets management system grant | 2 039 000 | 1 709 000 |
| Skills education training authorities intern program | 873 000 | 1 695 000 |
| Skills education training authorities skills levy | 140 031 | 131 119 |
| | <u>145 367 031</u> | <u>145 192 042</u> |

Equitable share

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

Expanded public works program integrated grant

| | | |
|---|-----------|-------------|
| Balance unspent at beginning of year | - | 866 922 |
| Current-year receipts | 1 000 000 | 1 055 000 |
| Conditions met - transferred to revenue | - | (1 921 922) |
| | <u>-</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 11).

The grant was received by the municipality based on its ability to meet the performance requirements as set by the Department of Public Works.

Financial management grant

| | | |
|---|-------------|-------------|
| Current-year receipts | 1 250 000 | 1 250 000 |
| Conditions met - transferred to revenue | (1 250 000) | (1 250 000) |
| | <u>-</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 11).

The purpose of the financial management grant is to assist municipalities to implement financial reforms required by MFMA.

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| <u>Figures in Rand</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| 17. Government grants and subsidies (Continued) | | |
| Municipal systems improvement grant | | |
| Current-year receipts | 930 000 | 934 000 |
| Conditions met - transferred to revenue | (930 000) | (934 000) |
| | <u>-</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 11).

The fund is used to assist the district in building capacity to perform its functions and stabilise institutional and governance systems as required by the Municipal Systems Act (Act 32 of 2000).

Rural roads asset management system grant

| | | |
|---|--------------------|--------------------|
| Current-year receipts | 2 039 000 | 1 709 000 |
| Conditions met - transferred to revenue | <u>(2 039 000)</u> | <u>(1 709 000)</u> |
| | <u>-</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 11).

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.

Skills education training authorities intern program

| | | |
|---|------------------|--------------------|
| Current-year receipts | 873 000 | 1 695 000 |
| Conditions met - transferred to revenue | <u>(873 000)</u> | <u>(1 695 000)</u> |
| | <u>-</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 11).

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 | 140 031 | 131 119 |
| Conditions met - transferred to revenue | <u>(140 031)</u> | <u>(131 119)</u> |
| | <u>-</u> | <u>-</u> |

Conditions still to be met - remain liabilities (see note 11).

The purpose of the SETA skills levy is aimed at skills development, promoting growth in employment and capacity building to address scarce skills.

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.

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| Figures in Rand | 2016 | 2015 |
|--|------------|------------|
| 18. Employee related costs | | |
| Annual bonus | 3 801 435 | 3 119 326 |
| Bonus | 993 999 | 930 797 |
| Contributions of UIF, pension and medical aids | 12 703 177 | 11 043 415 |
| Housing benefit | 380 700 | 298 255 |
| Leave pay provision charge | 2 602 287 | 1 685 460 |
| Long-service awards | 3 415 356 | 2 529 146 |
| Overtime payments | 2 018 188 | 1 444 119 |

| | | |
|--|-------------------|-------------------|
| Retrenchment- Provident fund contributions | - | 1 648 769 |
| Salaries and wages | 50 171 503 | 46 445 749 |
| Long-Service awards | 405 000 | 1 513 000 |
| Termination benefits | 1 095 000 | 490 000 |
| Travel and motor car allowances | 11 179 664 | 10 659 362 |
| | 88 361 309 | 80 294 398 |

The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.

Remuneration of Municipal Manager: ML Molibeli

| | | |
|---|------------------|------------------|
| Annual Remuneration | 1 229 064 | 1 205 792 |
| Car Allowance | 454 070 | 454 070 |
| Contributions to UIF, Medical and Pension Funds | 258 257 | 250 696 |
| Performance bonuses | 271 545 | 254 279 |
| | 2 212 936 | 2 164 837 |

Remuneration of chief finance officer: G Mashiyi

| | | |
|---|------------------|------------------|
| Annual Remuneration | 1 188 428 | 1 171 985 |
| Car Allowance | 363 256 | 363 256 |
| Contributions to UIF, Medical and Pension Funds | 1 785 | 16 624 |
| Performance bonuses | 217 236 | 203 423 |
| | 1 770 705 | 1 755 288 |

