

FEZILE DABI DISTRICT MUNICIPALITY



Fezile Dabi
District Municipality

Annual Report
2016/17

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MUNICIPAL MANAGER'S ACCOUNTABILITY STATEMENT

Honourable Executive Mayor, Councillor O Oliphant, I am gratified to present the Annual Report of Fezile Dabi District Municipality for the period **1 July 2016 to 30 June 2017**.

As I present this Annual Report, it is important to highlight that, section 121(3) of the Municipal Finance Management Act 2003 and section 46 of the Municipal Systems Act 2000 respectively prescribes the core contents of an Annual Report. In preparation of this annual report, I have considered these and other legislative requirements and National Treasury Guidelines regarding the preparation of an Annual Report.

I also considered the importance of reliability, usefulness and relevance of the annual financial statements and performance information contained herein as was presented to the Auditor-General on 31 August 2017 for auditing purposes.

This Annual Report therefore, serves as an authoritative instrument that provides a record of the activities of the Fezile Dabi District Municipality for the period under review in a manner that seek to promote accountability to the community.

Municipal Manager

M L Molibeli

CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 FOREWORD BY THE EXECUTIVE MAYOR

This marks the completion of the first year since our elections as public representatives in this council, a responsibility that we are expected to carry with the commitment and the decorum that it deserves, our elections is a mandate that we must continue with the implementation of the program of improving the lives of our people through programmes and projects adopted by this council as reflected our Integrated Development planning.

Our task and responsibilities are also informed by the manifesto of the African National Congress as the leading party in our Municipality which was communicated to the broader community of Fezile Dabi District Municipality. Through our programmes we are required to contribute to the realisation of Radical Economic Transformation so that we are able to address the three critical enemies of our society, inequality, unemployment amongst youth and high levels of poverty that has come to define our society.

It is a legislative requirement that as public representatives in this council must report annually through this platform to our community. In terms of section 46 of the Local government: Municipal System act No.32 of 2000 section 121 and 127(2) of the Local Government: Municipal Finance Management Act No.56 of 2003, the Municipality is expected to prepare an Annual Report for each financial year which the Executive Mayor is expected to table within seven months after the end of each financial year.

The Annual report is one of the highly dependable tools of government to assess the effectiveness and impact the municipality is making to the lives of the people. It also provides an opportunity to establish and come up with remedies on the financial affairs of the institution. Our contribution towards education continue to produce good results, in this reporting period more than seventy students drawn across the four municipalities of our district have been awarded financial assistance in order to access tertiary education.

This is in line with the broader vision of the Municipality that through education and skilling of our youth we can be able to defeat the high levels of unemployment amongst our youth. This we have extended by sending four students to study maritime studies at the Vietnam Maritime University for four years, these students drawn from the poorest communities of our district will come back with honours degree in maritime studies.

This is a remarkable contribution to the vision of the National Development Plan and preparations of a contingent of skilled young professionals in our district that will be competent and can contribute to the building of ocean economy in South Africa.

We are continuing to build Private Public Partnerships in order to speed up the development of our community, a new relationship with clear objectives to contribute to the expansion of our bursary scheme has been reached with Anglo coal,

engagements with other private sector partners which will contribute enormously to the development of our community are advancing and soon will produce positive results.

Even though much has been achieved towards the attainment of the set performance objectives during this reporting period, we must acknowledge that we were confronted with major challenges as the institution. Our audit outcome regression remains the most painful area of our performance which needs immediate attention.

Executive Mayor

O Oliphant

1.2 MUNICIPAL MANAGER'S EXECUTIVE SUMMARY

Overview of our operating environment

2016/17 was in many respects an eventful financial year for the municipality. Whereas the municipality continued to face a considerable number of challenges, it is also however important also to acknowledge and recognize milestones that have been achieved and the progress we continue to make in addressing some of the persistent challenges that still overwhelm the municipality.

At the beginning of the period under review, there was recognition that whereas we have over the years laid down a stable institutional foundation for effective corporate governance environment, it is important to continue to consolidate our achievements from a clearly outlined strategic approach.

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

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

This approach was not only geared towards overall improved institutional performance, but has also strengthened our ability to exercise proper accountability to council, stakeholders and communities.

Overview of Financial Year under review

One of our key strategic focuses for the period under review was in relation to improvement in service delivery and infrastructure investment linked to potential economic development and growth district wide.

Accordingly, we have endeavoured to render all the necessary support to local municipalities within our district in line with their service delivery and infrastructure development and investment plans. From the medium to long-term planning perspective, it is important to continue to play a more involved and direct support function to our local municipalities in order to ensure improved services delivery across the district.

Through our entrepreneurial support system, which mainly focuses of stimulation of SMME development within the district, sixteen (16) new SMME were put on the support programme, promoted and supported through various

interventions during the period under review. Key to this intervention is our partnership with Flavious Mareka FET College, which provides the necessary training and entrepreneurial skills to ensure long term success of these enterprises.

Furthermore, through our food gardens programme which aims at poverty alleviation, we have assisted 7 (seven) community based organizations with garden tools, equipment, seeds and irrigation equipment. 4 (Four) community self-help centers that support old people, CDWs and AIDS support centers were also assisted with equipment, food, mattresses, blankets and other consumables

Furthermore, our long established cross border cooperation with Sedibeng District Municipality specifically to deal with public health problems commonly affecting these two districts still continues. Water quality, Environmental pollution, Waste management, the implementation of Municipal Health Services by-laws and other health issues are dealt with jointly at Directorate level.

Key Challenges

One has to concede that as much as national regulation of local government affairs is with all good intent and purpose, it is also a matter of fact that the current level of regulations places enormous challenges on this sector in general.

In our situation, the immediate challenge is to ensure compliance with the Treasury regulations as and when expected to do so. For instance, the newly introduced Municipal Standard Chart of Accounts (mSCOA) Regulations which come into effect from 1 July 2017 already place a considerable amount of pressure on us from an administrative, technical and financial perspective. These regulations bring a completely different dimension to the current implementation and management of business processes in local government sphere.

Way Forward

Our commitment of working together with local municipalities within our district to building sustainable local government institutions within our district still stands.

In 2017/18 financial year, we will seek to once again reconfigure our business model given the recent local government financial management reforms and developments introduced by the National Treasury. Our main focus in this regard will primarily be on issues such as budgeting, financial and management accounting, and general compliance with MFMA and associated regulations.

We believe that this initiative will go a long way in ensuring that we do not only realize the broader objectives of Operation Clean Audit 2014, but also ensure that we modernise our operating environment in a manner that will ensure robust internal controls

Towards year 2022 which will mark the end of the current term of council, our ultimate goal is to ensure effective institution, supported by effective governance structures and systems.

Acknowledgements

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

I would also like to pass my sincerest gratitude to our senior managers and all their staff members in their respective departments for their dedication and commitment throughout the year.

I also acknowledge and appreciate the political and administrative leadership at the four local municipalities in our district for their valuable partnership in ensuring that we continue to strengthen our efforts to build sustainable local institutions for the benefit of our communities.

Lastly, my greatest warm regards goes to all the communities within the Fezile Dabi District Municipality for always taking time to constructively participate in the affairs of Fezile Dabi District Municipality and thereby informing us of what your pressing needs and desires are.

Municipal Manager

M L Molibeli

1.3 MUNICIPAL OVERVIEW

Municipal Information

Fezile Dabi District Municipality is a Category C municipality established in terms of the Free State Provincial Notice No: 113 of 28 September 2000. It was formerly known as Northern Free State District Municipality and consists of four local municipalities:

Moqhaka Local Municipality,
 Metsimaholo Local Municipality,
 Ngwathe Local Municipality, and
 Mafube Local Municipality

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:

Table 1.1: Main towns in Fezile Dabi District Municipality

| Name of Town | Local Municipality in which it is located |
|---------------|---|
| Deneysville | Metsimaholo Local Municipality |
| Edenville | Moqhaka Local Municipality |
| Frankfort | Mafube Local Municipality |
| Heilbron | Mafube Local Municipality |
| Koppies | Moqhaka Local Municipality |
| Kroonstad | Moqhaka Local Municipality |
| Oranjeville | Metsimaholo Local Municipality |
| Parys | Ngwathe Local Municipality |
| Sasolburg | Metsimaholo Local Municipality |
| Steynsrus | Moqhaka Local Municipality |
| Tweeling | Mafube Local Municipality |
| Viljoenskroon | Moqhaka Local Municipality |
| Villiers | Mafube Local Municipality |
| Vredefort | Mafube Local Municipality |

Municipal Demarcation (MD) Board Code: DC 20

Main Economic Sectors:

The main economic sectors in the district are as follows:

Table 1.2: Main Economic Sectors in Fezile Dabi District Municipality

| Contribution | Description of the Sector | | | | | | | |
|--------------|---------------------------|--------------------|-----------------|------------|-------------|---------|----------------|-----------|
| | Trade | Community Services | Manu- factoring | Households | Agriculture | Finance | Con- struction | Transport |
| | 22% | 20% | 13% | 13% | 12% | 7% | 6% | 5% |

Demographic Information

The demographic information of Fezile Dabi District Municipality is as outlined on the table below:

Table 1.3: Demographic Information of Fezile Dabi District Municipality

| | 2016 | 2011 |
|--|---------|---------|
| Population | 494 777 | 488 036 |
| Age Structure | | |
| Population under 15 | 25.50% | 28.10% |
| Population 15 to 64 | 67.50% | 65.80% |
| Population over 65 | 7.00% | 6.10% |
| Dependency Ratio | | |
| Per 100 (15-64) | 48.1 | 51.9 |
| Sex Ratio | | |
| Males per 100 females | 98.9 | 98.6 |
| Population Growth | | |
| Per annum | 0.31% | n/a |
| Labour Market | | |
| Unemployment rate (official) | n/a | 33.90% |
| Youth unemployment rate (official) 15-34 | n/a | 44.40% |
| Education (aged 20 +) | | |
| No schooling | 6.70% | 7.30% |
| Matric | 31.40% | 27.50% |
| Higher education | 7.80% | 9.00% |

Household Dynamics

| | | |
|--------------------------|---------|---------|
| Households | 172 370 | 144 980 |
| Average household size | 2.9 | 3.2 |
| Female headed households | 39.50% | 38.60% |
| Formal dwellings | 85.60% | 83.30% |
| Housing owned | 71.30% | 60.40% |

Household Services

| | | |
|------------------------------------|--------|--------|
| Flush toilet connected to sewerage | 80.90% | 78.20% |
| Weekly refuse removal | 82.60% | 81.70% |
| Piped water inside dwelling | 48.30% | 56.70% |
| Electricity for lighting | 92.30% | 89.80% |

Source: Stats SA, CS 2016

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

CHAPTER 2: GOVERNANCE

COMPONENT A: GOVERNANCE STRUCTURES

A1: Political Governance Structure

The political governance structure of the Fezile Dabi District Municipality consists of the Council as the highest decision making body. The Council is a Mayoral Executive System, which allows for the exercise of executive authority through the Executive Mayor, in whom the executive leadership of the municipality is vested. The Executive Mayor is assisted by the Mayoral Committee in the execution of her duties.

The council consists of 31 councillors coming from different political parties as detailed on the table below:

Table 2.1: Composition of Council, Political Office Bearers & Mayoral Committee

| Composition of the Council | |
|---|---|
| Name of Political Party | Number of Councillors |
| African National Congress (ANC) | 19 |
| Democratic Alliance (DA) | 7 |
| Economic Freedom Fighters (EFF) | 5 |
| Total | 31 |
| Political Office-Bearers | |
| Executive Mayor: Councillor Oumix Oliphant | |
| Council Speaker: Councillor Sello Matena | |
| Chief Whip: Councillor Justice Mareka | |
| Mayoral Committee Members | |
| Name | Portfolio Responsible for |
| Councillor Victoria De Beer | Finance |
| Cllr Puleng Modikoe | Corporate Support Services |
| Cllr Victoria de Beer - Acting | Community Health & Environmental Services |
| Cllr Selloane Khiba | Project Management & Public Works |
| Councillor Moeketsi Moshodi | Sports & Social Development |
| Cllr Justice Mareka | Local Economic Development & Tourism |

Decision-Making

In terms of the Constitution of the Republic of South Africa, the legislative and executive authority of a municipality vests in its municipal council. Municipalities do not have pure judicial powers like the courts. A municipal council makes decisions concerning the exercise of all the powers and the performance of all the functions assigned to in terms of the Constitution.

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 2.2: Key council resolutions taken

| Type of Council Meeting | Date of Meeting | Matter(s) tabled | Resolution Number | Status as at 30 June 2017 |
|-------------------------|-----------------|---|-------------------|-----------------------------|
| | 14/10/2016 | Election of members of the portfolio committees as well as councillors who will represent council in the local labour forum | 01 | Implemented |
| | | Election of municipal public accounts committee | 02 | Implemented |
| | | Schedule of council meeting | 03 | Implemented |
| | | IDP, budgeting, performance and reporting process plan for 2017/18 | 07 | Implemented |
| | | Municipal standard chart of accounts (MSCOA) | 09 | Implemented |
| | | Adjustment budget for 2016/17 financial year | 11 | Implemented |
| | | Budget implementation report for the quarter ending 30 September 2016 | 12 | Implemented |
| | | Proposed schedule of council committee meetings for the 2016/17 financial year | 13 | Implementation in progress. |
| | | Migration to solar (mSCOA compliant) | 14 | Implementation in progress. |
| | 09/09/2016 | Fezile Dabi District framework for integrated development planning for 2016 - 2020 | 01 | Implemented |

| Type of Council Meeting | Date of Meeting | Matter(s) tabled | Resolution Number | Status as at 30 June 2017 |
|-------------------------|-----------------|---|-------------------|---|
| | 27/01/2017 | mSCOA progress report | 18 | Partially Training request has been sent to National Treasury. Awaiting response from National Treasury. |
| | | Tabling of the audited draft annual report of Fezile Dabi district municipality for the period ending 30 June 2016 (MUNICIPAL MANAGER) | 39 | Implemented, the FDDM annual report for the period ending 30 June 2016 was considered by Special Council Meeting on the 27 January 2017. The report was advertised on the Sowetan for 31 January 2017. The report was also placed on the website. |
| | | 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 2016 | 40 | Implemented, the report was considered by Council and the corrected report to be re-submitted to MPAC for final oversight as per item L1. |
| Special council meeting | 23/02/2017 | Adjustment budget for 2016/17 financial year | 52 | Implemented, the report was adopted by Council. |

| Type of Council Meeting | Date of Meeting | Matter(s) tabled | Resolution Number | Status as at 30 June 2017 |
|--------------------------|-----------------|--|-------------------|---------------------------|
| Ordinary council meeting | 31/03/2017 | Approval of the draft 2017 - 2022 Fezile Dabi District municipality Integrated Development Plan (IDP) | 42 | Implemented |
| | | Annual draft budget for 2017/2018 financial year mSCOA Implementation | 43 | Implemented |
| | | Consideration by MAYCO and approval by Council on the revised service delivery and budget implementation plan for the 2016/2017 financial year | 44 | Implemented |
| | | Tabling of the final audited annual report of Fezile Dabi district municipality for the period ending 30 June 2016 | 46 | Implemented |
| Ordinary Council meeting | 26/05/2017 | Report on the appointment of SALGA free state provincial working group member | N1 | Implemented |
| | | Terms of reference for the establishment of the FDDM council disciplinary committee | N2 | Implemented |
| | | Reviewed policies | 61 | Implemented |
| | | Approval of the annual budget for 2017/2018 financial year and reviewed budget related policies | 62 | Implemented |
| | | Adoption of the final 2017 - 2022 Fezile Dabi District municipality Integrated Development Plan (IDP) | 64 | 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 2.3: Administrative governance structure

| Designation | Initials and Surname | Contact Details | |
|---|----------------------|-----------------|-------------------------------|
| 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 | voctoriam@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 Fezile Dabi District Municipality are mainly driven through the three interrelated structures during, *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 2.4: Intergovernmental Relations (IGR) Structures within Fezile Dabi District Municipality

| 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 |

During the period under review, different IGR structures scheduled and held meetings as detailed on the table below:

Table 2.5: Details of IGR Structures meetings held

| The District Coordinating Forum | | |
|---|---------------|---|
| Meeting | Date | Venue |
| 1 st meeting | 31 March 2017 | Fezile Dabi District Municipality |
| The Speakers' Forum | | |
| Meeting | Date | Venue |
| No meetings were scheduled and held for the Speakers' Forum | | |
| Technical Intergovernmental Relations | | |
| Meeting | Date | Venue |
| 1 st Meeting | 29 March 2017 | 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

Fezile Dabi District Municipality has mechanism and processes in place to enable public participation. In line with section 55(1)(n) of the Municipal Systems Act, the Municipality played a central role in facilitating public participation

in the implementation of the IDP during the period under review. On the other hand, the Executive Mayor was responsible for reporting to the council on the involvement of communities in municipal affairs.

The Executive Mayor also ensured that public views were taken into account and with reporting on the effects of public participation on decision making for the period under review.

During the period under review, Public Participation meetings were planned and held as follows:

Table 2.6: IDP Public Participation Meeting

| Municipality | Date | Venue | Time |
|--------------|------------------|-----------|----------|
| Mafube | 14 February 2017 | Frankfort | 10:00 am |
| Metsimaholo | 16 February 2017 | Zamdela | 10:00 am |
| Moqhaka | 22 February 2017 | Kroonstad | 10:00 am |
| Ngwathe | 15 March 2017 | Heilbron | 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 for 2016/17 financial year, the Executive Mayor, supported by all councillors and municipal administration facilitated a series of community and stakeholder engagements to solicit their inputs on the draft IDP and the MTREF for 2016/2017 after adoption by Council. Consultations took place in the four local municipalities in the District.

The IDP and Budget Public Consultations took place as outlined in table 2.6 above.

COMPONENT D: CORPORATE GOVERNANCE

Corporate Governance is a system that encompasses a set of rules, processes and laws. In the case of Fezile Dabi District Municipality, corporate governance also encompasses a system that enables separation of roles and responsibilities between the Executive Mayor and the Council and the Executive Mayor and the Municipal Manager. It is about governance and accountability relationships between the political and administrative structures within a municipality.

D 1: Risk Management

Risk management is an integral part of strategic and operational planning in Fezile Dabi District Municipality in order to ensure effective service delivery. To this effect, the municipality has a fully functional Risk Management Unit which is mainly responsible for effective risk management as a key element of good governance and rigorous performance management.

In an effort to enhance risk management approach, the municipality established the Risk Management Committee in 2014. The Committee is guided by Council approved Charter as its governing instrument.

During the period under review, the following risk management related activities were performed:

Table 2.7: Risk Management Activities Performed during 2016/17

| Activity / Function | Date Completed |
|--|----------------------|
| Review of Risk Management Committee (RMC) Charter | 15 June 2017 |
| Review of Risk Management (RM) Policy and Strategy | 15 June 2017 |
| Quarterly Risk Assessment reports | Q1: 13 June 2016 |
| | Q2: 14 November 2016 |
| | Q3: 06 February 2017 |
| | Q4: 22 May 2017 |
| Risk Management Implementation Plan report | 15 June 2017 |
| Risk Management Maturity model | 15 June 2017 |

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 interviews, discussions and completion of risk management template by management and senior employees.

The table below provides an overview of the municipal key focus areas and strategic risks identified for the period under review:

Table 2.8: Key focus areas and strategic risks

| No. | Key focus area | Top risks | Response measure(s) |
|-----|----------------------------|---|---|
| 1 | Compliance | Delays on the implementation of mSCOA project. | Change management strategy and initiatives. mSCOA awareness and training to officials within the organisation. Quarterly report on the implementation of mSCOA. |
| | | Non-existence of Air Quality Management By-Laws | Development of customised air quality management by-laws at the district level. |
| 2 | Supply Chain / Procurement | Excessive fees on the upgrade of Financial System. | Ensure that the expenditure is within the approved budget. |
| 3 | Information Technology | Lack of ICT Infrastructure for the Implementation of mSCOA project. | Upgrading of ICT infrastructure. (Upgrading of network cables and switches, migration of data.) |

D 2: Anti-Fraud and Corruption

During 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 2016/17 financial year and was adopted by council of 26 May 2017 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

No new by-laws were promulgated or reviewed for 2016/17 financial year.

D 5: Publication of Information on the Municipality’s Websites

Section 21A of Municipal Systems Act requires that all documents that must be made public by a municipality in terms of a requirement of this Act, the Municipal Finance Management Act or other applicable legislation, must be conveyed to the local community

- a) by displaying the documents at the municipality's head and satellite offices and libraries;
- b) by displaying the documents on the municipality's official website, if the municipality has a website as envisaged by section 21B; and
- c) by notifying the local community, in accordance with section 21, of the place, including the website address, where detailed particulars concerning the documents can be obtained.

On the other hand, section 21B(3) states that the Municipal Manager must maintain and regularly update the municipality's official website, if in existence, or provide the relevant information as required by subsection (2).

Pursuant to the foregoing legislative provisions, 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 2.9: Publication of information on municipal website

| Documents to be published on the municipality’s website | Published / Not published |
|--|---------------------------|
| IDP 2016/2017 | Published |
| IDP 2017/2018 (2017-2022) | Published |
| Performance Score Cards | Published |
| Performance Agreement For Municipal Manager 2016/17 | Published |
| Performance Agreement For CFO 2016/17 | Published |
| Performance Agreement For Director CSS 2016/17 | Published |
| Performance Agreement For Director EH & ES 2016/17 | Published |
| Performance Agreement For Director LED & Tourism 2016/17 | Published |

| Documents to be published on the municipality's website | Published / Not published |
|--|---------------------------|
| Supply Chain Management Awards For Quarter ending 30 September 2016 | Published |
| Financial Report For The Quarter ending 30 September 2016 | Published |
| Financial Report For The Quarter Ending 31 December 2016 | Published |
| Supply Chain Management Awards For The Quarter Ending 31 December 2016 | Published |
| Financial Report For Quarter Ending 31 March 2017 | Published |
| Financial Report For The Quarter Ending 30 June 2017 | Published |
| Draft Budget 2016/2017 | Published |
| A1 Schedule Ver:2.8 Dec 2015 final | Published |
| Annual Budget 2016/17 | Published |
| Council Resolution For 2016/17 Annual Budget | Published |
| Quality Certificate For Annual Budget 2016/17 | Published |
| FDDM Adjustments Budget B Schedule 2016/17 | Published |
| Monthly Budget Statement For The Month Ending September 2016 | Published |
| Monthly Budget Statement For The Month Ending November 2016 | Published |
| Quality Certificate For Month Ending November 2016 | Published |
| Monthly Budget Statement For The Month Ending August 2016 | Published |
| Monthly Budget Statement For The Month Ending July 2016 | Published |
| Monthly Budget Statement For The Month Ending December 2016 | Published |
| Quality Certificate For Month Ending December 2016 | Published |
| Monthly Budget Statement For The Month Ending January 2017 | Published |
| Quality Certificate For Month Ending January 2017 | Published |
| Adjustment Budget Advert 2016/17 | Published |
| Monthly Budget Statement For The Month Ending February 2017 | Published |
| Quality Certificate For The Month February 2017 | Published |
| Final Annual Budget 2017/18 | Published |
| FDDM 2017/18 Mayor's Budget Speech | Published |
| A1 Schedule – Ver: 2.8 December New DM Codes | Published |
| Asset Management Policy 2017 | Published |
| Banking And Investment Policy 2017 | Published |
| Budget Reporting Policy 2017 | Published |
| Budget Virement Policy | Published |
| Funding Reserves Policy 2017 | Published |
| SCM Policy 2017 | Published |
| SDBIP 2016/17 Draft (1 June 2016 FV) | Published |
| Departmental SDBIP 2016/17 Draft (1 June 2016 FV) | Published |
| Mid- Year Report 31 December 2016 Quality Certificate | Published |
| FDDM Mid-Year Report 31 December 2015 | Published |

D 6: Public Satisfaction on Municipal Services

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

D 7: Municipal Oversight Committees

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

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

Table 2.10: Activities performed by the MPAC

| Municipal Public Accounts Committee (MPAC) | |
|---|------------------|
| Matters considered in 2016/17 | Date |
| Oversight by MPAC on the FDDM midyear budget and performance assessment report as requested in terms of section 72 of the MFMA December 2017 | 19 January 2017 |
| Budget Implementation report for the quarter ending 31 December 2016 | |
| Quarterly financial Indicators for the period ending 31 December 2016 | |
| Compliance status report for month July to December 2016 | |
| Adjustment Budget for 2016/17 financial year | 20 February 2017 |
| Corrected version: Oversight by MPAC on the FDDM midyear budget and performance assessment report as requested in terms of section 72 of the MFMA December 2017 | |
| Approval of the 2017/2022 Fezile Dabi District Municipality Integrated development plan (IDP) | 24 March 2017 |
| Corrected version: Oversight by MPAC on the FDDM midyear budget and performance assessment report as requested in terms of section 72 of the MFMA December 2017 | 23 May 2017 |
| Adjustment Budget for 2016/17 financial year | |

Table 2.11: Activities performed by the Audit & Performance Committee

| Audit & Performance Committee | |
|---|------------------|
| Matters considered in 2016/17 | Date |
| Draft Annual Financial statements for 2015/16 financial year | 27 August 2016 |
| Audited Performance management report | |
| Audit Strategy | |
| 4 th Quarter Internal Audit report 2015/16 financial year | 07 December 2016 |
| Three year strategic plan & Annual Internal Audit plan 2016/17 financial year. | |
| Financial Indicators | |
| Auditor-General report | |
| Audit Committee Charter | |
| Internal Audit Charter | 15 June 2017 |
| 1 st & 2 nd Quarter Internal Audit report 2016/17 financial year | |
| 1 st , 2 nd , 3 rd Quarter Performance management report 2016/17 financial year. | |
| Financial Indicators | |
| Risk management implementation plan | |
| Risk management policy & strategy review | |
| 2 nd & 3 rd Quarter Risk assessment report | |
| 3 rd Quarter Internal Audit report 2016/17 financial year | 30 June 2017 |
| Three year strategic plan & Annual Internal Audit plan 2017/18 financial year | |
| Internal Audit methodology 2017/18 financial year | |
| Self-evaluation by Audit Committee members | |

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (Performance Report Part I)

COMPONENT A: INTRODUCTION TO PERFORMANCE REPORT

This chapter focuses on reporting on service delivery on a service-by-service in line with the municipality’s IDP and SDBIP.

This chapter therefore 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

| Project/ Programme | Objective | Purpose | Date | Target | Number of People Reached |
|---|--|---|---------------------------------------|-----------------------------|--|
| FDDM MHS special borehole water quality monitoring project in Moqhaka (Kroonstad) | To determine the quality of borehole water provided or sold in Kroonstad due to water shortage relief measures | To monitor and ensure risk reduction in water for domestic use via tankers | 5 July 2016 and 20 July 2016 | 12 Boreholes | 12 boreholes sampled |
| Food Safety awareness at Vlakspuit Farm Butchery (Vredefort) | To improve the knowledge of food safety and general hygiene in a butchery and secondary to this a safer food product | To educate meat handlers on food handling, storage, cleanliness and personal hygiene of a food handler. | 22 August 2016 | Food handlers in a butchery | 5 |
| Food Safety Programme Kroonstad | To make food handlers aware of food safety practices | To educate food traders on safe handling of food; expiry dates on food; Labelling of Meat and other food products; and General Hygiene at food premises | 1 September 2016 and 8 September 2016 | Food handlers | 12 food handlers on the 1 st September 10 food handlers on the 8 th September |

| Project/ Programme | Objective | Purpose | Date | Target | Number of People Reached |
|---|--|--|-------------------|-------------------------|--------------------------------|
| Food Hygiene training of Caterers Kroonstad | To train food handlers to improve their skills in food hygiene. | To empower food caterers to handle and prepare food safely. | 15 September 2016 | Food Caterers | 5 caterers |
| Health and Hygiene education in action Kraanvoelvlakte School (Oranjeville) | To help learners understand the importance of good hygiene practises | To promote safe health and hygiene practices and provide education to learners under the theme. “Preventing disease through healthy environment” | 7 September 2016 | Learners Grades 8 to 11 | 319 |
| World Environmental Health Day Refeng Thabo High School (Tweeling) | To promote health and protecting the environment. | Educate and inform teenagers on effects of smoking, usage of tobacco and tobacco products. The theme was “Tobacco Control a response to the global tobacco pandemic” | 4 September 2016 | Learners Grade 8-11 | 800 |
| Gugulethu High School (Frankfort) | To promote health and protecting the environment. | Educate and inform teenagers on effects of smoking, usage of tobacco and tobacco products. The theme was “Tobacco Control a response to the global tobacco pandemic” | 14 September 2016 | Learners Grade 8-11 | 700 |
| Namahadi Community Hall (Frankfort) | To promote health and protecting the environment | Educate and inform community on effects of smoking, usage of tobacco and tobacco products. The theme was “Tobacco Control a response to the global tobacco pandemic” | 20 September 2016 | Community members | 300 |
| Health and Hygiene programme for food handlers | To inform food handlers on food safety issues. | To educate food handlers on safe handling of food To teach food handlers to | 4 August 2016 | Food handlers | 4 |

| Project/ Programme | Objective | Purpose | Date | Target | Number of People Reached |
|--|---|--|----------------|---------------|--------------------------------|
| | Kroonstad | be on the aware of foodstuffs expiring dates. To ensure proper labelling of meat and other food products. To educate food handlers on General Hygiene requirements. | | | |
| Health and Hygiene programme for food handlers | To inform food handlers on food safety issues. Kroonstad | To educate food handlers on safe handling of food To teach food handlers to be on the aware of foodstuffs expiring dates. To ensure proper labelling of meat and other food products. To educate food handlers on General Hygiene requirements. | 6 August 2016 | Food handlers | 4 |
| Health and Hygiene programme for food handlers | To inform food handlers on food safety issues. Kroonstad | To educate food handlers on safe handling of food To teach food handlers to be on the aware of foodstuffs expiring dates. To ensure proper labelling of meat and other food products. To educate food handlers on General Hygiene requirements. | 10 August 2016 | Food handlers | 8 |
| Health and Hygiene programme for food handlers | To inform food handlers on food safety issues. Kroonstad | To educate food handlers on safe handling of food To teach food handlers to be on the aware of foodstuffs expiring dates. To ensure proper labelling of meat and other food products. To educate food handlers on General Hygiene requirements. | 11 August 2016 | Food handlers | 4 |

| Project/ Programme | Objective | Purpose | Date | Target | Number of People Reached |
|--|--|---|--------------------|-----------------------------------|--------------------------------|
| Health and Hygiene programme for food handlers | To inform food handlers on food safety issues. Kroonstad | To educate food handlers on safe handling of food To teach food handlers to be on the aware of foodstuffs expiring dates. To ensure proper labelling of meat and other food products. To educate food handlers on General Hygiene requirements. | 14 August 2016 | Food handlers | 3 |
| Food Safety Training on Food/Milk Handlers | To give emphasis on potential source of food contaminations and ways to prevent contamination Parys | To ensure that milk and milk products are safe and suitable for consumption | 11 October 2016 | Milk Handlers | 24 people |
| Operation clean surfaces: Swabs taken from food premises | Swabs was taken from hands services and equipment to identify hygiene standards Kroonstad | To define hygienic conditions of food premises | 12 October 2016 | 2 Food premises and 6 swabs taken | 2 |
| Operation clean surfaces: Swabs taken from food premises | Swabs was taken from hands services and equipment to identify hygiene standards Parys and Vredefort | To define hygienic conditions of food premises | 12 October 2016 | 2 Food premises and 6 swabs taken | 2 |
| Operation clean surfaces: Swabs taken from food premises | Swabs was taken from hands services and equipment to identify hygiene standards Vredefort | To define hygienic conditions of food premises | 21 October 2016 | 1 Food premises and 3 swabs taken | 1 |
| Health and Hygiene programme "Safe food healthy people" | To educate food handlers on food hygiene and safety issues and the importance of | To install a culture of Safe food handling and good food hygiene practice | 17/18 January 2017 | Food handlers | 12 |

| Project/ Programme | Objective | Purpose | Date | Target | Number of People Reached |
|---|---|---|-------------------|---|--|
| | adhering and maintaining acceptable food hygiene and safety standards Kroonstad | | | | |
| Programme for clean-up operation of open spaces around schools in Brentpark “Stop dumping on open spaces.” | To attain clean environment and promote good waste management practices. | To get communities involved to clean up open spaces and stop illegal dumping | 09 February 2017. | Community and schools in Brentpark. | Two hundred and fifty five (255) This includes learners from various schools and community at large. |
| Food Safety programme “Good food hygiene practices makes good business sense ” | To inform food handlers on food safety issues in food premises, Kroonstad and Koppies | Safe handling of food. | 17 January 2017 | Food handlers | 6 |
| | | | 18 January 2017 | | 6 |
| | | | 25 January 2017 | | 2 |
| | | | 27 January 2017 | | 4 |
| | | | 15 February 2017 | | 10 |
| Awareness at Crèche “Hygiene your priority” | To emphasize on importance of food hygiene; personal hygiene and hand wash, Vredefort | Education to learners and food handlers on the importance of preventative measures of diseases with focus food hygiene, personal hygiene and hand wash. | 17 February 2017 | Learners aged 4 to 6 years and Food handlers at the crèche. | Forty eight (48) learners and two (2) food handlers |
| Food safety Programme “ Safe food healthy people” | To advice food handlers on food hygiene and safety issues and the importance of | To advice food handlers on safe food handling and good food hygiene practices: Kroonstad | | Food handlers | |
| | | | 2 March 2017 | | 8 |

| Project/ Programme | Objective | Purpose | Date | Target | Number of People Reached |
|--|---|---|------------------|--|---|
| | adhering and maintaining acceptable food hygiene and safety standards. | Steynsrus | 7 March 2017 | | 6 |
| | | Koppies | 15 March 2017 | | 6 |
| Keep Brentpark clean – Clean-up Project “Building Clean and Health Conscious Communities | Clean environment for all. | Clean environment for all. Make community aware of illegal dumping and the health risk thereof. To encourage the community to see the value of living in the clean environment and to sustain clean environment that is free of waste. To make communities aware that waste is a commodity (has a financial value) | 9 March 2017 | Community members and schools. | Eighty five (85) learners from Brentville Primary school assisted with the distribution “No Dumping in Open Spaces” letters to their respective households. |
| Municipal Health Services Marketing “Environmental Health my profession –my pride” | To celebrate Environmental Health Day in accordance to the Department of Health Calendar | To educate learners on what is Environmental Health and its relevance to our communities. | 28 February 2017 | Grade 9 learners of Falesizwe School Tsebo-Ulwazi School Mfundo-Thuto School | 450 |
| National Water Week and TB Day Celebrations “Conducive Environment and protected Resources for all” | To celebrate the awareness days as endorsed nationally by the department Of health and water and Sanitation | Educate learners on importance Environmental Hygiene pertaining to TB and Water. | 16 March 2017 | Grade 7 learners of Poelano Primary School Frankfort | 200 |
| TB Day Celebration “Conducive Environment ” | To celebrate the awareness day as endorsed nationally by the Department | Educate senior citizens on the importance Environmental Hygiene pertaining to TB. | 23 March 2017 | Elderly people of Mabahloki Club In Deneysville | 51 |

| Project/ Programme | Objective | Purpose | Date | Target | Number of People Reached |
|---|---|--|------------------------------|--|--------------------------------|
| | of Health | | | | |
| Health and Hygiene Education "Children are our future let's protect their Environment and Health", | To promote the World Health Organisation Global plan of action on Children's Environmental Health | To raise awareness focused on children's health and safety aligned with the theme. The topics covered were Sanitation and Food Safety | 29 March 2017. | Care Givers of crèches in Heilbron, Phiritona Multi-Purpose Centre | 14 |
| Radical Tuck Shop compliance | To ensure compliance of all tuck shops with all relevant legislation | To fulfil the rights contained in Section 24 of the Constitution of the Republic of South Africa in ensuring that tuck shop compliance status are improved and the health of the community is protected. | 25 May 2017 | Tuck-shops that were not in compliance during previous inspection | 11 Tuck Shops |
| Celebration of World Tobacco Day | To inform and demonstrate to learners negative health impact associated with se of Tobacco. | To comply with World Health Organisation and National Health Calendar | 26 May 2017 | Grad 5-7 learners Tumahole, Parys | 155 learners and 8 teachers |
| Health and Hygiene programme | To inform food handlers on food safety issues. | Safe handling of food-Education- | 6 June 2017 and 19 June 2017 | Food Handlers Kroonstad | 12 |
| Health and Hygiene Education "Clean Hands saves lives", | To promote the World Health Organisation Global plan of action on Children's Environmental Health | To raise awareness focused on children's health and safety aligned with the theme. The topics covered were sanitation and hand hygiene | 15 June 2017. | Children and Care givers of Rethabile Edu-care Centre. Zamdela | 95 Children and 5 Care Givers. |

| Project/ Programme | Objective | Purpose | Date | Target | Number of People Reached |
|---|---|---|-----------------|---|--------------------------------|
| Monitoring and compliance awareness “Change starts with knowledge” | To educate the matrons to follow the set of regulations on crèches. | To impart sound knowledge to all child care practitioners on Municipal Health Services requirements for child care facilities | 21 June 2017 | Early Childhood Development Centres Matrons Cornelia and Villiers | 20 |
| Chemical Safety | To educate learners and care givers on paraffin safety | To raise awareness focused on children's health and safety | 28 July 2016 | Learners and care givers at Mamohato and Mmabana Edu Care Centres Zamdela | 190 |
| Chemical safety education | To enhance knowledge of elders on how to safely handle chemicals | Chemical safety education and awareness was conducted on proper handling and storage of chemicals in households. | 25 January 2017 | elders visiting Lesedi Clinic Kroonstad | 28 |

B 2: DISASTER MANAGEMENT

2.1 Fezile Dabi District Municipality Disaster Risk Advisory Forum

The FDDM Disaster Management Centre has established its DRM Forum which is attended by multi-sectoral role players who contribute meaningfully to deliberation of such meeting. The forum focuses on compliance to prescripts of the Act and the Framework by the district. PDMC also forms part of such engagements and these meetings are held quarterly. On the other hand, the municipality also participates in the Provincial Disaster Risk Advisory Forum.

