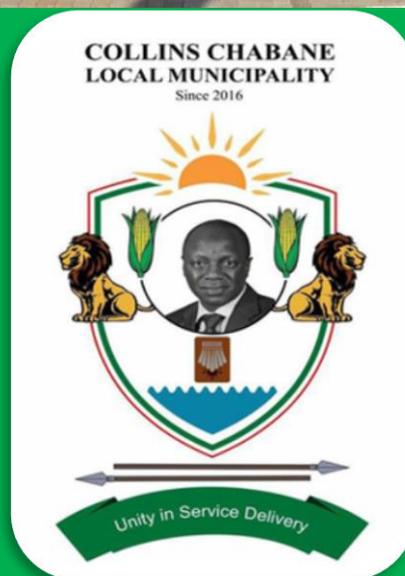




COLLINS CHABANE LOCAL MUNICIPALITY



ANNUAL REPORT
2017/2018



VISION

“A Spatial Integrated & Sustainable Local Economy by 2030”

MISSION

To ensure the provision of sustainable basic services and infrastructure to improve the quality of life of our people and to grow the local economy for the benefit of all citizens

VALUES

Transparency

Accountability

Responsive

Professional

Creative

integrity

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LIST OF ACRONYMS

AFS	Annual Financial Statements
AIDS	Acquired Immune Deficiency Syndrom
ANC	African National Congress
CFO	Chief Finance Officer
CIBD	Construction Industry Development Board
Cllr	Councillor
Coghsta	Corporative Government Human Settlement and Traditional Affairs
CoGTA	Corporative Government and Traditional Affairs
DA	Democratic Alliance
DMP	Disaster Management Plan
DMS	Disaster Management Structure
DoE	Department of Education
DoRT	Department of Roads and Transport
DSCR	Department of Sports, Culture and Recreation
DSS	Department of Safety and Security
DWA	Department of Water Affairs
VDM	Vhembe District Municipality
EPWP	Expanded Public Works Programme
FBO	Faith Based Organisations
FBS	Free Basic Services
FY	Financial Year
GDS	Growth and Development Summit
HH	Households
HIV	Human Immunodeficiency virus
IDP	Integrated Development Plan
INEP	Integrated National Electrification Programme
ISF	Mpumalanga Integrated Spatial Framework
LED	Local Economic Development
KL	Kilolitre
KM	Kilometers
KPA	Key Performance Area

KPI	Key Performance Indicator
LAC	Local Aids Council
LED	Local Economic Development
LEDF	Local Economic Development Forum
MFMA	Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
MIG	Municipal Infrastructure Grant
MISA	Municipal Infrastructure Support Agent
MM	Municipal Manager
MNDs	Minimum Notified Demands
MPAC	Municipal Public Accounts Committee
MSA	Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
MTEF	Medium Term Expenditure Framework
NGO	Non-Government Organisations
NPO	Non-Profit Organisations
PAFPA	Plator and Area Fire Protection Association
PCF	Premier Co-ordinating Forum
PGDS	Provincial Growth Development Strategy
PLHWHA	People Living with HIV/AIDS
PMC	Provincial Management Committee
PMS	Performance Management System
PMU	Project management Unit
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SPLUM	Spatial Planning and Land Use Management Act
STI	Sexually Transmitted Infections
TB	Tuberculosis
CCLM	Collins Chabane Local Municipal
WSIG	Water Services Infrastructure Grants
YEAR – 0	Year 0 : 2017/2018 Financial Year
YEAR – 1	Year -1 : 2016/2017 Financial Year
YEAR – 2	Year -2 : 2015/2016 Financial Year
YEAR – 3	Year -3 : 2014/2015 Financial Year

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD



Collins Chabane Local Municipality (CCLM) hereby, in terms of Section 46 of Municipal System Act No.32 of 2000 (MSA) and sections 121 and 127(2) of the Municipal Finance Management Act No. 56 of 2003 (MFMA), present to Council the draft 2017/18 Annual Report which outlines achievements and challenges for the year under review.

The 2017/18 Draft Annual Report will be tabled by the Mayor Cllr. Maluleke Mosses. During the 2017/18 financial Year the Mayor was Cllr T.J. Bila who remain responsible and accountable for the whole performance together with the Executive Committee and the Council.

Collins Chabane Local Municipality is fully aware and committed to the fact that it needs to continuously search for mechanisms to identify its priorities, issues and problems in the quest for efficient and effective alternatives towards maximum and sustainable fulfilment of Council mandate as enshrined in the Constitution of the Republic of South Africa, Act 108 of 1996. The Municipality has engaged in a strategic planning session, as part of the Integrated Development Plan (IDP) review processes, and the current vision, mission and strategic objectives were reviewed and retained. This process of planning is guided by the following two (2) key national objectives:

- a) The need to set out the core principles, mechanisms and processes that give meaning to development, local governance and to empower the municipality to move progressively towards the social and economic upliftment of communities and the provision of basic services to all communities.
- b) The democratic imperative for local government to actively involve and engage communities.

This process, which in a way facilitates planning and delivery, should arrive at decisions on such issues as Municipal Budgets, Local Economic development and institutional transformation in a consultative, systematic and strategic manner.

Noting that the IDP does not only inform municipal management, but also supposed to guide the activities of any agency from the other spheres of government, corporate service providers, NGO's and the private sector within the municipal area, the municipality embarked on a consultative process within very stringent timeframes to elicit the necessary input from various communities, to inform the compilation of this annual report. Emanating from this consultative engagement, the municipality was able to pick a basket of developmental issues which remain endowed to our communities ranging from roads, water, electricity, sanitation, housing, access to health facilities, sporting amenities, crime, unemployment etc.

These issues also find expression in the National Development Plan (NDP), the diagnostic document which points out that "while we have made some progress in reducing poverty, poverty is still pervasive. Millions of people remain unemployed and many working households live close to the poverty line".

Critical to the legislated parameters, is the Local Government Municipal Systems Act 32 of 2000, in particular, Chapter 5 which states that a municipality must undertake developmentally-oriented planning so as to ensure that it-

- a) Strives to achieve the objectives of local government set out in Section 152 of the Constitution;

b) Give effect to its developmental duties as required by Section 152 of the Constitution.

For the municipality to monitor its performance for the realisation of projects and programmes outlined in the IDP, Chapter 6 of the Local Government Municipal Systems Act requires that all municipalities must develop a Performance Management System (PMS) which will monitor the implementation of the IDP. The municipality in line with this legislated imperative has developed an Annual Report which gives account of municipal performance in terms of its own set predetermined objectives which set targets that need to be achieved at the end of that Financial Year. The Annual Report also indicates challenges for targets that were not achieved and the reasons for such non-achievement.

These are some of the achievements for 2017/18 Financial Year:

- Construction/Upgrading of 3 Km road at Xitlhelani
- Appointment of service provider for designs for upgrading of Landfill site at Xigalo
- Development of the Planning and designs for road to DCO Hospital
- Development of the Planning and designs for Mtswetweni Ring Road
- Development of the Planning and designs for Nwamatatana Ring Road
- Purchasing of two Waste Removal trucks that will assist the municipality in extending waste collection to proclaimed rural areas
- Purchasing of 10 Vehicles for licensing

This was just few development highlights that the municipality is proud of delivering to our communities for the year under review. There were other projects which were also under-taken by other sectors which also contributed to the upliftment of the lives of our communities.

In conclusion, the municipality is calling all the stakeholders to assist the municipality in ensuring that they form part of the planning and development of the municipality by taking part in all the initiatives the municipality is coming up with, by paying for services and participation in the IDP process.

On the Institutional Governance, Council managed to appoint the two positions of directors, Director Community Services & Director Planning and Development during the year under review. It is a great achievement to the municipality as six top management positions are filled.