Remuneration of Director-LED: V Moloji

| | | |
|---|------------------|------------------|
| Annual Remuneration | 858 211 | 777 796 |
| Back Pay | - | 188 056 |
| Car Allowance | 144 000 | 144 000 |
| Contributions to UIF, Medical and Pension Funds | 202 471 | 185 749 |
| Performance Bonuses | 168 406 | 157 698 |
| | 1 373 088 | 1 453 299 |

Remuneration of director – PMU

The position Director: PMU were vacant during the 2014/2015 and 2015/2016 financial year.

Remuneration of Director-Corporate Services: Adv A Mini

| | | |
|---|------------------|------------------|
| Annual Remuneration | 897 377 | 869 368 |
| Car Allowance | 266 000 | 266 000 |
| Contributions to UIF, Medical and Pension Funds | 41 305 | 37 446 |
| Performance bonuses | 168 406 | 157 698 |
| | 1 373 088 | 1 330 512 |

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| Figures in Rand | 2016 | 2015 |
|--|---------|---------|
| 18. Employee related costs (continued) | | |
| Remuneration of Director-Health & Safety:N Baleni | | |
| Annual Remuneration | 913 224 | 883 667 |
| Car Allowance | 266 000 | 266 000 |
| Contributions to UIF, Medical and Pension Funds | 25 458 | 23 147 |
| Performance bonuses | 168 406 | 157 698 |

| | 1 373 088 | 1 330 512 |
|--|-------------------------|-------------------------|
| 19. Remuneration of Councillors | | |
| Executive Mayor | 820 151 | 787 849 |
| Speaker | 650 515 | 618 792 |
| Mayoral committee members | 2 534 959 | 2 597 396 |
| Councillors | <u>2 889 098</u> | <u>2 572 554</u> |
| | <u>6 894 723</u> | <u>6 576 591</u> |

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.

Executive Mayor – Cllr M P Moshodi

| | | |
|----------------------|-----------------------|-----------------------|
| Basic Salary | 500 162 | 476 908 |
| Car Allowance | 194 878 | 183 868 |
| Cellphone Allowance | 33 090 | 41 820 |
| Social Contributions | 92 021 | 85 253 |
| | <u>820 151</u> | <u>787 849</u> |

Speaker – Cllr KGL Nkethu

| | | |
|----------------------|-----------------------|-----------------------|
| Basic Salary | 397 123 | 380 723 |
| Car Allowance | 155 902 | 147 094 |
| Cellphone Allowance | 20 868 | 20 868 |
| Social Contributions | 76 622 | 70 107 |
| | <u>650 515</u> | <u>618 792</u> |

MPAC Chairperson: Cllr LS Kubeka

| | | |
|---------------|-----------------------|-----------------------|
| Basic Salary | 241 846 | 231 089 |
| Car Allowance | 80 615 | 75 583 |
| | <u>322 461</u> | <u>306 672</u> |

MMC - Corporate services - Cllr AM Oliphant

| | | |
|----------------------|-----------------------|-----------------------|
| Basic Salary | 220 934 | 213 135 |
| Car Allowance | 90 451 | 84 777 |
| Social contributions | 50 420 | 46 062 |
| | <u>361 805</u> | <u>343 974</u> |

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| Figures in Rand | 2016 | 2015 |
|--|---------|---------|
| 19. Remuneration of Councillors (continued) | | |
| MMC - Ehs & public safety - Cllr VE de Beer | | |
| Basic Salary | 271 354 | 329 225 |
| Car Allowance | 137 901 | 131 963 |
| Cellphone Allowance | 20 868 | 20 868 |



| | | |
|----------------------|----------------|----------------|
| Social Contributions | 67 696 | 66 664 |
| | 343 975 | 324 503 |