The following are the dates of the meetings held in the reporting period under review.

| Type of Meeting | Date of the meeting | Description | Resolutions |
|------------------------------------|---------------------|---|--|
| Disaster Management Advisory Forum | 30 September 2016 | An advisory Forum is a body in which stakeholders and relevant disaster management role players in the area | Weather focus to be communicated via local radio station when disaster is predicted for the area. Provincial Disaster Management |
| | 13 December 2016 | | |
| | 23 March 2017 | | |
| | 28 June 2017 | | |

| | | | |
|--|--|---|---|
| | | consult one another and coordinate their actions on matters relating to disaster management | Centre to involve all the relevant stakeholders on the campaigns in the district. Presentations should be done electronically. Presentations should be of a three month period. |
|--|--|---|---|

2.2 Fire Services

| IDP Objective | Strategy | Key Performance Area | Key activities | Key performance Indicator | Area | Compliance | | Comments |
|---|--|---------------------------|---|--|--------|------------|----|--|
| | | | | | Mafube | Yes | No | |
| To ensure effective and efficient Fire & Rescue Services in Mafube LM | Planning, coordination and regulation of fire & rescue services in Mafube LM | Fire and Rescue Incidents | Responding to Fire and Rescue incidents as per SANS 10090 | Number of fire & Rescue Incidents responded to | 64 | | | <ul style="list-style-type: none"> • Motor Vehicle Accidents (MVA) - 20 • Grass Fire –20 • House Fire – 05 • Rescue – 04 • Building Fire (Officer) – 03 • Shack Fire – 12 • P1(<i>Critical patient, needs immediate attention</i>)– 13 • P2 (<i>Seriously injured</i>) – 24 • P3 (<i>Moderate injured</i>) – 46 • P4 (<i>Dead</i>) - 15 |
| | Planning, coordination and regulation of fire & rescue | Surveillance of premises | Access and Approve (Scrutinize) building plans | Number of building plans scrutinized | 12 | 4 | 16 | <ul style="list-style-type: none"> • 100% Complied. |

| IDP Objective | Strategy | Key Performance Area | Key activities | Key performance Indicator | Area | Compliance | | Comments |
|--------------------------------------|----------------------------------|----------------------------------|--|---|--------|------------|----|--|
| | | | | | Mafube | Yes | No | |
| | services in Mafube LM | | Inspection Low Risk buildings | Number of Low risk buildings inspected | 18 | 2 | 20 | <ul style="list-style-type: none"> 100% Complied. |
| | | | Inspection High Risk buildings | Number of High risk buildings inspected | 2 | 0 | 2 | <ul style="list-style-type: none"> 0% Mafube Hospital- Does not comply with fire fighting equipment of National Regulation Act of 1997 |
| Enhance public fire Safety awareness | Educate community in fire safety | Conduct fire awareness campaigns | Number of fire awareness campaigns conducted | 8 | | | | <ul style="list-style-type: none"> Mma – Bana Educare Centre in Phomolong Section No. of Learners = 27. Bophelo Organisation in Tweeling – 11 children participated. Cornelia rural schools – 28 learners were reached. Welge Hoer Skool – 24 learners were reached. Ntswanatsatsi Primary School (Grade 2) in Cornelia number of learners = 55. Ntswanatsatsi Primary School (Grade 3) in Cornelia number of learners = 40. |

| IDP Objective | Strategy | Key Performance Area | Key activities | Key performance Indicator | Area | Compliance | | Comments |
|---------------|----------|----------------------|----------------|---------------------------|--------|------------|----|---|
| | | | | | Mafube | Yes | No | |
| | | | | | | | | <ul style="list-style-type: none"> Community Educational Awareness on Fire in Mafahlaneng – Tweeling for 400 people. |

2.3 Disaster Management Services

– Disaster Risk Assessment

| Number of Risk Assessment Conducted | Name of Municipality where assessments done | Comment |
|-------------------------------------|---|---|
| 35 | Ngwathe Local Municipality | Most of the assessment conducted were during events (Afro- Dome),sports and the community marches that were taking place in the said financial year. Drought assessment is also inclusive. |
| 5 | Moqhaka Local Municipality | Monitoring of water sources for possible flooding during and after floods. Drought assessment is also inclusive. |
| 18 | Mafube Local Municipality | Assessment conducted in buildings like the stadiums, old age home and hospital. Bulk of the assessments conducted was during events (sports) and community marches. Drought assessment is also inclusive. |
| 2 | Metsimaholo Local Municipality | Assessments were conducted during the windstorm that took place in Deneysville. Drought assessment is also inclusive. |

– Disaster Risk Reduction

| Number of Risk Reduction Conducted | Name of Municipality where assessments done | Comment |
|------------------------------------|---|--|
| 1 | Moqhaka Local Municipality | Monitoring and reporting of drought to Provincial Disaster Management Centre |
| 35 | Ngwathe Local Municipality | Monitoring and reporting of drought to Provincial Disaster Management Centre |
| 3 | Metsimaholo Local Municipality | Monitoring and reporting of drought to Provincial Disaster Management Centre |
| 24 | Mafube Local Municipality | Monitoring and reporting of drought to Provincial Disaster Management Centre |

– **Response & Recovery**

| Incidents | Date | Area/ Town | Comments |
|------------|------------------|---|--|
| Shack fire | 13 November 2016 | Frankfort, Mafube Local Municipality | Assisted in the assessment of the premises and the report was escalated to South African Social Security Agency for relief materials |
| House Fire | 22 December 2016 | Villiers, Mafube Local Municipality | Assisted in the assessment of the premises and the report was escalated to South African Social Security Agency for relief materials |
| Windstorm | 13 October 2016 | Deneysville, Metsimaholo Local Municipality | Assisted in the assessment of the premises and the report was escalated to South African Social Security Agency for relief materials |

B 3: LOCAL ECONOMIC DEVELOPMENT

3.1 Agricultural Development and support

South Africa’s R49-billion agro-processing sector plays a significant role in terms of job creation and sustainability in the economy. The Agricultural Sector Plan of FDDM acknowledges the importance of the agro-processing industry and several potential agro-processing projects have been identified with specific reference to the undermentioned project.

– **Koppies Greenhouse (Hydroponic) Vegetable Production Enterprise**

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 enterprise is planned to be a *one stop shop* enterprise which comprises of the greenhouse structures, pack house with coolers for processing, a guard house and a mini-market with a kiosk for meat, eggs, snacks and commodities sourced from other markets.

The Koppies Greenhouse (Hydroponic) Vegetable Production Enterprise development process consists of the following phases:

| Phase | Detailed Description | Time-frames |
|----------|--|-------------|
| 1 | Commissioning and conducting the feasibility study | 2012 |

| | | |
|---|---|------|
| 2 | Drawing up of architectural design plans, 3D presentation and Bill of quantities. | 2015 |
| 3 | During this phase the entire infrastructure required for the establishment of a successful and profitable enterprise has to be developed. <i>(The enterprise is currently in its implementation phase.)</i> | 2015 |

Our funding partner, Rand Water Foundation has given the Koppies Greenhouse Primary Co-operative (consisting of ten members) R672 000. The funding was dedicated towards covering the following key items, namely:

- The building of a cold room
- The procuring of a mobile office and office furniture
- The procuring of operational equipment, administration expenses and protective clothing
- The procuring of production inputs and equipment – seeds, floor plastics for the seven tunnels, nutrients, grow bags, saw dust, packaging material and fertilisers

– *Assistance to agricultural co-operatives*

The following active agricultural co-operatives were supported during the period under review

| Project Name | Area |
|--|---|
| Ikageng Ditamating Projects Recycling Primary Co-operative | Sasolburg, Metsimaholo Local Municipality |
| Metsimaholo Business Co-operative | Sasolburg, Metsimaholo Local Municipality |

3.2 Small, Medium and Micro Enterprises (SMME) Development and Support

FDDM is acknowledging the economic potential of a strong SMME sector and is committed to its promotion and growth. In this regard the LED Directorate has undertaken the following activities for 2016/2017:

– **Business Information Sessions**

The Fezile Dabi District Municipality’s LED Unit hosted business information sessions in all four local municipalities within the district from 12th to 14th October 2016. The aim was to assist SMMEs with the information, tools and business solutions that will empower them on issues affecting their businesses.

The following invited institutions FDC, SEDA, De Beers Mine, Lace Mine, DESTEA, and Warona Wethu Consulting Hub were requested to share their services and products to empower SMMEs.

– **Assessment of SMMEs**

The LED Unit, in partnership with SEDA, regularly assesses those SMMEs that have been assisted in terms of our Entrepreneurial Support System in order to identify training needs and problem areas in business operations. The goal is to provide entrepreneurs with the information necessary to successfully operate their businesses. The following two SMMEs have been assessed for 2016/2017:

| Name of SMME | Area |
|-------------------------------|---------------------------------------|
| Pilo Pilo Construction | Kroonstad, Moqhaka Local Municipality |
| Jem-Jem Building Construction | Vredefort, Ngwathe Local Municipality |

3.3 Tourism Development

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 2016/2017 in relation to tourism development:

– **Tourism shows attended**

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

| Name of the Tourism Show / Event | Venue and Date | Comments about the show / event |
|----------------------------------|--|--|
| The Getaway Show | Rustenburg, 23 rd – 25 th September 2016 | <p>This year the show hosted 350 exhibitors from South Africa and Africa and it was recorded that 245 000 visited the show. Fezile Dabi District Municipality stand distributed 200 Deneysville brochures, 2250 Parys information office brochures and 600 flower festival 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.</p> <p>Three product owners from Fezile Dabi district were invited to exhibit their products, namely:</p> <ul style="list-style-type: none"> • Vaal Prive Resort (Denyeville) • Adventure Skydives (Deneysville) <p>It is recorded that 7000 delegates attended this year’s Indaba, including 1600 local and international travel buyers, more than 600</p> |

| Name of the Tourism Show / Event | Venue and Date | Comments about the show / event |
|----------------------------------|--|--|
| | | national and international media representatives, and 1000 exhibiting SMMEs also took part at the Tourism Indaba. |
| The International Tourism Indaba | Durban, 9 th -12 th May 2017 | From 9-12 of May 2017 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. It is recorded that 7000 delegates attended this year’s Indaba, including 1600 local and international travel buyers, more than 600 national and international media representatives, and 1000 exhibiting SMMEs also took part at the Tourism Indaba. |

– **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

– **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 in 2016/2017. It was resolved that these campaigns will be conducted annually.

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

| Name of Centre | Town & Municipality | Items / Equipment |
|----------------|---------------------|-------------------|
| N/A | | |

– *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:

| Name of Centre | Town & Municipality | Items / Equipment |
|----------------|---------------------|-------------------|
| N/A | | |

– *Arts and Culture Development*

As part of art development in previous financial year, the municipality took amateur artists to the conservatoire for professional voice training. The following artists are undergoing the professional training at the conservatoire:

| Name of Artist | Town & Municipality |
|---------------------|---------------------|
| Enoch Mlangeni, | |
| Mojalefa Msibi | |
| Nthabiseng Motsoane | |

Moreover, Fezile Dabi District Municipality held an Arts and Culture Workshop on the 9th of March 2017 at Harry Gwala Multi-Purpose Centre, Zamdela, wherein representatives from various art formations were invited to do presentations on the following items:

- Arts and culture administration;
- Financial management;
- Registration of businesses; and
- Funding

The following stakeholders did presentations covering the above aspects during the workshop:

- National Department of Arts and Culture (DAC)
- Performing Arts Centre of the Free State (PACOFs)
- Small Enterprise Development Agency (SEDA)
- Three Rivers Conservatoire

B 6: SPORTS DEVELOPMENT

During the period under review, the municipality conducted / participated in the following sports programmes:

| Sport Programme | Comments / Notes |
|---------------------------------|--|
| OR Tambo Games | OR Tambo games are no longer the competency of LED department, the administrative and functions relating to the games have been relocated to the office of the Executive Mayor's office. The LED sport unit only provide human resource support and assistance. |
| Rural School Development | Fezile Dabi District Municipality has a successful development sports programme for rural schools in the district. Through Sports Unit, the municipality held a Rural School Sports event on the 29th of June 2017 at Kranfolvlakte Primary School for Metsimaholo Local Municipality farm schools. The following sporting activities took place during the event: <ul style="list-style-type: none"> – Learners took part in the cross-country race. – Sports federations conducted netball and soccer clinics. – The event was graced by Bennet Chenene, former PSL and Bafana Bafana |

| Sport Programme | Comments / Notes |
|------------------|---|
| | <p>player as well as Thabiso who is the world number 6 football juggler. Both of them motivated learners on matters relating to education and sports.</p> <ul style="list-style-type: none"> - The representative of the Executive Mayor of Fezile Dabi District Municipality, honoured Mr. Sam Tshabalala and David Radebe for winning the Comrades Marathon in 1989 and 2016 respectively. |
| Powerboat | <p>The Fezile Dabi Power Boat team held a camp in Brits, North West for 15 pilots on the 03rd - 07th October 2016</p> |

COMPONENT C: ANNUAL PERFORMANCE REPORT AGAINST PRE-DETERMINED OBJECTIVES

Annual Performance Report for 2016/17 financial year

| Key Performance Area 1: Municipal Transformation and Organisational Development | | | | | | | | | | |
|---|---|--|---|---|---|--|--|-------------------------------|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS | | | | |
| FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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 maintaining adequate levels of experience and institutional memory | Implement retention policy so as to ensure that employees who represent value, output and contribution, which the FDDM may not afford to lose to its employer competitors, are retained. | Nil voluntary termination of employment at Senior Management by 30 June 2017. | Number of voluntary termination of employment at Senior Management by 30 June 2017. | Nil voluntary resignations at Senior Management level registered during 2015/16 | Nil voluntary termination of employment at Senior and Middle Management by 30 June 2017. (Retain 100% of the currently employed Senior Management by 30 June 2017. | <p>First Quarter: Achieved: During the period under review, no voluntary termination of employment at Senior Management Level was recorded. (100% of the currently employed Senior Management was retained by 31 September 2016.)</p> <p>Second Quarter: Achieved: During the period under review, no voluntary termination of employment at Senior Management Level was recorded. (100% of the currently employed Senior Management was retained by 31 December 2016.)</p> <p>Third Quarter: Achieved: During the period under review, no voluntary termination of</p> | Signed Work Profile Reports. | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|--------|---|---|--|--|--|--|--|-------------------------------|--|--|
| | | | | | | | employment at Senior Management Level was recorded. (100% of the currently employed Senior Management was retained by 31 March 2017.) Fourth Quarter: Achieved: During the period under review, no voluntary termination of employment at Senior Management Level was recorded. (100% of the currently employed Senior Management was retained by 30 June 2017.) | | | |
| 1.1(b) | To maintaining adequate levels of experience and institutional memory | Implement retention policy so as to ensure that employees who represent value, output and contribution, which the FDDM may not afford to lose to its employer | Nil voluntary termination of employment at Level 1 - 3 Managers by 30 June 2017. | Number of voluntary termination of employment at Level 1 - 3 Managers by 30 June 2017. | Nil voluntary resignations registered during 2015/16 | Nil voluntary termination of employment at Level 1 - 3 Managers by 30 June 2017. (Retain 100% of the currently employed Level 1 - 3 Managers by 30 June 2017.) | No voluntary termination of employment at Level 1 - 3 Managers were recorded from 1 July 2016 to 30 June 2017, 100% of the currently employed Level 1 - 3 Managers were retained | Signed Work Profile Reports. | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

| | |
|--|-----------------------------------|
| PERFORMANCE OBJECTIVES AND INDICATORS | ANNUAL PERFORMANCE TARGETS |
|--|-----------------------------------|

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|--------|--|--|--|---|------------------------------|--|---|---|--|--|
| | | competitors, are retained. | | | | | | | | |
| 1.2(a) | To maintain sound labour relations so as to minimise labour disputes and disruptions | Ensure compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & institutional policies pertaining to labour | Nil / Zero disputes filed by employees by 30 June 2017 due to the municipality’s non-compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & | Number of disputes filed by employees by 30 June 2017 due to the municipality’s non-compliance with Collective Agreements, Basic Conditions of Employment | LLF meetings held in 2014/15 | Nil / Zero disputes filed by employees by 30 June 2017 due to the municipality’s non-compliance with Collective Agreements, Basic Conditions of Employment Act, Labour Relations and & | There were a number of 02 disputes of unfair labour practice lodged by two employees during the period under review. The employees concerned declared disputes with the SALGBC and a Conciliation hearing was held on 21 June 2017 at Dihlabeng Local Municipality. The outcomes of the hearing were that Management and the respective employees must have a round table discussion to resolve the | Signed Internal Reports indicating disputes filed by employees in relation to non-compliance with collective agreements, basic conditions of employment | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS | | | | |
|---|--|--|---|---|---|---|---|--|---|--|
| FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
| | | relations. | institutional policies pertaining to labour relations | Act, Labour Relations and institutional policies pertaining to labour relations | | institutional policies pertaining to labour relations | matter outside the bargaining council. | act, labour relations act and HR policies | | |
| 1.2(b) | | | 6 Human Resource related policies reviewed, updated and approved by Council by 30 June 2017 | Number of Human Resource related policies reviewed, updated and approved by Council by 30 June 2017 | 32 Human Resource Policies under implementation in 2014/15 | 6 Human Resource related policies reviewed, updated and approved by Council by 30 June 2017 | No policies were adopted by the Municipal Council as a result of the non-attendance by forum members to the meeting. The meetings that were convened to attend to policies were inquorate as a result, no items could be tabled and no resolutions could be taken at inquorate meetings. By their very nature, policies affecting employees ought to be tabled before the LLF prior to being escalated to Council for approval and subsequent implementation. | Copies of reviewed and approved HR policies supported by a signed extract of council resolutions for approval. | Partially Achieved, only five Policies were adopted by council as at 30 June 2017. | Ensure that the set targets are achieved. |
| 1.3(a) | Improve administrative and financial capability of the municipality. | Establish and implement good governance practices in line with | 4 quarterly Internal Audit Reports and related Management Action Plans with | Number of quarterly Internal Audit Reports and related Management | 20 SLA's were concluded, Twelve (12) Monthly and four (4) quarterly | 4 quarterly Internal Audit Reports (i.e. one report per quarter) and related | First Quarter: 4th Quarter Internal Audit Report has been completed with the Following Activities which have been audited: 1.Records Management; | 1 quarterly internal audit report and related management action plans | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|---|--|--|--|---|--|--|--|--|
| | | Treasury Regulations to ensure proper risk management, adequate internal controls for improved financial management, and improved overall organisational performance. | specific focus on Risk Management, Internal Controls, and Performance Management by 30 June 2017 | Action Plans with specific focus on Risk Management, Internal Controls, and Performance Management by 30 June 2017 | reports submitted in the in the financial year 2015/16 | Management Action Plans with specific focus on Risk Management, Internal Controls, and Performance Management by 30 June 2017 | 2.Employee Wellness; 3.Fleet Management; 4.Appointments; 5.Investment Management; 6.Budget Management; 7.Communication; 8.Tourism Management. Second Quarter: 1st and 2nd Quarter Internal Audit Reports still in progress of completion for the following activities as planned; 1. Risk Management; 2. Contract Management; 3. Budget Management; 4. Supply Chain Management; 5. Compliance management; 6. Follow up of AG & Internal Audit findings; 7. Fire Service Management. Third Quarter: 1st and 2nd Quarter Internal Audit Reports have been completed. The following are the audit completed: 1. SCM 1st and 2nd quarter; 2. Risk Management; 3. Budgeting Management; and 4. Compliance Management. Fourth Quarter: 3rd Quarter | with specific focus on risk management, internal controls and performance management | | |

Key Performance Area 1: Municipal Transformation and Organisational Development

| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS | | | | |
|---|---------------------|------------|---|--|----------------------------|---|---|--|--|--|
| FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
| | | | | | | | Internal Audit report has been completed with the following activities completed; 1. Follow up of Internal Audit findings, 2. Environmental Health review, 3. Contract Management, and 4. Fire management | | | |
| 1.3(b) | | | 100% of Post Audit Action Plan matters for 2015/16 relating to leadership, predetermined objectives and other matters addressed by 30 June 2017 | % of Post Audit Action Plan matters for 2015/16 relating to leadership, predetermined objectives and other matters addressed by 30 June 2017 | 2015/16 Audit Action Plan. | 100% of Post Audit Action Plan matters for 2015/16 relating to leadership, predetermined objectives and other matters addressed by 30 June 2017 | Post Audit Action Plan for matters relating to leadership, pre-determined objectives and other matters were prepared and implementation is currently at 100%. As at 30 June 2017, progress relating to findings on pre-determined objectives was 100% completed. | Signed progress reports on post audit action plan matters for 2015/16 relating to leadership, pre-determined objectives and other matters. | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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(c) | Improve administrative and financial capability of the municipality. | Establish and implement good governance practices in line with Treasury Regulations to ensure proper risk management, adequate internal controls for improved financial management, and improved overall organisational performance. | Within 30 calendar days of receiving instructions and source document from user departments relating to appointment of service provider / supplier, draft legally compliant Service Level Agreements and ensure that all signed SLAs are kept in safe custody by 30 June 2017 for audit and other future use purposes. | Number of calendar days of appointment of contractors / service providers in this financial year, a written and signed Service Level Agreements entered into and a% of signed SLAs that are kept in safe custody by 30 June 2017 for audit and other future use purposes | 2015/16 signed SLAs. | Within 30 calendar days of receiving instructions and source document from user departments relating to appointment of service provider / supplier, draft legally compliant Service Level Agreements and ensure that all signed SLAs are kept in safe custody by 30 June 2017 for audit and other future use purposes. | <p>First Quarter: No SLA's were concluded for the period under review.</p> <p>Second Quarter: No appointments were made by SCM as a result, No SLA's were concluded for the period under review.</p> <p>Third Quarter: One instruction and source document from SCM was received relating to the appointment of Sasolburg Alarms to provide 24 hours monitoring and response to the Main building and TnH building in Sasolburg as well as monitoring of electronic gates. A complete instruction was received on 31 March 2017. The conclusion of the SLA is underway.</p> <p>Fourth Quarter: No written submissions were received by the Contract Management Unit on SLA's to be developed for the period under review.</p> | Signed appointment letters for each contract procured and copies of signed SLAs. | Not Applicable, no SLA were concluded in the 2016/17 financial year. | Provide enough funding in order to perform targets as intended. |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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(d) | Improve administrative and financial capability of the municipality. | Establish and implement good governance practices in line with Treasury Regulations to ensure proper risk management, adequate internal controls for improved financial management, and improved overall organisational performance. | Within 5 calendar days of receiving confirmation of appointment of service provider /supplier for the department from the SCM, issue a written instruction together with supporting documents relating to the appointment to the Legal Services division for drafting of Service Level Agreement for the period ending 30 June 2017 | Number of calendar days of receiving 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 Legal Services division for drafting of Service Level Agreement for the period ending 30 June 2017 | 2015/16 signed SLAs. | Within 5 calendar days of receiving confirmation of appointment of service provider /supplier for the department from the SCM, issue a written instruction together with supporting documents relating to the appointment to the Legal Services division for drafting of Service Level Agreement for the period ending 30 June 2017 | <p>First Quarter: No SLA's were concluded for the period under review.</p> <p>Second Quarter: No appointments were made by SCM as a result, No SLA's were concluded for the period under review.</p> <p>Third Quarter: One instruction and source document from SCM was received relating to the appointment of Sasolburg Alarms to provide 24 hours monitoring and response to the Main building and TnH building in Sasolburg as well as monitoring of electronic gates. A complete instruction was received on 31 March 2017. The conclusion of the SLA is underway.</p> <p>Fourth Quarter: No written submissions were received by the Contract Management Unit on SLA's to be developed for the period under review.</p> | | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|-----|--|--|--|--|--|--|--|--|---|--|
| 1.4 | Improve administrative and financial capability of the municipality. | Establish and implement good governance practices in line with Treasury Regulations to ensure proper risk management, adequate internal controls for improved financial management, and improved overall organisational performance. | 4 quarterly Internal Audit Reports and related Management Action Plans with specific focus on ICT systems and infrastructure by 30 June 2017 | Number of quarterly Internal Audit Reports and related Management Action Plans with specific focus on ICT systems and infrastructure by 30 June 2017 | 4 Internal Audit reports submitted to the Audit Committee in 2015/16 | 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 30 June 2017 | Not applicable for the current financial year. According to the Three Year Strategic Plan of the Internal Audit it will be a focus area during 2017/18 financial year. | 1 quarterly Internal Audit Report and related Management Action Plans with specific focus on ICT systems and infrastructure. | Not applicable, ICT audit was not performed for the financial year under review ending 30 June 2017 | Provide enough capacity building in the unit of Internal Audit to perform specialised audits |
| 1.5 | Improve administrative and financial capability of the | Ensure compliance with Safety, Health, Risk, Environment & | 4 quarterly internal (SHREQ) compliance reports with | Number of quarterly internal (SHREQ) compliance | four (4) quarterly reports submitted to management | 4 quarterly internal (SHREQ) compliance reports with | First Quarter: Achieved: 1 quarterly internal (SHREQ) compliance reports with indicators of highest level of compliance with all applicable | 1 quarterly internal (SHREQ) compliance reports with | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|---|---|--|---|---|--|--|--|--|
| | municipality. | Quality (SHREQ) legislation & regulations so as to eliminate or manage the risks that are likely to cause occupational accidents and injuries | indicators of highest level of compliance with all applicable SHREQ legislation by 30 June 2017 | reports with indicators of highest level of compliance with all applicable SHREQ legislation by 30 June 2017 | for consideration and noting during 2015/16 | indicators of highest level of compliance with all applicable SHREQ legislation by 30 June 2017 | SHREQ legislation was submitted to management on the 19th September 2016. Second Quarter: Achieved: 1 quarterly internal (SHREQ) compliance reports with indicators of highest level of compliance with all applicable SHREQ legislation was submitted to management on the 17 October 2016. Third Quarter: Achieved: 1 quarterly internal (SHREQ) compliance reports with indicators of highest level of compliance with all applicable SHREQ legislation was submitted to management on the 07 March 2017 and 22 May 2017. Fourth Quarter: Achieved: 1 quarterly internal (SHREQ) compliance reports with indicators of highest level of compliance with all applicable SHREQ legislation was submitted to management on the 29 June 2017. | indicators of highest level of compliance with all applicable SHREQ legislation. | | |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|--------|--|--|--|--|------------------------------------|--|--|---|--|--|
| 1.6(a) | Improve administrative and financial capability of the municipality. | Ensure compliance with LGSETA regulations. | Review & submit Workplace Skills Plan (WSP), Annual Training Report (ATR), and Professional, Vocational, Technical & Academic Learning (PIVOTAL) Report for 2017/18 financial year to the Municipal Manager by 31 March 2017 | Date of submission WSP, ATR and PIVOTAL Report for 2016/17 financial year to the Municipal Manager | 2016/17 WSP, ATR & PIVOTAL reports | Review & submit Workplace Skills Plan (WSP), Annual Training Report (ATR), and Professional, Vocational, Technical & Academic Learning (PIVOTAL) Report for 2017/18 financial year to the Municipal Manager by 31 March 2017 | Workplace Skills Plan 2017/2018 & Annual Training Report 2017 document submitted to Municipal Manager on the 21 April 2017 for authorization and it will be submitted to LGSETA before or on 30 April 2017 | Copy of the reviewed Workplace Skills Plan (WSP), Annual Training Report (ATR), and Professional, Vocational, Technical & Academic Learning (PIVOTAL) Report for 2016/17 financial year to the Municipal Manager. | Not Achieved, WSP, Annual Training Report was submitted to the Municipal Manager only on the 21 April 2017. | |

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PERFORMANCE OBJECTIVES AND INDICATORS

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FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|--------|--|--|---|---|---|---|---|--|--|--|
| 1.6(b) | Improve administrative and financial capability of the municipality. | Ensure compliance with LGSETA regulations. | Ensure submission of WSP, ATR and PIVOTAL report for 2017/18 financial year to LGSETA by 30 April 2017 | Date of submission WSP, ATR and PIVOTAL Report for 2017/18 financial year to LGSETA | 2016/17 WSP, ATR & PIVOTAL reports | Ensure submission of WSP, ATR and PIVOTAL report for 2017/18 financial year to LGSETA by 30 April 2017 | Workplace Skills Plan 2017/2018 & Annual Training Report 2017 document submitted to Municipal Manager on the 21 April 2017 for authorization and it will be submitted to LGSETA before or on 30 April 2017 | Copy of Workplace Skills Plan for 2016/2017 & Annual Training Report for 2015/2016. | Achieved | None |
| 1.7(a) | Improve administrative and financial capability of the municipality. | Ensure compliance with LGSETA regulations. | Review & submit 12 WSP monthly monitoring and implementation reports to the Municipal Manager within 5 days after the end of each month during 2016/17 financial year | Number of WSP monthly monitoring and implementation reports reviewed & submitted to Municipal Manager within 5 days after the end of each month during 2016/17 financial year | WSP monthly monitoring and implementation reports submitted to LGSETA in 2014/15 financial year | Review & submit 12 WSP monthly monitoring and implementation reports to the Municipal Manager within 5 days after the end of each month during 2016/17 financial year | First Quarter: Achieved: Monthly Monitoring Report submitted to LGSETA, for July document submitted on the 29 July 2016, for August document submitted on the 30 August 2016 and for September document submitted on the 04 October 2016. Second Quarter: Achieved: Monthly Monitoring Report submitted to LGSETA, for October document submitted on the 08 November 2016, for November document submitted on the 28 November 2016 and for December document submitted on the 28 November 2016. Third Quarter: Monthly | 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

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|------------|---------------------------------|---------------------|----------|-----------------------|---|-------------------------------|--|--|
| | | | | | | | Monitoring Reports submitted to LG Seta, for January submission date: 03 February 2017, for February submission date: 03 March 2017 & for March submission date: 31 March 2017. Fourth Quarter: Monthly Monitoring Reports submitted to LG Seta, for April submission date: 03 May 2017, for May submission date: 01 June 2017 and for June, submission date: 30 June 2017. | | | |

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FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|--------|--|--|---|---|---|---|--|---|--|--|
| 1.7(b) | Improve administrative and financial capability of the municipality. | Ensure compliance with LGSETA regulations. | Ensure submission of 12 WSP monthly monitoring and implementation reports to LGSETA within 7 days after the end of each month during 2016/17 financial year | Number of monthly WSP monitoring and implementation reports submitted to LGSETA within 7 days after the end of each month during 2016/17 financial year | Monthly monitoring and implementation reports submitted to LGSETA in 2014/15 financial year | Ensure submission of 12 WSP monthly monitoring and implementation reports to LGSETA within 7 days after the end of each month during 2016/17 financial year | <p>First Quarter: Achieved: Departmental meetings were held as follows: 1. 22 July 2016; 2. 22 August 2016; and 3. 29 September 2016.</p> <p>Second Quarter: Achieved: Three Departmental meetings were held as follows: 1. 06 October 2016 2. 02 November 2016 3. 01 December 2016.</p> <p>Third Quarter: During the period under review, three (3) departmental meetings were held as follows: 1. 26 January 2017 2. 28 February 2017 3. 30 March 2017.</p> <p>Fourth Quarter: During the period under review, three (3) departmental meetings were held as follows: 1. 20 April 2017 2. 10 May 2017 3. 15 June 2017</p> | 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

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|-----|--|---|--|--|----------|--|---|---|---|--|
| 1.8 | Improve administrative and financial capability of the municipality. | 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 other interest of the municipality by 30 June 2017 | Number of 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 2017 | 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 2017 | <p>First Quarter: Achieved: Only one case of alleged security breach was reported and investigated. The allegations were nullified by all security personnel working at Dome Interpretation Centre.</p> <p>Second Quarter: Achieved: Only one case of alleged security breach was reported and investigated. The allegations were nullified by all security personnel working at Dome Interpretation Centre.</p> <p>Third Quarter: No report was received for the period under review.</p> <p>Fourth Quarter: No report was received for the period under review.</p> | Copies of quarterly security assessment and / or incidents reports regarding potential security threats to the municipality, employees, information and other interest of the municipality. | Partially Achieved, only two quarters were achieved. | 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