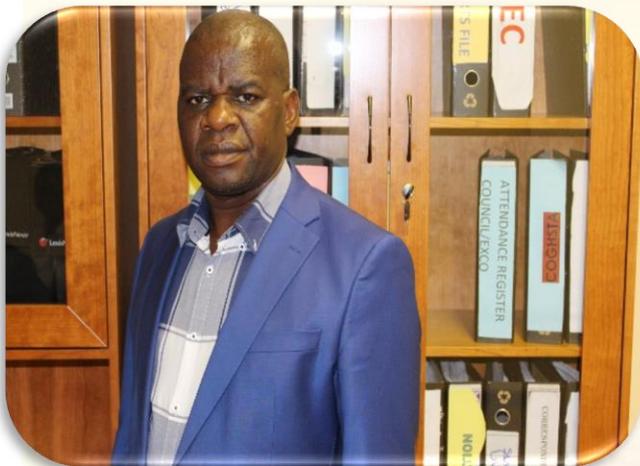
The Municipality received MIG funds of R83 480 000. The total MIG expenditure for the year under review was R95 992 560. The MIG funds of R12 512 560 spent in the 2017/2018 financial year was a roll-over from the 2016/2017 financial year.



Mayor: Cllr. Maluleke Mosses

COMPONENT B: EXECUTIVE SUMMARY

1. MUNICIPAL MANAGER'S FOREWORD



The new administration of Collins Chabane municipality has been mandated with a clear objective which is “**to clean up governance and enhance service delivery**” in improving the lives of the Collins Chabane communities. As part of our road map, we took note of the outcome 9 “**which is A Responsive, Accountable, effective Local Government**” further take a note of objectives of Local Government enshrined in section 152(1) of the constitution of the Republic of South Africa as follows:

- (a) To provide democratic and accountable government for local communities;
- (b) To ensure the provision of services to communities in a sustainable manner;
- (c) To promote social and economic development;
- (d) To promote a safe and healthy environment; and
- (e) To encourage the involvement of communities and community organizations in the matters of local government.

It is prudent for the municipality to strive within its financial and administrative capacity, to achieve the referred to objects set out here supra. The 2017/18 Draft Annual Report reflects the strategic focus of the municipality and provides both the financial and non-performance of Collins Chabane Local Municipality. Council approved the 2017/18 Reviewed integrated Development Plan accompanied by the Medium Term Expenditure Framework (MTREF) in May 2017. The Reviewed IDP outlined the plans for the financial year, while the MTREF provided resources for the accomplishment of the IDP objectives. The IDP and the MTREF was operationalized, monitored and evaluated through the Service Delivery and Budget Implementation Plan, which serves as a management tool.

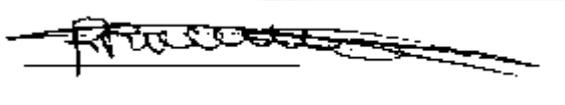
The municipality has made commendable progress since its establishment in 2016 in improving the delivery of quality services in our areas of jurisdiction. The municipality is engaged in a medium to long term plan to improve the quality of service delivery in a form of improving timeliness and acceptable downtimes in terms of service disruptions. The Municipality continues to engage the traditional leaders in areas like Mhinga, Shikundu, Xigalo. Mulamula, Mudabula, Mukhomi, Mtititi, Madonsi, Tshikonelo, Mavambe, Ntlhavani, Gidjana, Mphamambo, Shigamano, Bungeni, Gidjana, Khomanani, Masakona, Mashamba, Masia, Mulenzhe and Ribungwane.

It is prudent to mention that the report would reflect more on following **Key Performance Areas of Local Government**:

- Municipal Transformation and Organizational Development;
- Spatial Planning;

- Basic Service Delivery and Infrastructure Development;
- Local Economic Development;
- Municipal Financial Viability and Management.
- Good Governance and Public Participation

In conclusion on behalf of the management and enter staff, we appreciate the community willingness to see the municipality improving its governance systems and accelerate quality service at a required speed for better lives for all. Further applaud the working relations with municipal organized labour. i.e. SAMWU and IMATU during period under review.



SHILENGE R.R

Acting Municipal Manager



1.1. Municipal Functions, Population and Environmental Overview

1.1.1. Location

Provincial context

The Collins Chabane Local Municipality is one of the four municipalities of the Vhembe District Municipality (VDM) of Limpopo province. CCLM is located on the far north of the VDM. I. The map below demonstrates the location of the municipality from the provincial context.

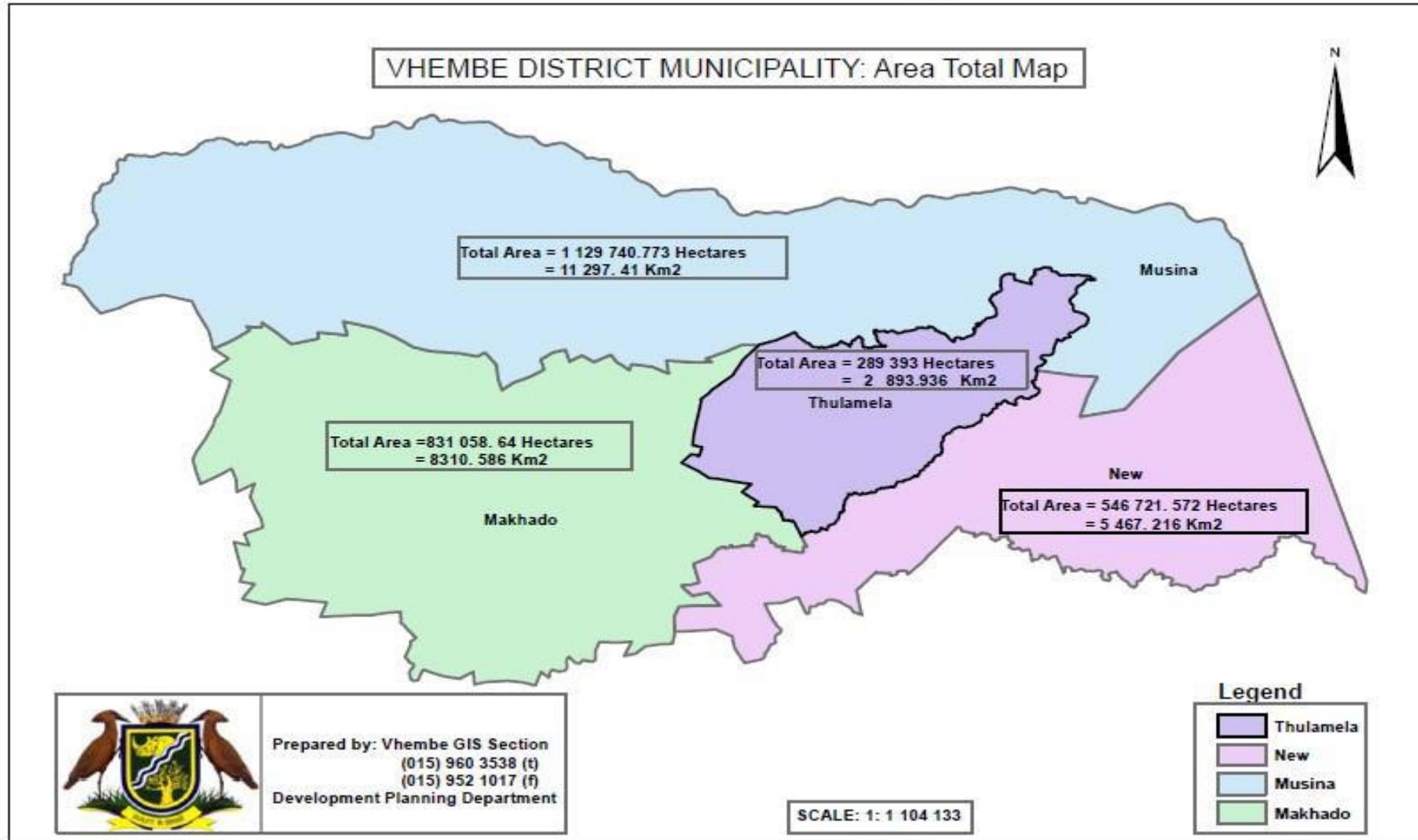
Municipal Context

Collins Chabane Local Municipality is a newly established Municipality in the Northern part of Limpopo Province and is situated about 191km from Polokwane City. The Municipality is part of the Vhembe District and is situated between Greater Giyani, Thulamela, and Makhado municipalities. To the north-east the Municipality's borders extend to Mozambique and on the south east to Kruger National Park. The Municipality is flanked by two dominant roads, namely D4 that connects the Municipality to the N1 to Musina and Gauteng. Whilst the R81, connects the Municipality via Giyani to Mopane and Polokwane. The Municipal land area covers 5 467.216km² (22° 35' S 30° 40' E) in extent with a population of approximate of 347 974 inhabitants. Apart from the two main towns namely, Malamulele and Vuwani Town; and 173 Villages, the municipal area also includes 3 informal settlements.