MMC - Finance - Cllr ME Notsi

| | | |
|----------------------|----------------|----------------|
| Basic Salary | 230 257 | 221 371 |
| Car Allowance | 88 265 | 82 741 |
| Social Contributions | 34 539 | 31 602 |
| | 353 061 | 335 714 |

MMC - Led & tourism - Cllr ML Hlapane

| | | |
|----------------------|----------------|----------------|
| Basic Salary | 228 447 | 212 426 |
| Car Allowance | 90 451 | 84 777 |
| Social contributions | 42 907 | 46 771 |
| | 361 805 | 343 974 |

MMC - Social development - Cllr GN Guza

| | | |
|----------------------|----------------|----------------|
| Basic Salary | 216 445 | 353 954 |
| Car Allowance | 88 731 | 137 901 |
| Cellphone allowance | 20 868 | 20 868 |
| Social Contributions | 49 747 | 67 696 |
| | 375 791 | 580 419 |

Councillor GN Guza, only served the municipality up to 30 October 2015.

MMC – Social development - Cllr TL Soetsang

| | | |
|---------------|----------------|---|
| Basic Salary | 154 464 | - |
| Car Allowance | 51 488 | - |
| | 205 952 | - |

MMC – Technical services - Cllr K Khumalo

| | | |
|----------------------|----------------|----------------|
| Basic Salary | 220 934 | 211 792 |
| Car Allowance | 90 451 | 84 777 |
| Social Contributions | 50 420 | 47 406 |
| | 361 805 | 343 975 |

Part Time Councillors

Cllrs: ME Mokoena, ML Pietersen, SJMT Mahlakazela, DP van der Westhuizen, MC Spruit, SH Pittaway, MS Taje, DLS George, KJ Makhoba, D de Hart

| | | |
|---------------------|------------------|------------------|
| Basic Salary | 1 721 978 | 1 633 904 |
| Car Allowance | 576 997 | 532 952 |
| Cellphone Allowance | 202 225 | 201 724 |
| | 2 719 574 | 2 569 299 |

| | | |
|--|---------|---------|
| Sitting Allowance for Seconded Councillors of Local Municipalities | 218 374 | 200 719 |
|--|---------|---------|

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| Figures in Rand | 2016 | 2015 |
|---|-------------------|-------------------|
| 19. Remuneration of Councillors (continued) | | |
| 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. | | |
| 20. Depreciation and amortisation | | |
| Intangible assets | 183 725 | 191 041 |
| Property, plant and equipment | 3 406 695 | 3 654 471 |
| | 3 590 420 | 3 845 512 |
| 21. Finance costs | | |
| Interest on long term liabilities | - | 1 011 421 |
| Finance cost relates to financial liabilities at amortised cost. | | |
| 22. Contracted services | | |
| Various Contractors | 13 546 206 | 13 264 785 |
| These payments are contracts which have been entered into during the current and prior financial year. | | |
| Cleaning Services | 397 755 | 392 457 |
| Climate change and green economy | 234 079 | 3 065 693 |
| Establishment of Koppies green house | 1 980 000 | - |
| Improve response incidents' | - | 1 237 515 |
| Jazz Festival | 6 140 503 | 5 742 828 |
| Other | - | 58 500 |
| Performance Management System | 2 975 304 | 2 339 177 |
| Sports Development Programme | 243 266 | 242 127 |
| Upgrade of district centre | 649 869 | - |
| Upgrading of Municipal Resorts | 925 429 | 186 488 |
| | 13 546 205 | 13 264 785 |
| 23. Grants and subsidies paid | | |
| Develop stadium parking | 749 696 | 234 331 |
| District areas | - | 2 071 089 |
| Mafube Local Municipality | 989 | 10 448 440 |
| Metsimaholo Municipality | 342 912 | 4 582 760 |
| Ngwathe Local Municipality | 10 000 000 | 7 519 305 |
| Rural road asset management system | 1 996 738 | 1 601 743 |
| Support to local municipality- capacity building | 842 856 | 1 463 801 |
| Support to local municipality- disaster management | - | 163 200 |
| | 13 933 191 | 28 084 669 |