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FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|------|--|---|--|---|---|--|---|--|---|--|
| 1.9 | Improve administrative and financial capability of the municipality. | 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 programs held by 30 June 2017 | Number of annual reviews of the Anti-Fraud & Corruption Policy and Plan and number of quarterly anti-fraud and corruption awareness programs held by 30 June 2017 | 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 2017 | <p>First Quarter: Achieved: Awareness programme on information security was conducted during the security unit meeting held on the 01 September 2016.</p> <p>Second Quarter: Achieved: Awareness programme on information security was conducted during the security unit meeting held on the 25 October 2016.</p> <p>Third Quarter: No report was received for the period under review.</p> <p>Fourth Quarter: No report was received for the period under review.</p> | Copy of Annual review of the Anti-Fraud & Corruption Policy and Plan and 4 quarterly anti-fraud and corruption awareness programs. | Partially Achieved, only two quarters were achieved. | Ensure that all units submit their progress reports against the pre-determined objectives. |
| 1.10 | Improve administrative and financial capability of the municipality. | To ensure inclusive and continuous strategic alignment of <u>departmental</u> plans and goals | Convene 12 monthly departmental meetings by 30 June 2017 for continuous strategic alignment of departmental | Number of monthly departmental meetings convened by 30 June 2017 for continuous strategic alignment of | Monthly departmental meetings held in 2014/15 | Convene 12 monthly departmental meetings by 30 June 2017 for continuous strategic alignment of departmental | <p>First Quarter: Achieved: 3 Departmental meetings for the period under review were convened as follows:</p> <ol style="list-style-type: none"> 29 July 2016; 30 August 2016; and 29 September 2016. <p>Second Quarter: Achieved: 3 Departmental meetings for the</p> | Proof in a form of agendas to convene 12 monthly departmental meetings for continuous strategic alignment of | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|------|--|---|---|--|---|---|--|--|--|--|
| | | | plans and goals | departmental plans and goals | | plans and goals | <p>period under review were convened as follows:</p> <ol style="list-style-type: none"> 1. 31 October 2016; 2. 30 November 2016; and 3. 12 December 2016. <p>Third Quarter: Achieved: Three (3) Departmental meetings for the period under review were convened as follows:</p> <p>31 January 2017, 27 February 2017 and 30 March 2017.</p> <p>Fourth Quarter: Achieved: Three (3) Departmental meetings for the period under review were convened as follows:</p> <p>25 April 2017, 20 May 2017 and 30 June 2017</p> | departmental plans and goals | | |
| 1.11 | Improve administrative and financial capability of the municipality. | To ensure inclusive and continuous strategic alignment of <u>organisational</u> plans and goals | Convene 12 monthly Senior Management meetings by 30 June 2017 for continuous strategic alignment of | Number of monthly Senior Management meetings convened by 30 June 2017 for continuous strategic | Monthly departmental meetings held in 2014/15 | Convene 12 monthly Senior Management meetings by 30 June 2017 for continuous strategic alignment of | <p>First Quarter: Achieved: 3 Senior Management Meetings for the period under review were convened as follows:</p> <ol style="list-style-type: none"> 1. 11 July 2016; 2. 29 August 2016; and 3. 19 September 2016. <p>Second Quarter: Achieved: 3</p> | Proof in a form of agendas to Convene 12 monthly Senior Management meetings for continuous strategic | Achieved | None |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|------|--|---|--|--|--|---|---|---|---|---|
| | | | organisational plans and goals | alignment of organisational plans and goals | | organisational plans and goals. | Senior Management Meetings for the period under review were convened as follows: 1. 17 October 2016; 2. 14 November 2016; and 3. 12 December 2016. Third Quarter: Achieved: 3 Senior Management Meetings for the period under review were convened as follows: 1. 17 January 2017; 2. 06 February 2017; and 3. 07 March 2017. Fourth Quarter: 3 Senior Management Meetings for the period under review were convened as follows: 1. 22 May 2017; 2. 29 May 2017; and 3. 18 July 2017 | alignment of organisational plans and goals. | | |
| 1.12 | Improve administrative and financial capability of the municipality. | Promote employee wellness through dedicated wellness programmes | Prepare an annual employee-wellness programme for 2016/17 financial year by 1 July 2016, prepare and | An annual employee-wellness programme and number of quarterly report in relation | 2015/16 Wellness programme and reports | Prepare an annual employee-wellness plan for 2016/17 financial year by 1 July 2016, prepare | First Quarter: Employee Wellness Programme scheduled to take place during the period under review was postponed due to the process of changing council and unavailability of Mayoral Committee which was only | Proof that an annual employee-wellness programme was conducted, prepare and | Partially Achieved, only three quarters were achieved. | Ensure that the department achieve the set strategic objective. |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|------------|--|---|----------|--|---|---|--|--|
| | | | present 4 quarterly reports in relation thereto to senior management meeting by 30 June 2017 | thereto prepared and presented to senior management meeting by 30 June 2017 | | and present 4 quarterly reports in relation thereto to senior management meeting by 30 June 2017 | <p>established on 14 October 2016.</p> <p>Second Quarter: Achieved: Employee Wellness programme - Great Achievers Awards was held on the 14th December 2016.</p> <p>Third Quarter: For the period under review, Employee Wellness programme (Gentlemen's session) was held on 31 March 2017.</p> <p>Fourth Quarter: The following Employee Wellness Programmes took place during the 2016/2017 financial year :</p> <ul style="list-style-type: none"> - July - Aug 2017 Employee Wellness Programme scheduled to take place during the period under review was postponed due to the process of changing council; -14th December 2016 Great Achievers Awards; - 31 March 2017 Gentlemen's session; and - 16 June 2017 Youth day Tournament | present 4 quarterly reports in relation thereto to senior management meeting. | | |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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 | Improve administrative and financial capability of the municipality. | Ensure consistent follow-up on the status of implementation of Council resolutions so improve accountability to council on its decisions. | Track the implementation of Council resolutions by various officials and political office bearers, update the internal register accordingly and submit 12 monthly reports in relation thereto by 30 June 2017. | Number of monthly reports in relation to tracking of the implementation of Council resolutions by various officials and political office bearers by 30 June 2017. | N/A | Track the implementation of Council resolutions by various officials and political office bearers, update the internal register accordingly and submit 12 monthly reports in relation thereto by 30 June 2017. | <p>First Quarter: Tracking of Council resolutions did not serve for period under review.23 August 2016 was the Inaugural meeting, items discussed were selective/specific; 14 October 2016, Special Council meeting & items discussed were selected.</p> <p>Second Quarter: Achieved: Tracking of council resolution did serve on the 09 December 2016, during Ordinary Council Meeting in Koppies.</p> <p>Third Quarter: Tracking of council resolution did serve on the 27 January 2017, during Ordinary Council Meeting in Sasolburg and 23 February 2017 during Special Council Meeting.</p> <p>Fourth Quarter: Tracking of Council Resolution for 31 March 2017 and 26 May 2017 will be serve on the Ordinary Council Meeting which will be held on the 28 July 2017</p> | Copy of a register to Track the implementation of Council resolutions by various officials and political office bearers. | Partially Achieved, only two quarters were achieved. | Ensure that the department achieve the set strategic objective. |

Key Performance Area 1: Municipal Transformation and Organisational Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|------|--|--|--|---|----------|--|--|---|--|--|
| 1.14 | Improve administrative and financial capability of the municipality. | Provide for forward annual leave planning as part of Human Resource planning to ensure smooth operations with the requisite number of employees. | Prepare and submit the departmental annual leave plan for 2016/17 to Human Resource Management unit by 30 September 2016 | Date of submission of departmental annual leave plan to Human Resource Management unit. | N/A | Prepare and submit the departmental annual leave plan for 2016/17 to Human Resource Management unit by 30 September 2016 | Achieved: The departmental annual leave plans for all departments, including the office of the municipal manager were prepared and submitted to Human Resource Management unit. | Copy of departmental annual leave plan to Human Resource Management unit. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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 render targeted support to municipalities within the District in order to improve access to basic services | Based on their specific requests, assist local municipalities within the district financially, technically & administratively with the implementation of water & sanitation, electricity, roads and storm water projects | 100% implementation of roads related projects executed by 30 June 2017 | % of implemented roads related projects by 30 June 2017 | 5 Projects completed in 2015/16. | 100% implementation of roads related projects by 30 June 2017. | 100% implementation of roads related projects by 30 June 2017. | Signed completion certificate. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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 render targeted support to municipalities within the District in order to improve access to basic services | Based on their specific requests, assist local municipalities within the district financially, technically & administratively with the implementation of water & sanitation, electricity, roads and storm water projects | 100% implementation of roads related projects executed by 30 June 2017 | % of implemented roads related projects by 30 June 2017 | 5 Projects completed in 2016/17. | 100% implementation of roads related projects by 30 June 2017. | Achieved: RRAMS project 100% completed as at 30 June 2017. | Signed completion certificate | Achieved | None |
| 2.3 | To provide for and support integrated, efficient and sustainable settlements in the district. | Review and align the municipality's SDF and the 5 year IDP for new term of council to ensure an | Reviewed SDF for 2016/17 of the municipality and approved by Council by 30 June 2017 | 1 Reviewed SDF document of the municipality for 2016/17 and Council resolution for approval by 30 June 2017 | Reviewed SDF for FDDM, Metsimaholo LM, and Ngwathe LM in 2014/15. | Review the SDF of the municipality for 2016/17, align it to the new 5 year IDP of the new term of council | A start-up and overview report for the FDDM 2017/18 draft SDF has been prepared. | Completed and approved SDF for the municipality | Not Achieved, SDF for Metsimaholo LM was not completed. | Ensure that adequate funding is provided to achieve the set strategic objective. |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|--------|---|---|---|---|--|---|---|---|--|--|
| | | integrated district SDF that facilitates sustainable human settlement and improved quality of household life within the district. | | | | and it have approved by Council by 30 June 2017 | | | | |
| 2.4(a) | To provide Municipal Health & Environmental 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 2017 | Number of quarterly Municipal Health Services reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2017 | 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 2017 | First Quarter: Achieved: 3 Monthly Municipal Health Services reports indicating services rendered in various towns across the 4 local municipalities in the district was prepared and submitted to senior management. July report on 29 August 2016, August report on 19 September 2016, September report on 17 October 2016 (the three months were consolidated in one quarterly report reporting of first quarter) Second Quarter: Achieved: One (1) Quarterly Municipal Health Services reports indicating services rendered in | 4 signed quarterly reports of Municipal Health Services for 2016/17 financial year. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|--------|---|---|--|--|------------------------------------|---|---|--|--|--|
| | | | | | | | various towns across the 4 local municipalities in the district in this quarter October-December 2016. Third Quarter: 1 Quarterly Municipal Health Services reports indicating services rendered in various towns across the 4 local municipalities in the district in the quarter of by January - March 2017. Fourth Quarter: 1 Quarterly Municipal Health Services reports indicating services rendered in various towns across the 4 local municipalities in the district in the quarter of by April - June 2017 | | | |
| 2.4(b) | To provide Municipal Health & Environmental Services effectively & equitably in the District. | Ensure equitable allocation and distribution of Air Quality Management resources across the district so as to ensure fair and | 4 quarterly Air Quality Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2017 | Number of quarterly Air Quality Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 | 2014/15 Quarterly & Annual Reports | 4 quarterly Air Quality Management reports indicating services rendered in various towns across the 4 local | 1 Quarterly Air Quality Management reports indicating services rendered in various towns across the 4 local municipalities in the district in the quarter April- June 2017 | 4 signed quarterly reports on Air Quality Management for 2016/17 financial year. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|--------|---|---|---|---|--|---|--|---|--|--|
| | | equitable air quality management services within the district. | | June 2017 | | municipalities in the district by 30 June 2017 | | | | |
| 2.4(c) | To ensure effective & efficient disaster management services in the district. | Ensure equitable allocation and distribution of Disaster Management resources across the district so as to ensure fair and equitable provision of services within the district. | 4 quarterly Disaster Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2017 | Number of quarterly Disaster Management reports indicating services rendered in various towns across the 4 local municipalities in the district by 30 June 2017 | 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 2017 | <p>First Quarter: Achieved: 3 monthly Disaster Management reports indicating services rendered in various towns across the 4 municipalities in the district was prepared and submitted to senior management. July report on 29 August 2016, August Report on 19 September 2016, September report on 17 October 2016 (the three monthly reports were consolidated in one quarterly report reporting of first quarter).</p> <p>Second Quarter: Achieved: One (1) Disaster Management report indicating services rendered in various towns across the 4 local municipalities in the district in the quarter of October - December 2016.</p> <p>Third Quarter: 1 Disaster Management reports indicating</p> | 4 signed quarterly reports of Disaster Management for 2016/17 financial year. | Achieved | None |

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ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|--------|---|--|--|--|----------|--|--|---|---|--|
| | | | | | | | services rendered in various towns across the 4 local municipalities in the district in the quarter January - March 2017. Fourth Quarter: 1 Disaster Management reports indicating services rendered in various towns across the 4 local municipalities in the district in the quarter April - June 2017. | | | |
| 2.4(d) | To ensure effective & efficient disaster management services 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 2017 | Number of Interdepartmental disaster risk management committee meetings held by 30 June 2017 | | 4 Interdepartmental disaster risk management committee meetings held by 30 June 2017 | First Quarter: Not Achieved: no Interdepartmental disaster risk management committee meeting held by 30 September 2016. Second Quarter: Achieved: One (1) Interdepartmental disaster risk committee and the disaster advisory forum committee was held jointly (31 December 2016) for a festive Contingency Plan. Third Quarter: Interdepartmental meeting was scheduled for the 20 March 2017, no meeting was held as quorum was not formed. Included is the attendance register and the invitation for the meeting. Fourth Quarter: Interdepartmental | 4 interdepartmental Disaster Risk Management committee meetings in a form of agenda, minutes and attendance registers for 2016/17 financial year. | Partially Achieved, only two quarters were achieved. | Ensure that Departments achieve all the set target for the financial year. |

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PERFORMANCE OBJECTIVES AND INDICATORS

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FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|--------|---|--|--|--|------------------------------------|--|---|--|--|--|
| | | | | | | | meeting was scheduled for the 15 June 2017, no meeting was held as quorum was not formed. Included is the attendance register and the invitation for the meeting | | | |
| 2.4(e) | To provide Municipal Health & Environmental 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 2017 | Number of quarterly inspections at moderate to low risk premises performed in various areas across Mafube Local Municipality by 30 June 2017 | 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 2017 | <p>First Quarter: Achieved: 1 Quarterly inspection at moderate to low risk premises performed in various areas across Mafube Local Municipality by 30 September 2016.</p> <p>Second Quarter: Achieved: Inspections of moderate to low risk premises is included in the quarterly report of fire service for quarter October - December 2016.</p> <p>Third Quarter: Inspections of moderate to low risk premises is included in the quarterly report of fire service for quarter January - March 2017.</p> <p>Fourth Quarter: Inspections of moderate to low risk premises is included in the quarterly report of fire service for quarter April-June 2017</p> | 4 signed fire quarterly reports on inspection of moderate to low risk premises for the 2016/17 financial year. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

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| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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 & Environmental 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 2017 | Number of quarterly environmental services reports for services performed in various areas across the 4 local municipalities in the district by 30 June 2017 | | 4 quarterly environmental services reports for services performed in various areas across the 4 local municipalities in the district by 30 June 2017 | <p>First Quarter: Achieved: 3 monthly Environmental Services reports indicating services rendered in various towns across the 4 municipalities in the district was prepared and submitted to senior management. July report on 29 August 2016, August Report on 19 September 2016, September report on 17 October 2016 (the three monthly reports were consolidated in one quarterly report reporting of first quarter).</p> <p>Second Quarter: Achieved: One (1) quarterly environmental services report for services performed in various areas across the 4 local municipalities in the district for quarter October - December 2016.</p> <p>Third Quarter: Quarterly environmental services report for services performed in various areas across the 4 local municipalities in the district January March 2017.</p> <p>Fourth Quarter: Quarterly environmental services report for</p> | 4 signed quarterly reports of environmental services for the 2016/17 financial year. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

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| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|-----|--|--|--|---|----------|---|---|---|--|--|
| | | | | | | | services performed in various areas across the 4 local municipalities in the district April- June 2017 | | | |
| 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 between different stakeholder | 100 % expansion of communication strategy (radio and computer software) in one local municipality by 30 June 2017. | % of completed expansion of communication strategy (radio and computer software) in one local municipality by 30 June 2017. | N/A | 100% expansion of communication strategy (radio and computer software) in one local municipality by 30 June 2017. | First Quarter: Not Achieved. Second Quarter: Not Achieved Third Quarter: Procurement has been placed for service provider and is with supply chain management. Evidence of procurement is included. Fourth Quarter: Procurement has been placed for service provider and is with supply chain management. Evidence of procurement is included. | Signed close out report for 2016/17 financial year. | Not Achieved | Ensure to provide enough funding for the departments to implement the strategic objectives |

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FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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(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 within the District. | 1 Annual HIV/AIDS festival aimed at creating HIV/AIDS awareness by 31 December 2016. | Number of Annual HIV/AIDS festival evaluation reports by 30 March 2017 | 2014/15 Annual HIV/AIDS festival report | 1 Annual HIV/AIDS festival aimed at creating HIV/AIDS awareness by 31 December 2016 and donation of proceeds to identified organization dealing with HIV / AIDS by 30 June 2017 | <p>First Quarter: Achieved: Programme for the HIV/AIDS benefit concert has been finalised and approved by the Executive Mayor.</p> <p>Second Quarter: Achieved: The FDDM Annual HIV/AIDS festival was held on the 26 November 2016 at Abrahamsrust in Sasolburg.</p> <p>Third Quarter: 1.The Benefit HIV/AIDS Festival took place on the 26th November 2016 and was reported in the previous 2nd quarter See attached report. 2. The proceeds of the festival were distributed to the identified beneficiaries during March 2017 see attached proof of payment.</p> <p>Fourth Quarter: Achieved the KPI was implemented and achieved during the financial year under review.</p> | 1 Signed report received from the service provider on the outcomes of the Annual HIV/AIDS festival. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

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FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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) | | | 4 HIV/AIDS awareness campaigns in the district targeting youth, men, women schools, Correctional Centres and private sector institutions held by 30 June 2017 | Number of HIV/AIDS awareness campaigns in the district targeting youth, men, women schools, Correctional Centres and private sector institutions held by 30 June 2017 | 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 2017 | <p>First Quarter: Achieved: Convened a stakeholder meeting which was held on the 28 September 2016, to develop a programme for HIV/AIDS.</p> <p>Second Quarter: Achieved: on the 27 November 2016 1one HIV/AIDS awareness in a form of RAGABOLO youth activity was conducted in Zamdela Sasolburg. The second awareness which was held on the 03 December 2016 was fun walk/run and was in Tumahole Parys. The third awareness was held on the 30 October 2016 at Groen Punt Correctional Services with specific focus on inmates and youth in general.</p> <p>Third Quarter: Several HIV/AIDS Awareness Campaign including TB and STI were undertaken between January and March 2017, targeting identified groups and were as follows: 1. On the 17/01/2017 meeting Launching of the Local AIDS Council at Municipal Level bringing together all HIV/AIDS Activists and Practitioners such as NGO, CBO,</p> | 1 signed internal report on HIV and AIDS awareness campaigns conducted. | Achieved | None |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

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FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|------------|---------------------------------|---------------------|----------|-----------------------|---|-------------------------------|--|--|
| | | | | | | | <p>Home care givers, the Health Department and Local Municipalities to synchronize our approaches on HIV/AIDS. 2. On the 9th February 2017 meeting with Initiation School Leaders in the District was held at Fezingubentombi Hospital, in Sasolburg to map up a common approach on this matter targeting youth in general.</p> <p>3. On the 27th February 2017 an Indaba was held at Zamdela Hall to celebrate Pregnant Week and the audience targeted were pregnant women within the District See attached report.</p> <p>Fourth Quarter:</p> <p>(1) The Executive Mayor was part of the initiation schools. Conducted awareness with circumcision school headmasters in the district in collaboration with the Department of Health, Environmental Health and Chiefs on the 24 May 2017. The pass out for the initiates was in June 2017.</p> <p>(2) Workshop with stakeholders</p> | | | |

Key Performance Area 2: Basic Service Delivery and Infrastructure Development

PERFORMANCE OBJECTIVES AND INDICATORS

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FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of supporting evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be taken to Improve Performance |
|----|---------------------|------------|---------------------------------|---------------------|----------|-----------------------|--|-------------------------------|--|--|
| | | | | | | | namely Department of Health, Community Care Givers (NGOs), Association for Sex Workers focusing on the following: - Life style, - Consistent Treatment, - Poverty, - Impact of SDI, - TB and HIV/AIDS related diseases on the 26 June 2017. | | | |

Key Performance Area 3: Local Economic Development

| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | | | | | | ANNUAL PERFORMANCE TARGETS | | | | |
|---|--|--|--|---|--|--|---|--|---|--|----------------------------|--|--|--|--|
| FOR THE PERIOD 1 JULY 2016 – 30 June 2017 | | | | | | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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 support development of emerging farmers in the district into mainstream farming | Support emerging farmers in identify opportunities in agro-processing of products in the district | Support at least one (1) agro-processing initiatives / projects by 30 June 2017 | Number of agro-processing initiatives / projects by 30 June 2017 | Koppies greenhouse project | Support at least one (1) agro-processing initiatives / projects by 30 June 2017 | There was insufficient funds for the continuations of the building of administration block. | Signed internal reports indicating number and names of emerging farmers in agro-processing initiatives / projects supported. | Not Achieved, no SLA signed with the appointed service provider. | Ensure to provide enough funding for the departments to implement the strategic objectives | | | | | |
| 3.2 | 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 2017 | Number of dedicated training interventions for SMMEs within the district as part of entrepreneurial support by 30 June 2017 | Number of entrepreneurial training interventions provided in 2015/16 | Monitor 4 SMMEs within the district as part of entrepreneurial support by 30 June 2017 | Achieved: The target was achieved during the first quarter of the financial year under review and as a result four (4) SMMES were supported in all Local Municipalities. | 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

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be Taken to Improve Performance |
|-----|---|--|---|---|--|--|---|--|--|--|
| 3.3 | 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 2017 | Number of qualifying artists assisted and supported with cd’s, training and coaching, and number of crafters supported with exhibitions by 30 June 2017 | 7 Artists & 10 Crafters in 2015/16 | Assist and support up to 6 qualifying performing artist groups in the district with cd’s , training and coaching by 30 June 2017 | <p>First Quarter: Achieved: The following learners were enrolled at the voice training Three Rivers Conservatoire: Nthabiseng Motsoane, Mojalefa Msibi, and Enoch Mlangeni, all from Zamdela - Metsimaholo Local Municipality Zamdela.</p> <p>Second Quarter: Not applicable under this quarter.</p> <p>Third Quarter: Different FDDM performing groups and individuals were training/workshop on how to administer and manage their business on the 9th of March 2017.</p> <p>Fourth Quarter: Assistance was provided in the 1st and 3rd quarter to different artist and groups.</p> | 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. | Achieved | None |
| 3.4 | To plan, coordinate & support sports amongst the youth | Strengthen relations with the provincial Department of Sports, Arts & Culture for the implementation | Coordinate 4 adventure sports activities and 1 rural sports programme in collaboration with the relevant sector | Number of adventure sports programmes and rural sports programme coordinated in collaboration with | Powerboat adventure sports and Team Fezile Dabi Mountain bike of 2015/16 | Coordinate 4 adventure sports activities and 1 rural sports programme in collaboration | <p>First Quarter: Achieved: 1 mountain Bike training place from 26-28 August 2016 and Powerboat training took place for 03-07 October 2016.</p> <p>Second Quarter: Achieved: 1 Sports Development Mountain</p> | Signed internal reports indicating number and names / description of adventure | Achieved | None |

| Key Performance Area 3: Local Economic Development | | | | | | | | | | |
|--|--|--|---|---|--|---|---|--|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS | | | | |
| FOR THE PERIOD 1 JULY 2016 – 30 June 2017 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be Taken to Improve Performance |
| | | n of sports development plan within the district | departments and stakeholders by 30 June 2017 | the provincial Departments of Sports, Arts & Culture by 30 June 2017 | | with the relevant sector departments and stakeholders by 30 June 2017 | Bike Race took place on the 19th of November 2016. Third Quarter: Not achieved no activity was performed during the quarter under review. Fourth Quarter: Rural Schools Development programme was conducted on the 29th of June 2017. | sports programmes and rural sports programme coordinated in collaboration with the provincial Departments of Sports, Arts & Culture | | |
| 3.5(a) | 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, and provision of promotional material by 30 June 2017 | Number of B&B establishments in the district assisted with grading, and provision of promotional material by 30 June 2017 | 5 B&B establishments assisted in 2015/16 | Assist 5 B&B establishments in the district with grading, and provision of promotional material by 30 June 2017 | Procurement was cancelled due to insufficient funds | 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 | Not Achieved. | Ensure to provide enough funding for the departments to implement the strategic objectives |

Key Performance Area 3: Local Economic Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be Taken to Improve Performance |
|--------|--|---|--|--|---|--|--|---|--|--|
| | | | | | | | | training. | | |
| 3.5(b) | 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 2017 | Number of Customer Care training provided by 30 June 2017 | N/A | 1 Customer Care training provided by 30 June 2017 | Procurement was cancelled due to insufficient funds | Copy of customer training provided. | Not Achieved. | Ensure to provide enough funding for the departments to implement the strategic objectives |
| 3.6 | 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 2017 | Number of Women empowerment and disabled persons empowerment programmes held by 30 June 2017 | The 50/50 women in stokvel programme were held in 2015/16 | 1 Women empowerment and 1 disabled persons empowerment programmes held by 30 June 2017 | First Quarter Achieved: (1) The Executive Mayor payed a vast to a Cooperative that is managed by the blinds that operates at the Multi-Purpose Centre in Harry Gwala. (2) The community of albinos were supported with transport to Bloemfontein to discuss challenges facing albinos. Second Quarter: Achieved: Women empowerment programme with specific focus on blind women was conducted on the 02 November 2016. The second activity on faith based leadership was conducted on the 27 October 2016 in Moqhaka LM and in Mafube LM on the 08 | 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

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be Taken to Improve Performance |
|-----|--|---|--|--|----------|--|--|---|--|--|
| | | | | | | | December 2016 with specific focus on women. The Fourth activity was on the 5 November 2016 in Seiso Ville Community Hall in Mqohaka LM focusing on women participating in football. Third Quarter: Disability Forum Meeting was held on the 30/03/2017 to improve capacity of the Organizations involved in the fight for the rights of people with disability See attached report. Fourth Quarter: Disability Forum Meeting was held on the 30/03/2017 to improve capacity of the Organizations involved in the fight for the rights of people with disability See attached report. | | | |
| 3.7 | To promote & enhance the SMME sector in the district | Identifying needs in the SMME sector and provide dedicate entrepreneurial support based on identified | 2 Cooperatives supplied with identified tools/equipment by 30 June 2017. | Number of cooperatives supplied with identified tools/equipment by 30 June 2017. | N/A | 2 Cooperatives supplied with identified tools/equipment by 30 June 2017. | 2 cooperatives were assisted and good and machinery were delivered in the 3rd quarter. | Signed reports indicating number of Cooperatives supplied with identified tools/equipment | Achieved | None |

Key Performance Area 3: Local Economic Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be Taken to Improve Performance |
|-----|--|---|--|--|----------|--|--|--|--|--|
| | | needs. | | | | | | | | |
| 3.8 | 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 2017. | Number of tourism awareness campaigns conducted by 30 June 2017. | N/A | 4 Tourism awareness campaigns (i.e. 1 per local municipality) conducted by 30 June 2017. | <p>First Quarter: Achieved: 1 Tourism Awareness campaign was held on the 17th of September 2016 in Zamdela.</p> <p>Second Quarter: Achieved: One (1) Tourism Awareness Campaign was conducted on the 07th of December 2016 in Parys.</p> <p>Third Quarter: One (1) Tourism awareness campaign was held in Viljoenskroon in Mophaka Local Municipality on the 29th of March 2017.</p> <p>Fourth Quarter: One (1) Tourism awareness campaign was held in Mafube local municipality on the 30th of June 2017.</p> | Signed reports indicating awareness Campaign was held. | Achieved | None |

Key Performance Area 3: Local Economic Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be Taken to Improve Performance |
|-----|--|--|---|---|----------|---|--|---|--|--|
| 3.9 | To promote & develop the tourism sector in the District. | Participate in local and international 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. | Participate in at least 2 local and international tourism conferences by 30 June 2017 | Number of local and international tourism conferences participated in by 30 June 2017 | N/A | Participate in at least 2 local and international tourism conferences by 30 June 2017 | First Quarter: Achieved: Getaway show was held from 23-25 September 2016 in Randburg Gauteng. Second Quarter: International Tourism awareness campaign was attended from the 16th - 18th of May 2017. | Signed reports indicating the International Indaba Tourism show attended. | Achieved | None |

Key Performance Area 3: Local Economic Development

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective measure(s) Taken/To be Taken to Improve Performance |
|------|--|--|--|--|----------|--|---|---|---|--|
| 3.10 | 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 2017. | Number of advertisements on promotion of tourism in the district publicized on dedicated tourism publications by 30 June 2017. | N/A | 2 Advertisements on promotion of tourism in the district publicized on dedicated tourism publications by 30 June 2017. | First Quarter: Achieved: One (1) Tourism Advert was published in the Explore South Africa Issue 50. Second Quarter: There was insufficient funds for to procure. | Signed reports indicating advertisement that were placed. | Partially Achieved, only one Advert was published. | Ensure that departments achieve the set strategic objectives. |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | 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 norms and standards. | 4 quarterly reviews and updating of financial management related internal controls based on the quarterly Internal Audit reports by 30 June 2017. | Number of quarterly reviews and updating of financial management related internal controls based on the quarterly Internal Audit reports by 30 June 2017. | Audit Action Plan of 2015/16 | 4 quarterly reviews and updating of financial management related internal controls based on the quarterly Internal Audit reports by 30 June 2017. | <p>First Quarter: Achieved: 1 Control relating to request for usage of official vehicles have been reviewed during the quarter ending 30 September 2016 as identified by internal audit as a control that could be better implemented.</p> <p>Second Quarter: Achieved: No Internal controls were found that required reviewing after Internal Audit reports were received.</p> <p>Third Quarter: Achieved. No Internal controls were found that required reviewing after Internal Audit reports were received.</p> <p>Fourth Quarter: Achieved. No Internal controls were found that required reviewing</p> | 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 | | | | |
| FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
| | | | | | | | after Internal Audit reports were received. Controls in place just needed to be enforced. | | | |
| 4.1(b) | | | 6 Budget related policies reviewed, updated and approved by Council by 30 June 2017. | Number of Budget related policies reviewed, updated and approved by Council by 30 June 2017. | 6 Policies reviewed in 2015/16 | 6 Budget related policies reviewed, updated and approved by Council by 30 June 2017. | <p>First Quarter: Not applicable.</p> <p>Second Quarter: Achieved: No policies were received or were scheduled for review or comment.</p> <p>Third Quarter: Achieved: Budget policies was reviewed and submitted to Council as part of the draft budget on 31 March 2017.</p> <p>Fourth Quarter: Achieved: Budget policies was reviewed and submitted to Council as part of the Final Budget on 26 May 2017.</p> | Copies of Budget related policies reviewed, updated and extract of Council resolution for approved. | Achieved | None |
| 4.1(c) | | | Suppliers and service providers | Number of days it takes to pay | 2015/16 Creditors Age | Suppliers and service | First Quarter: Achieved: Suppliers and | Signed internal | Not Achieved, report shows | Ensure that departments paid |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS **ANNUAL PERFORMANCE TARGETS**

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|----|---------------------|------------|---|--|------------------|---|--|---|--|--|
| | | | paid within 30 days of receipt of valid invoice, with no disputed delivery of goods / services throughout 2016/17 | suppliers and service providers after receipt of valid invoice, with no disputed delivery of goods / services throughout 2016/17 | Analysis Reports | providers paid within 30 days of receipt of valid invoice, with no disputed delivery of goods / services throughout 2016/17 | service providers were paid within 30 days of receipt of valid invoice, with no disputed delivery of goods/service throughout this quarter (as at 30 Sep 2016). Second Quarter: Suppliers and service providers paid within 30 days of receipt of valid invoice, with no disputed delivery of goods / services throughout this quarter. Third Quarter: Not Achieved: Not all Suppliers and service providers paid within 30 days of receipt of valid invoice, with no disputed delivery of goods / services throughout this quarter. | reports indicating instances, if any, of suppliers and service providers paid after 30 days after receipt of valid invoice, with no | that some payments were made were over 30 days. | invoices within 30 days they are received. |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|--|--|---|---|-------------------------|---|---|--|--|--|
| | | | | | | | Fourth Quarter: Not Achieved: Not all Suppliers and service providers paid within 30 days of receipt of valid invoice, with no disputed delivery of goods / services throughout this quarter. | disputed delivery of goods / services, supported by signed, up-to date Creditors' Age Analysis report. | | |
| 4.1(d) | To ensure financial management practices that enhance viability & compliance with the requirements of MFMA | Plan, implement, monitor and report financial management activities in accordance with | 100% cash-backed approved budget for 2017/18 financial by 30 June 2017. | % of cash-backed approved budget for 2017/18 financial by 30 June 2017. | 2015/16 approved Budget | 100% cash-backed approved budget for 2017/18 financial by 30 June 2017. | First Quarter: The Budget process Plan was developed but could not be tabled on the 30th of August due to council not sitting during August. The process plan was however submitted to council on the 14th October 2016 during the first ordinary Council meeting. | A signed reconciliation of the total approved budget against the total available budget | Achieved | None |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|----|-----------------------------|---|---------------------------------|---------------------|----------|-----------------------|--|--|--|--|
| | &other relevant legislation | MFMA, its associated regulations and prescribed accounting norms and standards. | | | | | <p>Second Quarter: Achieved: Draft budget is only due to be done during the 3rd quarter as it is due by 31 March 2017.</p> <p>Third Quarter: Achieved: Draft budget was submitted to Council on 31 March 2017.</p> <p>Fourth Quarter: Achieved: Final budget was submitted to Council and approved on 26 May 2017</p> | funding, supported by copies of all bank accounts balances certificates / banks statements and copies of gazetted allocations for the financial year under review and copies of monthly actual cash-flow statements. | | |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|---------------------|------------|---|--|----------------------------------|---|---|--|---|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS | | | | |
| FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
| 4.1(e) | | | 100% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30 days of the end of each month throughout 2016/17 financial year. | % of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30 days of the end of each month throughout 2016/17 financial year. | 2015/16 Payment vouchers & files | 100% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30 days of the end of each month throughout 2016/17 financial year. | <p>First Quarter: Achieved: 100% of all monthly payments vouchers and accompanying supporting documents were filed, registered and kept in safe custody within 30 days at the end of each month throughout this quarter (As at 30 Sep 2016).</p> <p>Second Quarter: Achieved: 100% of all monthly payments vouchers and accompanying supporting documents were filed, registered and kept in safe custody within 30 days at the end of each month throughout this quarter (As at 31 Dec 2016).</p> <p>Third Quarter: Achieved: 100% of all monthly</p> | Signed internal register indicating monthly payment vouchers and accompanying supporting documents filed, registered and kept in safe custody within 30 days of the end of each month. | Partially Achieved, only one quarter was achieved. | Ensure that departments achieve the set strategic objective. |