Map 1: Provincial Context (Source VDM)

Map 2: (Source VDM)





Municipal Demarcation Board
Tel: (012) 342 2481
Fax: (012) 342 2480
email: info@demarcation.org.za
web: www.demarcation.org.za

Legend

- Place Names
- Airports
- Schools
- Police Stations
- Health Facilities
- Local Municipalities
- Ward
- Parent Farm
- Traditional Authorities
- District Municipalities
- Dams
- National Roads
- Main Roads
- Secondary Roads
- Railways
- Rivers

Data supplied by:

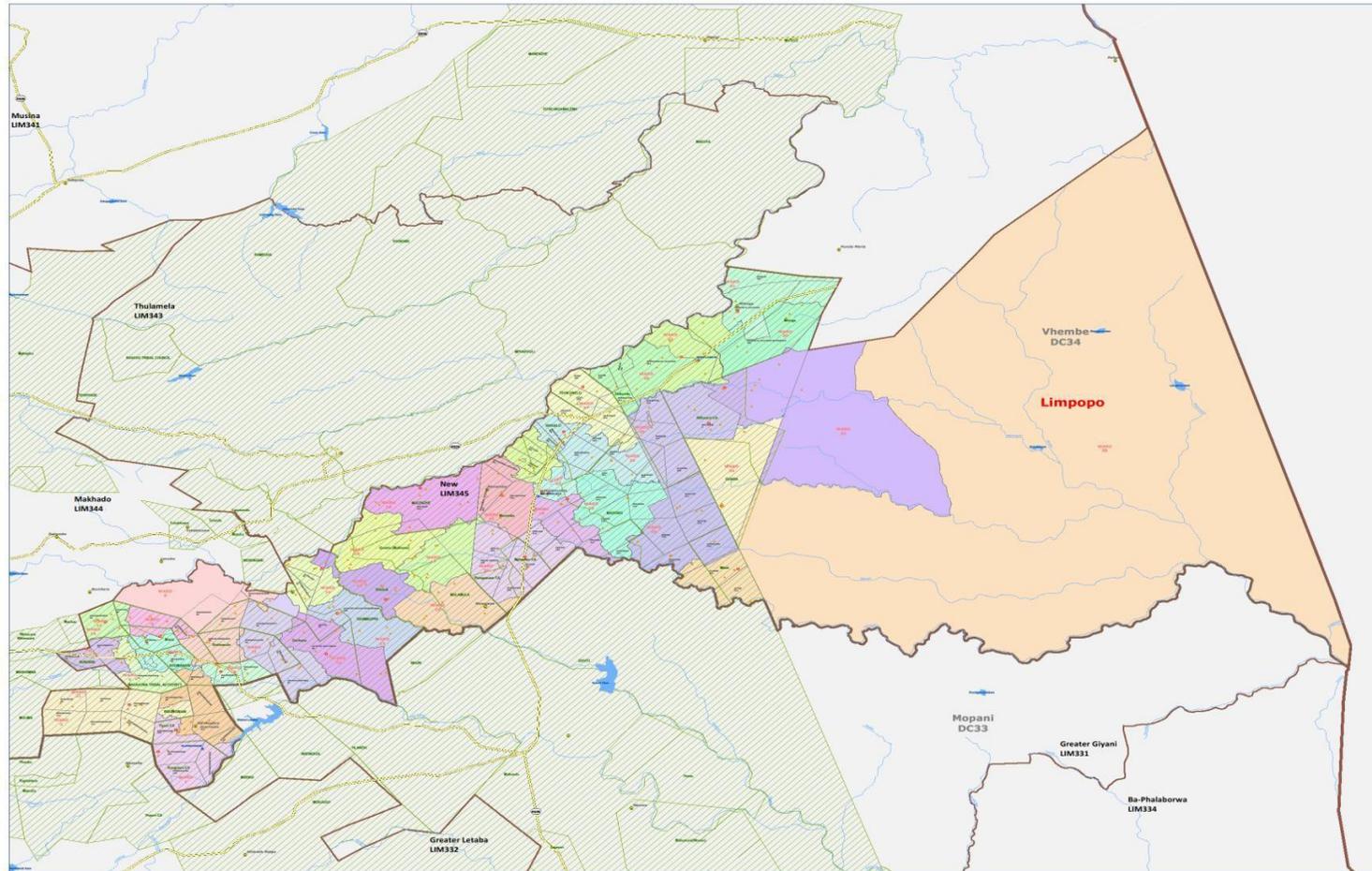
- Statistics South Africa
- Department: Water Affairs & Forestry
- Department: Provincial & Local Government
- Department: Health
- Department: Safety & Security
- Department: Education
- Department: Transport



August 2016



New Local Municipality (LIM345)



Map 3: (Source MDB,2016)

1.1.2. Functions

The municipality derives its mandate from section 152 Of the Constitution and provides most of the services as stated in the powers and functions of Local Municipalities in the Constitution schedule A, part B