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

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Notes to the Annual Financial Statements

| Figures in Rand | 2016 | 2015 |
|--|-------------|-------------|
| 24. General expenses | | |
| Accounting fees | - | 150 000 |
| Advertising | 174 407 | 421 731 |
| Air quality management | 503 288 | 186 650 |
| Audit committee | 119 235 | 110 957 |
| Auditors remuneration | 2 624 696 | 4 014 429 |
| Bank charges | 79 430 | 99 937 |
| Bursaries: External students | 946 006 | 1 554 143 |
| Bursaries: Internal | 610 141 | 326 889 |
| Catering | 4 406 080 | 3 966 741 |
| Cleaning | 74 931 | 15 180 |
| Community development and training | 224 580 | 856 270 |
| Conferences and seminars | 400 651 | 452 116 |
| Consulting and professional fees | 591 731 | 110 106 |
| Consumables | 201 540 | 141 292 |
| Corporate gifts | 218 451 | 245 262 |
| Corporate reports | 686 083 | 623 595 |
| Distribution to beneficiaries (HIV & Aids) | - | 900 000 |
| District outreach programmes | - | 64 205 |
| Donations | 549 325 | 676 741 |
| Emergency funds | 470 595 | 567 776 |
| Employee assistance program | 111 948 | 133 304 |
| Enterprise wide - group life cover | 55 805 | 88 946 |
| Entertainment | 538 146 | 698 111 |
| Entrepreneurial support system | 76 850 | 597 499 |
| Environmental health projects | 113 200 | 72 800 |
| Establishment of co-operatives | 263 680 | 308 800 |
| Event expenses | 9 698 782 | 6 079 617 |
| Financial management expenditure | 1 250 000 | 1 236 922 |
| Fleet | 89 053 | 73 309 |
| Fuel and oil | 1 028 624 | 1 255 516 |
| IDP implementation monitoring | - | 296 000 |
| IT expenses | 1 466 920 | 1 291 286 |
| Insurance | 296 760 | 359 658 |
| Learnership : Service provider | 1 531 904 | 710 739 |
| Learnership : Student material | - | 62 014 |
| Magazines, books and periodicals | 55 889 | 59 976 |
| Marketing | 3 008 178 | 2 520 099 |
| Municipal services | 504 532 | 1 021 764 |
| Other expenses | 84 802 | 820 158 |
| Policy review | 109 650 | - |
| Printing and stationery | 1 538 408 | 1 580 636 |
| Promotions | 175 000 | 1 688 269 |
| Protective clothing | 633 778 | 167 288 |
| Rental Equipment | 2 470 368 | 2 257 177 |
| Sampling testing | 410 108 | 301 951 |
| Security (Guarding of municipal property) | 63 645 | 103 506 |

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| Figures in Rand | 2016 | 2015 |
|--|-------------------|-------------------|
| 24. General expenses (continue) | | |
| Signage | 61 800 | - |
| Skills development levy | 730 658 | 665 340 |
| Stipends | 547 073 | 2 482 397 |
| Subscriptions and membership fees | 1 075 718 | 786 480 |
| Telephone and fax | 1 272 340 | 1 128 308 |
| Training | 336 523 | 557 583 |
| Travel - local | 5 240 671 | 6 222 255 |
| Vector control | 514 721 | 29 690 |
| Workman's compensation commissioner | 434 002 | 394 684 |
| | 48 670 706 | 51 536 102 |

All donations made by the municipality are in terms of the council's donation policy

25. Other receipts

| | | |
|---|------------------|------------------|
| Administration and management fees received | 36 710 | 38 340 |
| Insurance claim received | 16 676 | 30 689 |
| Jazz festival income | 980 958 | 482 789 |
| Recoveries – Councillors and officials | 481 903 | 483 291 |
| Sundry income | 272 428 | 289 616 |
| | 1 788 675 | 1 324 725 |