Key Performance Area 4: Financial Management & Viability

| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS | | | | |
|---|---------------------|------------------|---------------------------------|----------------------------|--------------------|----------------------------|--|-------------------------------|--|--|
| FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
| | | | | | | | <p>payments vouchers and accompanying supporting documents were filed, registered and kept in safe custody within 30 days at the end of each month throughout this quarter (As at 31 March 2017).</p> <p>Fourth Quarter: Achieved: 100% of all monthly payments vouchers and accompanying supporting documents were filed, registered and kept in safe custody within 30 days at the end of each month throughout this quarter (As at 30 June 2017).Information cannot be attached as this is files in the Expenditure unit</p> | | | |
| 4.1(f) | To ensure financial | Plan, implement, | 100% of contracted | % of contracted services r | 2015/16 Creditor's | 100% of contracted | First Quarter: Achieved: 100% of contracted services | Signed internal | Partially Achieved, two | Ensure that the departments |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|----|---|---|---|--|------------------|---|---|--|--|--|
| | management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation | monitor and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards. | services creditors on the system reconciled to supporting documentation on a monthly basis throughout 2016/17 financial year. | creditors on the system reconciled to supporting documentation on a monthly basis throughout 2016/17 financial year. | Analysis Reports | services creditors on the system reconciled to supporting documentation on a monthly basis throughout 2016/17 financial year. | creditors on the system reconciled to supporting documentation on a monthly basis throughout this quarter (As at 30 Sep 2016). Second Quarter: Achieved: 100% of contracted services creditors on the system reconciled to supporting documentation on a monthly basis throughout this quarter (As at 31 Dec 2016). Third Quarter: Achieved: 100% of contracted services creditors on the system reconciled to supporting documentation on a monthly basis throughout this quarter (As at 31 March 2017). Fourth Quarter: Achieved: 100% of contracted services creditors on the system | registers of monthly reconciliation of creditors on the system reconciled to supporting documentation. | quarters were achieved. | achieve the set strategic objectives. |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|---------------------|------------|--|--|------------------------------------|--|--|---|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS | | | | |
| FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
| | | | | | | | reconciled to supporting documentation on a monthly basis throughout this quarter (As at 30 June 2017). | | | |
| 4.1(g) | | | 2 biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 30 June 2017 | Number of biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 30 June 2017 | 2015/16 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 2017 | Second Quarter: Achieved: The verification was done on the 16 September 2016. Fourth Quarter: Partially Achieved: I-Chain was appointed in June as per the Plan presented, the actual verification was scheduled to start in July to allow the delivery of new assets procured. | Signed internal reports indicting assets verification performed and updates made on the asset registers with all assets movements, including damaged / missing items. | Not Achieved, no evidence provided indicating that assets verification was performed and the assets register was updated. | Ensure that the departments achieve the set strategic objective, as is key for audit purposes. |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|--|---|--|--|---|---|---|--|--|
| 4.1(h) | | | Review and sign-off one (1) Audit File and Audit File schedule respectively for 2015/16 financial year that is compliant with Annexure A of MFMA Circular 50 by 31 August 2016. | Number of reviewed and signed-off audit file schedule and the actual Audit file for 2015/16 financial year that is compliant with Annexure A of MFMA Circular 50 submitted to the Auditor-General by 31 August 2016. | 2013/14 Audit File | Review and sign-off one (1) Audit File and Audit File schedule respectively for 2015/16 financial year that is compliant with Annexure A of MFMA Circular 50 by 31 August 2016. | Annual Performance: One reviewed audit file and file schedule for 2015/16 financial year that is compliant to Annexure A of MFMA Circular 50 were respectively signed off and submitted to the AGSA on the 31 August 2016. | A signed-off Audit file for 2015/16 financial year that is compliant with Annexure A of MFMA Circular 50. | Achieved | None |
| 4.1(i) | To ensure financial management practices that enhance viability & | Plan, implement, monitor and report financial manageme | 2015/16 signed-off Annual Financial Statements prepared in accordance with | Auditor-General's Report on the 2015/16 Annual Financial Statements | 2014/15 signed-off Annual Financial Statements and the related | Prepare 2015/16 Annual Financial Statements in accordance | Annual Performance: Achieved: Prepared 2015/16 Annual Financial Statements in accordance with the South African Standards of Generally Recognised | Signed-off 2015/16 Annual Financial Statements with | Achieved | None |

| Key Performance Area 4: Financial Management & Viability | | | | | | | | | | |
|--|---|--|--|---|--------------------------|---|---|--|--|--|
| PERFORMANCE OBJECTIVES AND INDICATORS | | | | | | ANNUAL PERFORMANCE TARGETS | | | | |
| FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017 | | | | | | | | | | |
| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
| | compliance with the requirements of MFMA & other relevant legislation | nt activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards. | the South African Standards of Generally Recognised Accounting Practices (GRAP) and section 122 of MFMA by 31 August 2016. | (AFS) with no paragraph relating to AFS not being compiled in accordance with GRAP and section 122 of MFMA. | Auditor-General's Report | with the South African Standards of Generally Recognised Accounting Practices (GRAP) and section 122 of MFMA by 31 August 2016. | Accounting Practices (GRAP) and section 122 of the MFMA were submitted to AGSA on the 31 August 2016. | Municipal Manager's reporting confirming that the statements were prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) and section 122 of MFMA. | | |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---------------------|------------|---|--|---|---|---|--|--|--|
| 4.1(j) | | | Nil / Zero amount of unauthorised, irregular and fruitless & 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 2017 | Amount of unauthorised, irregular and fruitless & 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 2017 | 2015/16 Annual Financial Statements disclosure and the Auditor-General's Report | Nil / Zero amount of unauthorised, irregular and fruitless & 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 2017 | Annual Performance: Achieved: No unauthorised, irregular and fruitless & wasteful expenditure was incurred by Finance Department for the period ending 30 June 2017 | Signed Internal Reports, supported by signed internal registers of unauthorised, irregular and fruitless & wasteful expenditure. | Not Achieved, fruitless expenditure was incurred. | Ensure that the departments achieve the set strategic objective and that effective controls are put in place to prevent fruitless expenditure. |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | 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 signed-off monthly budget statement reports, 4 quarterly financial reports for 2016/17 produced and submitted to the Executive Mayor by 30 June 2017 | Number of signed-off monthly budget statement reports, quarterly financial reports, for 2015/16 produced and submitted to the Executive by 30 June 2017 | 2015/16 monthly budget statements submitted. | 12 signed-off monthly budget statement reports, 4 quarterly financial reports for 2015/16 produced and submitted to the Executive Mayor by 30 June 2017 | Annual Performance: Achieved: 3 signed-off monthly budget statements reports, 1 quarterly financial report for 2016/17 were produced and submitted to Executive Mayor by 30 June 2017. | Copies of signed monthly budget statement reports, quarterly financial reports, for 2016/17 produced and submitted to the Executive. | Achieved | None |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|--|---|---|--|--|--|---|--|--|
| 4.1(l) | To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation | Plan, implement, monitor and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards. | 12 signed-off monthly bank reconciliation statements of all bank accounts by 30 June 2017 | Number of signed-off monthly bank reconciliation statement of all bank accounts by 30 June 2017 | 2015/16 Bank Reconciliation Statements | 12 signed-off monthly bank reconciliation statement of all bank accounts by 30 June 2017 | <p>First Quarter: Achieved: 3 signed off monthly bank reconciliation of all bank accounts were prepared as at 30 Sep 2016.</p> <p>Second Quarter: Achieved: Three (3) signed off monthly bank reconciliation of all bank accounts were prepared as at 31 Dec 2016.</p> <p>Third Quarter: Achieved: 3 signed off monthly bank reconciliation of all bank accounts were prepared as at 31 March 2017.</p> <p>Fourth Quarter: Achieved: 3 signed off monthly bank reconciliation of all bank accounts were prepared as at 30 June 2017.</p> | Signed monthly bank reconciliation statements of all bank accounts. | Achieved | None |

Key Performance Area 4: Financial Management & Viability

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 JUNE 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---------------------|------------|--|---|---------------------------------|---|---|--|--|--|
| 4.1(m) | | | 100% of Post Audit Action Plan matters for 2015/16 relating to finance addressed by 30 June 2017 | % of Post Audit Action Plan matters for 2015/16 relating to finance addressed by 30 June 2017 | 2015/16 Post Audit Action Plan. | 100% of Post Audit Action Plan matters for 2015/16 relating to finance addressed by 30 September 2016 | Annual Performance: Achieved: Action Plan Responsible officials indicated remedial actions and time frames progress at 100% to date on Finance issues | Signed internal reports indicating progress made in relation Post Audit Action Plan matters for 2015/16 relating to finance. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|-----|---|--|--|---|----------------------|--|--|--|---|--|
| 5.1 | To ensure development of legally compliant and 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 the prescribed framework. | 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 2017 for the 2017/18 - 2022/23 IDP compilation. | 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 2017 for the 2017/18 – 2022/23 IDP compilation. | 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 2017 for the 2017/18 - 2022/23 IDP compilation. | <ol style="list-style-type: none"> 1. The District IDP Managers forum meeting was in Mafube local municipality offices on the 7th of February 2017. 2. The IDP Steering Committee was held at the Fezile Dabi Council Chambers on the 13th of March 2017. 3. The IDP Representation forum was held on the 17th of March 2017. 4. Fezile Dabi District Municipality Public Participation was held as follows: Moqhaka - 22 February 2017 Metsimaholo - 16 February 2017 Ngwathe - 15 March 2017 Mafube - 14 February 2017 | Signed internal reports indicating District IDP Managers Forums Meetings held, IDP Public Participation Meetings, IDP Steering Committee Meeting and IDP Rep Forum Meetings held for the 2016/17 IDP Review, each supported by copies of attendance registers. | Partially Achieved, only two quarters were achieved. | Ensure that the departments achieve the set strategic objective. |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|---|---|--|--|--|---|--|--|--|
| 5.2(a) | To ensure Good Governance practices to ensure effective, functioning municipality | Fully comply with the provisions of the municipality's Performance Management System from planning to report. | Submit 1 draft SDBIP for the 2016/17 budget year and 6 drafts of the annual performance agreements for the same period to the Executive Mayor by 14 July 2016 | Number of draft SDBIP for the 2016/17 budget year and number of drafts of the annual performance agreements for the same period submitted to the Executive Mayor by 14 July 2016 | 2015/16 SDBIP and Performance 5 Agreements. | Submit 1 draft SDBIP for the 2016/17 budget year and 6 drafts of the annual performance agreements for the same period to the Executive Mayor 14 July 2016 | Achieved: The final SDBIP for the 2016/17 budget year and 6 annual performance agreements for the same period were approved by the Executive Mayor on the 10th of June 2016 and signed by both the Municipal Manager and Managers directly accountable to the Municipal Manager. | Copy of draft SDBIP for 2016/17 the budget year and copies of draft annual performance agreements submitted to the Executive Mayor. | Achieved | None |
| 5.2(b) | | | 6 Signed Performance Agreements & Plans for the senior managers including the Municipal Manager for 2016/17 financial year concluded by 31 July 2016. | Number of signed Performance Agreements & Plans for the senior managers including the Municipal Manager for 2016/17 financial year concluded by 31 July 2016. | Five performance plans and agreements for the MM and Senior Managers for the 2015/16 | 6 Signed Performance Agreements & Plans for the senior managers including the Municipal Manager for 2016/17 financial year concluded by 31 July 2016. | Achieved: 6 Signed Performance Agreements & Plans for the Senior Managers including the Municipal Manager for 2016/17 financial year were concluded on the 05 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 2016 | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|---|---|---|--|---|---|---|--|--|
| | | | | | | | | for 2016/17. | | |
| 5.2(c) | To ensure Good Governance practices to ensure effective, functioning municipality | Fully comply with the provisions of the municipality's Performance Management System from planning to report. | 4 quarterly performance assessment reports for 6 senior managers (including the Municipal Manager) concluded and signed-off not later than 30 days after the end of each quarter during 2016/17 and 1 annual performance report for 2015/16 signed-off and submitted to the Auditor-General by 31 August 2016 | number quarterly performance assessment reports not later than 30 days after the end of each quarter and number of annual performance reports by 31 August 2015 for 2014/15 | Five performance plans and agreements for the MM and Senior Managers for the 2015/16 and annual performance report for 2014/15 | 4 quarterly performance assessment reports for 6 senior managers (including the Municipal Manager) concluded and signed-off not later than 30 days after the end of each quarter during 2016/17 and 1 annual performance report for 2015/16 signed-off and submitted to the Auditor-General by 31 August 2016 | Achieved: 4 quarterly performance assessment report for quarter 1, 2, 3 and 4 of the 2016/17 were compiled by relevant departments and submitted to Internal Audit for verification. The annual performance report for 2015/16 financial year was prepared and submitted to AGSA on the 31 August 2016. The unit of measure has been completed for the financial year under review. | 1 Quarterly performance assessment report compiled and send to Internal Audit for verification. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|---|---|--|---|---|--|---|--|--|
| 5.2(d) | To ensure Good Governance practices to ensure effective, functioning municipality | Fully comply with the provisions of the municipality's Performance Management System from planning to report. | Submit 1-signed-off Mid-term budget and performance assessment report for 2016/17 to the Executive Mayor, Provincial & National Treasuries by 25 January 2017 | Number of signed-off mid-term budget and performance assessment report for 2016/17 submitted to the Executive Mayor, Provincial & National Treasuries by 25 January 2017 | 2015/16 Mid-year budget and performance assessment report | Submit 1-signed-off Mid-term budget and performance assessment report for 2016/17 to the Executive Mayor, Provincial & National Treasuries by 25 January 2017 | The Mid-Year Budget and Performance Assessment Report for the period ending 31 December 2016 was prepared and submitted to the Executive Mayor, Provincial and National Treasury on the 23 January 2017 and table in council for noting on the 27 January 2017. | Copy of mid-term year budget and performance assessment report for 2016/17, and proof of submission to the Executive Mayor, Provincial & National Treasuries. | Achieved | None |
| 5.2(e) | | | Submit 1 audited annual report for 2015/16 to Provincial Treasury, CoGTA and National Treasury by 31December 2016. | Number of audited annual report for 2015/16 submitted to Provincial Treasury, CoGTA and National Treasury by the end of 31December 2016. | Audited Annual Report for 2014/15 | Submit 1 audited annual report for 2015/16 to Provincial Treasury, CoGTA and National Treasury by the end of 31December 2016. | The final Audited Annual Report for the period ending 30 June 2016 was approved by council without reservations on the 31 March 2017. The oversight report was also submitted to the Provincial Legislature on the 05 April 2017 and was advertised for public inputs on 13 April 2017. | Proof of submission of audited annual report for 2015/16 submitted to Provincial Treasury, CoGTA and National Treasury. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|-----|---|--|--|--|--|--|---|---|--|--|
| 5.3 | To provide information through the available ICT platforms of 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 2017. | Number of updates of the municipality's website performed by 30 June 2017. | 4 weekly updates in 2014/15 financial year | 12 updates (i.e. 1 per month) of the municipality's website performed by 30 June 2017. | First Quarter: Achieved: 3 updates (i.e. 1 per month) of the municipality's website were performed as at 30 Sep 2016. Second Quarter: Achieved: 3 updates (i.e. 1 per month) of the municipality's website were performed as at 31 Dec 2016. Third Quarter: Achieved: 3 updates (i.e. 1 per month) of the municipality's website were performed as at 31 March 2017. Fourth Quarter: Achieved: 3 updates (i.e. 1 per month) of the municipality's website were performed as at 3 June 2017 | 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 | None |
| 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 2017 | Number of publications of Fezile Dabi Newsletter issued by 30 June 2017 | 3 Publication in 2014/15 | 6 Publications of Fezile Dabi Newsletter issued by 30 June 2017 | First Quarter: Achieved: 1 publication of Fezile Dabi Newsletter was issued on the 31 August 2016. Second Quarter: Achieved: 1 publication of Fezile Dabi Newsletter was issued on the 31 December 2016. Third Quarter: Achieved: 1 publication of Fezile Dabi Newsletter was issued in | Printed copies of Fezile Dabi Newsletters publicised. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|-----|--|--|---|---|---|---|---|--|---|---|
| | | | | | | | January 2017. Fourth Quarter: Achieved: 1 publication of Fezile Dabi Newsletter was issued in June 2017. | | | |
| 5.5 | To support & capacitate Councillors, Ward committees & Community Development workers in an effort to enhance good governance in the district | Provide regular workshops & training with the view of capacity building to Councillors, Ward Committees & Community Development workers so as to enhance the system of cooperative governance within the district. | 4 workshops & training, 4 Speaker's Imbizos, 1 Ward Committee Conferences, 1 CDW Conference and 2 Civic Education held with a view of capacity building by 30 June 2017 | Number of workshops & training, Speaker's Imbizos, Ward Committee Conferences, CDW Conference and Civic Education held with a view of capacity building by 30 June 2017 | 4 workshops & training, 4 Speaker's Imbizos, 1 Ward Committee Conferences, 1 CDW Conference and 2 Civic Education held in 2014/15 | 4 workshops & training, 4 Speaker's Imbizos, 1 Ward Committee Conferences, 1 CDW Conference and 2 Civic Education held with a view of capacity building by 30 June 2017 | Achieved: One workshop for the Ward Committee Secretaries on Meeting Procedures and Reporting was conducted by CoGTA. CDW and Ward Committee Conferences could not take place because of insufficient funds. | Signed internal reports indicating number of workshops & training, Speaker's Imbizos, Ward Committee Conferences, CDW Conference and Civic Education held. | Not Achieved, only one quarter was achieved. | Ensure that the department achieve the set strategic objective. |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | 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 2017 so as to impart the same skill and knowledge to the local the communities. | Number of community leaders within the district identified and equipped with necessary ethical behaviour, social values and principles by 30 June 2017 so as to impart the same skill and knowledge to the local the communities. | 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 2017 so as to impart the same skill and knowledge to the local the communities. | <p>First Quarter: Achieved: a meeting was held church leaders across inter faith with the intention of developing a programme towards implementation of moral regeneration.</p> <p>Second Quarter: Achieved: A meeting with faith based leadership was conducted on the 27 October 2016 in Moqhaka LM and in Mafube LM on the 08 December 2016 with specific focus on women. The second activity was held on the 02 November 2016 with focus on South African Blind Women in Action Dialogoue.</p> <p>Third Quarter: Achieved: A meeting with faith based leadership was conducted on the 27 October 2016 in Moqhaka LM and in Mafube LM on the 08 December 2016 with specific focus on women. The second activity was held on the 02 November 2016 with focus on South African Blind Women in Action Dialogoue.</p> <p>Fourth Quarter: (1) Supported 75 students in the district with a view to equip them with necessary ethical behaviour, social values and principles as at 30 June 2017. The municipality has entered into a</p> | Signed internal reports indicating number and names of community leaders within the district identified and equipped with necessary ethical behaviour, social values and principles. | Not Achieved, only one quarter was achieved | Ensure that the department achieve the set strategic objective. |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|---|---|--|--------------------------------|--|--|---|---|--|
| | | | | | | | Purpose Centre to equip them with the following skills: - Access to funding, Promote and Empower Youth Development, Promote Economic and Social Development, Supporting of developmental projects and Capacity building. | | | |
| 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 relations within the district. | 2 District Coordination Forum (DCF) meetings held by 30 June 2017 | Number of District Coordination Forum (DCF) meetings convened by 30 Jun 2017 | 2 DCF meetings held in 2014/15 | 2 District Coordination Forum (DCF) meetings convened by 30 Jun 2017 | First Quarter: Not Achieved: the first DCF meeting for the 2016/17 financial year could not be held due to transitional process after the Local Government elections that were held on the 03 August 2016. Second Quarter: Not applicable during the period under review. Third Quarter: DCF meeting was held on the 31/03/2017 a report on this matter will come from Office of the Municipal Manager. Fourth Quarter: DCF meeting was held on the 15/03/2017 a report on this matter will come from | Signed internal reports indicating number of District Coordination Forum (DCF) meetings convened, supported by copies of attendance registers for each. | Not Achieved, only one quarter was achieved. | Ensure that the departments achieve the set strategic objective. |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|---|---|---|---|---|--|---|---|--|
| | | | | | | | Office of the Municipal Manager | | | |
| 5.7(b) | 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 IGR meetings held by 30 Jun 2017 | Number of Technical IGR meetings held by 30 Jun 2017 | Technical IGR meetings held in 2015/16 | 2 Technical IGR meetings held by 30 Jun 2017 | Only one (1) Technical IGR meeting was held during the 2016/17 financial year and the meeting was on the 29 March 2017. | Signed internal reports indicating number of Technical IGR meetings held, supported by copies of attendance registers for each. | Partially Achieved, only one meeting was held for the period under review. | Ensure that the departments achieve the set strategic objective. |
| 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 2017 | Number of Municipal Manager's Forum meetings held by 30 June 2017 | Municipal Manger's Forum meetings held in 2014/15 | 4 Municipal Manager's Forum meetings held by 30 June 2017 | First Quarter: Achieved: The first Municipal Manager's forum meeting was held on the 15th September 2016. Second Quarter: The meeting was scheduled to be held on 24 October 2016 but subsequently postponed due to unavailability of Municipal Managers and the external audit. Third Quarter: Achieved: The | Signed internal reports indicating number of Municipal Manager's Forum meetings held, supported by | Partially achieved, only two quarters were achieved. | Ensure that the departments achieve the set strategic objective. |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|---|--|--|--|--|---|---|--|--|
| | | | | | | | second Municipal Manager's forum meeting was held on the 14th March 2017. Fourth Quarter: The third Municipal Mangers Forum meeting was held on the 14 June 2017. | copies of 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 2017 | Number of District LED Forum meetings held by 30 June 2017 | Two (2) District LED Forum meetings in 2014/15 | 2 District LED Forum meetings held by 30 June 2017 | Second Quarter: Achieved: One (1) District LED Forum Meeting was held on the 07 December 2016. Fourth Quarter: One (1) District LED Forum meeting was held on the 28th of June 2017. | Signed internal reports indicating number of LED Forum meetings held, supported by copies of attendance registers for each. | Achieved | None |
| 5.7(e) | To promote and facilitate Intergovernmental Relations amongst | Facilitate compliance with the principles of co-operative government | 2 CFO Forum meetings held by 30 June 2017 | Number of CFO Forum meetings held by 30 June 2017 | The schedule of CFO forum meetings for 2014/15 | 2 CFO Forum meetings held by 30 June 2017 | Second Quarter: Achieved: CFO Forum meeting was held on 31 October 2016. Fourth Quarter: Achieved. 2 CFO Meetings held during this quarter 20/04/2017 and | Signed internal reports indicating number of CFO Forum | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|---|--|--|----------|--|--|--|--|--|
| | stakeholders in the district. | and intergovernmental relations within the district. | | | | | 01/06/2017 | meetings held, supported by copies of attendance registers for each. | | |
| 5.7(f) | 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 Communications Forum meetings held by 30 June 2017 | Number of Communications Forum meetings held by 30 June 2017 | N/A | 4 Communications Forum meetings held by 30 June 2017 | <p>First Quarter: Achieved: 1 communication forum for the Fezile Dabi District Municipality was held on the 07 September 2016.</p> <p>Second Quarter: Achieved: 1 communication forum for the Fezile Dabi District Municipality was held on the 17 December 2016.</p> <p>Third Quarter: Achieved: 1 communication forum for the Fezile Dabi District Municipality was held on the 09 February 2017.</p> <p>Fourth Quarter: Achieved: 1 communication forum for the Fezile Dabi District Municipality was held on the 28 June 2017.</p> | Signed internal reports indicating number of Communications 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

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|---|--|--|--|--|--|--|--|--|
| 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 Energy Forum meetings held by 30 June 2017 | Number of Energy Forum meetings held by 30 June 2017 | 8 Technical Managers' Forum held in 2014/15 | 2 Energy Forum meetings held by 30 June 2017 | First Quarter: Achieved: 1 Energy Forum meeting was held on the 01 September 2016. Second Quarter: Achieved: One (1) Energy Forum Meeting was held on the 24 November 2016. Third Quarter: 1 Energy Forum meeting was held on the 30 March 2017. Fourth Quarter: 1 Energy Forum meeting was held on the 29 June 2017. | Signed internal reports indicating number of Communications Forum meetings held, supported by copies of attendance registers for each. | Achieved | None |
| 5.7(h) | 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 Corporate Support Services Forum meetings held by 30 June 2017 | Number of Corporate Support Services Forum meetings held by 30 June 2017 | 3 Corporate Support Services Forum meetings in 2014/15 | 4 Corporate Support Services Forum meetings held by 30 June 2017 | First Quarter: Not Achieved: No Corporate Services Forum meeting was held for the period under review. Second Quarter: Achieved: Corporate Support Services Forum meeting was held on 03 November 2016. Third Quarter: 1 Corporate Support Services Forum meeting held on 09 February 2017. Fourth Quarter: 1 Corporate | Signed internal reports indicating number of Technical Managers' Forum held, supported by copies of attendance registers for each. | Partially Achieved, three quarters were achieved. | Ensure that the departments achieve the set strategic objective. |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---|---|--|--|---|--|---|--|--|--|
| | | | | | | | Support Services Forum meeting was held on 22 June 2017 | | | |
| 5.7(i) | 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 Back to Basics Forum meetings held by 30 June 2017 | Number of Back to Basics Forum meetings held by 30 June 2017 | 2 Back to Basics Forum meetings held in 2014/15 | 2 Back to Basics Forum meetings held by 30 June 2017 | First Quarter: Achieved: 1 Back to Basics Forum was held on the 30 September 2016. Third Quarter: Achieved: 1 Back to Basics Forum was held on the 14 February 2017. | Signed internal reports indicating number of Back to Basics Forum meetings held, supported by copies of attendance registers for each. | Achieved | None |
| 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 | 2 Water Sector Forum meetings held by 30 June 2017 | Number of Water Sector Forum meetings held by 30 June 2017 | N/A | 2 Water Sector Forum meetings held by 30 June 2017 | First Quarter: Achieved: The first Water Sector Forum meeting was held on the 09th September 2016. Third Quarter: No Water Sector Forum meeting was held during the month of April 2017. | Signed internal reports indicating number of Water Sector Forum meetings held, | Partially Achieved, only one Water Sector Forum Meeting was held during the current financial year. | Ensure that the departments achieve the set strategic objective. |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | 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. | | | | | | supported by copies of attendance 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 2017 | Number of Disaster Management Forum meetings held by 30 June 2017 | 3 Disaster Management Forum meetings held in 2014/15 | 4 Disaster Management Forum meetings held by 30 June 2017 | <p>First Quarter: Achieved: 1 Disaster Management Forum meeting held on the 15 September 2016.</p> <p>Second Quarter: Achieved: Disaster Management Forum meeting was held on the 13 December 2016.</p> <p>Third Quarter: Disaster Advisory Management Forum meeting was held on the 23 March 2017. Minutes and attendance register included.</p> <p>Fourth Quarter: Disaster Advisory Management Forum meeting was held on the 28 June 2017. Minutes and attendance register included</p> | Signed internal reports indicating number of Disaster Management 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

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|--|--|---|--|--|--|---|--|--|--|
| 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 Audit –Committee by 30 June 2017 | Number of quarterly Internal Audit reports on the assessment of the effectiveness of the controls within the municipality submitted to the Audit – Committee by 30 June 2017 | 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 Audit – Committee by 30 June 2017 | <p>First Quarter: 4th Quarter Internal Audit Report has been completed with the Following activities which have been audited:</p> <ol style="list-style-type: none"> 1. Records Management; 2. Employee Wellness; 3. Fleet Management; 4. Appointments; 5. Investment Management; 6. Budget Management; 7. Communication; 8. Tourism Management. <p>Second Quarter: 1st and 2nd Quarter Internal Audit Reports still in progress of completion for the following activities as planned; 1. Risk Management; 2. Contract Management; 3. Budget Management; 4. Supply Chain Management; 5. Compliance management; 6. Follow up of AG & Internal Audit findings; 7. Fire Service Management.</p> <p>Third Quarter: 1st and 2nd Quarter Internal Audit Reports</p> | Signed quarterly Internal Audit reports on the assessment of the effectiveness of the controls within the municipality submitted to the Audit – Committee. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|--------|---------------------|---|--|--|--|--|--|--|--|--|
| | | | | | | | have been completed. The following are the audit completed: 1. SCM 1st and 2nd quarter; 2. Risk Management; 3. Budgeting Management; and 4. Compliance Management. Fourth Quarter: 3rd Quarter Internal Audit report has been completed with the following activities completed; 1. Follow up of Internal Audit findings, 2. Environmental Health review, 3. Contract Management, and 4. Fire management | | | |
| 5.8(b) | | Submit the quarterly internally audited performance reports and the annual report to the audit Committee & MPAC | 4 quarterly performance reports and 1 draft annual report for 2015/16 internally audited and submitted to the Audit Committee & MPAC by 30 June 2017 | Number of quarterly performance report internally audited and annual reports submitted to the Audit Committee & MPAC by 30 June 2017 | 4 Quarterly Performance Reports submitted to Internal Audit in 2015/16 | 4 quarterly performance reports and 1 draft annual report for 2015/16 internally audited and submitted to the Audit Committee & MPAC by 30 June 2017 | First Quarter: 4th Quarter Performance Report has been tabled and noted by the Audit Committee during the Audit Committee meeting of the 27 August 2016. Second Quarter: Achieved: 1st Quarter Performance Report was prepared and submitted to internal audit for verification. Third Quarter: Achieved: 2nd Quarter Performance Report | Signed quarterly performance report internally audited and annual reports, support by the associated internal audit report | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|-----|--|--|---|---|---|---|---|---|--|--|
| | | | | | | | was prepared and submitted to internal audit for verification. Fourth Quarter: Third Quarter Performance report was prepared and submitted to Internal Audit for verification. | submitted to the Audit 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 2017 and risk register and risk mitigation plans subsequently updated. | 4 quarterly risk assessment performed by 30 June 2017 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 2017 and risk register and risk mitigation plans subsequently updated. | First Quarter: Achieved: 1 quarter risk assessment report for quarter 4 of the 2015/16 was table in the management meeting on the of 13 June 2016.The 3rd quarter risk assessment, risk mitigation plans were performed and tabled in management on the 22nd May 2017. Second Quarter: First quarter risk assessment report was performed and submitted to Management Meeting on the 14th of November 2016. Third Quarter: Second quarter risk assessment report was performed and submitted to Management Meeting on the 06 February 2017. Fourth Quarter: The 3rd | 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

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|------|---|---|--|--|---|--|--|--|---|--|
| | | | | | | | quarter risk assessment, risk mitigation plans were performed and tabled in management on the 22nd May 2017. | | | |
| 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 | 4 community awareness campaigns and civic education held by 30 June 2017 | Number of community awareness campaigns and civic education held by 30 June 2017 | A two day CDW and Public Participation Summit held in 2014/15 | 4 community awareness campaigns and civic education held by 30 June 2017 | Achieved: Anti-Crime Awareness Campaign | Signed internal reports indicating number of community awareness campaigns and civic education held. | Not Achieved, only one quarter was achieved. | Ensure that the departments achieve the set strategic objective. |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|----|---------------------|--|---------------------------------|---------------------|----------|-----------------------|---------------------------|-------------------------------|--|--|
| | | campaigns, civic education about various programs that are initiated at other spheres of government. | | | | | | | | |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|------|--|--|---|---|---|---|---|--|--|--|
| 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 financial management, and improved overall organisational performance. | Monitor the performance and relationship of suppliers with user directorates where SLA's have been concluded and submit 4 quarterly suppliers' / service providers' monitoring reports by 30 June 2017. | Number of quarterly suppliers' / service providers' performance monitoring reports by 30 June 2017. | 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' / service providers' monitoring reports by 30 June 2017. | <p>First Quarter: Achieved: Three Monitoring reports on the performance and relationship of suppliers with user directorates where SLA's have been concluded were submitted to management as at 30 September 2016.).</p> <p>Second Quarter: Achieved: Monitoring reports on the performance and relationship of suppliers with user directorates where SLA's have been concluded and was submitted to Management as follows:</p> <ol style="list-style-type: none"> 1. October report for 14 November 2016 management meeting, 2. November report for 12 December 2016, 3. December report for 16 January 2017 management meeting. <p>Third Quarter: A report on performance of the contracted services is submitted was to Management</p> <p>:</p> <p>16/01/201; 06/02/2017; 07/03/2017.</p> <p>3rd Quarter report will be submitted in the next Council Meeting scheduled for May 2017.</p> | 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

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | Corrective Measure(s) Taken/To be Taken to Improve Performance |
|------|--|--|---|---|-------------------------------|---|--|----------------------------------|--|--|
| | | | | | | | Fourth Quarter: A report on performance of the contracted services for the month of April May & June 2017 were submitted to Management. | | | |
| 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 2016 | Number of annual OR Tambo Games hosted by 31 October 2016 | OR Tambo Games hosted in 2015 | Host 1 annual OR Tambo Games by 31 October 2016 | First Quarter: Not Applicable. Second Quarter: The annual OR Tambo Games were held on the 28 to 30 October 2016 at Indoor Sports Centre in Welkom. Third Quarter: KPI not applicable and was achieved during the second quarter of the financial year under review. Fourth Quarter: The annual OR Tambo Games were held on the 28 to 30 October 2016 at Indoor Sports Centre in Welkom. | Copy of 1 annual OR Tambo Games. | Achieved | None |

Key Performance Area 5: Good Governance & Public Participation

PERFORMANCE OBJECTIVES AND INDICATORS

ANNUAL PERFORMANCE TARGETS

FOR THE PERIOD 1 JULY 2016 – 30 June 2017

| ID | Strategic Objective | Strategies | Key Performance Indicator (KPI) | Unit of Measurement | Baseline | Annual Target 2016/17 | Annual Actual Performance | Source of Supporting Evidence | Internal Audit Findings /Comments for Annual | 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 2017. | Number of Local Tourism Organisation (LTO) meetings held by 30 June 2017. | N/A | 2 Local Tourism Organisation (LTO) meetings held by 30 June 2017. | Two (2) LTO's Meeting were held on the 28 June 2017 in Deneysville and 29 June 2017 in Parys. | 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 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: Workforce profile of the municipality

| Employment category | Race | | | | | | | | | | Total |
|--|-----------|-----------|----------|----------|----------|----------|----------|----------|-----------|-----------|------------|
| | African | | Coloured | | Indian | | White | | Total | | |
| | M | F | M | F | M | F | M | F | M | F | |
| Senior Management | 2 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 3 | 05 |
| Mid- Management/Prof | 11 | 12 | 0 | 1 | 0 | 0 | 4 | 1 | 15 | 14 | 29 |
| Supervisors and Junior Management / Professional | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 5 | 09 |
| Clerical / administrative | 47 | 33 | 0 | 0 | 0 | 0 | 2 | 4 | 49 | 37 | 86 |
| Elementary | 21 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 21 | 9 | 30 |
| Total Permanent | 85 | 62 | 0 | 1 | 0 | 0 | 6 | 5 | 91 | 68 | 159 |
| Temporary Employee | 4 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 3 | 7 |
| Grand Total | 89 | 65 | 0 | 1 | 0 | 0 | 6 | 5 | 95 | 71 | 166 |

A 2: EMPLOYMENT EQUITY PROFILE

Table: Employment Equity Profile

| Category | 2016/17 | | Total | |
|-----------------------------|---------|----------------------|-------|----------------------|
| | Total | employees % of total | Total | employees % of total |
| Black* employees | 154 | 92.7 | 159 | 93% |
| Women employees | 76 | 45.7 | 76 | 44.4% |
| Employees with Disabilities | 1 | 0.6 | 1 | 0.6% |
| Employees over age 51 | 24 | 14.4 | 20 | 11.7% |
| Employees between 31 & 50 | 131 | 78.9 | 118 | 69.0% |
| Employees under age 30 | 11 | 6.6 | 159 | 93% |

* 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 termination categories:

Table: Staff turnover

| Category | Numerical Data | | |
|---------------------|----------------|----------|-----------|
| | Male | Female | Total |
| New appointments | 8 | 7 | 15 |
| Resignations | 1 | 2 | 3 |
| Pensioned | 0 | 0 | 0 |
| Dismissed | 0 | 0 | 0 |
| Net Movement | 7 | 5 | 12 |

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE LEVELS

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

Table: Vacancies filled

| Vacancy / Position Filled | Employment Category | Name of the person appointed | Gender | Date of Appointment |
|-----------------------------------|---------------------|------------------------------|--------|---------------------|
| Driver: Speaker | Semi-skilled | M.L Taunyana | M | 2016/09/01 |
| Manager: Speaker 's Office | Middle management | Lincoln Sefadi | M | 2016/09/01 |
| Secretary: Speaker | Semi-skilled | Monaheng Tseeke | M | 2016/09/01 |
| Manager: Executive Mayor's Office | Middle Management | David Thathe | M | 2016/10/03 |
| Secretary: Executive Mayor | Semi-skilled | Lydia Seatile Mafisa | F | 2016/10/03 |
| Driver: Executive Mayor | Semi-skilled | Aaron Khang | M | 2016/10/03 |
| Special Programme Officer | Semi-skilled | Malefu Lebesa | F | 2016/10/03 |
| Temp Driver | Semi-skilled | Lingene Gasemeni | M | 2016/11/01 |
| HR Administrator | Semi-skilled | Richard Msimanga | M | 2016/10/03 |
| HIV & AIDS Coordinator/ | Semi skilled | Merriam Mofokeng | F | 2016/10/03 |
| Temp Administrator | Semi skilled | Mapule Mabula | F | 2016/10/03 |

| Vacancy / Position Filled | Employment Category | Name of the person appointed | Gender | Date of Appointment |
|---------------------------|---------------------|------------------------------|--------|---------------------|
| Disability Officer | Semi skilled | Annah Monoto | F | 2016/10/03 |
| Temp Security Officer | Semi skilled | Merriam Tladi | F | 2016/11/01 |
| General worker | Unskilled | Mapinki Moopeloa | F | 2017/01/03 |
| Temp General Worker | Unskilled | Samuel Tau | M | 2017/02/01 |

According to the council approved organisational structure as at 30 June 2017, the position of Director: Project Management & Public Works still exists. This position has been filled due to the fact based on the current business model of the municipality where major infrastructure and capital projects are directed to local municipalities directly by the National Government, the position is considered not essential.