1.1.3. Population size and composition

Figure 1. Population by sex

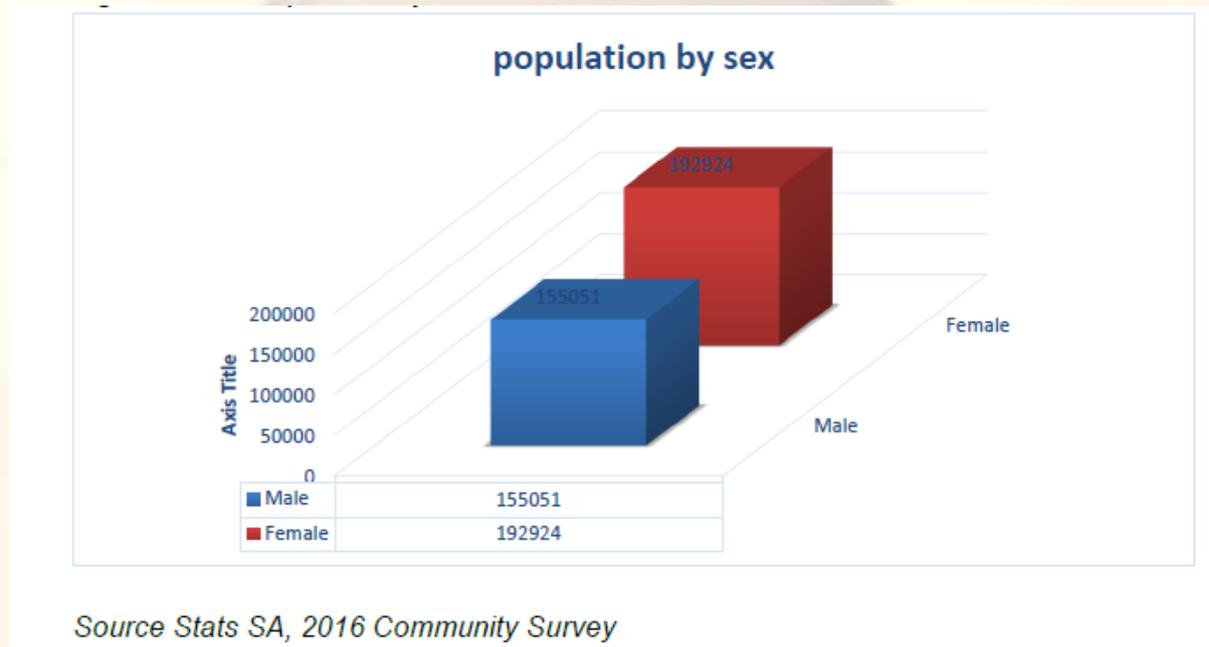
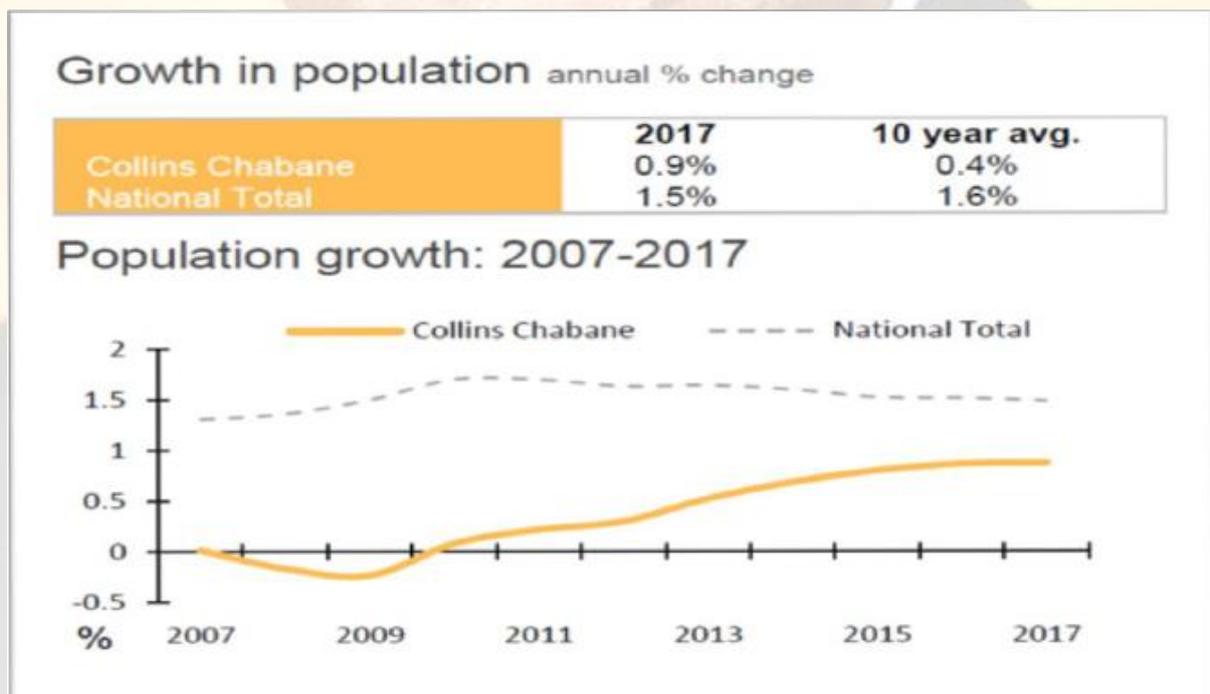
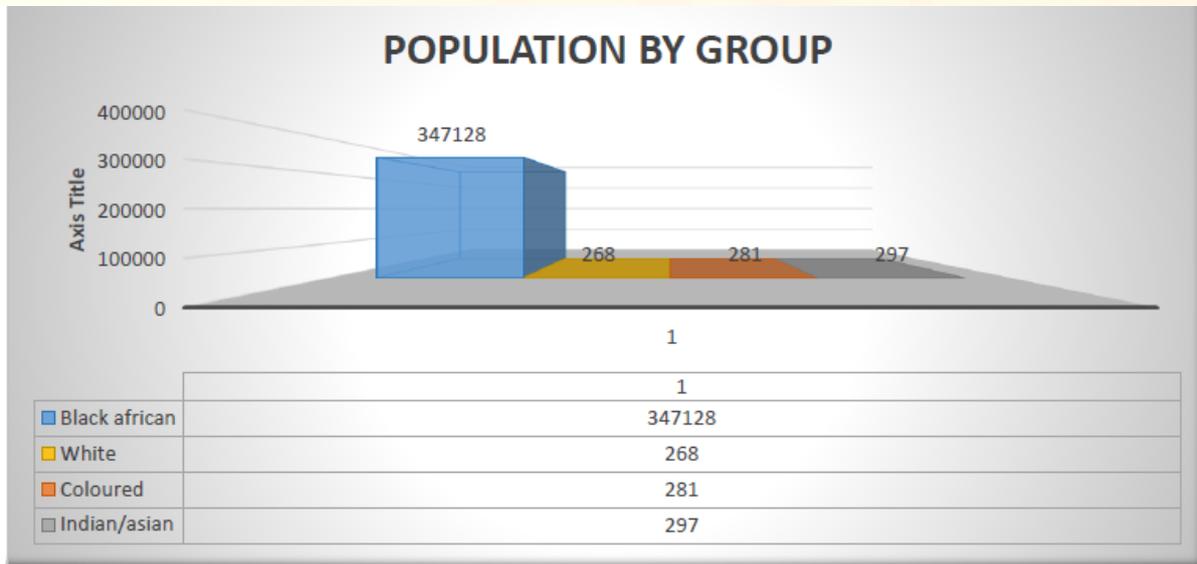


Figure 2. Population Growth



This graph shows the annual growth rate in the population of Collins Chabane Local Municipality. The average growth rate is 0.9% for 2017 against 1.5% of the total national growth over 10 years.

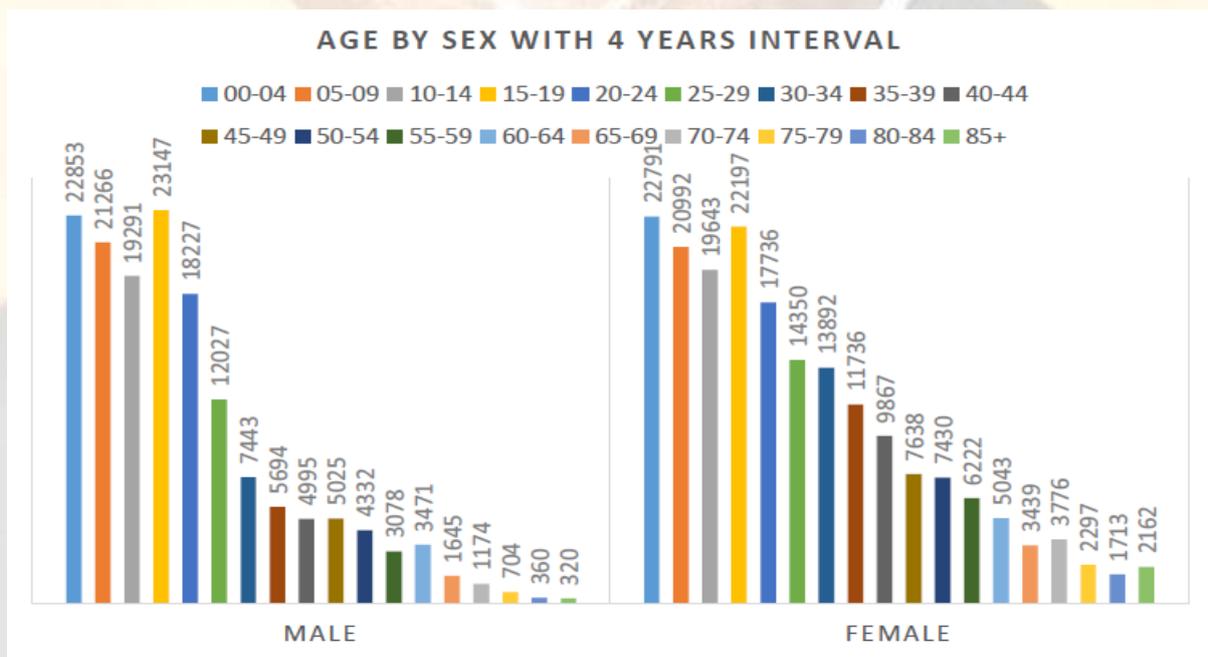
Figure 3. Population by Group



Source Stats SA, 2016 Community Survey

Figure 3 above shows the population distribution by group Collins Chabane Local Municipality. A total of 347 974 people are residing within the municipal jurisdiction. A total number of (347 128) are Black Africans and have the highest number of people staying in Collins Chabane Local Municipal area. The second highest are Indian/Asian with (297) people, Coloureds (281) and Whites (268) are residing at Collins Chabane Local Municipality.