26. Cash used in operations

| | | |
|---|---------------------|---------------------|
| Deficit | (21 372 704) | (30 146 821) |
| Adjustments for: | | |
| Depreciation and amortisation | 3 590 419 | 3 845 512 |
| Loss on sale of assets and liabilities | 109 093 | 350 423 |
| Reversal of impairment | - | (1 821 000) |
| Movements in operating lease assets and accruals | (81 683) | (44 320) |
| Movements in retirement benefits assets and liabilities | 1 095 000 | 490 000 |
| Movements in provisions | 2 053 000 | 1 480 000 |
| Changes in working capital: | | |
| Receivable from exchange transactions | 181 976 | 680 980 |
| Payable from exchange transactions | 1 340 843 | 1 421 003 |
| VAT | (8 731 750) | 963 140 |
| Unspent conditional grants and receipts | 5 108 882 | (759 407) |
| | (16 706 924) | (23 540 490) |

27. Retirement Benefit Information - Defined contribution plan

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 fund is R 1 576 689 000 which is adequately financed. No new information was available at reporting date.

FEZILE DABI DISTRICT MUNICIPALITY

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28. Prior period errors (continued)

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amounts involved

| Statement of Financial Performance | Balance as previously reported | Prior period error | Total |
|---|--------------------------------------|-----------------------|----------------------|
| Revenue | | | |
| Administration and management fees received | 38 340 | - | 38 340 |
| Other income | 1 286 385 | - | 1 286 385 |
| Interest received- investment | 8 043 872 | - | 8 043 872 |
| Government grants and subsidies | 145 192 042 | - | 145 192 042 |
| | 154 560 639 | - | 154 560 639 |
| Expenditure | | | |
| Employee related cost | (80 294 398) | - | (80 294 398) |
| Remuneration of councillors | (6 576 591) | - | (6 576 591) |
| Depreciation and amortisation | (3 845 512) | - | (3 845 512) |
| Finance charges | (1 011 421) | - | (1 011 421) |
| Reversal of impairment/(debt impairment) | 1 821 000 | - | 1 821 000 |
| Repairs and maintenance | (1 564 559) | - | (1 564 559) |
| Contracted services | (13 264 785) | - | (13 264 785) |
| Grants and subsidies paid | (28 084 669) | - | (28 084 669) |
| General expenses | (51 121 492) | (414 609) | (51 536 101) |
| | (183 942 427) | (414 609) | (184 357 036) |
| Operating (deficit) / surplus | (29 381 788) | (414 609) | (29 796 397) |
| Gain on disposal of financial assets | (350 423) | - | (350 423) |
| | (29 732 211) | (414 609) | (30 146 820) |

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| Figures in Rand | 2016 | 2015 | |
|--|--------------------------------|--------------------|--------------------|
| 28. Prior period errors (continued) | | | |
| Statement of Financial Position | Balance as previously reported | Prior Period error | Total |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 109 743 252 | - | 109 743 252 |
| Receivables from exchange transactions | (1 700 636) | - | 1 700 636 |
| | 111 443 888 | | 111 443 888 |
| Non-current Assets | | | |
| Property, plant and equipment | 29 557 573 | - | 29 557 573 |
| Intangible assets | 1 013 860 | - | 1 013 860 |
| | 30 571 433 | | 30 571 433 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payable from exchange transactions | 21 236 029 | 49 646 | 21 285 675 |
| VAT payable | 3 544 553 | - | 3 544 553 |
| Unspent conditional grants and receipts | 4 599 068 | - | 4 599 068 |
| | 29 379 650 | 49 646 | 29 429 296 |
| Non-current Liabilities | | | |
| Retirement benefit obligation | 7 934 000 | - | 7 934 000 |
| Provisions for long service award | 9 075 000 | - | 9 075 000 |
| Operating lease liability | 81 683 | - | 81 683 |
| | 17 090 683 | - | 17 090 683 |
| Net Assets | | | |
| Revaluation reserve | 13 598 737 | - | 13 598 737 |
| Accumulated surplus – Opening Balance | 81 946 251 | 724 730 | 82 670 981 |
| Total net assets | 95 544 988 | 724 730 | 96 269 718 |

1. Payables from exchange transactions

During the 2015/2016 financial year the municipality corrected expenditure incurred during the 2014/2015 financial year through the credit card, not allocated.