Table: Vacant management positions

| Job Title | Employment Category | Provided for on the Org. Structure | Position Budgeted for in 2016/17 | Date since vacant |
|---|---------------------|------------------------------------|----------------------------------|-------------------|
| Director: Project Management and Public Works | Senior Management | Yes | Yes | 31 December 2012 |

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Capacitating municipal workforce relates to continuous professional development and training of employees. Training is provided to staff in line with the Workplace Skills Development Plan (WSP) that was drafted and co-signed by labour representatives as required by legislation. Monthly and quarterly to the LGSETA were done as follows during the reporting period under review:

Table: 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 2016 | 29 July 2016 |
| | August 2016 | 30 August 2016 |
| | September 2016 | 04 October 2016 |
| | October 2016 | 08 November 2016 |
| | November 2016 | 25 November 2016 |
| | December 2016 | 28 November 2016 |
| | January 2017 | 03 February 2017 |
| | February 2017 | 03 March 2017 |
| | March 2017 | 31 March 2017 |
| | April 2017 | 03 May 2017 |
| | May 2017 | 01 June 2017 |
| | June 2017 | 30 June 2017 |

C 1: SKILLS AUDIT

As per Skills Audit that was conducted in 2015 for 2015 & 2016 (for 2 years), the information was gathered by means of competency profile and it was identified from employee development needs that FDDM staff members needed basic end-user computing and upskilling on basic MS suites and the identified employees attended courses as follows:

Table: Number of employees provided with basic training

| Programme / Course Description | Number of Delegates |
|--------------------------------|---------------------|
| Micro Soft (MS) Word | 11 |
| Micro Soft (MS) Excel | 12 |
| Basic Computing | 15 |
| Total | 38 |

The following advanced programmes were also attended as detailed below:

Table: Number of employees provided with advanced training

| Programme / Course Description | Number of Delegates |
|---|---------------------|
| Training of Training Committee Members | 2 |
| Advanced Micro Soft (MS) Excel | 10 |
| Municipal Finance / Management Development Programme (CPMD) | 8 |
| Law Ethics | 13 |
| Total | 33 |

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: Minimum Competency Programmes undertaken by Senior Managers

| Name | Title | Course | Start Date | Duration | Progress |
|-----------------|-------------------------|-------------------------|------------|----------|-------------|
| Lindi Molibeli | Municipal Manager | Municipal Finance | March 2017 | 6 Months | In progress |
| Gcobani Mashiya | Chief Financial Officer | Additional Modules CPMD | March 2016 | 5 Months | Completed |

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

| Name | Title | Course | Start Date | Duration | Progress |
|------------------|----------------------|-------------------|---------------|----------|----------|
| Morongwa Moabelo | Financial Specialist | CPMD | March 2017 | 6 Months | |
| Sello Thithi | Financial Accountant | CPMD | March 2017 | 6 Months | |
| Khumile Taje | Financial Intern | Municipal Finance | February 2016 | 9 Months | |
| Matshidiso | Financial Intern | Municipal | February 2016 | 9 Months | |

| Name | Title | Course | Start Date | Duration | Progress |
|------------------|-------------------|---------|--------------|----------|----------|
| Mofokeng | | Finance | | | |
| Luzuko Magqwanti | Senior Accountant | CPMD | March 2016 | 5 Months | |
| Lulama Letsoenyo | Asset Officer | CPMD | October 2016 | 4 Months | |
| Charles Mosia | Budget Officer | CPMD | June 2016 | 7 Months | |

Table: Minimum Competency Programmes undertaken by other Officials

| Name | Title | Course | Start Date | Duration | Progress |
|----------------------------------|-------|--------|------------|----------|----------|
| | | | | | |
| Table still to be updated | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

C 3: PERFORMANCE MANAGEMENT SYSTEM (PMS)

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.

The following senior manager's performance, as reported under period under review as reported in Chapter 3 of this report, was evaluated in line with the municipality's performance management system:

Table: Senior Managers Evaluated in terms of PMS

| Initials and Surname | Designation | Performance Evaluated Quarterly (Yes / No) | Performance Evaluated for the Year (Yes / No) |
|----------------------|---|--|---|
| L Molibeli (Ms) | Municipal Manager | Yes | Yes |
| G Mashiyi (Mr) | Chief Financial Officer | Yes | Yes |
| AM Mini (Adv) | Director: Corporate Support Services | Yes | Yes |
| NT Baleni (Mrs) | Director: Environmental Health and Emergency Services | Yes | Yes |
| V Moloi (Mrs) | Director: Local Economic Development & Tourism | Yes | Yes |

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: Human Resource Policies

| Name of Policy | Policy In Place Yes / No | Reviewed For 2016/17 Yes / No | Date Adopted By Council Or Comment On Failure To Adopt |
|---|-----------------------------|-------------------------------------|--|
| Appointment in an Acting Capacity | Yes | | 29/05/2014 |
| Bursary Policy | Yes | | 29/05/2014 |
| Career Pathing and Succession Planning Policy | Yes | | 30/05/2013 |
| Cellular Phone Policy | Yes | | |
| Code of Conduct Policy | Yes | | 30/05/2013 |
| Corporate Governance | Yes | | 30/05/2013 |
| Disciplinary Procedure Policy | Yes | | 30/05/2013 |
| Employee Wellness Policy | Yes | Yes | 30/06/2016 |
| Extraneous Employment Policy | Yes | | 30/05/2013 |
| Gifts to Employees Policy | Yes | | 30/05/2013 |
| Grievance Procedure Policy | Yes | | 30/05/2013 |
| Home Owner's Subsidy Policy | Yes | | 30/05/2013 |
| Incapacity Policy | Yes | | 30/05/2013 |
| Medical Aid Policy | Yes | | 30/05/2013 |
| Membership of Professional Society | Yes | | 30/05/2013 |
| Occupational Health And Safety | Yes | | 30/05/2013 |
| Overtime Policy | Yes | | 29/05/2014 |
| Promotion and Transfer Policy | Yes | | 30/05/2013 |
| Protected Disclosure | Yes | | 30/05/2013 |
| Recruitment Policy | Yes | | 29/05/2014 |
| Skills Development Policy | Yes | | 30/05/2013 |
| Staff Retention and Exit Management | Yes | | 30/05/2013 |
| Subsistence and Travel Allowance Policy | Yes | | 30/05/2013 |
| Termination of Service Policy | Yes | | 30/05/2013 |
| Travel Allowance Policy | Yes | | 30/05/2013 |
| Use of Council Vehicles | Yes | | 30/05/2013 |
| Leave Policy Amended | Yes | 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: Number of leave days taken by leave type

| Number of Leave Days taken by leave type | | |
|--|------------|---------------------|
| Leave type | Total days | Number of employees |
| Sick | 1 242 | 120 |
| Maternity | 325 | 5 |
| Family Responsibility | 89 | 26 |
| Other/ Special leave | | |
| Annual Leave | 2 971.6 | 158 |

D 2: SKILLS DEVELOPMENT & TRAINING COSTS

Table: Skills Development & Training Costs of Finance Officials

| Title | Amount | Number of Candidates |
|---------------------|--------|----------------------------------|
| Financial Officials | | Table still to be updated |
| Financial Interns | | |

The training cost for Finance Officials and Finance Interns is covered through Financial Management Grant (FMG)

Table: Skill Development & Training Costs for Senior Managers & Councillors

| Name | Title | Amount |
|-----------------|-------------------------|----------|
| Lindi Molibeli | Municipal Manager | R 39 600 |
| Gcobani Mashiyi | Chief Financial Officer | |

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.

5.2 IMPLEMENTATION OF mSCOA

As part of local government reform process, the National Treasury introduced Municipal Standard Chart of Accounts (mSCOA). The mSCOA regulations come into effect on 1 July 2017. The municipality has in line with the National Treasury guidelines developed an activity plan that will guide the processes towards seamless implementation of the reform. Below are the mSCOA Technical Committee as well as mSCOA Executive Committee meetings that took place during the period under review:

Table: mSCOA implementation meetings held

| Details | Committee | Date |
|--------------------------|-----------------|------------------|
| Meeting no.1 of 2016/17 | mSCOA Technical | 13 October 2016 |
| Meeting no.2 of 2016/17 | mSCOA Executive | 31 October 2016 |
| Meeting no.3 of 2016/17 | mSCOA Technical | 18 January 2017 |
| Meeting no.4 of 2016/17 | mSCOA Technical | 25 January 2017 |
| Meeting no.5 of 2016/17 | mSCOA Technical | 1 February 2017 |
| Meeting no.6 of 2016/17 | mSCOA Technical | 15 February 2017 |
| Meeting no.7 of 2016/17 | mSCOA Technical | 22 February 2017 |
| Meeting no.8 of 2016/17 | mSCOA Technical | 9 March 2017 |
| Meeting no.9 of 2016/17 | mSCOA Technical | 15 March 2017 |
| Meeting no.10 of 2016/17 | mSCOA Technical | 22 March 2017 |
| Meeting no.11 of 2016/17 | mSCOA Technical | 5 April 2017 |
| Meeting no.12 of 2016/17 | mSCOA Technical | 3 May 2017 |
| Meeting no.13 of 2016/17 | mSCOA Technical | 31 May 2017 |

5.3 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:

Table: Supply Chain Management Bid Committees

| Name of Bid Committee | Committee Members |
|------------------------------------|---|
| Bid Specification Committee | <ul style="list-style-type: none"> – SCM Practitioner 1 (Chairperson) – SCM Practitioner 2 Secretary – Snr. Budget Officer – Manager Planning – User department representative |
| Bid Evaluation Committee | <ul style="list-style-type: none"> – Deputy Manager Admin and Auxiliary (Chairperson) – SCM Practitioner (Secretary) – Chief Risk Officer – Snr Financial Accountant – Manager in the Office of Municipal Manager – User department (Technical advisor) |
| Bid Adjudication Committee: | <ul style="list-style-type: none"> – 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.

5.4 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.

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.

5.5 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.

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

Statement of Financial Performance

| Figures in Rand | Note(s) | 2017 | 2016 Restated* |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Interest received (investment) | 14 | 6 731 631 | 7 989 415 |
| Other income | 13 | 1 628 059 | 1 788 675 |
| Total revenue from exchange transactions | | 8 359 690 | 9 778 090 |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Government grants & subsidies | 15 | 145 706 632 | 145 367 031 |
| Public contributions and donations | 16 | 100 000 | - |
| Total revenue from non-exchange transactions | | 145 806 632 | 145 367 031 |
| Total revenue | | 154 166 322 | 155 145 121 |
| Expenditure | | | |
| Employee related costs | 17 | (90 656 986) | (88 361 309) |
| Remuneration of councillors | 18 | (6 547 121) | (6 894 723) |
| Depreciation and amortisation | 19 | (3 140 875) | (3 590 419) |
| Reversal of impairment | 20 | - | 100 000 |
| Finance costs | 21 | (1 996 000) | - |
| Repairs and maintenance | | (2 135 471) | (1 504 260) |
| Contracted services | 22 | (6 228 245) | (8 120 503) |
| General Expenses | 24 | (47 981 635) | (57 711 293) |
| Grants and subsidies paid | 23 | (61 662) | (10 343 901) |
| Total expenditure | | (158 747 995) | (176 426 408) |
| Operating deficit | | (4 581 673) | (21 281 287) |
| Loss on disposal of assets and liabilities | | (5 676) | (109 093) |
| Actuarial gains/losses | 11 | 699 835 | - |
| | | 694 159 | (109 093) |
| Deficit for the year | | (3 887 514) | (21 390 380) |

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Table: Spending against capital budget

| Asset class | Amount Spent R |
|--------------------------|---------------------|
| Land and Buildings (WIP) | 972 281.95 |
| Plant and Machinery | - |
| Furniture and Fittings | 356 829.59 |
| Motor Vehicles | 798 786.99 |
| Office Equipment | 22 383.26 |
| Computer Equipment | 318 317.30 |
| Other Assets | 34 530.00 |
| Total Costs | 2 503 329.09 |

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

Cash Flow Statement

| Figures in Rand | Note(s) | 2017 | 2016 Restated* |
|---|-----------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Grants | | 140 597 750 | 145 367 031 |
| Sale of goods and services | | (90 735) | - |
| Interest income | | 6 731 631 | 7 989 415 |
| Other receipts | | 1 723 299 | 1 788 675 |
| | | <u>148 961 945</u> | <u>155 145 121</u> |
| Payments | | | |
| Employee costs | | (90 719 879) | (95 256 033) |
| Suppliers | | (70 294 936) | (76 556 609) |
| Other payments | | (2 611 069) | - |
| | | <u>(163 625 884)</u> | <u>(171 812 642)</u> |
| Net cash flows from operating activities | 25 | <u>(14 663 939)</u> | <u>(16 667 521)</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 6 | (2 592 720) | (5 930 635) |
| Proceeds from sale of property, plant and equipment | 6 | - | 70 015 |
| Purchase of other intangible assets | 7 | (1 681 337) | (26 435) |
| Other intangible cash item | 7 | 24 598 | - |
| Other cash item | | (1 542) | - |
| Net cash flows from investing activities | | <u>(4 251 001)</u> | <u>(5 887 055)</u> |
| Net increase/(decrease) in cash and cash equivalents | | (18 914 940) | (22 554 576) |
| Cash and cash equivalents at the beginning of the year | | <u>87 149 273</u> | <u>109 743 252</u> |
| Cash and cash equivalents at the end of the year | 3 | <u>68 234 333</u> | <u>87 188 676</u> |

COMPONENT D: OTHER FINANCIAL MATTERS

D 1: Expression on the Auditor General Report

The detailed audit report of the Auditor-General for the 2016/17, which expresses the Auditor-general’s findings and opinion is available in Chapter 6 of this report.

D 2: Plans To Enhance Financial Viability

The following matters, as raised in the Auditor-General’s report, need to be addressed in the 2017/18 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.

D 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.

Level of reliance on Government Grants

| | 2016/17 | | | 2015/16 |
|----------------------------------|-------------------|---------------|-------|---------|
| Formula | Government Grants | Total Revenue | % | % |
| Grants & Subsidies/Total Revenue | 145 706 632 | 154 166 322 | 94.51 | 93.70 |

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.

Actual Revenue vs Budgeted Revenue

| Formula | Actual Revenue | Budgeted Revenue | Variance | Variance | |
|-------------------------|----------------|------------------|-----------|----------|---------|
| | 2016/17 | 2016/17 | R | 2016/17 | 2015/16 |
| | | | | % | % |
| Variance/Actual Revenue | 154 166 157 | 151 105 792 | 3 060 365 | 2.03 | -7.38 |

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 more than the budget by 2.03%. In the previous financial year, actual revenue was lesser than budgeted revenue by 7.38%. 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.

Remuneration of Employees

| Formula | 2016/17 | | | 2015/16 |
|---|---------------|-----------------------------|------|---------|
| | Employee Cost | Total Operating Expenditure | % | % |
| Actual Salaries, Wages and Allowances/Total Expenditure | 90 656 986 | 158 747 995 | 57.1 | 50.09 |

3.2.2 Remuneration of Councillors

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

Remuneration of Councillors

| Formula | 2016/17 | | | 2015/16 |
|---|-----------------------------|-------------------|------|---------|
| | Remuneration of Councillors | Total Expenditure | % | % |
| Actual Remuneration of Councillors/ Total Expenditure | 6 547 121 | 158 747 995 | 4.12 | 3.91 |

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 4.12% to total expenditure.

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.

Repairs and Maintenance to Total Expenditure

| Formula | 2016/17 | | | 2015/16 |
|---|-----------------------|-------------------|------|---------|
| | Repairs & Maintenance | Total Expenditure | % | % |
| Actual Repairs & Maintenance/ Total Expenditure | 2 135 471 | 158 747 995 | 1.35 | 0.86 |

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 2016/17. 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%.

| | 2016/17 | | | 2015/16 |
|--|-------------------------------|---------------------|-------|---------|
| Formula | Current Assets less Inventory | Current Liabilities | Ratio | Ratio |
| Current Assets less Inventory/Current Liabilities. | 77 567 420 | 19 354 394 | 4.01 | 2.9 |

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. The ratio has improved form the previous 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.

With the above background in mind, this chapter provides an overview of the Auditor-General Report of the previous financial year (2015/16) 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 in all material respects in accordance with the requirements of section 122 of the MFMA.</p> |
| Internal control | <p>Leadership:</p> <p>No material findings were raised by the Office of the Auditor-General with regard to leadership.</p> <p>Financial and performance management:</p> <p>The financial statements submitted for auditing were in all material respects in accordance with the requirements of section 122 of the MFMA.</p> |

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

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|---------------------------|---|--|---|--|-----------------|--|-----------------------------|--|
| Cash and cash equivalents | C5 - Reconciling items incorrectly accounted for. | <p>This resulted the cashbook and corresponding salary suspense accounts of the municipality being overstated in the current financial year by an amount of R63 750.</p> <p>The cause of the above is due to the preparers of the bank reconciliations not including the supporting documents for the reconciling items to ensure accurate collaboration</p> | Management should ensure that bank and cash reconciling items are supported by accurate and reliable supporting documentation. | The reconciling items on the Bank Recon will be examined and cleared by Accountant. Unique numbers will be used to link SARS payments on the system. | 30/04/17 | Directorate: Finance Responsible Person: P Moloji | 100% | Finance is still in the process to clear on the uncashed cheques for the current financial year. |
| Cash and cash equivalents | C9 – Un-reconciling items incorrectly accounted for (2) | <p>During the audit of cash and cash equivalents, it was noted that the following uncashed ACB's and Miscellaneous cheques were incorrectly included as reconciling items at year end; and had been paid for before year end. Uncashed ACB's</p> | <p>Management must ensure that financial statements are adequately reviewed prior to submission to ensure that that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;</p> <p>The matter should be investigated to ensure the amounts are correctly disclosed in the financial statements</p> | The reconciling items on the Bank Recon will be examined and cleared by Accountant. Unique numbers will be used to link SARS payments on the system. | 30/04/17 | Directorate: Finance Responsible Person: P Moloji | 100% | Finance is still in the process to clear on the uncashed cheques for the current financial year. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|----------------------|---|--|---|--|-----------------|---|-----------------------------|--|
| Cash flow statements | C12 - Statement of cash flows differences | <p>During the audit of cash flow the following differences were noted: The cause if the above is due to management not ensuring that the Statement of cash flows is accurately prepared prior to submitting the financial statements for audit.</p> <p>The above will result in the following differences:</p> <p>Amounts disclosed in note 26 Cash flow from operations being overstated by an amount of R41 526.55 in the current year. Amounts disclosed as purchases (additions including work in progress) of Property plant and equipment being overstated by an amount of R37 563.27. Note 26 Cash used in other operations. Item 2016 2016 Difference Loss on sale of assets 109 093,00, 167 572,45 (58 479,45) Receivables from exchange transactions 281 976,00, 181 970,00, 100 006,00 VAT (8 731 751,00) (8 731 751,00) - (8 340 682,00) (8 382 208,55) 41 526,55 Note 7. Property plant and equipment Additions Item Amount as per annual financial statements: 2016 Amount as per the fixed asset register: 2016 Difference Buildings - 17 500,00 (17 500,00) Work in progress (2 369 640,00) (2 349 576,73) (20</p> | Management should ensure that the Statement of cash flows is accurately prepared prior to submitting the financial statements for audit | Cashflow statements amounts will be examined and traced back to supporting evidence. A GRAP checklist will be used to review AFS to ensure it comply with all the requirements | 30/04/17 | Directorate: Finance Responsible Person: P Moloji | 100% | This is the posting line item it will be verified with the financial statements. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|--|---|---|--|-----------------|---|-----------------------------|---|
| | | 063,27) ISS 38 (2 369 640,00) (2 332 076,73) (37 563,27) The cause if the above is due to management not ensuring that the Statement of cash flows is accurately prepared prior to submitting the financial statements for audit. The above will result in the following differences: Amounts disclosed in note 26 Cash flow from operations being overstated by an amount of R41 526.55 in the current year. Amounts disclosed as purchases (additions including work in progress) of Property plant and equipment being overstated by an amount of R37 563.27. | | | | | | |
| Commitments | C11 - Contractual commitments not disclosed in the financial statements. | Contrary to the above, during the audit of commitments it was noted that not all contractual commitments that the municipality has committed itself to, and were still outstanding as at year end, were disclosed under note 41 of the financial statements indicated below | The financial statements should be corrected to reflect all the information pertaining to the financial statements. | Contract Register / Commitment Register to be redesigned to comply and assist with disclosure in AFS | 31/05/17 | Directorate: Finance / CSS Responsible Person: P Moloji / K Khonkhe / N Mofokeng | 100% | Contract register has been reviewed to indicate the current commitments and also operational commitments. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|--|---|--|---|-----------------|---|-----------------------------|---|
| Employee costs | C9 - Employee related costs - Travel allowance incorrectly calculated | Contrary to the aforementioned legislation, it was noted that during the system documentation performed on travelling allowance inconsistencies were noted in the calculation of the allowance payable. Refer to the table below for such inconsistencies identified | Management should ensure that the correct kilometres are to calculate travel allowance and that the calculations are reviewed prior to payment being made to employees. The total population needs to be evaluated to ensure the accuracy of the amounts paid. | New Control implemented to ensure that officials is linked to the correct formulas. A monthly report is now part of the monthly reconciliation file | 30/11/16 | Directorate: Finance Responsible Person: J Reyneke | 100% | Resolved, all the officials are correctly linked to their scales for travel claims. |
| Employee costs | C4 - Medical aid contributions incorrectly included in long service award account. | GRAP 25 Paragraph 135 states the following: .135 An entity shall disclose information that enables users of financial statements to evaluate the nature of its defined benefit plans and the financial effects of changes in those plans during the reporting period | Management should ensure that management accounts are reviewed on a consistent basis to avoid incorrect classification of employee related expenses | The journals to be processed will be reviewed before being captured on the system and after being processed | 30/04/17 | Directorate: Finance Responsible Person: P Moloi | 100% | This is the posting line item it will be verified with the financial statements. |
| Employee costs | C6 - Prior year performance bonus incorrectly disclosed. | During the audit of employee related costs, it was noted that the current year comparative performance bonus amounts were not disclosed as a line item in note 18 of the AFS. | Management must ensure that financial statements are adequately reviewed prior to submission to ensure that that full and proper records of the financial affairs of the municipality are kept in accordance with the prescribed | The mid-year AFS will be prepared and reviewed to identified errors earlier | 30/04/17 | Directorate: Finance Responsible Person: P Moloi | 100% | This is the posting line item it will be verified with the financial statements. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|---|--|---|---|-----------------|--|-----------------------------|---|
| | | | norms and standards | | | | | |
| Employee costs | C10 - Employee costs - No performance agreements for non-section employees | Section 67(1)(d) of the Municipal Systems Act (Act No. 32 of 2000)states that a municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the monitoring, measuring and evaluating of performance of staff | Management should: (a) Implement controls to ensure that performance agreements and assessments are done. (b) Establish a performance measurement system that includes non-section 56 employees | Performance agreements has been developed for all non-section 56 employees for implementation during 2016/17 financial year. The evaluation to be conducted quarterly during the financial year under review. | 30/06/17 | Directorate: Municipal Manager Responsible Person: T Motshoikha | 100% | Agreements are in place, but quarterly reviews are not performed. |
| Employee costs | C10 - Expenditure: Deficiencies identified with the workman's Compensation Commissioner | According the Annual Financial Statements of the municipality the 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 | Management should that expenses are recognised in the year when they occur and appropriate provisions are made for those expenses | Implementation of creating of provision by 30 June if the amount was not paid before 30 June | 30/11/16 | Directorate: Finance Responsible Person: J Reyneke | 100% | Resolved. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|------------------|--|--|--|--|-----------------|--|-----------------------------|--|
| | | required or permitted by a Standard of GRAP | | | | | | |
| Internal control | C3 - Audit Committee - Effectiveness's of Audit Committee not assessed | <p>During the completion of the audit committee working paper, it was noted that the council does not assess the effectiveness of the audit committee. As a best practice, the AGSA expects to see written documentation or any other support to substantiate that the council of the municipality assessed the effectiveness of the audit committee for the 2015/2016 financial year.</p> <p>The matter occurred due to council not ensuring that the effectiveness of the audit committee is assessed. The risk is that the audit committee may be ineffective without corrective action taken. This may lead to a weakened internal control environment which may adversely affect financial reporting and service delivery</p> | Council should assess the effectiveness of the audit committee on a regular basis or, submit proof to substantiate that this has been performed during the year under review | Questionnaire has been developed, however we are in the process of appointing a new Audit Committee. So as soon as this has been done, MAYCO will have to do the assessment based on the report submitted by Audit Committee to Council. | 30/04/17 | Directorate: Municipal Manager Responsible Person: T Femele | 100% | The assessment of the audit committee by council has been included in the audit committee charter. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|------------------|---|--|--|---|-----------------|--|-----------------------------|--------------------------------|
| Internal control | C14 - Procurement and Contract Management-Use of Consultants: Deficiencies identified | <p>(a) A formal needs assessment could not be found for the consultant services.</p> <p>(b) The following could not be found on the contractor's signed Service Level Agreements / Terms of Reference:</p> <p>(I) The terms of reference did not outline an objective for transfer of skills, including the nature, scope and goals of the training programme.</p> <p>(ii) The following details regarding transfer of skills were not included in the terms of reference:</p> <ul style="list-style-type: none"> - employees to be trained; - skills to be transferred; - monitoring and evaluation arrangements <p>(iii) The consultant's contract did not include a clause for transfer of skills and cost for the training programme.</p> <p>(iv) Measures were not listed to monitor if the transfer of skills in the project were implemented</p> <p>(v) No indication that employee to be trained have been identified and that the employee is available to attend training programme.</p> <p>(vi) No indication/evidence that formal skills was transferred.</p> | Management should ensure that prescribed requirements stipulated in the supply chain management guide for accounting officers of municipalities and municipal entities are adhered to. | Sound and credible contract management practices and clause of transfer of skills will be included in the SLA's for all new appointments where transfer of skills is required and necessary | | <p>Directorate: Finance – SCM</p> <p>Responsible Person: M Moeketsi</p> <p>All Processes up to Bid Finalization</p> <p>Directorate: Corporate SS– Contract Management</p> <p>Responsible Person: K Khonke / N Mofokeng</p> <p>All Processes relating to SLA finalization</p> | 100% | Resolved |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|--|---|--|--|-----------------|---|-----------------------------|--------------------------------|
| Compliance | C4 - Overtime paid out to employees above the threshold. | <p>Paragraph 16.3 of the South African Local Government Bargaining Council states that Overtime shall be paid or time-off be granted to all employees except senior managerial employees as defined in the Basic Conditions Employment Act and the employees earning in excess of the threshold as determined from time to time.</p> <p>The government notice No 531 dated 1 July 2014 determines that all employees earning in excess of R205 433.30 (two hundred and five thousand, four hundred and thirty three rand, thirty cents) per annum be excluded from sections 9, 10, 11, 12, 14, 15, 16, 17(2), 18(3) of the Act with effect from 1 July 2014 per the BCEA.</p> <p>Contrary to the above, during the audit of employee costs it was noted that the following employees who earned above the threshold of R205 433.30, as determined by the, Minister of Labour, in terms of Section 6(3) of the Basic Conditions of Employment Act, No. 75 of 1997, (the Act) were granted overtime compensation which is</p> | Recommendation Management should ensure compliance with the specified laws and regulations thus ensuring that overtime is not paid to employees who have exceeded the threshold. | Implementation of Legislation and compliance with legislation | 31/12/16 | Directorate: CSS / Finance Responsible Person: M Matroos / N Mafisa | 100% | Resolved. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|---|---|---|--|-----------------|--|-----------------------------|--------------------------------|
| | | non-compliance with the act | | | | | | |
| Compliance | C4 - Overtime for a day exceeds 12 hours | <p>An agreement in terms of subsection (1) may not require or permit an employee to work more than 12 hours on any day.</p> <p>Contrary to the above, during the audit of employee costs (overtime) it was determined that the following employees worked overtime for 1 day which exceeded 12 hours</p> | Management should ensure compliance with the specified laws and regulations thus ensuring that overtime is not paid to employees who have exceeded the threshold. | Implementation of Legislation and compliance with legislation | 31/12/16 | Directorate: CSS Responsible Person: M Matroos | 100% | Resolved. |
| Irregular | C11 - Expenditure - Minimum number of quotations not attached to payment vouchers | <p>Contrary to the aforementioned legislation. During the testing of expenditure, it was noted that management deviated from normal procurement processes by not obtaining the required number of quotations and not documenting reasonable explanations as to why the appropriate number of quotations were not obtained. As a minimum at least 3 written quotations should be obtained to ensure that a competitive and cost effective process is followed by the municipality. In the table below are expenses which were paid where the normal SCM processes were not</p> | Management should ensure that suppliers appointed should follow a procurement process that is fair, equitable, transparent, competitive and cost-effective. | All direct payment requests are send to SCM to ensure that processes are been followed | 31/12/16 | Directorate: Finance – SCM Responsible Person: M Moeketsi | 100% | Resolved |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|---|---|--|--|-----------------|--|-----------------------------|---|
| | | followed | | | | | | |
| Irregular | C12 - Contract Management: Deficiencies identified within a contract (DALITRAX PTY LTD) | Contrary to the aforementioned legislation, in respect with the contract agreement between DALITRAX (Pty)Ltd and Fezile Dabi District Municipality, it was identified that there was an extension to the contract period whereby the expiry date was extended with 7 months however, no proof could be obtained that stipulated the reason for the proposed amendment and that it was tabled to council at any of its council meetings. | Management should implement the necessary controls to identify and prevent irregular expenditure and non-compliance to laws and regulations. | Sound and credible contract management practices. | | Directorate: Finance – SCM Responsible Person: M Moeketsi | 100% | Resolved |
| Irregular | C15 - Consequence management: Disciplinary board not established | Contrary to the aforementioned legislation, it was noted that the municipality did not establish a disciplinary board to: (a) investigate allegations of financial misconduct; and (b) monitor the institution of disciplinary proceedings against an alleged transgressor | We recommend that the council should establish a disciplinary board to investigate allegations of financial misconduct and monitor the institution of disciplinary proceedings against an alleged transgressor, so that the committee is established if and when events should occur | | | Directorate: CSS Responsible Person: K Khonkhe | 100% | Management is in the process to facilitate the establishment of the disciplinary board. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|---|---|--|--|-----------------|--|-----------------------------|---|
| Irregular | C13 - Jazz festival expenditure | See Detail in Management Letter | <p>Management should disclose the variation amount of R1 629 436.80 as irregular expenditure in the financial statements.</p> <p>Management should update their Supply Chain Policy to be in alignment with MFMA Circular No. 62 of July 2013.</p> <p>Management should identify officials to effectively monitor contracts on a monthly basis</p> | | | Directorate: Finance – SCM Responsible Person: M Moeketsi | 100% | Resolved |
| Irregular | C15 - SCM Policy- Deficiencies identified within SCM Policy | Contrary to the aforementioned legislation it was identified that the Fezile Dabi District Municipality SCM policy is not updated with some of the MFMA Circular specifically Circular 62-SCM: Enhancing Compliance and Accountability specifically the following:- | Management should implement the necessary controls to identify and prevent non-compliance to laws and regulations | SCM Policy will be reviewed to include MFMA Circulars No.62 and 83 | 31/05/17 | Directorate: Finance – SCM Responsible Person: M Moeketsi | 100% | Resolved, the policy was reviewed to incorporate the MFMA circulars as advised the Auditor-General. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------------|---|--|--|---|-----------------|--|-----------------------------|--|
| Movable assets | C7 - Property, Plant and Equipment - Movable Assets: Completeness of Assets | The total number of air-conditioning units accounted for in the asset register is 112. According to the Curve Behind Service Level Agreement the total number of units are 114 as indicated below. As a result the completeness of the Asset Register cannot be ascertained due to the unexplained differences identified | Management should ensure that these differences are followed up and supported to ensure the asset register is complete | Once the construction of the FDDM buildings are completed a register for the air cons will be compiled and reviewed | 30/04/17 | Directorate: Finance Responsible Person: P Moloji | 100% | Finance is still busy with the process of asset verification, follow up will be performed as soon as the process is finalised. |
| Movable assets | C14 - Items classified as other assets not separately disclosed. | GRAP further states the following: GRAP 1.36, Presentation of Financial Statements - Materiality and aggregation, require that each material class of similar items shall be presented separately in the financial statements and items of a dissimilar nature or function shall be presented separately unless they are immaterial. GRAP 17.6, Property, Plant and Equipment, defines class of assets as follows:” means a grouping of assets of a similar nature or function in an entity’s operations, that is shown as a single item for the purpose of disclosure in the financial statements | Management should adequately assess items classified as "other assets", and ensure based on their similar nature and function that they are classified with similar items in the financial statements. | The entire population of other assets class on the asset register will be examined and be classified correctly | 30/04/17 | Directorate: Finance Responsible Person: P Moloji | 100% | Finance is still busy with the process of asset verification, follow up will be performed as soon as the process is finalised. |
| Operating expenditure | C5 -Travel and Subsistence - Deficiencies | Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) | Management should ensure that clear and | Review of Polices to done to be in compliance with | 30/04/17 | Directorate: CSS Responsible | 100% | Resolved |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|---|---|--|--|-----------------|---|-----------------------------|--------------------------------|
| | identified with regards to Travel and Subsistence | <p>stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.</p> <p>Section 65(2)(I) of the MFMA (Act No.56) stipulates that the accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that the municipality’s supply chain management policy referred to in section 111 is implemented in a way that is fair, equitable, transparent, competitive and cost-effective.</p> <p>Paragraphs 4.2 (4.2.2) of the Subsistence and Re-Imbursive Travel Costs Policy stipulates that for motor vehicle hire: where an employee has to undertake an official journey to a location away from their home office, a car can be rented at the FDDM expense in the following rental group, Municipal Manager and the employees appointed in terms of section 56 and 57 of the local Government Municipal Systems Act: Group C</p> | <p>appropriate limits are set in the municipality’s Subsistence and Re-imbursive Travel Policy with regards with accommodation and appropriate groupings for motor vehicle hire as to ensure that cost saving measures are implemented by the municipality with regard to the expenditure incurred for Travel.</p> | <p>applicable legislation and Treasury Circulars</p> | | <p>Person: K Khonkhe</p> | | |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-------------------------------------|--|---|--|--|-----------------|--|-----------------------------|--|
| Operating expenditure | C10 - Expenditure: Payments not made within 30 days of receipt of invoice | The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure. Contrary to the aforementioned legislation. During the testing of expenditure, the following invoice as stated in the table below was paid later than 30 days as required by section 65 (2)(e) | Management should ensure that all payments are made within 30 days of receipt of all invoices, thereby adhering to the requirements of section 65 (2) (e) of the MFMA. | Invoices are stamped upon the date of the receiving at SCM | 31/12/16 | Directorate: Finance – SCM Responsible Person: M Moeketsi | 100% | Not resolved, during the verification there were unstamped invoices attached to the payment voucher. |
| Predetermined objectives | C3 - Predetermined objectives: Indicators and targets not consistent between the SDBIP and Draft Annual Performance Report | The following key performance indicators and targets reported in the draft annual performance report were not consistent when compared with the planned indicators and targets | Management should ensure that indicators and targets as included in the IDP, SDBIP are consistently reported on in the annual performance report. The mentioned cases should be investigated and corrected in the annual performance report. | The Annual Performance Report to be reviewed prior its submission to the external stakeholders. | 31/08/17 | Directorate: Municipal Manager Responsible Person: T Motshoikha | 100% | Resolved |
| Procurement and Contract Management | C11 - Procurement: Deficiencies identified | Contrary to aforementioned legislation, it was identified that one of the potential bidder's was awarded the B-BBEE Status Level in accordance with Procurement above R1 | Management should ensure that the correct preference point system is utilised for all the potential | Preference points claim form in terms of the preferential procurement Regulations 2011 is verified and checked | 31/12/16 | Directorate: Finance – SCM Responsible Person: M Moeketsi | 100% | Resolved |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-------------------------------------|--|---|---|--|-----------------|---|-----------------------------|--------------------------------|
| | | million(90/10), instead of the B-BBEE Status Level in accordance with Procurement equal to or below R1 million(80/20) and was therefore awarded the incorrect B-BBEE Status Level. Details of the potential bidder were as follows:- | bidders in order to ensure that all the calculation of points is in order and correct. | before award can be made.BBBEEE Level of Contributor is also verified accordingly | | | | |
| Procurement and Contract Management | C15 - Procurement and Contract Management: Approval for deviations not attached to the payment voucher and reasons for deviations are not reasonable | Contrary to the aforementioned legislation, the following deficiencies were identified (a) During substantive testing of Procurement and Contract Management, it was identified that reasons/motivation for the following deviations was not provided for in the payment vouchers indicated below: It was also identified that with the deviations as disclosed in Note 39 of the AFS, some of the payment vouchers relating to the deviations did not include request for approval of deviation from normal SCM processes. Details of the deviations are as follows: | Management should ensure that all deviations includes valid and appropriate reasons before being approved by the delegated officials. Management should also ensure that all the payment vouchers includes the request for approval of deviations before approval from delegated officials. (c) Management should reconsider all the possible deviations before their approval. They should ensure that the deviation are approved on the basis of a true emergency case i.e.. a case which is | All deviations are reported to council and SCM is ensuring that the deviation form is attached and valid reasons are provided before being approved. | 30/06/17 | Directorate: Finance - SCM Responsible Person: M Moeketsi | 100% | Resolved. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|---|--|---|---|-----------------|---|-----------------------------|--------------------------------|
| | | | unavoidable which needs immediate attention and also on the basis of a sole supplier. | | | | | |
| Revenue | C11 - Revenue: Jazz Festival- Completeness of Jazz Festival revenue | The completeness and occurrence of the revenue generated and the tickets distributed could not be verified due to the following | <p>a) Controls should be implemented to ensure revenue and expenditure are correctly accounted for.</p> <p>b) Controls should be implemented to ensure proper management over all tickets and the decision around the number and nature of complementary tickets to be issued, should be documented and proof of the appropriate level of approval should be attached.</p> <p>c) Controls should be implemented to ensure the financial statements are accurate</p> | | | Directorate: Finance Responsible Person: M Moabelo | 100% | Resolved |
| Employee costs | C11 - Remuneration of councillors - Differences identified | A difference as indicated below was identified between the pay slips and the actual amount that had to be paid out to part-time councillors in accordance with the guidelines set out in the | Management should follow the correct guidelines as specified in the Government Gazette (Circular | Confirmation of Municipalities to be received before any adjustments is made to seconded councillors allowances | 31/01/17 | Directorate: Finance Responsible Person: J Reyneke | 100% | Resolved |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|---|-----------------------|--|---|-----------------|--|-----------------------------|--|
| | | Government Gazette | 45/2015) to perform the calculations and all calculations should be reviewed by a senior official | | | | | |
| Compliance | #C1 - Financial Statements Overview | See Management Letter | Controls should be implemented to ensure that all information contained within the AFS comply with the standards of Generally Recognised Accounting Practice (GRAP). Management should investigate these matters and should adjust the financial statements where appropriate. | A GRAP checklist will be used to review AFS to ensure it comply with all the requirements | 30/04/17 | Directorate: Finance Responsible Person: P Moloji | 100% | To be done during the review of the AFS. |
| Compliance | *#C11 - Financial Statements - Disclosure notes | See Management Letter | Controls should be implemented to ensure that all information contained within the AFS comply with the standards of Generally Recognised Accounting Practice (GRAP). Management should investigate these matters and should adjust the financial statements | A GRAP checklist will be used to review AFS to ensure it comply with all the requirements | 30/04/17 | Directorate: Finance Responsible Person: P Moloji | 100% | To be done during the review of the AFS. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|--|--|--|--|--|-----------------|---|-----------------------------|--|
| | | | where appropriate. | | | | | |
| Movable assets | #C3 - PPE - Movable Assets; Assets with duplicated bar codes | Contrary to the above, some assets were found with duplicated bar codes on the asset register: (a) Assets with the same bar code were identified but recorded under different descriptions and locations as indicated below | Management should ensure that: (a) Asset bar codes are not duplicated and the asset register is updated timeously to ensure that assets are recorded under the correct description with the correct asset number and unique bar code. | Assets with duplicate barcodes will be examined and one barcode will be replaced. | 30/04/17 | Directorate: Finance Responsible Person: P Moloji | 100% | Finance is still busy with the process of asset verification, follow up will be performed as soon as the process is finalised. |
| Not in Management Letter only in Top Section | C14 - PPE : Existence of additions not verified (ISS.44) | Existence of the following assets that were purchased during the year could not be confirmed | | Assets will be barcoded on the on the visible part | 30/04/17 | Directorate: Finance Responsible Person: P Moloji | 100% | Finance is still busy with the process of asset verification, follow up will be performed as soon as the process is finalised. |
| Not in Management Letter only in Top Section | *C14 - Depreciation differences identified. ü In progress (ISS.33) | The following depreciation differences were identified during the audit of PPE | Management should ensure that the asset register is accurate and that subsequent changes to the fair value of the assets are correctly accounted for to ensure that depreciation thereon is accurate. | Re-calculation on the depreciation on building will be performed. And the Asset register be updated with correct details | 30/04/17 | Directorate: Finance Responsible Person: P Moloji | 100% | Finance is still busy with the process of asset verification, follow up will be performed as soon as the process is finalised. |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|--|---|--|--|--|-----------------|--|-----------------------------|--------------------------------|
| Not in Management Letter only in Top Section | C11 - Prior year expenditure - Curve behind trading 309cc | Various matters of concerns were identified during the auditing of the contract relating to the curve behind trading 309 cc, for the servicing of the municipalities air cons. According to the contract signed at 31 May 2013 for a period of three years as per annexure A (Services) there are a total of 104 midwall split units to be serviced monthly at a cost of R600 per unit and a total of 10 Under-ceiling & cassette units to be serviced monthly at a cost of R500 per unit. The contract ended the prior year but was extended with the same conditions for the period 1 May 2015 to 30 November 2015 | The amounts to the service provider should be investigated to ensure there are no overpayments made in the prior years. Furthermore controls should be implemented to ensure the amounts charge is market related to ensure that it is not more cost effective to replace the asset than to service or repair the asset | | | Directorate: Finance – SCM Responsible Person: M Moeketsi | 100% | Resolved |
| Not in Management Letter only in Top Section | #C14 - Procurement and Contract management - Use of Consultants: Internal Control | Contrary to the above, during the substantive testing of Use of Consultants there were suppliers identified as Consultants of the Municipality however the Service Level Agreement between the Municipality and the respective consultant could not be obtained/provided for audit purpose, which in turn limited the auditor's scope of work. | (a) Management should implement the necessary controls to identify and prevent irregular expenditure and non-compliance to laws and regulations. (b) Management should ensure that suppliers appointed should follow a procurement process that is fair, equitable, | | | Directorate: Finance – SCM / CSS Responsible Person: M Moeketsi | 100% | Resolved |

| Functional Area | Audit finding | Detail On Finding | AG Recommendation | Remedial Actions [Separate row should be used for each action] | Completion date | Responsible Unit / department as well as Officials: | Level of implementation (%) | Verification by Internal Audit |
|-----------------|---------------|-------------------|--|--|-----------------|---|-----------------------------|--------------------------------|
| | | | transparent, competitive and cost-effective. | | | | | |