Figure 4. Age by sex with 4 years' interval



Source Stats SA, 2016 Community Survey

Further, figure 4. shows the number of population that falls within the 0-14 age group is almost equivalent to the youth, which gives an indication of the large number of the population that will be entering the labour market in the future.

This point out the following;

- The need for the Municipality to provide basic education facilities.
- The need for the creation of recreational facilities.
- The need for improved basic service delivery.
- The need for and job creation.
- The need to establishment of townships to cater for the maturing youth.
- The need for expansion of CBD and business park.
- The need for road expansions and creation of intermodal transport facilities.
- The need to improve and provision of health care facilities

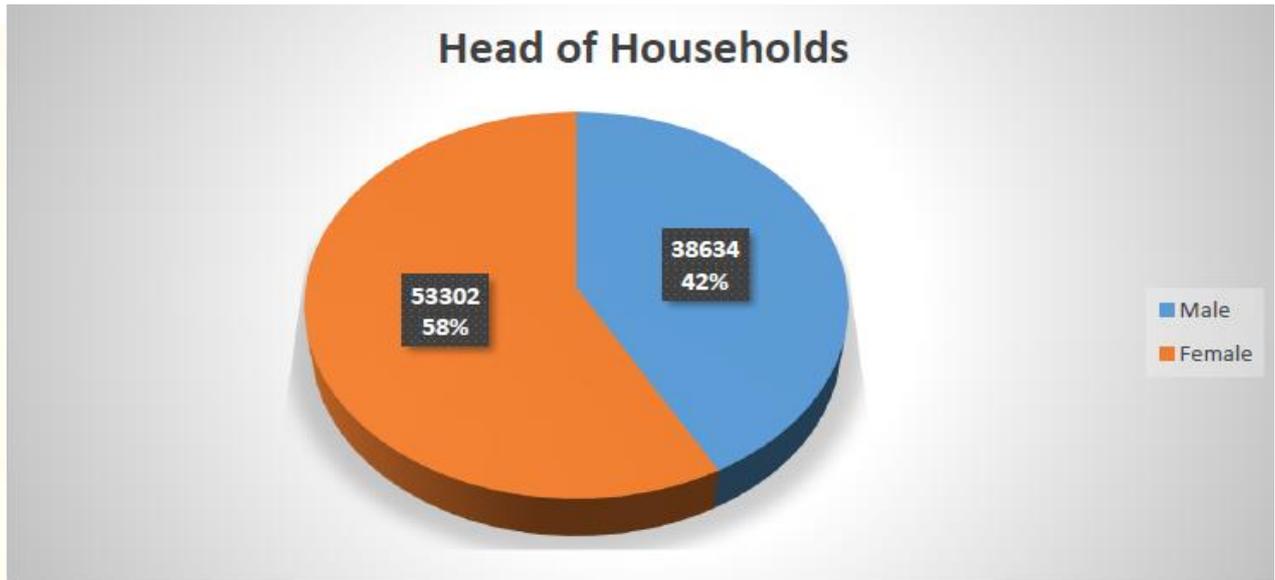
Figure 5.Social grant population by nodal point

OLD AGE		DISABL ED	WAR VETER AN	GRANT IN AID	FORS TER CARE GRAN T CHILD	CARE DEPEN DENCY GRANT CHILDR EN	CHILD SUPPORT GRANT CHILDREN
MALAMUL ELE	1219 9	223 8	0	705	769	387	53068
HLANGAN ANI	1024 4	232 5	1	218	492	365	30068
VUWANI	4456	569	0	43	187	143	15649
TOTAL	2689 9	513 2	1	966	14895 48		98785

Source: Sassa, 2016

Figure 5.gives an overview of the social grant dependency in Collins Chabane Local municipality area. The high number of child support grant indicates a high fertility and unemployment rate.

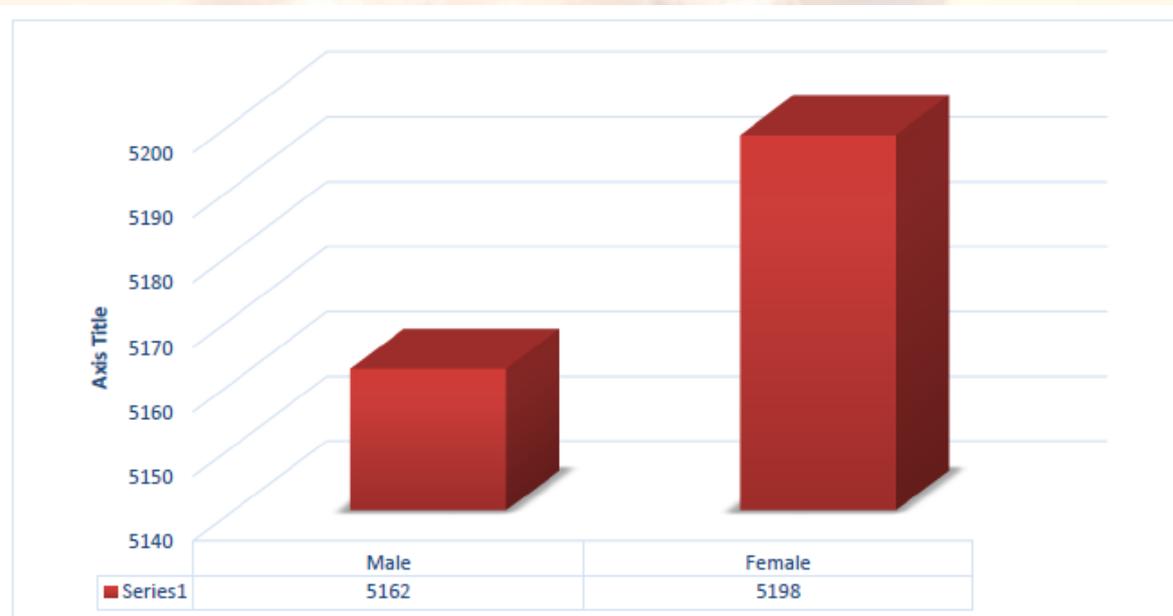
Figure 6.



Source: Stats SA, 2016 Community Survey

Figure 6. gives an overview of the different household dwelling typology in the municipal area. The table further indicates that the majority of people in Collins Chabane Local Municipality area resides in “formal dwelling, brick structures”

Figure 7. Number of death by gender



Source: Stats SA, 2016 Community Survey

Figure 8. Dwelling type

Type of dwelling Units	Number of Households
Formal dwelling/house or brick/concrete block structure on a	69952
Traditional dwelling/hut/structure made of traditional mater	16521
Flat or apartment in a block of flats	61
Cluster house in complex	237
Townhouse (semi-detached house in a complex)	1162
Semi-detached house	194
Formal dwelling/house/flat/room in backyard	1926
Informal dwelling/shack in backyard	389
Informal dwelling/shack not in backyard (e.g. in an informal	67
Room/flatlet on a property or larger dwelling/servants quart	68
Caravan/tent	-
Other	1359
Unspecified	-
Total	91936

Source: Stats SA, 2016 Community Survey



1.2. Service Delivery Overview

The municipality is committed to providing quality and sustainable roads and electricity by ensuring consistent supply of services.

Public Meetings

For the year ended 30 June 2018 the municipality have had the following meetings summarised in the following of the IDP and Budget consultations. All unsuccessful meetings had to be reported by councillors at their own suitable times to avoid a compromise on the IDP process plan.