Statement of financial position

| | | |
|---|---|----------|
| Increase in payables from exchange transactions | - | (19 925) |
| Decrease in accumulated surplus | - | 19 925 |
| | - | - |

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28. Prior period errors (continued)

2. Payables from exchange transactions

During the 2015/2016 financial year, the municipality corrected entries relating to property, plant and equipment for which the municipality made a pre-payment the during the 2013/2014 financial year. The pre-payment was incorrectly allocated as expenditure during 2013/2014.

Statement of financial position

| | | |
|--|---|-----------|
| Decrease in payable from exchange transactions | - | 744 655 |
| Increase in accumulated surplus | - | (744 655) |
| | - | - |

3. Workman's compensation commissioner

A correction was made to account for workman's compensation for prior years. An accrual was raised in prior years. The amount was subsequently paid.

Statement of financial position

| | | |
|---|---|----------------|
| Increase in payables from exchange transactions | - | 774 376 |
| Decrease in accumulated surplus in prior years | - | (379 692) |
| | - | 394 684 |

Statement of financial Performance

| | | |
|---------------------------------|---|---------|
| Increase in general expenditure | - | 394 684 |
|---------------------------------|---|---------|

29. Going concern

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

30. Change in estimate

Property, plant and equipment

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.

The effect on the current year:

| | | |
|---|-----------|---|
| Decrease in depreciation | (288 855) | - |
| Increase in Property, plant and equipment | 288 855 | - |
| | - | - |

31. Unauthorised expenditure

| | | |
|---|-------------|---|
| Balance at the beginning of the year | - | - |
| Unauthorised expenditure - current year | 4 348 593 | - |
| Less: Amounts approved/written-off by council | (4 348 593) | - |



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| 32. Fruitless and wasteful expenditure | | |
| Opening balance | - | 2 454 |
| Fruitless and wasteful expenditure -current year | 23 164 | 28 986 |
| Amount recovered | (2 618) | ((2 978) |
| Written off by council | (20 546) | (28 462) |
| | <u>-</u> | <u>-</u> |
| 33. Irregular expenditure | | |
| Opening balance | - | 4 744 616 |
| Add: Irregular Expenditure - current year | 26 341 | |
| Less: Amounts approved/written-off by council | - | (4 744 616) |
| | <u>26 341</u> | <u>-</u> |
| 34. In-kind donations and assistance | | |
| No in-kind donations or assistance were received during the year. | | |
| 35. Additional disclosure in terms of Municipal Finance Management Act | | |
| Contributions to organised local government | | |
| Current year subscription / fee | 26 694 | 22 632 |
| Amount paid - current year | (26 694) | (22 632) |
| | <u>-</u> | <u>-</u> |
| Audit fees | | |
| Current year subscription /fee | 2 624 696 | 4 014 429 |
| Amount paid - current year | (2 624 696) | (4 014 429) |
| | <u>-</u> | <u>-</u> |
| PAYE and UIF | | |
| Current year subscription /fee | 18 007 627 | 16 520 225 |
| Amount paid - current year | (18 007 627) | (16 520 225) |
| | <u>-</u> | <u>-</u> |
| Pension and medical aid deductions | | |
| Current year subscription / fee | 20 228 734 | 17 563 414 |
| Amount paid – current year | (20 228 734) | (17 563 414) |
| | <u>-</u> | <u>-</u> |
| VAT | | |
| VAT receivable | 5 187 197 | - |
| VAT payable | - | 3 544 553 |

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

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36. Related parties

| | |
|---------------------------|------------------|
| Relationships | |
| Members of key management | Refer to note 18 |
| Executive Council Members | Refer to note 19 |

37. 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 2016 | | | | |
| Payables from exchange transactions | 22 192 522 | - | - | - |
| At 30 June 2015 | | | | |
| Payables from exchange transactions | 20 511 299 | - | - | - |

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.