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

Report on the audit of the financial statements

Adverse opinion

1. I have audited the financial statements of the Fezile Dabi District Municipality set out on pages XX to XX, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of the Fezile Dabi District Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for adverse opinion

Property, plant and equipment

3. The municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. Additions to property, plant and equipment were incorrectly recognised as expenditure in previous years. Consequently, property, plant and equipment and revenue from donations were understated and total expenditure was overstated with a net amount of R123 185 505 in the annual financial statements. Additionally, there was a resultant impact on the surplus for the period and on the accumulated surplus in the annual financial statements.

Payables

4. The municipality did not recognise all outstanding amounts meeting the definition of a liability in accordance with GRAP 1, *Presentation of financial statements*. The municipality did not have adequate systems to maintain records of unspent conditional grants and goods and services received but not yet paid at year-end. This resulted in payables being understated and unspent conditional grants and receipts and expenditure overstated by R3 641 600.

Context for the opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.

6. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Emphasis of matter

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

Restatement of corresponding figures

9. As disclosed in note 26 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2017.

Irregular expenditure

10. As disclosed in note 31 to the financial statements, irregular expenditure of R1 988 080 (2016: R26 341) was incurred due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure was still in the process of being determined.

Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary information

13. The appropriation statement set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this statement and, accordingly, I do not express an opinion on it.

Koppies Greenhouse (Hydroponic) Vegetable Production Enterprise

14. During June 2010, the municipality and a water board entered into an agreement with a supplier to erect a one-stop shop enterprise which comprises of the greenhouse structures, pack house with coolers for processing, a guard house and a mini-market with a kiosk for meat, eggs, snacks and commodities sourced from other markets. The first phase was the development of the feasibility study and second phase was to compile architectural design plans, 3D presentation and bill of quantities. This was completed by June 2014 and the municipality is

currently in the implementation phase. According to the business plan, the project costs for the third phase will amount to R79 442 543. Some assets were erected at the property, but they were not recognised by the municipality. Currently, the project is also not progressing due to a lack of funds, and only R5 677 800 was paid up to date by the municipality since the 2013-14 financial year.

Fezile Dabi stadium

15. The Fezile stadium project was completed on 10 June 2013 for R121 401 000. Since that date the assets were not recognised at the municipality as property, plant and equipment. During the financial year under review, it was confirmed that the stadium was built on privately owned land in Ngwathe. This matter should be investigated by the municipality and may require legal processes to re-establish ownership of the land.

Responsibilities of the accounting officer for the financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and 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.
17. In preparing the financial statements, the accounting officer is responsible for assessing the Fezile Dabi District Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

20. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas (KPA's) presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

21. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the selected KPA presented in the annual performance report of the municipality for the year ended 30 June 2016:

| Key development area | Pages in the annual performance report |
|---|--|
| KPA 2 – basic service delivery and infrastructure development | x – x |

23. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. The material finding in respect of the usefulness and reliability of the selected KPA is as follows:

One hundred per cent implementation of roads related projects executed by 30 June 2017

25. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the target – 100% implementation of roads related projects executed by 30 June 2017. This was due to a lack of supporting evidence. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 100% implementation.

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. Refer to the annual performance report on page x to x for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets. This information should be considered in the context of the material finding on the usefulness and reliability of the reported performance information in paragraph 23 of this report.

Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the KPA – basic service delivery and infrastructure development. As management did not correct all misstatements, I raised a material finding on the usefulness and reliability of the reported performance information.

Report on audit of compliance with legislation

Introduction and scope

29. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
30. The material findings on compliance with specific matters in key legislations are as follows:

Strategic planning and performance management

31. The integrated development plan (IDP) did not include the key performance indicators and targets for basic services, as required by section 26(i) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) and municipal planning and performance management regulation 2(1)(e).

Annual financial statements

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

Procurement and contract management

33. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of the SCM regulation 17(a) and (c).

Human resource management

34. Appointments were made in posts which were not provided for in the approved staff establishment, as required by section 66(3) of the Municipal Systems Act.

Consequence management

35. Irregular expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA and municipal budget and reporting regulation (MBRR) 75(1).
36. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA and regulation 75(1) of the MBRRs.
37. Some of the losses resulting from fruitless and wasteful expenditure were not recovered from the liable person, as required by section 32(2)(b) of the MFMA and regulation 75(2) of the MBRRs.
38. Some of the fruitless and wasteful expenditure was certified by the council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA and regulation 75(2) of the MBRRs.

Other information

39. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected KPAs presented in the annual performance report that have been specifically reported in the auditor's report.
40. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
41. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPAs presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
42. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

Internal control deficiencies

43. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for adverse opinion, the findings on the performance report and the findings on compliance with legislation included in this report.

44. The leadership did not always take an action that is adequate and on time to address weaknesses in the reporting on financial and performance management and predetermined objectives due to a lack of monitoring and supervision, which resulted in material adjustments and audit report matters.
45. The leadership did not interpret the requirements of the SCM Regulations correctly in the SCM section, which resulted in non-compliance with applicable legislation and irregular expenditure.
46. Consequence management was not effectively applied as the council did not investigate instances of irregular and fruitless and wasteful expenditure to determine whether any person was to be held liable for the expenditure. This was because the council did not appoint a committee to investigate the expenditure before it was written off.
47. Senior management did not ensure that supporting documentation for all indicators and targets was kept and that the reported information was consistent, accurate and complete. As a result, an issue was reported in the audit report that could have been prevented.
48. The late appointment of the consultants, inadequate monitoring of the financial statement compilation process, as well as a lack of skills and review by municipal officials resulted in material adjustments to the financial statements that could have been prevented.
49. Management did not regularly review and monitor compliance with legislation and the municipality's policies and procedures. As a result, significant non-compliance issues were noted that could have been prevented.
50. The internal audit unit did not adequately review and verify the information reported in the annual financial statements and performance report submitted for auditing. This resulted in various matters to be adjusted and corrected during the audit process that could have been prevented.

Auditor-General

Bloemfontein

30 November 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Fezile Dabi District Municipality Trust set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fezile Dabi District Municipality Trust as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for opinion

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

Emphasis of matters

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

De-establishment

7. Council has resolved to de-establish the Fezile Dabi District Municipality Trust as disclosed in note 2 to the annual financial statements. The decision has been made during the 2009-10 financial year. The council is currently in the process of dissolving the trust and therefore no activities took place during the 2016-17 financial year.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA

and 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.

9. In preparing the financial statements, the accounting officer is responsible for assessing the Fezile Dabi District Municipality's Trust ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

12. I did not audit performance against predetermined objectives, as the entity is not required to prepare a report on its performance against predetermined objectives. There are no matters to report, as the entity was dormant for the year under review and is currently in the process of dissolving.

Report on audit of compliance with legislation

Introduction and scope

13. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. 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.

Other information

14. The accounting officer of the Fezile Dabi District Municipality Trust is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon that have been specifically reported on in the auditor's report.
15. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

16. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
17. I have not yet received the annual report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate..

Internal control deficiencies

18. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor - General

Bloemfontein

30 November 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected key performance areas and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ABC Local Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

APPENDICES

Appendix A: Councillors; Committee Allocation and Council Attendance

A1: List of Directly Elected Councillors

| Surname & Initials | Political Office Bearer (Yes / No) |
|---|------------------------------------|
| ANC Councillor(s) | |
| Councillor Oliphant O (Executive Mayor) | Yes |
| Councillor Modikoe P | No |
| Councillor Nketu G | No |
| Councillor Mosia M | No |
| Councillor Majoe A | No |
| Councillor Khiba S | No |
| Councillor Moshodi M | No |
| Councillor Soetsang T | No |
| DA Councillor(s) | |
| Councillor Scholtz F | No |
| Councillor Setungoane S | No |
| Councillor Thulo K | No |
| EFF Councillor(s) | |
| Councillor Msimanga M | No |
| Councillor Khunyeli K | No |

A2: List of Councillors Seconded from Local Municipalities

| Surname & Initials | Political Party |
|---|-----------------|
| Seconded Councillors from Metsimaholo Local Municipality | |
| Councillor Mabasa T | ANC |
| Councillor Geysler J | DA |
| Councillor Gouws E | DA |
| Councillor Motaung A | EFF |
| Councillor Matena S (Speaker) | ANC |
| Seconded Councillors from Moqhaka Local Municipality | |
| Councillor Khunyeli M | EFF |
| Councillor Mokodutlo N | ANC |
| Councillor Mareka J | ANC |
| Councillor Pietersen M | ANC |
| Councillor Pittaway S | DA |
| Councillor Tladi S | ANC |
| Seconded Councillors from Ngwathe Local Municipality | |
| Councillor Serfontein C | DA |
| Councillor Mthobeni V | ANC |
| Magashule M | ANC |
| Councillor Motebele R | EFF |
| Councillor Sotshiva L | ANC |
| Seconded Councillors from Mafube Local Municipality | |
| Councillor Mofokeng M | ANC |
| Councillor Kubeka L | ANC |

A3: Number of Council Meetings Attended by Councillors

| Number of meetings for the period | Ordinary | Special | Total | Apologies |
|--|-------------------|---------|-------|-----------|
| | 4 | 5 | 9 | |
| Surname & Initials | Meetings Attended | | | |
| Fezile Dabi District Municipality | | | | |
| Councillor Oliphant O (Executive Mayor) | 4 | 5 | 9 | - |
| Councillor Modikoe P | 4 | 5 | 9 | - |
| Councillor Nketu G | 4 | 4 | 8 | 1 |
| Councillor Mosia M | 4 | 5 | 9 | - |
| Councillor Majoe A | 4 | 4 | 8 | 1 |
| Councillor Khiba S | 4 | 2 | 6 | 3 |
| Councillor Moshodi M | 3 | 3 | 6 | 3 |
| Councillor Soetsang T | 4 | 5 | 9 | - |
| Metsimaholo Local Municipality | | | | |
| Councillor Mabasa T | 3 | 5 | 8 | 1 |
| Councillor Geysler J | 4 | 5 | 9 | - |
| Councillor Gouws E | 4 | 5 | 9 | - |
| Councillor Motaung A | 4 | 4 | 8 | 1 |
| Councillor Matena S (Speaker) | 4 | 5 | 9 | - |
| Ngwathe Local Municipality | | | | |
| Councillor Serfontein C | 3 | 2 | 5 | 4 |
| Councillor Mthobeni V | 3 | 2 | 5 | 4 |
| Councillor Magashule M | 4 | 4 | 8 | 1 |
| Councillor Motebele R | 3 | 4 | 7 | 2 |
| Councillor Sotshiva L | 3 | 4 | 7 | 2 |
| Moqhaka Local Municipality | | | | |
| Councillor Khunyeli M | 3 | 3 | 6 | 3 |
| Councillor Mokodutlo N | 4 | 5 | 9 | - |
| Councillor Mareka J | 3 | 4 | 7 | 2 |
| Councillor Pietersen M | 4 | 5 | 9 | - |
| Councillor Pittaway S | 4 | 4 | 8 | 1 |
| Councillor Tladi S | 4 | 5 | 9 | - |
| Mafube Local Municipality | | | | |
| Councillor Mofokeng M | 3 | 5 | 8 | 1 |
| Councillor Kubeka L | 4 | 5 | 9 | - |

Appendix B: Committee of Council and Committee Purpose

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

B1: Committee of Council

| 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. |
| Local Economic Development (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. |

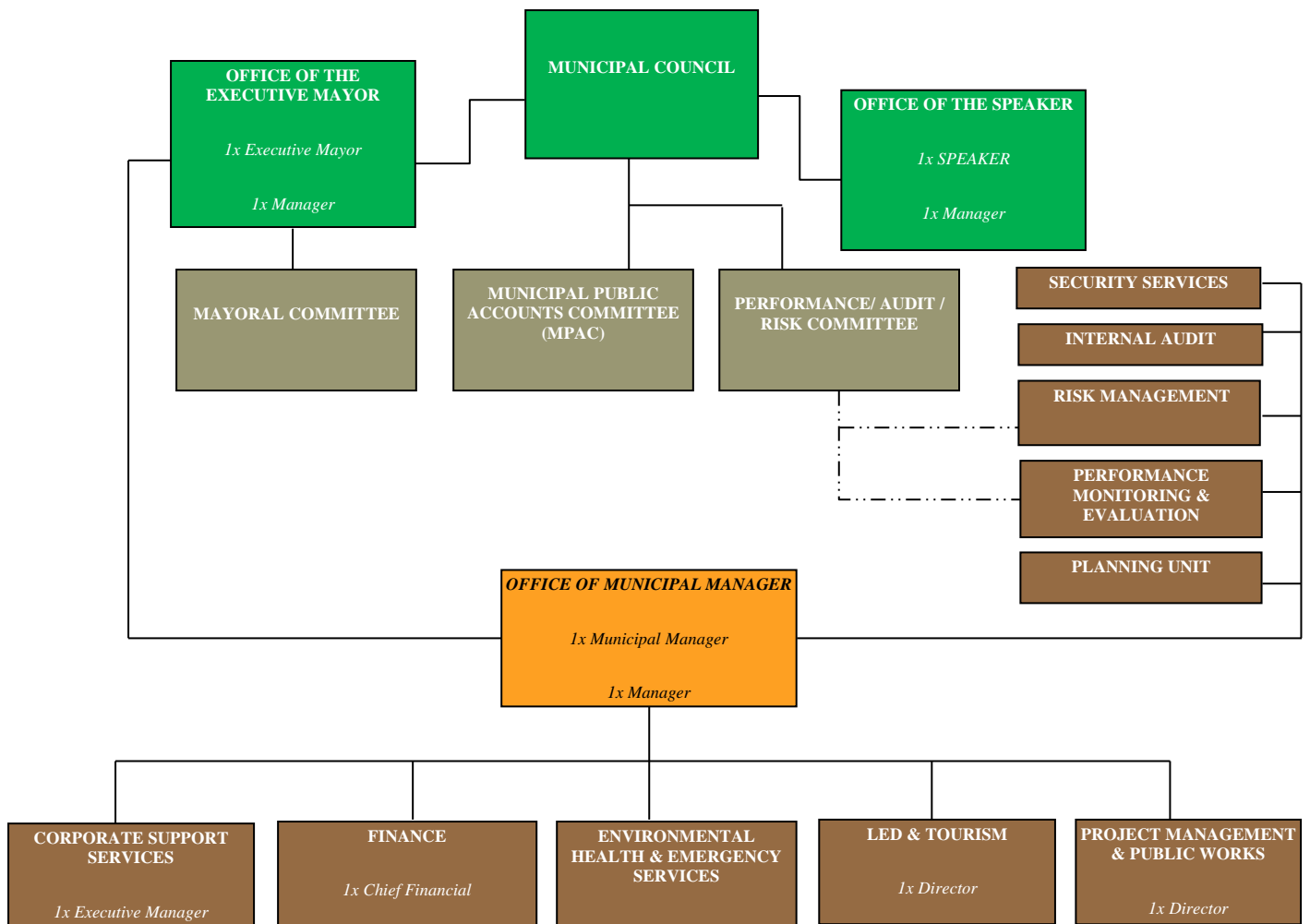
B2: Committee Allocation

| Finance Portfolio Committee | | | |
|--|-----------------|--|--|
| Initials & Surname | Political Party | No. of Meetings Held by the Committee for the period | No. of Meetings Attended by the Member |
| Councillor V E de Beer (Portfolio Head) | ANC | 6 | 6 |
| Councillor K G L Nketu | ANC | 6 | 4 |
| Councillor T L Soetsang | ANC | 6 | 6 |
| Councillor S B Tladi | ANC | 6 | 4 |
| Councillor S H Pittaway | DA | 6 | 5 |
| Councillor M J Msimanga | EFF | 6 | 4 |
| Corporate Support Services Portfolio Committee | | | |
| Councillor P Modikoe (Portfolio Head) | ANC | 7 | 6 |
| Councillor N Mokodutlo | ANC | 7 | 7 |
| Councillor M Magashule | ANC | 7 | 7 |
| Councillor G Nketu | ANC | 7 | 6 |

| | | | |
|--|-----|---|---|
| Councillor M Khunyeli | EFF | 7 | 6 |
| Councillor S Setungoane | DA | 7 | 4 |
| Project Management & Public Works Portfolio Committee | | | |
| Councillor S Khiba (Portfolio Head) | ANC | 7 | 6 |
| Councillor M Mosia | ANC | 7 | 4 |
| Councillor L Sotshiva | ANC | 7 | 7 |
| Councillor A Majoe | ANC | 7 | 4 |
| Councillor F Scholtz | DA | 7 | 6 |
| Councillor M Ramailane | EFF | 7 | 5 |
| Community Health & Environmental Services Portfolio Committee | | | |
| Councillor V de Beer (Acting: Portfolio Head) | ANC | 8 | 8 |
| Councillor M Mofokeng | ANC | 8 | 7 |
| Councillor A Majoe | ANC | 8 | 5 |
| Councillor M Msimanga | EFF | 8 | 7 |
| Councillor C Serfontein | DA | 8 | 5 |
| Councillor M Mosia | ANC | 8 | 8 |
| Led & Tourism Portfolio Committee | | | |
| Councillor J Mareka (Portfolio Head) | ANC | 5 | 5 |
| Councillor M Pietersen | ANC | 5 | 5 |
| Councillor T Mabasa | ANC | 5 | 4 |
| Councillor N Mokodutlo | ANC | 5 | 4 |
| Councillor J Geysers | DA | 5 | 5 |
| Councillor K Khunyeli | EFF | 5 | 5 |
| Social & Sports Development Portfolio Committee | | | |
| Councillor M Moshodi (Portfolio Head) | ANC | 4 | 2 |
| Councillor T Soetsang | ANC | 4 | 3 |
| Councillor M Magashule | ANC | 4 | 4 |
| Councillor M Mofokeng | ANC | 4 | 2 |
| Councillor K Thulo | DA | 4 | 4 |
| Councillor T Motaung | EFF | 4 | 4 |

Appendix C: Third tier Administrative Structure

Macro-Organisational Structure



Appendix D: Functions of Municipality

| Powers and Functions in terms of Schedule 4 (Part B) and Schedule 5 (Part B) of the Constitution | Definition |
|---|---|
| Cleansing | <p>The cleaning of public streets, roads, and other public spaces either manually or mechanically.</p> <p>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.</p> |
| Control of public nuisance | <p>The regulation, control and monitoring of any activity, condition or thing that may adversely affect a person or a community.</p> <p>Description: In terms of general function of municipal health services</p> |
| Facilities for the accommodation, care and burial of animals | <p>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.</p> <p>District: In terms of the By-laws, control of keeping of animals</p> |
| Licensing and control of undertakings that sell food to the public | <p>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.</p> |
| Municipal roads | <p>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.</p> |
| Noise pollution | <p>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.</p> |
| Street trading | <p>The control, regulation and monitoring of the selling of goods and services along a public pavement or road reserve.</p> |
| Municipal public works | <p>Any supporting infrastructure or service to empower a municipality to perform its function</p> |
| Municipal Health Services | <p><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.</p> |

| Powers and Functions in terms of Schedule 4 (Part B) and Schedule 5 (Part B) of the Constitution | Definition |
|--|--|
| Municipal public transport | <p>The regulation and control, and where applicable, the provision of:</p> <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) | <p>The establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution; bulk supply to local supply points, metering, tariffs setting and debt collection so as to ensure reliable supply of a quantity and quality of water to households, including in-formal households, to support life and personal hygiene and establishment, provision, operation, management, maintenance and regulation of a system, including infrastructure for the collection, removal disposal and/or purification of human excreta and domestic waste-water to ensure minimum standard of services necessary for safe hygienic households.</p> <p>District: water quality monitoring, including potable water</p> |
| Sanitation | <p>The establishment, provision, operation, management, maintenance and regulation of a system, including infrastructure for the collection, removal, disposal and/or purification of human excreta and domestic waste water to ensure minimum standard of service.</p> <p>District: monitoring and awareness (sampling on networks and connection to assess compliance with applicable standards)</p> |
| Cemeteries, funeral parlours and crematoria | <p>The establishment conducts and control of facilities for the purpose of disposing of human and animal remains.</p> <p>District:</p> <ul style="list-style-type: none"> <input type="checkbox"/> monitoring of funeral parlours and crematoria for compliance, <input type="checkbox"/> responsible for regional cemeteries |

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. Despite local municipalities being provided with a quarterly tool from Free State CoGTA through which to report the status and functionality of their ward committees, they (local municipalities) still do not send such reports to the District Municipality.

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 responsibilities. Every ward committee member receives a monthly stipend paid by the municipality since September 2012, and ward /public meetings do take place. Ward Committee secretaries were trained on *Meeting Procedures and Reporting* by Free State CoGTA. This training, held on the 21st June 2017 at the Harry Gwala Multipurpose Centre in Sasolburg, was organised by the Office of the Speaker, Fezile Dabi District Municipality.

– Mafube Local Municipality

Municipality has 9 wards and all ward committees were established and inducted on roles and responsibilities, as per the induction manual approved by the National Department of Cooperative Governance. The municipality also pays out monthly stipends. All the wards are fully functional and have programmes. Ward Committee secretaries were trained on *Meeting Procedures and Reporting* by Free State CoGTA. This training, held on the 21st June 2017 at the Harry Gwala Multipurpose Centre in Sasolburg, was organised by the Office of the Speaker, Fezile Dabi District Municipality.

– Ngwathe Local Municipality

Municipality has 20 wards and all ward committees are established and inducted on roles and responsibilities. Codes of conduct are signed by all members of the ward committees. Schedules of meetings are produced and submitted to the Office of the Speaker on a monthly basis. Ward Operational Plans are established and implemented. Ward Committee secretaries were trained on *Meeting Procedures and Reporting* by Free State CoGTA. This training, held on the 21st June 2017 at the Harry Gwala Multipurpose Centre in Sasolburg, was organised by the Office of the Speaker, Fezile Dabi District Municipality.

– **Moqhaka Local Municipality**

Municipality has 23 wards and all ward committees are established and inducted on roles and responsibilities. All wards are functional. Ward committees hold monthly meetings and send reports to the Office of the Speaker. Ward committee members receive their monthly stipend and Ward Committee secretaries were trained on *Meeting Procedures and Reporting* by Free State CoGTA. This training, held on the 21st June 2017 at the Harry Gwala Multipurpose Centre in Sasolburg, was organised by the Office of the Speaker, Fezile Dabi District Municipality.

Appendix F: Ward Information

Not applicable to Fezile Dabi District Municipality.

Appendix G: Recommendations of the Municipal Audit Committee**AUDIT COMMITTEE REPORT FOR TWO MEETINGS HELD DURING THE FINANCIAL YEAR 2016/17**

We are pleased to present our In-year Report for the financial year 2016/17.

Audit Committee Members and Attendance:

The Audit Committee consisted of the members listed hereunder. They have been appointed to serve from 26 May 2017, and so far the committee held two meetings.

Dates of the Meetings: 15 June 2017 and 30 June 2017

| Name of Member | Meetings Attended | Apologies |
|--------------------------------------|--------------------------|------------------|
| Mr M E Mohlahlo (Chairperson) | 2 | 0 |
| Ms N Modisaesi | 1 | 1 |
| Mr M N G Mahlatsi | 1 | 1 |
| Mr GT Banda | 2 | 0 |

All members of the Audit Committee are independent, with no interest in the management or conduct of the business of the Municipality.

Audit Committee Responsibility

The committee report that it has complied substantially with its responsibilities arising from section 166 (2) of the Municipal Finance Management Act (MFMA) in terms of its defined responsibilities as an advisory body to the municipality. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the Internal Audit Reports, risk assessment, and risk register, we noted instances of weaknesses in internal controls. However, the Audit Committee is pleased to report that there has been significant improvement in the general controls. Management has also put mechanisms and action plans in place to deal with identified weaknesses. Management has further undertaken to report to the Audit Committee on a regular basis on progress made in this regard.

Audit Committee has been tracking the progress made towards audit committee resolutions through the register of matters arising.

Internal Audit

The Audit Committee is satisfied that the Internal Audit functions adequately, and has fulfilled its duties according to the annual internal audit plan. The Internal Audit covered the following areas according to the Internal Audit Annual Plan:

- Follow-up of prior year Internal Audit Findings
- Verification of the Action plan on prior year's Auditor General Report
- Risk Management Review
- Supply Chain Management Review
- Contract Management Review
- Budget Management Review
- Compliance Management Review
- Environmental Health Management Review
- Fire Fighting Services
- Audit of Reported Performance Information

The Internal Audit Quarterly reports revealed few internal controls deficiencies that needs management urgent attention. There are contracts which are still being used on month to month basis, 9 of these contracted services have their contract being extended monthly basis for a period exceeding 12 months, and 1 contracted service from September 2016 to date. As Audit Committee, we are concern about the possible irregular expenditure as a result of the contracts that were extended without complying with the legislation. As a committee we also took note of the Council resolution extending the Banking services contract.

Audit Committee advice that these contracts be included in the irregular expenditure register, while S32 of MFMA is being followed. Management should urgently finalise the procurement process of these services as it has been explained that they are underway.

Risk Management

The Audit Committee took note of risk register, risk assessment report for 2nd and 3rd Quarter, Risk Management Implementation Plan for 2017/18 financial year, Risk Management policy and Risk Management Strategy. These documents have been reviewed by management and are to be approved by council. The committee was also made aware of the changes to risk exposures; risk treatment; and changes risk management through quarterly reports by management.

As a committee we are also aware of the existence of the Risk Champion Committee representing various units within the municipality, and the existence of this structure has enhanced the efficiency of the risk management.

Adequacy of financial reporting

During the Audit Committee meetings management provided the section 71 reports for the month of May 2017, which reflected adequate financial reporting as well as compliance with regard to the submission of the reports to other stakeholders.

Review of Financial Statements and Accounting Policies

The review of the Annual Financial Statements has not yet been performed, this process will be performed during August 2017 prior to the Annual Financial Statements being submitted to Auditor General for External Audit purposes. Municipality has to submit its Annual Financial Statements for 2016/17 to Auditor General by the 31 August 2017. The council has delegated the responsibility of the Reviewing of the Annual Financial Statements to Audit Committee, this in terms of MFMA 166 and Audit Committee Charter.

Performance Management

Council has also designated the Audit Committee as a Performance Audit Committee in terms of Municipal Planning and Performance Management Regulations 2001.

The committee takes note of the progress made regarding Performance Management System. It had an opportunity to review and discuss 1st; 2nd; and 3rd Quarter Audited performance information report for 2016/17 financial year, during the meeting held on 15th of June 2017.

The quarterly performance reports were submitted to Internal Audit for verification before it can be tabled to Audit Committee. For further details, please refer to the attached organisational scorecard that includes three quarters.

External Audit

As a committee we were furnished with the Audit Action Plan during the meeting held on the 30th of June 2017, we took note of the progress made. The issues listed relate to management letter of Auditor General, the committee resolved that they should also being attended to in order to retain the current Audit Opinion.

.....

Date: 30/06/2017

Mr. ME Mohlahlo

Chairperson of the Audit Committee

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 |
| Steiner Hygiene | Hygiene services | Y | | 01 Dec 206 | 30 Nov 2019 | In Progress |
| Swift Micro Laboratories | Sampling of Water | Y | | 01 Aug 2015 | 31 July 2018 | In Progress |
| Vaal Triangle Fire Services | Maintenance of Building fire equipment | Y | | 27 July 2015 | 26 July 2018 | 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 2018 | In Progress |
| Sasolburg alarms | Monitor & armed response | Y | | 22 May 2017 | 21 May 2019 | In Progress |

Appendix I: Municipal Entity/Service Provider Performance Schedule

| No. | Contract Name | Effective Date | Duration | Parties - FDDM & | Current Status |
|----------------|---|-------------------|----------------|----------------------------|----------------|
| 2016/17 | | | | | |
| 1 | Implementation of Enterprise Risk Management System – Licence agreement | 01 August 2016 | 36 months | IDI Technology Solution | In progress. |
| 2 | Fresh Flower Arrangements | 01 September 2016 | 28 August 2017 | Crazy Daizy | In progress. |
| 3 | Compilation, design, layout and printing of FDDM’s news | 01 May 2016 | 10 months | Dumelang Media | Completed |
| 4 | Event management – Fezile Dabi HIV/AIDs Benefit concert | 05 November 2015 | 15 months | Soul Commission | Completed. |
| 5 | RRAMS | 08/2014 | 36 months | Flagg Civil Engineers | Completed |
| 6 | Building additions and alterations at the main building and EvH Building, Sasolburg | 21/04/2015 | 24 months | Tiro Trading Enterprise cc | Completed |

| No. | Contract Name | Effective Date | Duration | Parties - FDDM & | Current Status |
|----------------|--|-------------------|----------------|--|----------------|
| 2016/17 | | | | | |
| 7 | Architectural Services - Building alteration of FDDM Main building and EvH Building, Sasolburg | 21-May-13 | 48 months | Simon & Lee | Completed |
| 8 | FDDM's Annual report for 2013/14, 2014/15 & 2015/16 | 26-Aug-14 | 36 months | C-Sonke Investments | Completed |
| 9 | Lift maintenance – TnH Building | 01 July 2014 | 05 years | Otis (Pty) Ltd | In progress |
| 10 | Lift maintenance – Main Building | 01 January 2015 | 05 years | Schindler Lifts | In progress |
| 11 | Maintenance of building fire equipment | 27 July 2015 | 36 months | Vaal triangle Fire Services | In progress |
| 12 | Review of Metsimaholo SDF Framework | 01 April 2014 | 36 months | LMV | Completed |
| 13 | Rental of Photocopy Machines | 01 March 2016 | Month to month | Vaal Document Management (Pty) Ltd t/a Nashua Vaal | In progress. |
| 14 | Purified Water Services | 01 February 2016 | Month to month | Abaphangeli Logistics | In progress. |
| 15 | Hygiene Services | 01 December 2016 | 36 months | Bidvest Steiner | In progress |
| 16 | Cleaning of office – EH & ES Office, Kroonstad | 21 January 2016 | Month to month | Bidvest Prestige | In progress |
| 17 | Sampling of water, milk, etc | 01 August 2015 | 36 months | Swift Micro Laboratories | In progress |
| 18 | Beautification of entrance into Mafube and Frankfort | 21May 2017 | 03 months | Silverhorns | In progress |
| 19 | Maintenance and repair of bicycles | 01 February 2015 | 24 months | Sive Trading projects | Completed |
| 20 | Development for Koppies Commercial Greenhouse Vegetable Production Enterprise | 27 October 2015 | 22 months | Maki Mokhaneli Trading and Projects | Completed |
| 21 | Bank Services | 01 July 2013 | 55 months | ABSA | In progress |
| 22 | Short Term insurance | 01 July 2015 | 36 months | Marsh | In progress |
| 23 | Vehicle tracker system | 28 June 2005 | Open ended | Netstar | In progress |
| 24 | Financial management systems | 01 September 2005 | Open ended | Business connection (Pty) Ltd | In progress |

| No. | Contract Name | Effective Date | Duration | Parties - FDDM & | Current Status |
|---------|--|-----------------|------------|---------------------------|----------------|
| 2016/17 | | | | | |
| 25 | Media Storage | 01 July 2005 | Open ended | Backup storage facilities | In progress |
| 26 | Internet Services | 01 June 2005 | Open ended | Internet solutions | In progress |
| 27 | Install & maintain the IT Security Software Solution | 01 July 2014 | 36 months | Nq-cukubela | Completed |
| 28 | Internet & email services at satellite offices | 01 May 2007 | Open ended | Atlantic @ lantic | In progress |
| 29 | Assets verification | 01 May 2014 | 27 months | Tata-I-Chain | Completed |
| 30 | Prepare annual financial statements for FDDM | 19 May 2014 | 30 months | Altimax (Pty) Ltd | Completed |
| 31 | Monitoring and Armed Response | 22 May 2017 | 24 months | Sasolburg Alarms | In progress |
| 32 | Printing of 1000 new weekender collection brochures | 01 October 2015 | 10 months | Dalitrax | Completed |

Appendix J: Disclosure of Financial Interest

J 1: Disclosure of Financial Interests by Councillors

| Municipality | Representative | Party | Declaration of Interest Made (Yes/No) |
|--|--|-------|---------------------------------------|
| Fezile Dabi District Municipality | Councillor O Oliphant (Executive Mayor) | ANC | No |
| Mafube | Councillor L. Kubeka (Chairperson of MPAC) | ANC | Yes |
| | Councillor M. Mofokeng | ANC | Yes |
| Metsimaholo | Councillor T. Mabasa | ANC | No |
| | Councillor S. Matena (Speaker) | ANC | Yes |
| | Councillor J.J Geyser | DA | Yes |
| | Councillor E. Gouws | DA | Yes |
| | Councillor A. Motaung | EFF | No |
| | Councillor M.L Pietersen | ANC | No |
| Moqhaka | Councillor J. Mareka | ANC | No |
| | Councillor S.B Tladi | ANC | Yes |
| | Councillor N.P Mokodutlo | ANC | Yes |
| | Councillor S. Pittaway | DA | Yes |
| | Councillor M.J Khunyeli | EFF | No |
| | Councillor M. Magashule | ANC | Yes |
| NGWATHE | Councillor S. Leponesa | ANC | Yes |
| | Councillor V. De Beers | ANC | Yes |
| | Councillor C. Serfontein | DA | Yes |
| | Councillor R. Motebele | EFF | No |
| | Councillor M. Oliphant | ANC | No |
| Fezile Dabi District Municipality | Councillor T. Soetsang | ANC | Yes |
| | Councillor M.P Moshodi | ANC | No |
| | Councillor K.G.L Nketu | ANC | No |
| | Councillor S. Khiba | ANC | Yes |
| | Councillor M. Mosia | ANC | Yes |
| | Councillor P. Modikoe | ANC | Yes |
| | Councillor R. Majoe | ANC | No |
| | Councillor S. Setungoane | DA | No |
| | Councillor F. Scholtz | DA | Yes |
| | Councillor K. Thulo | DA | Yes |
| | Councillor K.I Khunyeli | EFF | No |
| | Councillor M.J Msimanga | EFF | 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 Moloi | Director: Local Economic Development & Tourism | Yes |
| Vacant | Director: Project Management & Public Works | Not applicable |

Appendix K: Revenue Collection Performance

Not applicable to Fezile Dabi District Municipality.