IDP AND BUDGET REPRESENTATIVE FORUM			
No.	Date	Venue	Status Quo
1.	24 October 2017	Boxing Gym	Done
2.	24 August 2017	Boxing Gym	Done
3.	15 February 2018	Boxing Gym	Done
4.	16 February 2018	Boxing Gym	Done
5.	02 May 2018	Saselemani Library	Done
6.	03 May 2018	Njakanjaka Hall	Done
7.	04 May 2018	Malamulele	Done

Below is the summary of issues raised by community members:

Service delivery issues/concerns

- Unfunded projects
- No land for residential development and other development
- No feedback from projects implemented by province, national and Eskom
- Maintenance of infrastructure services and social services (streets lights, community parks, halls and sports fields) little progress
- Limited budget for basic infrastructure projects
- Employment of local skills in local projects
- No feedback on services relating to provincial departments
- No feedback on land issues that has been raised in the previous IDPs (provincial department information)
- Basic needs issues have been re-raised as contained in the ward priority needs

Institutional issues

- Feedback reports not regular reported to communities by Councillors
- Absence of municipal deployed officials in most IDP meetings
- Absence of political (mayoral committee) leadership in most IDP meetings
- Absence of national, provincial and district representatives in all meetings

Participation related issues

- No proper loud hailing in some areas/villages
- Poor planning of meetings

Recommendations

- CCLM gives attention as soon as possible to operational services that require no/less budget e.g. maintenance which includes street lights, Internal Streets, sports fields and other related services that affect communities on a daily basis.
- A service delivery and implementation plan (SDBIP) be enforced on the implementation of the outlined issues financial year.
- Quarterly reports on institutional and service delivery projects and programmes are reported to communities by Councillors on a quarterly basis as per the quarterly reports of the SDBIP.

1.3. Financial Health Overview

For the year under review, municipality under review the budgeted surplus was R 80 526 414 and incurred an actual surplus of R 179 064 701.

Financial Overview: 2017/18		
Summary: Statement of financial Performance		
Description	Budget 2017/18	Actual 2017/18
Total Revenue by Source (Excluding Capital Transfers)	R 346 247 414	R 356 377 783
Less: Total Expenditure	(R 265 721 000)	(R 177 313 082)
Equals: Surplus/ deficit	R 80 526 414	R 179 064 701

1.4. Organisational Development Overview

The Municipal Manager is the head of the organisation supported by four Senior Managers/ Directors. The approved organisational structure provides for six Senior Managers/ Directors positions (including the positions of the Municipal Manager and Chief Finance Officer).

Section 56/7 Positions:

Directorate/ Department	Filled/ Vacant
Municipal Manager	Filled
Director Technical and Engineering Services	Filled
Director Corporate Services	Filled
Director Community Services	Filled on the 1 st January 2018
Chief Finance Officer	Filled
Director Planning and Development	Filled on the 1 st February 2018

The office of the Mayor is supported by a Personal Assistant, Secretary and the post Manager Political Support is still Vacant however the Communications Manager is given the responsibilities to support office of the Mayor. On a Continuous basis office of the Municipal Manager and all Senior Managers supports office of the Mayor.

1.5. Auditor-General Report

Collins Chabane Local Municipality has received a qualified audit opinion from the Auditor General for the 2016/2017 financial year. For the year under review the municipality regressed and received a disclaimer audit opinion. An Action Plan is developed to address the AG(SA) audit findings.

1.6. Statutory Annual Report Process

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year Annual Report including Annual Financial Statements and Performance Report to Auditor-General	August
5	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
6	Municipal entities submit draft annual reports to MM	September - October
7	Auditor General Audits Annual Report including Annual Financial Statements and Performance data	
8	Municipalities receive and start to address the Auditor General's findings	
9	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	
10	Receive management letter and provide final comments on findings	November
11	Auditor-General submit audit opinion.	
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
13	Audited Annual Report is made public and representation is invited	February

14	Oversight Committee assesses Annual Report	
15	Council adopts Oversight report	March
16	Council table next financial year Budget / IDP and invite public representation	
17	Oversight report is made public	April
18	Oversight report is submitted to relevant provincial councils	
19	Council approve next financial year Budget / IDP	May
20	Make public approved Budget and IDP	June
21	Finalize SDBIP and Performance Agreements for next financial year.	
22	Make public SDBIP and Performance Agreements.	July



CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2. Introduction to Political and Administrative Governance

The executive and legislative authority of a municipality is vested in its Municipal Council. In terms of Section 151 (3) of the Constitution of the Republic of South Africa, a municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation.

Collins Chabane Local Municipality is a category C Municipality in terms of Section 10 (b) of the Municipal Structures Act which defines the Municipality with a Mayoral Executive System. The Municipality has Section 80 Committees, Section 79 Committees, Mayoral Committee and Council.

The Council is composed of 71 Councillors of which 36 are Ward Councillors and 35 are PR Councillors. Administration is headed by the Municipal Manager who acts as a link between the Political Office Bearers and Administration.

2.1. Political Governance Structure

The Municipal Council is comprised of 71 Councillors and is chaired by the Honourable Speaker wherein decisions are taken through Council resolutions as per the recommendations of the Executive Mayoral Committee.

Items are prepared by administration to serve before the Portfolio Committees, Mayoral Committee and finally before Council with recommendations for either adoption or noting depending on the nature of the items. The Municipality has an Audit Committee which provides opinions and recommendations on financial processes and performance and affords comments to the Oversight Committee on the Annual Report.

The Municipality has established the Municipal Public Accounts Committee (MPAC) which plays an Oversight role. The Committee is comprised of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report.

MPAC prepared an oversight report which served before Council on the 30th of March 2017 in compliance with the MFMA.



POLITICAL STRUCTURE

MAYOR

Hon Cllr Maluleke M

Functions of the Mayor

- Promote the image of the municipality
- To ensure that the executive committee meetings performs its functions properly
- To lead and promotes social and economic development in the municipality
- To preside over public meetings and hearings
- To promote inter- governmental and inter institutional relations
- To ensure in consultation with the municipal manager, that a proper committee service responsible for
- The agendas minutes is in place for the executive and other committees and that they meet regularly. And submit reports to the executive committee
- To take responsibility for the quality and speed of decision making in the executive committee



SPEAKER

Cllr M.E LEBEA

Functions of the Speaker

- Presides at meetings of council
- Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of the local Government: Municipal system Act, 2000 (Act 32 of 2000):
- Must ensure that the council meets at least quarterly
- Must ensure compliance in the council and council committee with the code of conduct set out in schedule 1 to the local Government: Municipal system Act, 2000 (Act 32 of 2000); and must ensure that council meetings are conducted in accordance with the rules and orders of the council



CHIEF WHIP

Cllr M.G CHAUKE

Functions of the Chief Whip

- Political management of council meetings and committee meetings
- Inform councillors of meetings called by the Speaker and the Mayor and ensuring that such meetings quorate
- Advises the Speaker and Mayor on the Council agenda
- Informs councillors on important matters on the relevant agenda
- Advise the Speaker on the amount of time to be allocated to speakers and the order of such speakers addressing the Council
- Ensures that councillors' motions are prepared and timeously tabled in terms of the procedural rules of Council
- Assisting the Speaker in the counting of votes
- Advising the Speaker and the Mayor of urgent motions
- Advising the Speaker and Mayor on how to deal with important items not disposed of at a Council meeting

Collins Chabane Local Municipal Council is comprised of 71 Councillors. These Councillors are categorised in the table below.