Credit risk

| | | |
|--|------------|-------------|
| Financial instrument | | |
| Receivables from exchange transactions | 1 518 665 | 1 700 636 |
| Cash and cash equivalents | 87 234 591 | 109 743 251 |

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.

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38. Event after the reporting date

No events took place after the reporting date.

39. 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.

Deviation Categories

| | | |
|-----------|------------------|----------------|
| Emergency | 200 556 | 540 820 |
| Others | 3 008 557 | 339 090 |
| | <u>3 209 113</u> | <u>879 910</u> |

40. Financial instruments disclosure

Categories of financial instruments

2016

Financial assets

| | At amortised cost | Total |
|--|-------------------|-------------------|
| Receivables from exchange transactions | 1 518 665 | 1 518 665 |
| Cash and cash equivalents | 87 149 273 | 87 149 273 |
| | <u>88 667 938</u> | <u>88 667 938</u> |

Financial Liabilities

| | At amortised cost | Total |
|-------------------------------------|-------------------|------------|
| Payables from exchange transactions | 22 626 518 | 22 626 518 |

2015

Financial assets

| | At amortised cost | Total |
|--|--------------------|--------------------|
| Receivables from exchange transactions | 1 700 635 | 1 700 635 |
| Cash and cash equivalents | 109 743 252 | 109 743 252 |
| | <u>111 443 887</u> | <u>111 443 887</u> |

Financial Liabilities

| | At amortised cost | Total |
|-------------------------------------|-------------------|-------------------|
| Payables from exchange transactions | 21 285 675 | 21 285 675 |
| | <u>21 285 675</u> | <u>21 285 675</u> |

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|--|------------------|------------------|
| 41. Commitments | | |
| Authorised capital expenditure | | |
| Already contracted for but not provided for | | |
| • Qalabotjha construction sewer network | - | 1 453 733 |
| • Rural roads assets management system | 2 161 262 | 4 265 257 |
| • Thatobopelo construction and project | - | 296 919 |
| • Tiro trading enterprise CC | 900 907 | 2 499 089 |
| | 3 062 169 | 8 514 998 |

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 |
| | - | 977 680 |

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)

42. 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 | 1 200 000 | 1 000 000 |
| FDDM/SAMWU obo T. Gorati – Labour case | - | 600 000 |
| FDDM/ Nyumba Mobile Homes & Office Pty (Ltd) | 353 130 | 353 130 |
| FDDM/Picasso Headline (Pty) Ltd | 42 476 | 42 476 |
| | 1 595 606 | 1 995 606 |

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|------------------------|-------------|-------------|

42. Contingencies (continued)

- P. Setsheli: Dismissal due to misconduct in refusing to take lawful orders.
- T. Gorati: Dismissal due to misconduct, the applicant is contesting the dismissal.
- Nyumba Mobile Homes & Office Pty (Ltd): Outstanding money owed for project undertaken by joint venture for the construction of additional wards and new forensic mortuary at Metsimaholo District Hospital.
- Picasso Headline Pty (Ltd): Outstanding payment relating to advertising charges.

43. Budget differences

Material differences between budget and actual amounts

1. Recoupment of private telephone calls and other refunds.
2. Interest rate increased above what was anticipated, slow spending on projects.
3. MIG project for Mafube included.
4. Transfer from accumulated surplus.
5. Mayco members was only paid difference between gazette amount and what is received by them.
6. Review of useful life of the assets.
7. Repairs is mainly to vehicles and buildings. No infrastructure to maintain.
8. New Contracts and Contract not awarded due to cost cutting implementations.
9. MIG project for Mafube included.
10. Implementation of cost cutting measures.

Changes from the approved budget to the final budget

The changes between the approved and the final budget are a consequence of reallocations within the approved budget parameters.