Appendix L: Conditional Grants Received: Excluding MIG

| Name of Grants | Name Organ of State | Quarterly Receipts | | | | Total |
|---|-----------------------------------|--------------------|-------------------|-------------------|------|--------------------|
| | | September | December | March | June | |
| Financial Management Grant | National Treasury | 1 250 000 | - | - | - | 1 250 000 |
| Municipal Systems Improvement Grant | National Treasury | - | - | - | - | - |
| Rural Roads Asset Management System | Department of Roads and Transport | 1 190 000 | 1 000 000 | - | - | 2 190 000 |
| Equitable Share | National Treasury | 4 058 000 | 2 517 000 | 3 165 000 | - | 9 740 000 |
| Regional Service Council Levy Replacement Grant | National Treasury | 55 182 000 | 34 525 000 | 42 731 000 | - | 132 438 000 |
| Total | | 60 969 000 | 46 712 000 | 35 034 000 | - | 145 618 000 |

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

Not applicable for the financial year ending 30 June 2017

Appendix N: Capital Programme by Project current year

Not applicable for the financial year ending 30 June 2017

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 2017

General Information

| | |
|--|--|
| Legal form of entity | Municipality |
| Nature of business and principal activities | District municipality |
| Mayoral committee | |
| Executive Mayor | Ms Oliphant AM |
| Councillors | Ms De Beer V Mrs Khiba SV Mrs Khunyeli KI Ms Majoe AR Mr Mareka J Mr Matena SZ (Speaker) Ms Modikoe MM Mr Moshodi M Mr Mosia MA Mr Msimanga MJ Mr Nketu KGL Mr Scholtz F Mr Setungoane S Ms Soetsang TL Mr Thulo K |

Currently seconded Councillors

| |
|----------------------------------|
| Mr Geyser JJ |
| Ms Gouws EJ |
| Mr Khunyeli MJ |
| Mr Kubeka LS (MPAC Chair Person) |
| Mr Mabasa KT |
| Mr Magashule IM |
| Ms Mofokeng MM |
| Ms Mokodutlo NP |
| Mr Motaung TA |
| Mr Motebele R |
| Ms Pietersen ML |
| Mr Pittaway SH |
| Ms Serfontain C |
| Mr Sotshiva LP |
| Mr Tladi S |
| Ms Mokoena NP |

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

General Information

Outgoing directly elected Councillors

Mr De hart D
Mr George DLS
Ms Guza GN
Mr Mahlakazela SJMT
Ms Mokoena NP
Mr Spruit MC
Mr Taje MS
Mr van der Westhuizen PD

Outgoing seconded Councillors

Mr Dalton CM
Ms Hlapane ML
Mr Khumalo KJ
Mrs Kolozi MA
Ms Kubheka NJ
Mr Magadlela ZS
Ms Makhoba KJ
Mr Makoele WL
Mr Mbono MD
Mr Notsi ME
Mr Ntoane MG
Mr Poho MS
Ms Viljoen AH

Grading of local authority

Grade 1

Capacity of local municipality

Low capacity

Municipal demarcation code

DC20

Accounting Officer

ML Molibeli

Chief Finance Officer (CFO)

G Mashiyi

Registered office

John Vorster Road
Sasolburg
1947

Postal address

P.O Box 10
Sasolburg
1947

Bankers

ABSA Bank

Attorneys

Peyper Attorneys Inc
Ponoane Attorneys
Vusi Rajuili Commercial Law Company

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Index

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

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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 |
| LED | Local Economic Development |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MMC | Members of the Mayoral Committee |
| MPAC | Municipal Public Accounts Committee |
| PMU | Project Management Unit |
| SALGA | South African Local Government Association |

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

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 2018 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 68, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2017 and were signed on:

ML Molibeli
Municipal Manager

31 August 2017

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

| Figures in Rand | Note(s) | 2017 | 2016 Restated* |
|--|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 68 216 656 | 87 149 273 |
| Receivables from non-exchange transactions | 4 | 1 614 160 | 1 518 665 |
| VAT receivable | 5 | 7 736 604 | 5 187 197 |
| | | 77 567 420 | 93 855 135 |
| Non-Current Assets | | | |
| Property, plant and equipment | 6 | 31 516 445 | 31 902 405 |
| Intangible assets | 7 | 2 346 981 | 856 571 |
| | | 33 863 426 | 32 758 976 |
| Total Assets | | 111 430 846 | 126 614 111 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 8 | 14 755 326 | 22 644 194 |
| Unspent conditional grants and receipts | 9 | 4 599 068 | 9 707 950 |
| | | 19 354 394 | 32 352 144 |
| Non-Current Liabilities | | | |
| Provisions for long service awards | 10 | 11 802 000 | 11 128 000 |
| Employee benefit obligation | 11 | 10 057 000 | 9 029 000 |
| | | 21 859 000 | 20 157 000 |
| Total Liabilities | | 41 213 394 | 52 509 144 |
| Net Assets | | 70 217 452 | 74 104 967 |
| Reserves | | | |
| Revaluation reserve | 12 | 11 997 563 | 12 798 150 |
| Accumulated surplus | | 58 219 889 | 61 306 817 |
| Total Net Assets | | 70 217 452 | 74 104 967 |

* See Note 26

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

| Figures in Rand | Note(s) | 2017 | 2016 Restated* |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Interest received (investment) | 14 | 6 731 631 | 7 989 415 |
| Other income | 13 | 1 628 059 | 1 788 675 |
| Total revenue from exchange transactions | | 8 359 690 | 9 778 090 |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Government grants & subsidies | 15 | 145 706 632 | 145 367 031 |
| Public contributions and donations | 16 | 100 000 | - |
| Total revenue from non-exchange transactions | | 145 806 632 | 145 367 031 |
| Total revenue | | 154 166 322 | 155 145 121 |
| Expenditure | | | |
| Employee related costs | 17 | (90 656 986) | (88 361 309) |
| Remuneration of councillors | 18 | (6 547 121) | (6 894 723) |
| Depreciation and amortisation | 19 | (3 140 875) | (3 590 419) |
| Reversal of impairment | 20 | - | 100 000 |
| Finance costs | 21 | (1 996 000) | - |
| Repairs and maintenance | | (2 135 471) | (1 504 260) |
| Contracted services | 22 | (6 228 245) | (8 120 503) |
| General Expenses | 24 | (47 981 635) | (57 711 293) |
| Grants and subsidies paid | 23 | (61 662) | (10 343 901) |
| Total expenditure | | (158 747 995) | (176 426 408) |
| Operating deficit | | (4 581 673) | (21 281 287) |
| Loss on disposal of assets and liabilities | | (5 676) | (109 093) |
| Actuarial gains/losses | 11 | 699 835 | - |
| | | 694 159 | (109 093) |
| Deficit for the year | | (3 887 514) | (21 390 380) |

* See Note 26

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

| Figures in Rand | Revaluation reserve | Accumulated surplus | Total net assets |
|---|------------------------|------------------------|---------------------|
| Balance at 01 July 2015 | 13 598 737 | 81 896 610 | 95 495 347 |
| Changes in net assets | | | |
| Revaluation reserve realised | (800 587) | 800 587 | - |
| Net income (losses) recognised directly in net assets | (800 587) | 800 587 | - |
| Deficit for the year | - | (21 390 380) | (21 390 380) |
| Total recognised income and expenses for the year | (800 587) | (20 589 793) | (21 390 380) |
| Total changes | (800 587) | (20 589 793) | (21 390 380) |
| Restated* Balance at 01 July 2016 | 12 798 150 | 61 306 816 | 74 104 966 |
| Changes in net assets | | | |
| Deficit for the year | - | (3 887 514) | (3 887 514) |
| Revaluation reserve realised | (800 587) | 800 587 | - |
| Total changes | (800 587) | (3 086 927) | (3 887 514) |
| Balance at 30 June 2017 | 11 997 563 | 58 219 889 | 70 217 452 |
| Note(s) | 12 | | |

* See Note 26

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

| Figures in Rand | Note(s) | 2017 | 2016 Restated* |
|---|-----------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Grants | | 140 597 750 | 145 367 031 |
| Sale of goods and services | | (90 735) | - |
| Interest income | | 6 731 631 | 7 989 415 |
| Other receipts | | 1 723 299 | 1 788 675 |
| | | <u>148 961 945</u> | <u>155 145 121</u> |
| Payments | | | |
| Employee costs | | (90 719 879) | (95 256 033) |
| Suppliers | | (70 294 936) | (76 556 609) |
| Other payments | | (2 611 069) | - |
| | | <u>(163 625 884)</u> | <u>(171 812 642)</u> |
| Net cash flows from operating activities | 25 | <u>(14 663 939)</u> | <u>(16 667 521)</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 6 | (2 592 720) | (5 930 635) |
| Proceeds from sale of property, plant and equipment | 6 | - | 70 015 |
| Purchase of other intangible assets | 7 | (1 681 337) | (26 435) |
| Other intangible cash item | 7 | 24 598 | - |
| Other cash item | | (1 542) | - |
| | | <u>(4 251 001)</u> | <u>(5 887 055)</u> |
| Net cash flows from investing activities | | <u>(4 251 001)</u> | <u>(5 887 055)</u> |
| Net increase/(decrease) in cash and cash equivalents | | <u>(18 914 940)</u> | <u>(22 554 576)</u> |
| Cash and cash equivalents at the beginning of the year | | <u>87 149 273</u> | <u>109 743 252</u> |
| Cash and cash equivalents at the end of the year | 3 | <u>68 234 333</u> | <u>87 188 676</u> |

* See Note 26

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|----------------------|---------------------|----------------------|------------------------------------|--|-----------|
| Figures in Rand | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Other income | 300 000 | 871 792 | 1 171 792 | 1 628 059 | 456 267 | 38.1 |
| Interest received- investment | 3 700 000 | 687 000 | 4 387 000 | 6 731 631 | 2 344 631 | 38.2 |
| Total revenue from exchange transactions | 4 000 000 | 1 558 792 | 5 558 792 | 8 359 690 | 2 800 898 | |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Government grants & subsidies | 166 969 000 | (21 422 000) | 145 547 000 | 145 706 632 | 159 632 | |
| Public contributions and donations | - | - | - | 100 000 | 100 000 | |
| Total revenue from non-exchange transactions | 166 969 000 | (21 422 000) | 145 547 000 | 145 806 632 | 259 632 | |
| Total revenue | 170 969 000 | (19 863 208) | 151 105 792 | 154 166 322 | 3 060 530 | |
| Expenditure | | | | | | |
| Personnel | (89 022 862) | 25 000 | (88 997 862) | (90 656 986) | (1 659 124) | |
| Remuneration of councillors | (7 541 000) | 150 000 | (7 391 000) | (6 547 121) | 843 879 | 38.3 |
| Depreciation and amortisation | (5 500 000) | - | (5 500 000) | (3 140 875) | 2 359 125 | 38.4 |
| Finance costs | - | - | - | (1 996 000) | (1 996 000) | |
| Repairs and maintenance | (1 995 600) | (622 310) | (2 617 910) | (2 135 471) | 482 439 | 38.5 |
| Contracted services | (5 150 000) | 435 000 | (4 715 000) | (6 228 245) | (1 513 245) | 38.6 |
| Transfers and Subsidies | (23 541 000) | 21 360 338 | (2 180 662) | (61 662) | 2 119 000 | |
| General Expenses | (40 973 840) | (13 125 660) | (54 099 500) | (47 981 635) | 6 117 865 | 38.7 |
| Total expenditure | (173 724 302) | 8 222 368 | (165 501 934) | (158 747 995) | 6 753 939 | |
| Operating deficit | (2 755 302) | (11 640 840) | (14 396 142) | (4 581 673) | 9 814 469 | |
| Loss on disposal of assets and liabilities | - | - | - | (5 676) | (5 676) | |
| Actuarial gains/losses | - | - | - | 699 835 | 699 835 | |
| | - | - | - | 694 159 | 694 159 | |
| Deficit before taxation | (2 755 302) | (11 640 840) | (14 396 142) | (3 887 514) | 10 508 628 | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | (2 755 302) | (11 640 840) | (14 396 142) | (3 887 514) | 10 508 628 | |

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Appropriation Statement

| Figures in Rand | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of 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 final budget |
|--|----------------------|---|--------------------------|--|---|----------------------|----------------------|--------------------------|-------------------|-------------------------------------|-------------------------------------|
| 2017 | | | | | | | | | | | |
| Financial Performance | | | | | | | | | | | |
| Investment revenue | 3 700 000 | 687 000 | 4 387 000 | - | - | 4 387 000 | 6 731 631 | - | 2 344 631 | 153% | 182% |
| Transfers recognised- operational | 166 969 000 | (21 422 000) | 145 547 000 | - | - | 145 547 000 | 145 706 632 | - | 159 632 | 100% | 87% |
| Other own revenue | 300 000 | 871 792 | 1 171 792 | - | - | 1 171 792 | 2 327 894 | - | 1 156 102 | 199% | 776% |
| Total revenue (excluding capital transfers and contributions) | 170 969 000 | (19 863 208) | 151 105 792 | - | - | 151 105 792 | 154 766 157 | - | 3 660 365 | 102% | 91% |
| Employee costs | (89 022 862) | 25 000 | (88 997 862) | - | - | (88 997 862) | (90 656 986) | - | (1 659 124) | 102% | 102% |
| Remuneration of Councillors | (7 541 000) | 150 000 | (7 391 000) | - | - | (7 391 000) | 547 121) | - | 843 879 | 89% | 87% |
| Depreciation and asset impairment | (5 500 000) | - | (5 500 000) | - | - | (5 500 000) | (3 140 875) | - | 2 359 125 | 57% | 57% |
| Finance charges | - | - | - | - | - | - | (1 996 000) | - | (1 996 000) | DIV/0 | DIV/0 |
| Transfers and grants | (23 541 000) | 21 360 338 | (2 180 662) | - | - | (2 180 662) | (61 662) | - | 2 119 000 | 3% | - % |
| Other expenditure | (48 119 440) | (13 312 970) | (61 432 410) | - | - | (61 432 410) | (56 351 027) | - | 5 081 383 | 92% | 117% |
| Total expenditure | (173 724 302) | 8 222 368 | (165 501 934) | - | - | (165 501 934) | (158 753 671) | - | 6 748 263 | 96% | 91% |
| Surplus/(Deficit) | (2 755 302) | (11 640 840) | (14 396 142) | - | - | (14 396 142) | (3 987 514) | - | 10 408 628 | 28% | 145% |
| Contributions recognised – capital and contributed assets | 100 000 | - | 100 000 | - | - | 100 000 | 100 000 | - | - | 100% | 100% |
| Surplus (Deficit) after capital transfers and contributions | (2 655 302) | (11 640 840) | (14 296 142) | - | - | (14 296 142) | (3 887 514) | - | 10 408 628 | 27% | 146% |
| Surplus/(Deficit) for the year | (2 655 302) | (11 640 840) | (14 296 142) | - | - | (14 296 142) | (3 887 514) | - | 10 408 628 | 27% | 146% |

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Appropriation Statement

| Figures in Rand | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of 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 final budget |
|---|---------------------|---|--------------------------|--|---|---------------------|---------------------|--------------------------|---------------|-------------------------------------|-------------------------------------|
| Capital expenditure and funds sources | | | | | | | | | | | |
| Total capital expenditure | 3 330 000 | (372 000) | 2 958 000 | - | | 2 958 000 | 1 328 590 | | (1 629 410) | 45% | 40% |
| Sources of capital funds | | | | | | | | | | | |
| Transfers recognised - capital | 3 330 000 | (372 000) | 2 958 000 | - | | 2 958 000 | - | | (2 958 000) | - % | - % |
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | (16 254 586) | - | (16 254 586) | - | | (16 254 586) | (14 663 939) | | 1 590 647 | 90% | 90% |
| Net cash from (used) investing | (2 678 231) | - | (2 678 231) | - | | (2 678 231) | (4 251 001) | | (1 572 770) | 159% | 159% |
| Net increase/(decrease) in cash and cash equivalents | (18 932 817) | - | (18 932 817) | - | | (18 932 817) | (18 914 940) | | 17 877 | 100% | 100% |
| Cash and cash equivalents at the beginning of the year | 87 149 273 | - | 87 149 273 | - | | 87 149 273 | 87 149 273 | | - | 100% | 100% |
| Cash and cash equivalents at year end. | 68 216 456 | - | 68 216 456 | - | | 68 216 456 | 68 234 333 | | 17 877 | 100% | 100% |

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

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.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

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 discounted projected cash-flow 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 cash generating 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 goodwill and 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 rates.

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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 10 - 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 the 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 benefit or service potential is expected to be consumed by the municipality. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives.

Post-retirement benefits and other long-term benefits

The present value of the post retirement and long-term benefit obligations depend 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 and long-term benefit 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 post retirement and long-term obligations. In determining the appropriate discount rate, the municipality considers the market yields at the reporting date on government bonds. Where there is no 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 obligations are based on current market conditions. Additional information is disclosed in Note 11.

Effective interest rate

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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Allowance for impairment of financial assets

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 are 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, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.2 Property, plant and equipment (continued)

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.

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

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

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Buildings | Straight line | 6 - 30 years |
| Computer equipment | Straight line | 2 - 20 years |
| Furniture and fixtures | Straight line | 2 - 24 years |
| Land | Straight line | Indefinite |
| Motor vehicle | Straight line | 2 - 20 years |
| Office equipment | Straight line | 20 - 30 years |
| Other assets | Straight line | 1 - 30 years |
| Plant and machinery | Straight line | 2 - 10 years |

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

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

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

An intangible asset is recognised when:

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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Intangible assets (continued)

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. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

| Item | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight line | 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 assets is the difference between the net disposal proceeds and carrying amount and is included in surplus or deficit when the 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 entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|--|--|
| 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 |
|-------------------------------------|--|
| Payables from exchange transactions | Financial liability measured at amortised cost |
| Unspent conditional grant | Financial liability measured at amortised cost |
| Bank overdraft | Financial liability measured at fair value |

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Financial instruments (continued)

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 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.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

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.

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 entity-specific inputs. It incorporates all factors that market participants will 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 when the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

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

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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Financial instruments (continued)

Impairment and uncollectibility of financial assets

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

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

Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in the 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.

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 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 2017

Accounting Policies

1.4 Financial instruments (continued)

Financial liabilities

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

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

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

1.5 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.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Management use their discretion in acquiring and managing assets of the municipality. Where assets are used primarily with the intention of generating a commercial return and generating cash flows managed for cash-generating purposes the assets are treated as cash-generating assets.

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 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

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.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.5 Impairment of cash-generating assets (continued)

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.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.5 Impairment of cash-generating assets (continued)

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.

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.

1.6 Impairment of non-cash-generating assets

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

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:

Management use their discretion in acquiring and managing assets of the municipality. Where assets are used primarily with the intention of service delivery and generating cash flows managed for non-cash-generating purposes the assets are treated as -noncash-generating assets.

Identification

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

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

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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

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

Value in use

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of an impairment loss

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

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

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

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

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

1.7 Value-added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

Fezile Dabi District Municipality

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Accounting Policies

1.8 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 credited / debited against accumulated surplus when retrospective adjustments are made.

1.9 Leases

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

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

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

1.10 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include:

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

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity 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 entity 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 entity 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.

Fezile Dabi District Municipality

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Accounting Policies

1.10 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 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.

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

Post-employment benefits: Defined contribution plans

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

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

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

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

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

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

Fezile Dabi District Municipality

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Accounting Policies

1.10 Employee benefits (continued)

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;
- actuarial gains and losses;
- past service cost;

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.

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) reflect the time value of money.

The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.10 Employee benefits (continued)

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long-term employee benefits

The municipality has an obligation to provide other 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 to determine the present value of the obligations.

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;
- actuarial gains and losses, which shall all be recognised immediately;

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

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Accounting Policies

1.11 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating deficits.

If 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 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 entity.

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 a present obligation that arises from past events.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.12 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.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.12 Revenue from exchange transactions (continued)

Sale of goods

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

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

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest and dividends

Revenue arising from the use by others of municipal assets yielding interest 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.

1.13 Revenue from non-exchange transactions

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.

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 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.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

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.

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

Except for financial guarantee contracts, the municipality recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise 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.

1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Borrowing costs

Borrowing costs are interest and other expenses incurred by the 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 of 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.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.17 Comparative figures

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

1.18 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 should be disclosed in a note to the financial statements, if both the following criteria are met:

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

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.

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 municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Budget information

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

The approved budget covers the fiscal period from 2016/07/01 to 2017/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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.

Fezile Dabi District Municipality

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Accounting Policies

1.23 Related parties

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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

GRAP 16 (as revised 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 amendment is for years beginning on or after 01 April 2016.

The municipality has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

GRAP 17 (as revised 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 amendment is for years beginning on or after 01 April 2016.

The municipality has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2017 or later periods:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

It furthermore covers: definitions, preparation of separate financial statements, disclosure, transitional provisions and effective date.

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

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

The impact of this standard is currently being assessed.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers: definitions, control, accounting requirements, investment entities: fair value requirement, transitional provisions and effective date.

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

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

The impact of this standard is currently being assessed.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers: definitions, significant influence, equity method, application of the equity method, separate financial statements, transitional provisions and effective date.

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

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

The impact of this standard is currently being assessed.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers: definitions, joint arrangements, financial statements and parties to a joint arrangement, separate financial statements, transitional provisions and effective date.

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

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

The impact of this standard is currently being assessed.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers: definitions, disclosing information about interests in other entities, significant judgements and assumptions, investment entity status, interests in controlled entities, interests in joint arrangements and associates, interests in structured entities that are not consolidated, non-qualitative ownership interests, controlling interests acquired with the intention of disposal, transitional provisions and effective date.

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

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

The 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 110: Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources.

It furthermore covers: definitions, recognition, measurement, depreciation, impairment, compensation for impairment, transfers, derecognition, disclosure, transitional provisions and effective date.

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

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

The impact of this standard is currently being assessed.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)**GRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land**

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets (GRAP 103). As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

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

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

The impact of this interpretation is currently being assessed.

GRAP 12 (as amended 2016): Inventories

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

The most significant changes to the Standard are:

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

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

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)**GRAP 16 (as amended 2016): Investment Property**

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

The most significant changes to the Standard are:

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

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

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

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

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

The most significant changes to the Standard are:

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

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

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 27 (as amended 2016): Agriculture

Amendments to the Standard of GRAP on Agriculture resulted from changes made to IPSAS 27 on Agriculture (IPSAS 27) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27. In addition to the changes made by the IPSASB, a consequential amendment has been made to GRAP 103 on Heritage Assets. The IPSASB currently does not have a pronouncement on this topic.

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

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

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

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

The most significant changes to the Standard are:

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

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

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

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

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

The most significant changes to the Standard are:

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

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

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 31 (as amended 2016): Intangible Assets

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

The most significant changes to the Standard are:

- General improvements: to add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: to clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and to clarify acceptable methods of depreciating assets.

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

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

GRAP 103 (as amended 2016): Heritage Assets

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

The most significant changes to the Standard are:

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

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

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

GRAP 106 (as amended 2016): Transfers of functions between entities not under common control

Amendments to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control resulted from changes made to IFRS 3 on Business Combinations (IFRS 3) as a result of the IASB's amendments on Annual Improvements to IFRSs 2010 – 2012 Cycle issued in December 2013.

The most significant changes to the Standard are:

- IASB amendments: to require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

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

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 20: Related parties

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

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

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

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

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

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

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

The standard 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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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

- control;
- related party transactions; and
- remuneration of management

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

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

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

GRAP 109: Accounting by Principals and Agents

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

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

It furthermore covers: definitions, identifying whether an entity is a principal or agent, accounting by a principal or agent, presentation, disclosure, transitional provisions and effective date.

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

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

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

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The 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

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

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

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

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 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.

This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time.

The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

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

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

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

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 the budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a 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 a 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 disclosure than is currently provided in the annual financial statements.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

| Figures in Rand | 2017 | 2016 |
|---------------------------------------|-------------------|-------------------|
| 3. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Bank balances | 3 543 671 | 7 760 615 |
| Short-term deposits | 64 672 985 | 79 388 658 |
| | 68 216 656 | 87 149 273 |

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.

Credit quality of cash at bank and short term deposits, excluding cash on hand

Credit Rating

| | | |
|------------------|-------------------|-------------------|
| ABSA Bank | 18 456 735 | 26 800 368 |
| Nedbank | 10 593 919 | 19 418 585 |
| Standard Bank | 35 274 150 | 32 774 374 |
| Accrued interest | 348 181 | 395 330 |
| | 64 672 985 | 79 388 657 |

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|--|-------------------------|------------------|-------------------|--------------------|------------------|-------------------|
| | 30 June 2017 | 30 June 2016 | 30 June 2015 | 30 June 2017 | 30 June 2016 | 30 June 2015 |
| ABSA Bank - Cheque account - 520-000-0100 | 2 347 982 | 6 733 744 | 11 734 765 | 2 119 418 | 6 648 425 | 11 734 765 |
| ABSA Bank - Savings account - 90-7039-9717 | 1 229 144 | 127 890 | 427 285 | 1 229 144 | 127 890 | 427 285 |
| ABSA Bank - HIV/Aids project bank account - 92-0926-9959 | 247 436 | 984 300 | 340 302 | 247 436 | 984 300 | 340 302 |
| Total | 3 824 562 | 7 845 934 | 12 502 352 | 3 595 998 | 7 760 615 | 12 502 352 |

4. Receivables from non-exchange transactions

| | | |
|----------------------|------------------|------------------|
| Bursary recoupment | 116 066 | 98 814 |
| Fuel deposit | 1 000 | 1 000 |
| Other debtors | 432 262 | 110 013 |
| Payments in advance | 325 785 | 577 551 |
| Pick n Pay card | 2 251 | 2 251 |
| Recoverable expenses | 736 796 | 729 036 |
| | 1 614 160 | 1 518 665 |

Pledged as security

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

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 2017, R1 614 160 (2016: R 1 518 665) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

| | | |
|-------------------|-----------|-----------|
| 3 months past due | 1 614 160 | 1 518 665 |
|-------------------|-----------|-----------|

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

| Figures in Rand | 2017 | 2016 |
|--------------------------|-----------|-----------|
| 5. VAT receivable | | |
| VAT | 7 736 604 | 5 187 197 |

VAT is payable on the payment basis.

6. Property, plant and equipment

| | 2017 | | | 2016 | | |
|------------------------|-------------------|---|-------------------|-------------------|---|-------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost /Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Buildings | 22 429 174 | (4 240 609) | 18 188 565 | 21 358 319 | (3 136 814) | 18 221 505 |
| Computer equipment | 5 283 975 | (3 967 299) | 1 316 676 | 4 995 736 | (3 550 965) | 1 444 771 |
| Furniture and fixtures | 4 716 416 | (3 729 687) | 986 729 | 4 216 675 | (3 432 230) | 784 445 |
| Land | 2 590 000 | - | 2 590 000 | 2 590 000 | - | 2 590 000 |
| Motor vehicles | 13 516 273 | (6 339 979) | 7 176 294 | 12 717 288 | (5 369 374) | 7 347 914 |
| Office equipment | 2 710 961 | (2 231 583) | 479 378 | 2 470 542 | (1 909 385) | 561 157 |
| Other assets | 2 909 579 | (2 157 327) | 752 252 | 1 214 178 | (816 223) | 397 955 |
| Plant and equipment | 115 835 | (89 284) | 26 551 | 1 678 325 | (1 123 667) | 554 658 |
| Total | 54 272 213 | (22 755 768) | 31 516 445 | 51 241 063 | (19 338 658) | 31 902 405 |

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

| | Opening Balance | Additions | Asset write-offs | Other movements/Re-allocations and transfers | Depreciation | Impairment losses | Total |
|------------------------|-------------------|------------------|------------------|--|--------------------|-------------------|-------------------|
| Buildings | 18 221 505 | 1 166 982 | - | (151 294) | (1 048 628) | - | 18 188 565 |
| Computer equipment | 1 444 771 | 318 317 | - | (64 304) | (374 037) | (8 071) | 1 316 676 |
| Furniture and fittings | 784 445 | 336 830 | (3 713) | 128 752 | (256 250) | (3 335) | 986 729 |
| Land | 2 590 000 | - | - | - | - | - | 2 590 000 |
| Motor vehicles | 7 347 914 | 798 987 | - | - | (970 607) | - | 7 176 294 |
| Office equipment | 561 157 | 22 383 | (390) | 56 621 | (159 811) | (582) | 479 378 |
| Other assets | 397 955 | 34 530 | (31) | 551 914 | (232 116) | - | 752 252 |
| Plant and equipment | 554 658 | - | - | (520 778) | (7 154) | (175) | 26 551 |
| | 31 902 405 | 2 678 029 | (4 134) | 911 | (3 048 603) | (12 163) | 31 516 445 |

Reconciliation of property, plant and equipment - 2016

| | Opening Balance | Additions | Work in progress | Disposals | Transfers received | Depreciation | Total |
|------------------------|-------------------|------------------|------------------|------------------|--------------------|--------------------|-------------------|
| Buildings | 17 079 542 | 17 500 | 2 352 141 | - | (253 353) | 974 325 | 18 221 505 |
| Computer equipment | 993 350 | 653 111 | - | (15 483) | 253 500 | 439 707 | 1 444 771 |
| Furniture and fittings | 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) | 7 347 914 |
| 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 equipment | 685 138 | - | - | (28) | 40 794 | (171 246) | 554 658 |
| | 29 557 573 | 3 578 494 | 2 352 141 | (179 108) | - | (3 406 695) | 31 902 405 |

Pledged as security

None of the above assets have been pledged as security:

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand 2017 2016

6. 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 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)

| | | |
|------------------------------------|---|-----------|
| Renovations to municipal buildings | - | 2 352 141 |
|------------------------------------|---|-----------|

Reconciliation of Work-in-Progress 2016

| | Included within Buildings | Total |
|------------------------|------------------------------|-----------|
| Renovations to offices | 2 352 141 | 2 352 141 |

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

| | | |
|-------------------------|------------------|----------|
| Air-Conditioning | 247 508 | - |
| Buildings Other | 215 545 | - |
| Furniture and equipment | 250 299 | - |
| Lift | 6 1471 | - |
| Security system | 53 875 | - |
| Telephone system | 41 288 | - |
| Vehicles | 1 265 485 | - |
| | 2 135 471 | - |

Key assumptions used to determine the recoverable service amount of assets during the period

The municipality conducted asset count during 2017, and this process the assets' conditions were assessed, and it was determined that various assets were 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.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

| Figures in Rand | 2017 | | | 2016 | | |
|---|--------------------|---|-------------------|--------------------|---|-------------------|
| | Cost /Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost /Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| 7. Intangible assets | | | | | | |
| Caseware | 173 950 | (110 695) | 63 255 | 173 950 | (173 950) | - |
| Dispatch Early Warning and Auto revit softwares | 245 435 | (56 815) | 188 620 | 245 435 | (29 684) | 215 751 |
| Drivelocks systems | 728 625 | (212 516) | 516 109 | 728 625 | (139 653) | 588 972 |
| E-venus | 468 460 | (468 460) | - | 468 460 | (443 862) | 24 598 |
| Microsoft exchange 2010 | 219 875 | (214 306) | 5 569 | 219 875 | (197 732) | 22 143 |
| Payday system | 89 052 | (88 692) | 360 | 89 052 | (84 376) | 4 676 |
| Risk management system | 275 200 | (22 933) | 252 267 | - | - | - |
| Server software | 241 071 | (241 009) | 62 | 241 071 | (240 640) | 431 |
| Solar system | 1 328 590 | (22 143) | 1 306 447 | - | - | - |
| Telephone system | 30 492 | (16 200) | 14 292 | 27 000 | (27 000) | - |
| Total | 3 800 750 | (1 453 769) | 2 346 981 | 2 193 468 | (1 336 897) | 856 571 |

Reconciliation of intangible assets - 2017

| | Opening balance | Additions | Other movement | Asset write off | Amortisation | Total |
|---|--------------------|------------------|-------------------|--------------------|------------------|------------------|
| Solar system | - | 1 328 590 | - | - | (22 143) | 1 306 447 |
| Caseware | - | - | 79 069 | - | (15 814) | 63 255 |
| Dispatch Early Warning and Auto revit softwares | 215 751 | - | - | - | (27 131) | 188 620 |
| Drivelocks system | 588 972 | - | - | - | (72 863) | 516 109 |
| E-venus | 24 598 | - | - | -24 598 | - | - |
| Microsoft exchange 2010 | 22 143 | - | - | - | (16 574) | 5 569 |
| Risk management system | - | 275 200 | - | - | (22 933) | 252 267 |
| Payday system | 4 676 | - | - | - | (4 316) | 360 |
| Server software | 431 | - | - | - | (369) | 62 |
| Telephone system | - | - | 16 992 | - | (2 700) | 14 292 |
| | 856 571 | 1 603 790 | 96 061 | -24 598 | (184 843) | 2 346 981 |

Reconciliation of intangible assets - 2016

| | Opening balance | Additions | Amortisation | Total |
|---|--------------------|---------------|------------------|----------------|
| Caseware | 24 160 | - | (24 160) | - |
| Dispatch Early Warning and Auto revit softwares | 211 160 | 26 435 | (21 844) | 215 751 |
| Drivelocks system | 661 834 | - | (72 862) | 588 972 |
| E-Venus | 47 304 | - | (22 706) | 24 598 |
| Microsoft exchange 2010 | 38 716 | - | (16 573) | 22 143 |
| Payday system | 8 992 | - | (4 316) | 4 676 |
| Server software | 16 744 | - | (16 313) | 431 |
| Telephone | 4 950 | - | (4 950) | - |
| | 1 013 860 | 26 435 | (183 724) | 856 571 |

Pledged as security

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

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

7. Intangible assets (continued)

Other information

There were no Intangible assets that were assessed as having indefinite lives:

There are no intangible assets whose title is restricted.