WARD COUNCILLORS:

Initials and Surname	Ward	Party Representation
Cllr M.R Ngobeni	Ward 1	ANC
Cllr M.J Shandukani	Ward 2	ANC
Cllr L. Ngobeni	Ward 3	ANC
Cllr G.M Rikhotso	Ward 4	ANC
Cllr P.F Mashimbye	Ward 5	ANC
Cllr D.Mahlangu	Ward 6	ANC
Cllr M.S Thovhakale	Ward 7	ANC
Cllr T.M Mutele	Ward 8	ANC
Cllr N.V Mukhomi	Ward 9	INDEPENDENT
Cllr H.D Ndove	Ward 10	ANC
Cllr K.E Rivombo	Ward 11	ANC
Cllr T.N Mulaudzi	Ward 12	ANC
Cllr T.Mudau	Ward 13	ANC
Cllr M.P Mathoma	Ward 14	ANC
Cllr T.E Maluleke	Ward 15	ANC
Cllr S.X Mavikane	Ward 16	ANC
Cllr T.E Vukeya	Ward 17	ANC
Cllr M.P Maluleke	Ward 18	ANC
Cllr N.Munyai	Ward 19	ANC
Cllr G. D Masangu	Ward 20	ANC
Cllr D.Mabasa	Ward 21	ANC
Cllr H.R Baloyi	Ward 22	ANC
Cllr N.L Baloyi	Ward 23	ANC
Cllr S.Mahlale	Ward 24	ANC
Cllr H.M Chauke	Ward 25	ANC

Cllr M.J Baloyi	Ward 26	ANC
Cllr S. Shivambu	Ward 27	ANC
Cllr J. Mabasa	Ward 28	ANC
Cllr M.T Moyo	Ward 29	ANC
Cllr H.G Chauke	Ward 30	ANC
Cllr M.W Sithole	Ward 31	ANC
Cllr N.P Mathonsi	Ward 32	ANC
Cllr M.C Mabunda	Ward 33	ANC
Cllr M.R Simango	Ward 34	ANC
Cllr T.C Chabangu	Ward 35	ANC
Cllr P.J Chavane	Ward 36	ANC

PR COUNCILLORS

Initials and Surname	Party Representation
Cllr T.J Bila	ANC
Cllr M.G Chauke	ANC
Cllr R.G Nkanyani	ANC
Cllr N.S Chauke	ANC
Cllr T.G Khosa	ANC
Cllr R.P Mudau	ANC
Cllr L.R Maluleke	ANC
Cllr S.G Hlongwani	ANC
Cllr N.E Ngobeni	ANC
Cllr S.M Rekhoto	ANC
Cllr F.F Mudau	ANC
Cllr M.E Lebea	ANC
Cllr Z.Q Miyambu	ANC

Cllr D.T Nkuna	ANC
Cllr K.E Mashakeni	ANC
Cllr T.M Sambo	ANC
Cllr Z.W Sunduza	ANC
Cllr A.J Mukhaha	ANC
Cllr M. Maluleke	ANC
Cllr S.G Maluleke	ANC
Cllr M.S Matamela	ANC
Cllr M.C Fungheni	ANC
Cllr N.G Ndzovela	ANC
Cllr R.C Mabasa	ANC
Cllr T.R Chauke	ANC
Cllr T.M Masia	DA
Cllr M.C Radzivoni	EFF
Cllr T.L Hlabangwani	EFF
Cllr C.E Tshiredo	EFF
Cllr H.T Makhubela	EFF
Cllr D.Baloyi	EFF
Cllr H.J Khosa	EFF
Cllr O.C Baloyi	XIMOKO
Cllr K.K Baloyi	ACDP
Cllr S.Muavha	DA

2.1.1. Administrative Governance Structure as at 30 June 2018

Directorate/ Department	Filled/ Vacant
Municipal Manager	Ms. T.C NGOBENI
Director Technical and Engineering Services	MS. R.I MABUNDA
Director Corporate Services	MR. R.R SHILENGE
Director Community Services	DR. G.L MALULEKE
Chief Finance Officer	Mr. E. MAKAMU
Director Development & Planning	MR. H.C. MUKWEVHO

2.1.2. Political Decision-making

The Municipal Council is chaired by the Speaker. Policy decisions and resolutions are taken by the Council as per recommendation of the Executive Committee.

The Mayor and the members of the Mayoral Committee have a responsibility to ensure that council resolutions are implemented as required by section 44 of the Municipal Structures Act.

The Administration headed by the Municipal Manager and the Senior Managers/ Directors are responsible for the implementation of council and Executive Committee resolutions.

Reports regarding policy matters and non-delegated administrative matters are prepared by the administration with the recommendations from the Municipal Manager then submitted to section 80 Committees (Portfolio Committees), Executive Committee where such reports are considered and recommendations are made to Council for final decision making.

COUNCIL RESOLUTIONS FOR THE YEAR THE PERIOD 1 JULY 2017 – 30 JUNE 2018

Powers of local government are vested in the municipal council and as a result Council has the power to make by-laws (legislative authority) and the powers to put those laws into effect (executive authority). Council adopts its own policies, by-laws and takes resolutions to ensure smooth operation of the Municipality and take its own decisions through Council resolutions with the recommendations of the Mayoral Committee.

The Executive Committee has responsibility to ensure that Council resolutions and decisions are implemented as provided for in terms of Section 44 of the Municipal Structures Act.

Reports regarding Policy developments and non-delegated administrative matters are prepared by Administration with the recommendations of the Municipal Manager and submitted to Portfolio Committees and Executive Committee where such reports are considered before they are served to council for final decision making.

Council Resolutions as at of June 2018:

	Finance	Technical Services	Corporate Services	Office of the Municipal Manager	the Community Services	Development & Planning	Total
Resolutions Taken	25	5	38	3	9	16	96
Implemented	25	5	38	3	9	16	96

For the 2017/18 Financial Year a total of Zero (0) Resolutions were deferred/withdrawn.

2.2. Administrative Governance

The Administration is led by the Municipal Manager who is appointed by Council in terms of the Municipal Systems Act. The Municipal Manager and Senior Managers/Directors directly accountable to the Municipal Manager sign Annual Performance Agreements with performance objectives, targets and procedures for Evaluating Performance.

This is to ensure that the Municipality achieves its Constitutional objectives in terms of Section 152 (1) of the Constitution of the Republic of South Africa.



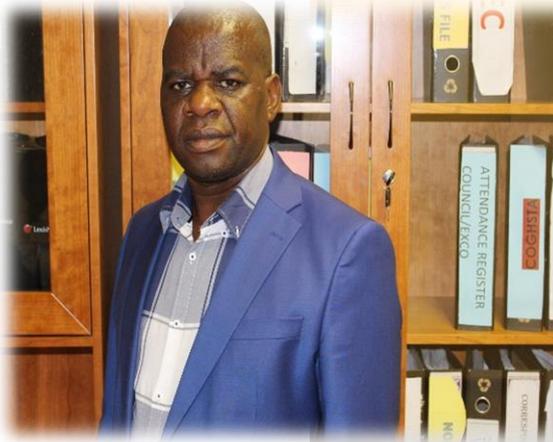
TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER

MS. T.C NGOBENI

Functions of the Municipal Manager

- Strategic Management Planning of Corporate Support Services
- Strategic Management
- Strategic Management Support of Finance Services – Budget and Treasury
- Strategic Management Support of Technical and Engineering Services
- Strategic Management Support of Local Economic Development and Planning
- Strategic Leadership for Risk Management Services
- Strategic Leadership for Internal Audit Services
- Operational Leadership of Institutional Performance Management and Reporting
- Administrative Leadership of Mayor and EXCO Support
- Coordinate Intergovernmental Relations
- Operational Leadership Communication Services



DIRECTOR: Corporate Services

MR R.R SHILENGE

Functions of Director Corporate Services

- Render Human Resources Management and Development Services
- Render Legal Services support
- Render Records Management and Auxiliary Services
- Render Council Support
- Render Facilities Management
- Performance Management
- ICT Management



DIRECTOR: Technical Services

MS. R.I MABUNDA

Functions of Director Technical Services

- Manage Municipal Development Projects
- Manage the maintenance of Roads and Storm Water Systems
- Manage the provision of Engineering Services
- Manage maintenance of Municipal Infrastructure
- Manage Service Delivery Units



CHIEF FINANCIAL OFFICER: Budget and Treasury

MR. E MAKAMU

Functions of the CFO

- Render Management Accounting Services
- Render Financial Accounting Services.
- Render Supply Chain Management Services
- Manage Municipal Assets



DIRECTOR: PLANNING AND DEVELOPMENT

Mr. H.C. MUKWEVHO

Functions of Director Planning and Development

- Manage and Coordinate the development and implementation of IDP.
- Promote Local Economic Development
- Management of Spatial Planning and Land Use Management
- Management of Housing, Property and Building Control



DIRECTOR: Community Services

DR. G.L. MALULEKE

Functions of Director Community Services and Safety

- Coordinate the rendering of Environmental and Waste Management Services
- Render Traffic Management Services (Law Enforcement) & Road Safety Promotion
- Coordinate the provision of vehicle and Drivers Licensing Services
- Render Disaster and Emergency Management Services
- Coordinate Arts, Culture, Sport and Recreation Services
- Manage Transversal and Special Needs Programmes

COMPONENT D: INTERGOVERNMENTAL RELATIONS

2.3. Intergovernmental Relations

2.3.1. NATIONAL INTERGOVERNMENTAL STRUCTURES

CCLM maintains constant communication with National treasury, Provincial departments and also participates in various district, provincial and national programs.