There are no contractual commitments for the acquisition of intangible assets.

8. Payables from exchange transactions

| | | |
|-----------------------|-------------------|-------------------|
| Other payables | 645 046 | - |
| Retention creditors | 306 158 | 1 618 725 |
| Service bonus accrual | 3 490 834 | 3 304 697 |
| Staff leave accrual | 7 284 395 | 6 468 569 |
| Trade payables | 3 028 893 | 10 818 201 |
| WCA accrual | - | 434 002 |
| | 14 755 326 | 22 644 194 |

9. 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 | 85 794 | 85 794 |
| Department of Roads, Transport and Police - Internal Roads: Ngwathe Local | 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 |
| | 4 599 068 | 9 707 950 |

Movement during the year

| | | |
|--|------------------|------------------|
| Balance at the beginning of the year | 9 707 950 | 4 599 068 |
| Additions during the year | 144 706 632 | 146 367 031 |
| Income recognition during the year | (150 772 814) | (145 367 031) |
| Additions during the year - principal-agent capacity | - | 9 351 000 |
| Utilised during the year - principal-agent capacity | 957 300 | (5 242 118) |
| | 4 599 068 | 9 707 950 |

See note 15 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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10. Provisions for long service awards

Reconciliation of provisions for long service awards - 2017

| | Opening Balance | Additions | Total |
|---------------------|-----------------|-----------|-------------------|
| Long Service Awards | 11 128 000 | 674 000 | 11 802 000 |

Reconciliation of provisions for long service awards - 2016

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

Amounts recognised in the statement of financial performance are as follows:

| | | |
|--------------------------|------------------|--------------------|
| Current service cost | (1 634 000) | (1 437 000) |
| Interest cost | (1 076 000) | (882 000) |
| Actuarial gains/(losses) | 360 000 | (971 203) |
| Cash movements | | |
| Benefit payments | <u>1 676 000</u> | <u>1 237 203</u> |
| | (674 000) | (2 053 000) |

Amounts recognised in the statement of financial position are as follows:

| | | |
|---------------------|--------------------------|--------------------------|
| Long service awards | <u>11 802 000</u> | <u>11 128 000</u> |
|---------------------|--------------------------|--------------------------|

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 2017.

Key assumptions used:

Assumptions used at the reporting date:

| | | |
|---------------------|--------------|--------------|
| Discount rates used | Yield curve | Yield curve |
| Salary inflation | Equal to CPI | Equal to CPI |
| Net discount rate | Yield curve | Yield curve |

The basis on which the discount rate has been determined is as follow:

A 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 2017 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.

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11. 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) | 135 | 139 |
| Continuation members (e.g: retirees, widows, orphans) | 5 | 4 |
| | <u>140</u> | <u>143</u> |

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

- 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

| | | |
|------------------|---------------------|--------------------|
| Opening balance | (9 029 000) | (7 934 000) |
| Service costs | (700 000) | (556 000) |
| Interest costs | (920 000) | (743 000) |
| Actuarial gains | 346 000 | 26 000 |
| Benefits payment | 246 000 | 178 000 |
| | <u>(10 057 000)</u> | <u>(9 029 000)</u> |

Net expense recognised in the statement of financial performance

| | | |
|----------------------|--------------------|--------------------|
| Current service cost | (700 000) | (556 000) |
| Interest cost | (920 000) | (743 000) |
| Actuarial gains | 346 000 | 26 000 |
| Benefits payments | 246 000 | 178 000 |
| | <u>(1 028 000)</u> | <u>(1 095 000)</u> |

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

11. Retirement benefit obligation (continued)

Assumptions used at the reporting date:

| | | |
|-----------------------|-------------------|------------------|
| Discount rates used | Yield curve | Yield curve |
| Health cost inflation | Equal to CPI | Equal to CPI |
| Net discount rate | Yield curve based | Yield curve base |

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 2017 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 decrease |
|---------------------------------|-------------------------------|-------------------------|
| Effect on the accrued liability | 10 271 000 | 9 795 000 |
| Effect on interest cost | 1 051 000 | 1 002 000 |
| Effect on service cost | 712 000 | 679 000 |

Amounts for the current and previous four years are as follows:

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|----------------------------|------------|-----------|-----------|-----------|-----------|
| | R | R | R | R | R |
| Defined benefit obligation | 10 057 000 | 9 029 000 | 7 934 000 | 7 444 000 | 8 417 000 |

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 Funds' net assets that were available at 30 June 2008 was R1 929 769 000.

The actuarial valuation determined that the fund was in sound financial position. The estimated liability of the funds is R1 576 689 000 which is adequately financed.

No new information was available at reporting date.

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12. Revaluation reserve

| | | |
|------------------|-------------------|-------------------|
| Opening balance | 12 798 150 | 13 598 737 |
| Reserve realised | (800 587) | (800 587) |
| | 11 997 563 | 12 798 150 |

13. Other income

| | | |
|--|------------------|------------------|
| Insurance claim received | 13 500 | 16 676 |
| Jazz festival income | 688 124 | 980 958 |
| Recoveries - Councillors and officials | 627 256 | 481 903 |
| Sundry income | 273 539 | 272 428 |
| Tender documents | 25 640 | 36 710 |
| | 1 628 059 | 1 788 675 |

14. Investment revenue

| | | |
|---------------------|------------------|------------------|
| Interest received | | |
| Bank | 1 447 304 | 1 230 167 |
| Short term deposits | 5 284 327 | 6 759 248 |
| | 6 731 631 | 7 989 415 |

15. Government grants and subsidies

| | | |
|--|--------------------|--------------------|
| Equitable share | 142 178 000 | 140 135 000 |
| Financial management grant | 1 250 000 | 1 250 000 |
| Municipal systems improvement grant | - | 930 000 |
| Rural roads asset management system grant | 2 119 000 | 2 039 000 |
| Skills education training authorities intern program | - | 873 000 |
| Skills education training authorities skills levy | 159 632 | 140 031 |
| | 145 706 632 | 145 367 031 |

Equitable Share

Expanded public works program integrated grant

| | | |
|---|------------|------------------|
| Balance unspent at beginning of year | 1 000 000 | - |
| Current-year receipts | - | 1 000 000 |
| Conditions met - transferred to revenue | -1 000 000 | - |
| | - | 1 000 000 |

Conditions have been met - remain liabilities (see note 9).

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 |
| | - | - |

Conditions still to be met - remain liabilities (see note 9).

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

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15. Government grants and subsidies (continued)

Municipal systems improvement grant

| | | |
|---|---|-----------|
| Current-year receipts | - | 930 000 |
| Conditions met - transferred to revenue | - | (930 000) |
| | - | - |

Conditions have been met - remain liabilities (see note 9).

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 |
| Conditions met - transferred to revenue | - | (2 039 000) |
| | - | - |

Conditions have been met - remain liabilities (see note 9).

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 Strategic Framework for South Africa.

Skills education training authorities intern program

| | | |
|--------------------------------------|---|-----------|
| Balance unspent at beginning of year | - | 873 000 |
| Current-year receipts | - | (873 000) |
| | - | - |

Conditions have been met - remain liabilities (see note 9).

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 | 159 632 | 140 031 |
| Conditions met - transferred to revenue | (159 632) | (140 031) |
| | - | - |

Conditions have been met - remain liabilities (see note 9).

The purpose of the SETA grant 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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| 16. Public contributions and donations | | |
| Public contributions and donations | 100 000 | - |
| Amount pledged by ABSA bank towards an HIV/AIDS awareness event. | | |
| 17. Employee related costs | | |
| Basic | 53 615 127 | 50 171 503 |
| Bonus | 993 998 | 993 999 |
| Medical aid - company contributions | 13 340 998 | 12 703 177 |
| Leave pay provision charge | 2 902 260 | 2 602 287 |
| Overtime payments | 1 182 100 | 2 018 188 |
| Long-service awards | 1 634 000 | 3 415 356 |
| 13th Cheques | 4 020 868 | 3 801 435 |
| Car allowance | 11 861 395 | 11 179 664 |
| Housing benefits and allowances | 406 240 | 380 700 |
| Termination benefits | 700 000 | 1 095 000 |
| | 90 656 986 | 88 361 309 |
| Remuneration of Municipal manager: ML Molibeli | | |
| Annual Remuneration | 1 230 315 | 1 229 064 |
| Car Allowance | 454 070 | 454 070 |
| Contributions to UIF, Medical and Pension Funds | 257 006 | 258 257 |
| Performance Bonuses | 271 545 | 271 545 |
| | 2 212 936 | 2 212 936 |
| Remuneration of Chief finance officer: G Mashiya | | |
| Annual Remuneration | 1 188 428 | 1 188 428 |
| Car Allowance | 363 256 | 363 256 |
| Contributions to UIF, Medical and Pension Funds | 1 785 | 1 785 |
| Performance Bonuses | 217 236 | 217 236 |
| | 1 770 705 | 1 770 705 |
| Remuneration of director - LED: V Moloji | | |
| Annual Remuneration | 857 496 | 858 211 |
| Car Allowance | 144 000 | 144 000 |
| Contributions to UIF, Medical and Pension Funds | 203 186 | 202 471 |
| Performance Bonuses | 168 406 | 168 406 |
| | 1 373 088 | 1 373 088 |
| Remuneration of director PMU | | |
| The position Director: PMU was vacant during the 2015/2016 and 2016/2017 financial year. | | |

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| 17. Employee related costs (continued) | | |
| Remuneration of director - Corporate services: Adv A Mini | | |
| Annual Remuneration | 892 038 | 897 377 |
| Car Allowance | 266 000 | 266 000 |
| Contributions to UIF, Medical and Pension Funds | 46 644 | 41 305 |
| Performance Bonuses | 168 406 | 168 406 |
| | 1 373 088 | 1 373 088 |
| Remuneration of director - Health and safety: N Baleni | | |
| Annual Remuneration | 910 456 | 913 224 |
| Car Allowance | 266 000 | 266 000 |
| Contributions to UIF, Medical and Pension Funds | 28 226 | 25 458 |
| Performance Bonuses | 168 406 | 168 406 |
| | 1 373 088 | 1 373 088 |
| 18. Remuneration of councillors | | |
| Executive Mayor | 796 726 | 820 151 |
| Speaker | 403 937 | 650 515 |
| Mayoral Committee Members | 2 707 789 | 2 534 959 |
| Councillors | 2 638 670 | 2 889 098 |
| | 6 547 122 | 6 894 723 |
| 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 MP Moshodi (01/07/2016 - 09/08/2016) | | |
| Basic salary | 60 930 | 500 162 |
| Car allowance | 16 397 | 194 878 |
| Cellphone allowance | 2 254 | 33 090 |
| Social contributions | 7 668 | 92 021 |
| | 87 249 | 820 151 |
| Executive Mayor - Cllr AM Oliphant (10/08/2016 - 30/06/2017) | | |
| Basic salary | 448 644 | - |
| Car allowance | 170 934 | - |
| Cellphone allowance | 25 736 | - |
| Social contributions | 64 163 | - |
| | 709 477 | - |
| Speaker - Cllr KGL Nkethu (Current year: 01/07/2016 - 09/08/2016) | | |
| Basic salary | 48 493 | 397 123 |
| Car allowance | 13 118 | 155 902 |
| Cellphone allowance | 2 254 | 20 868 |
| Social contributions | 6 385 | 76 622 |
| | 70 250 | 650 515 |

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| 18. Remuneration of councillors (continued) | | |
| Speaker - Cllr SZ Matena | | |
| (10/08/2016 - 30/06/2017) | | |
| Basic salary | 244 370 | - |
| Car allowance | 84 169 | - |
| Cellphone allowance | 5 148 | - |
| | 333 687 | - |
| MPAC Chairperson - Cllr L Khubeka | | |
| (Current year: 01/07/2016 - 09/08/2016) | | |
| Basic salary | 28 105 | 241 846 |
| Car allowance | 6 718 | 80 615 |
| | 34 823 | 322 461 |
| MPAC Chairperson - Cllr L Khubeka | | |
| (Current year: 01/09/2016 - 30/06/2017) | | |
| Basic salary | 178 932 | - |
| Car allowance | 57 590 | - |
| | 236 522 | - |
| MMC - Corporate services - Cllr AM Oliphant | | |
| (01/07/2016 - 09/08/2016) | | |
| Basic salary | 27 332 | 220 934 |
| Car allowance | 7 538 | 90 451 |
| Social contributions | 4 202 | 50 420 |
| | 39 072 | 361 805 |
| MMC - Corporate services - Cllr MM Modikoe | | |
| (01/09/2016 - 30/06/2017) | | |
| Basic salary | 346 937 | - |
| Car allowance | 131 495 | - |
| Cellphone allowance | 20 374 | - |
| Social contributions | 43 310 | - |
| | 542 116 | - |
| MMC - Ehs & public safety - Cllr VE de Beer | | |
| (Current year: 01/07/2016 - 09/08/2016) | | |
| Basic salary | 31 534 | 271 354 |
| Car allowance | 7 538 | 90 451 |
| | 39 072 | 361 805 |
| MMC - Finance - Cllr ME Notsi | | |
| (Current year: 01/07/2016 - 09/08/2016) | | |
| Basic salary | 27 894 | 230 257 |
| Car allowance | 7 355 | 88 265 |
| Social contributions | 2 878 | 34 539 |
| | 38 127 | 353 061 |
| MMC - EHS & public safety - Cllr VE de Beer | | |
| (Current year: 01/07/2016 - 09/08/2016) | | |
| Basic salary | 212 752 | - |
| Car allowance | 78 497 | - |
| | 291 249 | - |

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| 18. Remuneration of councillors (continued) | | |
| MMC - Led & tourism - Cllr ML Hlapane (Current year: 01/07/2016 - 09/08/2016) | | |
| Basic salary | 28 585 | 228 447 |
| Car allowance | 7 538 | 90 451 |
| Social contributions | 2 950 | 42 907 |
| | 39 073 | 361 805 |
| MMC - Led & tourism - Cllr J Mareka (Current year: 01/09/2016 - 30/06/2017) | | |
| Basic salary | 212 752 | - |
| Car allowance | 73 554 | - |
| | 286 306 | - |
| MMC - Social development - Cllr GN Guza | | |
| Basic salary | - | 216 445 |
| Car allowance | - | 88 731 |
| Cellphone allowance | - | 20 868 |
| Social contributions | - | 49 747 |
| | | 375 791 |
| Councillor GN Guza, only served the municipality up to 30 October 2015. | | |
| MMC - Social Development - M Moshodi (01/09/2016 - 30/06/2017) | | |
| Basic salary | 345 003 | - |
| Car allowance | 131 495 | - |
| Cellphone allowance | 20 374 | - |
| Social contributions | 45 244 | - |
| | 542 116 | - |
| MMC - Technical services - Cllr K Khumalo (Current year: 01/07/2016 - 09/08/2016) | | |
| Basic salary | 27 332 | 220 934 |
| Car allowance | 7 538 | 90 451 |
| Social contributions | 4 202 | 50 420 |
| | 39 072 | 361 805 |
| MMC - Technical Services - SV Khiba (01/09/2016 - 30/06/2017) | | |
| Basic salary | 346 937 | - |
| Car allowance | 131 495 | - |
| Cellphone allowance | 20 374 | - |
| Social contributions | 43 310 | - |
| | 542 116 | - |

Part time Councillors

Cllr KI Khunyeli, MJ Msimanga, AR Majoe, F Scholtz, KGL Nkethu, MA Mosia, K Thulo, S Setungoane, TL Soetsang

Outgoing part time Councillors

Cllr D De Hart, DLS George, GN Guza, SJMT Mahlakazela, MP Mokoena, MC Spruit, MS Taje, PD van der Westhuizen

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| 18. Remuneration of councillors (continued) | | |
| Basic salary | 1 683 646 | 1 721 978 |
| Car allowance | 530 780 | 576 997 |
| Cellphone allowance | 205 904 | 202 225 |
| Social contributions | 29 788 | - |
| | 2 450 118 | 2 501 200 |
| Seconded Councillors | | |
| CM Dalton, ML Hlapane, KJ Khumalo, MA Koloi, NJ Khubeka, ZS Magadlela, KJ Makhoba, WL Makoele, MD Mbono, ME Notsi, MG Ntoane, MS Poho, AH Viljoen | | |
| Sitting allowance for seconded councillors of local municipalities | 188 552 | 218 374 |
| In-kind benefits | | |
| The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. | | |
| The Executive Mayor and the Speaker have use of Council owned vehicles for official duties. | | |
| 19. Depreciation and amortisation | | |
| Intangible assets | 184 843 | 183 725 |
| Property, plant and equipment | 3 048 603 | 3 406 695 |
| | 3 233 446 | 3 590 420 |
| 20. Reversal of impairment | | |
| Debt impairment | - | -100 000 |
| 21. Finance costs | | |
| Interest expense relating to GRAP 25 | 1 996 000 | - |
| 22. Contracted services | | |
| Various contractors | 6 228 245 | 8 120 503 |
| These payments are contracts which have been entered into during the current and prior financial year. | | |
| Contracted services | | |
| Establishment of Koppies green house | 795 600 | 1 980 000 |
| Jazz festival | 5 432 645 | 6 140 503 |
| | 6 228 245 | 8 120 503 |
| 23. Grants and subsidies paid | | |
| Other subsidies | | |
| Mafube Local Municipality | 61 662 | 989 |
| Metsimaholo Local Municipality | - | 342 912 |
| Ngwathe Local Municipality | - | 10 000 000 |
| | 61 662 | 10 343 901 |

The Municipality identifies projects which are funded through grants and subsidies in the various local municipalities within the District. Projects are identified through the Integrated Development Plan. The operation and control of items of property, plant and equipment funded through these grants and subsidies vests in the local municipalities.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

| Figures in Rand | 2017 | 2016 |
|--|-----------|-----------|
| 24. General expenses | | |
| Advertising | 215 685 | 174 407 |
| Air quality management | 2 234 796 | 2 500 026 |
| Annual review disaster management plan | 194 900 | 65 000 |
| Audit Committee | 27 558 | 119 235 |
| Auditors remuneration | 3 480 550 | 2 624 696 |
| Bank charges | 78 005 | 79 430 |
| Bursaries: External students | 434 438 | 946 006 |
| Bursaries: Internal | 332 540 | 610 141 |
| Catering | 3 069 047 | 4 406 080 |
| Chemicals | 29 150 | - |
| Cleaning | 423 974 | 472 685 |
| Climate change and green economy | 1 283 456 | 234 079 |
| Community development and training | 229 352 | 224 580 |
| Computer expenses | 762 781 | 730 658 |
| Conferences and seminars | 262 142 | 400 651 |
| Consulting and professional fees | 820 878 | 591 731 |
| Consumables | 377 074 | 201 540 |
| Corporate reports | 725 937 | 686 083 |
| Develop stadium parking | - | 749 696 |
| Distribution to beneficiaries (HIV and Aids) | 800 000 | - |
| Donations | 695 797 | 549 325 |
| Emergency funds | 481 012 | 470 595 |
| Employee assistance program | 84 400 | 111 948 |
| Entertainment | 256 274 | 538 146 |
| Entrepreneurial support system | 19 849 | 76 850 |
| Environmental health services | 1 985 | 113 200 |
| Event expenses | 5 763 070 | 9 698 782 |
| Fire planning and co-ordination | 224 200 | - |
| Fleet | 81 100 | 89 053 |
| Fuel and oil | 817 658 | 1 028 624 |
| Gifts | 143 100 | 218 451 |
| IT expenses | 527 063 | 1 474 838 |
| Insurance | 341 186 | 296 760 |
| Integrated fire management plan | 481 123 | 432 125 |
| Learnership service provider | - | 1 531 904 |
| Levies | 1 239 050 | 1 250 000 |
| Magazines, books and periodicals | 95 999 | 55 889 |
| Marketing | 1 578 290 | 3 008 178 |
| Municipal services | 1 326 853 | 504 532 |
| Other expenses | 214 716 | 482 802 |
| Performance management system | 2 055 345 | 2 080 179 |
| Policy review | - | 109 650 |
| Printing and stationery | 1 526 641 | 1 538 408 |
| Promotions | 979 318 | 175 000 |
| Protective clothing | 463 382 | 633 778 |
| Public participation meetings | 606 809 | 842 856 |
| Rental equipment | 2 779 448 | 2 470 368 |
| Research and development costs | 50 000 | - |
| Sampling and testing | 313 513 | 410 108 |
| Security (Guarding of municipal property) | 193 888 | 63 645 |
| Signage | - | 61 800 |

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

| Figures in Rand | 2017 | 2016 |
|---|-------------------|-------------------|
| 24. General expenses (continued) | | |
| Software expenses | 114 800 | 263 680 |
| Sports development programs | 344 728 | 243 266 |
| Staff welfare | 70 554 | 55 805 |
| Stipend | 195 000 | 547 073 |
| Subscriptions and membership fees | 964 645 | 1 075 718 |
| Telephone and fax | 1 539 106 | 1 272 340 |
| Training | 617 354 | 336 523 |
| Travel - local | 4 159 025 | 5 258 349 |
| Upgrade of district centre | 161 500 | 649 869 |
| Upgrading of municipal resorts | - | 925 429 |
| Vector control | 264 048 | 514 721 |
| Workmans compensation fund | 427 543 | 434 002 |
| | 47 981 635 | 57 711 293 |

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

25. Cash used in operations

| | | |
|--|---------------------|---------------------|
| Deficit | (3 887 514) | (21 390 380) |
| Adjustments for: | | |
| Depreciation and amortisation | 3 140 875 | 3 590 419 |
| Gain on sale of assets and liabilities | 5 676 | 109 093 |
| Non-cash included in other income | (4 760) | - |
| Non-cash performance bonus | 993 997 | - |
| Non-cash leave provision | 2 902 260 | - |
| Non-cash finance costs | 1 996 000 | - |
| Non-cash long service award | 1 634 000 | - |
| Non-cash employee benefit | 186 136 | - |
| Other | - | 35 908 |
| Movements in operating lease assets and accruals | - | (81 683) |
| Movements in retirement benefit assets and liabilities | (606 000) | 1 095 000 |
| Movements in provisions | 674 000 | 2 053 000 |
| Other non-cash items | - | 21 171 |
| Changes in working capital: | | |
| Receivables from non-exchange transactions | (90 735) | 181 976 |
| Payables from exchange transactions | (13 949 585) | 1 340 843 |
| VAT | (2 549 407) | (8 731 750) |
| Unspent conditional grants and receipts | (5 108 882) | 5 108 882 |
| | (14 663 939) | (16 667 521) |

26. Prior period errors

Below is a summary of the total effect that the prior period errors, change 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.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

| Figures in Rand | 2017 | 2016 | | |
|---|--------------------------------|--------------------|------------------|----------------------|
| 26. Prior period errors (continued) | | | | |
| Statement of financial performance | Balance as previously reported | Prior period error | Reclassification | Total |
| Revenue | | | | |
| Administration and management fees received | 36 710 | - | - | 36 710 |
| Other income | 1 751 965 | 36 710 | - | 1 788 675 |
| Interest received - investment | 7 989 415 | - | - | 7 989 415 |
| Government grants and subsidies | 145 367 031 | - | - | 145 367 031 |
| | 155 145 121 | 36 710 | - | 155 181 831 |
| Expenses | | | | |
| Employee related cost | (88 361 309) | - | - | (88 361 309) |
| Remuneration of councillors | (6 894 723) | - | - | (6 894 723) |
| Depreciation and amortisation | (3 590 419) | - | - | (3 590 419) |
| Reversal of impairment/(debt impairment) | 100 000 | - | - | 100 000 |
| Repairs and maintenance | (1 512 178) | 7 918 | - | (1 504 260) |
| Contracted services | (13 546 206) | - | 5 425 702 | (8 120 504) |
| Grants and subsidies paid | (13 933 191) | - | 3 589 290 | (10 343 901) |
| General expenses | (48 670 706) | 10 314 | (9 014 992) | (57 675 384) |
| | (176 408 732) | 18 232 | - | (176 390 500) |
| Operating (deficit) / surplus | -21 263 611 | 18 232 | - | -21 245 379 |
| Gain on disposal of financial assets | -109 093 | - | - | -109 093 |
| | -21 372 704 | 18 232 | - | -21 354 472 |
| Statement of financial position | | | | |
| | Balance as previously reported | Prior period error | Reclassification | Total |
| Current assets | | | | |
| Cash and cash equivalents | 87 149 273 | - | - | 87 149 273 |
| Receivables from exchange transactions | 1 518 665 | - | - | 1 518 665 |
| VAT receivable | 5 187 197 | - | - | 5 187 197 |
| | 93 855 135 | - | - | 93 855 135 |
| Non-current assets | | | | |
| Property, plant and equipment | 31 902 405 | 39 403 | - | 31 941 808 |
| Intangible assets | 856 571 | (3 492) | - | 853 079 |
| | 32 758 976 | 35 911 | - | 32 794 887 |
| Current liabilities | | | | |
| Payables from exchange transactions | 22 626 518 | 17 679 | - | 22 644 197 |
| Unspent conditional grants | 9 707 950 | - | - | 9 707 950 |
| | 32 334 468 | 17 679 | - | 32 352 147 |
| Non-current liabilities | | | | |
| Retirement benefit obligation | 9 029 000 | - | - | 9 029 000 |
| Provisions for long service awards | 11 128 000 | - | - | 11 128 000 |
| | 20 157 000 | - | - | 20 157 000 |
| Net assets | | | | |
| Revaluation reserve | 12 798 150 | - | - | 12 798 150 |
| Accumulated surplus - opening balance | 61 324 493 | 18 232 | - | 61 342 725 |
| | 74 122 643 | 18 232 | - | 74 140 875 |

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand 2017 2016

27. 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.

28. Change in estimate

Property, plant and equipment

Depreciable assets' remaining useful lives were reassessed at the beginning of the current reporting period to reflect actual pattern of service potential derived from the assets.

The effect on the current year:

Change in estimate

| | | |
|---|-----------|-----------|
| Decrease in depreciation | (563 100) | (288 855) |
| Increase in Property, plant and equipment | 563 100 | 288 855 |
| | - | - |

29. Unauthorised expenditure

| | | |
|--|-------------|-------------|
| Balance at the beginning of the year | - | - |
| Unauthorised expenditure - current year | 1 858 757 | 4 348 593 |
| Less: Amount approved/written-off by council | (1 858 757) | (4 348 593) |
| | - | - |

30. Fruitless and wasteful expenditure

| | | |
|---|---------|----------|
| Opening balance | - | - |
| Fruitless and wasteful expenditure - current year | 9 187 | 23 164 |
| Amounts recovered | (1 710) | (2 618) |
| Written-off by council | (7 477) | (20 546) |
| | - | - |

31. Irregular expenditure

The full extent of irregular expenditure is still in the process of being determined.

Refer to note 42 for the detail of the current year irregular expenditure.

| | | |
|---|------------------|---------------|
| Opening balance | 26 341 | - |
| Add: Irregular expenditure - current year | 1 988 080 | 26 341 |
| Less: Written-off by Council | - | - |
| | 2 014 421 | 26 341 |

32. In-kind donations and assistance

| | | |
|------------------------------------|---------|---|
| Public contributions and donations | 100 000 | - |
| | - | - |

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

| Figures in Rand | 2017 | 2016 |
|---|--------------|--------------|
| 33. Additional disclosure in terms of Municipal Finance Management Act | | |
| Contributions to organised local government | | |
| Current year subscription/fee | 27 709 | 26 694 |
| Amount paid - current year | (27 709) | (26 694) |
| | - | - |
| Audit fees | | |
| Current year subscription / fee | 3 480 550 | 2 624 696 |
| Amount paid - current year | (3 480 550) | (2 624 696) |
| | - | - |
| PAYE and UIF | | |
| Current year subscription / fee | 19 508 510 | 18 007 627 |
| Amount paid - current year | (19 508 510) | (18 007 627) |
| | - | - |
| Pension and Medical Aid Deductions | | |
| Current year subscription / fee | 21 500 059 | 20 228 734 |
| Amount paid - current year | (21 500 059) | (20 228 734) |
| | - | - |
| VAT | | |
| VAT receivable | 7 795 304 | 5 187 197 |

VAT input receivables are shown in note 5.

All VAT returns have been submitted by the due date throughout the year.

34. Related parties

Relationships

| | |
|---------------------------|------------------|
| Members of key management | Refer to note 17 |
| Executive Council Members | Refer to note 18 |

35. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity 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 table below analyses the municipality's financial liabilities and net-settled derivative 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 12 months equal their carrying balances as the impact of discounting is not significant.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand 2017 2016

35. Risk management (continued)

| At 30 June 2017 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|-------------------------------------|---------------------|--------------------------|--------------------------|--------------|
| Payables from exchange transactions | 14 856 720 | - | - | - |
| At 30 June 2016 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| Payables from exchange transactions | 22 626 518 | - | - | - |

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

| Financial instrument | 2017 | 2016 |
|--|------------|------------|
| Receivables from exchange transactions | 1 614 160 | 1 518 665 |
| Cash and cash equivalents | 68 216 656 | 87 234 591 |

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

36. Events after the reporting date

No other events took place after the reporting date.

37. 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 states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Deviation categories

| | | |
|-----------|------------------|------------------|
| Emergency | 306 169 | 200 556 |
| Others | 4 739 661 | 3 008 557 |
| | <u>5 045 830</u> | <u>3 209 113</u> |

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand 2017 2016

38. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

| | At amortised cost | Total |
|--|-------------------|-------------------|
| Receivables from exchange transactions | 1 614 160 | 1 614 160 |
| Cash and cash equivalents | 68 216 656 | 68 216 656 |
| | 69 830 816 | 69 830 816 |

Financial liabilities

| | At amortised cost | Total |
|-------------------------------------|-------------------|-------------------|
| Payables from exchange transactions | 14 856 720 | 14 856 720 |
| Unspent conditional grants | 4 599 068 | 4 599 068 |
| | 19 455 788 | 19 455 788 |

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 |
| | 88 667 938 | 88 667 938 |

Financial liabilities

| | At amortised cos | Total |
|-------------------------------------|------------------|-----------------|
| Payables from exchange transactions | 22 626 518 | 22 626 518 |
| Unspent conditional grants | 9 707 950 | 9 707 950 |
| | 32334468 | 32334468 |

39. Commitments

Authorised capital expenditure

| | | |
|---|------------------|------------------|
| • Already contracted for but not provided for | | |
| • Rural roads asset management system | - | 2 161 262 |
| • Tiro trading enterprise | - | 900 907 |
| • Maki Mokhaneli Trading and Projects CC | 1 402 200 | - |
| | 1 402 200 | 3 062 169 |

Total capital commitments

| | | |
|---|-----------|---|
| Already contracted for but not provided for | 1 402 200 | - |
|---|-----------|---|

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Fezile Dabi District Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

| Figures in Rand | 2017 | 2016 |
|-----------------|------|------|
|-----------------|------|------|

40. Contingencies

The municipality had the following contingent liabilities as at year end.

The certainty and timing of the outflow of these liabilities is uncertain. The amounts disclosed below are possible outflows.

| | | |
|--|------------------|------------------|
| FDDM / SAMWU obo P.Setsheli - Labour case | 2 000 000 | 1 200 000 |
| FDDM / Nyumba Mobile Homes & Offices (Pty) Ltd | 160 000 | 353 130 |
| FDDM / Picasso Headlines (Pty) Ltd | 80 000 | 42 476 |
| FDDM / Khulekani Services | 900 000 | - |
| | 3 140 000 | 1 595 606 |

- P. Setsheli: Dismissal due to misconduct in refusing to take lawful orders
- 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.
- Khulekani Security Services: Civil claim regarding a payment dispute relating to security services.
- This is an outcome of a VAT audit conducted by SARS from the 2012 financial year.

41. Budget differences

Material differences between budget and actual amounts

38.1 Recovery of private telephone and cellphone cost

38.2 Cash flow better managed to ensure maximum benefit.

38.3 The Local Government Election. There were no Council meetings for 2 months and there were no Executive Mayor, Speaker and Mayoral committee members for 1 month.

38.4 Due to review of useful lives of assets

38.5 No major repairs were needed to vehicle and buildings - No Infrastructure assets

38.6 A number of new contracts were awarded.

38.7 Cost cutting measures were implemented.

Changes from the approved budget to the final budget

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

42. Details of irregular expenditure - current year

Expenditure items identified where the supply chain process was not followed in obtaining 3 quotes.

1 988 080 -

Disciplinary steps taken/criminal proceedings:

The expenditure was identified during the current financial year and still needs to be investigated.

***VOLUME III: FEZILE DABI DISTRICT MUNICIPALITY TRUST ANNUAL
FINANCIAL STATEMENTS***

Fezile Dabi District Municipality Trust

Annual Financial Statements for the year ended 30 June 2017

Index

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

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Abbreviations

| | |
|------|--|
| GRAP | Generally Recognised Accounting Practice |
| MFMA | Municipal Finance Management Act |

Fezile Dabi District Municipality Trust

Annual Financial Statements for the year ended 30 June 2017

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 2018 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 3 to 8, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2017 and were signed on:

ML Molibeli
Municipal Manager

31 August 2017

Fezile Dabi District Municipality Trust

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

| Figures in Rand | Note(s) | 2017 | 2016 |
|--|---------|------|------|
| Assets | | | |
| Current Assets | | | |
| Receivables from exchange transactions | | - | - |
| Receivables from non-exchange transactions | | - | - |
| Cash and cash equivalents | | - | - |
| VAT receivable | | - | - |
| | | - | - |
| Non-Current Assets | | | |
| Property, plant and equipment | | - | - |
| Intangible assets | | - | - |
| | | - | - |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | | - | - |
| Unspent conditional grants and receipts | | - | - |
| | | - | - |
| Non-Current Liabilities | | | |
| Finance lease obligation | | - | - |
| Operating lease liability | | - | - |
| Employee benefit obligation | | - | - |
| | | - | - |
| Reserves | | | |
| Revaluation reserve | | - | - |
| Accumulated surplus | | - | - |
| | | - | - |
| Total Net Assets | | - | - |

Fezile Dabi District Municipality Trust

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

| Figures in Rand | Note(s) | 2017 | 2016 |
|---|---------|----------|----------|
| Revenue from exchange transactions | | | |
| Interest received (trading) | | - | - |
| Administration and management fees received | | - | - |
| Total revenue from exchange transactions | | - | - |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Government grants & subsidies | | - | - |
| Public contributions and donations | | - | - |
| Total revenue from non-exchange transactions | | - | - |
| Expenditure | | | |
| Personnel | | - | - |
| Administration | | - | - |
| Finance costs | | - | - |
| Repairs and maintenance | | - | - |
| Grants and subsidies paid | | - | - |
| General Expenses | | - | - |
| Total expenditure | | - | - |

Fezile Dabi District Municipality Trust

Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand

Balance at 01 July 2015

Changes in net assets

Surplus for the year

Total changes

Restated* Balance at 01 July 2016

Changes in net assets

Surplus for the year

Total changes

Balance at 30 June 2017

Note(s)

Fezile Dabi District Municipality Trust

Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

| Figures in Rand | Note(s) | 2017 | 2016 |
|---|---------|----------|----------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Interest income | | - | - |
| Other receipts | | - | - |
| Payments | | | |
| Employee costs | | - | - |
| Suppliers | | - | - |
| Finance costs | | - | - |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | - | - |
| Cash flows from financing activities | | | |
| Finance lease payments | | - | - |
| Net increase/(decrease) in cash and cash equivalents | | | |
| Cash and cash equivalents at the beginning of the year | | - | - |
| Cash and cash equivalents at the end of the year | | - | - |

Fezile Dabi District Municipality Trust

Annual Financial Statements for the year ended 30 June 2017

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.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Comparative figures

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

1.4 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 adjusts 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.

2. De-establishment of Fezile Dabi District Municipality Trust

De-establishment

During 2009/2010 financial year, the Council resolved to de-establish Fezile Dabi District Municipality Trust (Item 25). The Council is in the process of dissolving the trust, as a result no activities took place during the 2016/17 financial year.

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