PROVINCIAL INTERGOVERNMENTAL STRUCTURES

Collins Chabane Local Municipality participates in PCF [Premier Coordinating Forum meetings which comprises of the Premier as the chair and members of the Executive Council and all the Mayors supported by their heads of Department and Municipal Managers as well as SALGA. Through the PCF both the provincial and local sphere of government are able to inform and take decisions on policy and development issues that emanates from national, Provincial and local government level.

2.3.2. Municipal entities

The Municipality does not have Municipal Entities

DISTRICT INTERGOVERNMENTAL STRUCTURES

Besides the PCF the CCLM participates in established Vhembe District Municipality Forums. The established forums are important for the purpose of integrated development planning and strengthening governance processes within the district.

The following intergovernmental Relations forums that CCLM participates in;

- Mayor s Forum
- Speaker s forum
- Municipal Manager 's forum and other Technical fora
- Governance Cluster
- Social and Economic Cluster
- District MPAC

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4. Public Meetings

2.4.1. Ward Committees

The municipality had established ward committees in all 33 wards during the 2017/18 financial year and they are functional. The 3 remaining wards are not yet established due to community protests.

The functionality thereof is summarized in the table below:

Description	Number
No. of wards	36
No. of ward committees	36
No. of ward committee members	330
No. of functional wards	33
No. of functional ward committee members	330
No. of non-functional ward committees members	30

Ward Committees meeting were held once a month during the year under review, except ward 7,8 and ward 14.

2.4.2. Mayoral Imbizo

Below is the summary of mayoral Imbizo that took place for the year under review:

No.	Date	Venue
1.	07 September 2017	Mashobye
2.	17 November 2017	Olifantshoek
3.	20 March 2018	Botsoleni
4.	13 July 2018	Mabayeni

COMPONENT D: CORPORATE GOVERNANCE

Overview of Corporate Governance

For the 2017/18 financial year the following governance responsibilities started to be functional towards the end of the financial year:

- Internal Audit Unit was established in April 2018 and performed the activities of both Internal Audit and Risks.
- Risk Assessment was established in September 2018 and from April till August the Internal Audit Unit was performing the duties of Risk Management
- Performance Management Unit was Functional however the Unit was capacitated in September 2018

Collins Chabane Local Municipality is currently having delegation of powers which were approved by council. The reason for these delegations was to delegate powers. The municipality is implementing these delegations.

2.5. Risk Management

The municipality has established Risk Management Unit in 2018 and one official was appointed which is the Chief Risk officer in terms of section 62 (1) (c) (i) and (ii) of the MFMA.

The risk management unit functions are guided by the following legislations:

- MFMA
- Treasury Regulations
- Codes of good corporate governance practices such as COSO
- National Treasury Public Sector Risk Management Framework
- Chapter 4 of the King III Report on Good Corporate Governance
- ISO 31000.

Risk Management is the identification assessment, and prioritization of risks (effect of uncertainty on objectives) followed by coordinated and economical application of resources to minimize, monitor, monitor and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities.

When conducting the risk assessment, management took into account the following Key Performance Areas (KPA's):

- Municipal Transformation and Organizational Development
- Spatial Rationale
- Basic Service Delivery and Infrastructure Development
- Local Economic Development

- Municipal Financial Viability and Management
- Good Governance and Public Participation

Management identified the below nine top risks:

- Insufficient collection of revenue
- Inadequate filling key positions
- Ineffective Municipal Governance Structures
- Ineffective implementation of the SDBIP
- Ineffective implementation of the PMS Policy
- Inadequate provision of basic services
- Non-compliance to relevant legislations
- Ineffective implementation of the LED Strategy
- High prevalence of HIV/AIDS
- Inability to attract and retain prospective investors

2.6. Anti-Corruption and Fraud

The Municipality is currently using the District Anti- Fraud and Corruption hotline for reporting of Fraud and Corruption. The Anti-Fraud and Corruption workshop was conducted for officials and Councillors by COGHSTA.

2.7. Supply Chain Management

Overview of Supply Chain Management

The Supply Chain Management Policy adopted by the Municipal Council is in compliance with the guidelines set out in the Supply Chain Management Regulations 2005.

The municipality established three bid committees and Councilors are not members of these committees.

Procurement for the Financial Year 2017/2018		
	Number	Amount
		R
Suppliers		
Khethwayo	62/2014/2015	R25 728 060.93
Kutsu management	01/2017/2018	R11 116 738,15
Bolombe 82 trading & projects	02/2017/2018	R920 000.00
Rivisi Electrical contractors	16/2017/2018	R3 160 822,15

2.8. By-Laws

For the year under review 2017/18 ,9 (Nine) by-laws for planning and development and community services were developed and went for public participation and inputs were received and now waiting for Council Approval.

2.9. Websites

Overview of Municipal Websites Compliance

The Municipal Website is a communications tool that seeks to use to communicate all municipal information to the public. The Municipal Website was developed and awaits approval by Council for the launch.

In terms of Section 75 of the MFMA, Municipal Website should include the following:

Documents published on the municipality`s /entity`s website	Yes/No	Date
Current annual and adjustment budgets and all budget related documents	Yes	2018-04-16
All current budget related policies	Yes	2018-04-16

The previous annual report (2016/17)	No	
The annual report (2017/18) published / to be published	No	
All current performance agreements required in terms of section 54/56 (1) (b) of the MSA and resulting score cards	Yes	2018-10-09
All service delivery agreements (2018/18)	No	
All long term borrowing contracts (2017/18)	No	
All supply chain management contracts above a prescribed value (give value) for 2017/18	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2017/18	N/A	
Contracts agreed in 2015/16 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
PPP agreements referred to in section 120 made in 2017/18	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during 2017/18	No	

Access to Municipal Website

Municipal Website:
www.collinschabane.gov.za

2.10. Public Satisfaction Levels

Collins Chabane Local Municipality has not conducted the public satisfaction survey in the year under review.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)
COMPONENT A: BASIC SERVICES

3. BASIC SERVICES

3.1. Water Provision

INTRODUCTION

Vhembe District Municipality [VDM] as the Water Services Authority [WSA] is the sole responsible authority for the provision of water and sanitation services. It needs to purchase, explore and distribute water supply services and sanitation services in the area of jurisdiction. However, Collins Chabane have procured two water tankers to relieve the community with water.

Vhembe District Municipality (VDM) is responsible for water and sanitation services as the Water Services Authority (WSA) in accordance with the Water Services Act 108 of 1997. However, Collins Chabane have procured two water tankers for watering of streets to eradicate dust for health purpose and maintenance of gravel roads.

3.2. Roads Overview

Municipality has the primary responsibility to provide for the availability of road services. This responsibility is embodied in the legislation as well as policy statements. Municipalities are however experiencing financial difficulties that are impacting on its ability to provide for new or extended services on demand.

The total kilometres of roads within Collins Chabane local municipality is 3465 km which 1 049 km are provincial roads, 128km are national roads and 2 288 km belongs to the municipality.

The table below highlight the categories of roads within Collins Chabane

	Road pavement type	Length(km)
1	Block	0
2	Concrete	0
3	Asphalt	60
4	Unpaved	2 228

Total Unpaved Gravel Road infrastructure Kilometers				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/Maintained
Year -2	2 223	0	14	0
Year -1	2 288	0	0	0
Year -0	2 288	0	51	0

Tarred Road infrastructure Kilometres					
	Total tarred roads	New Tarred roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	14	0	0	0	0
Year -1	0	0	0	0	0
Year -0	46	0	0	0	0

Cost of construction/Maintenance R'000						
	Gravel			Tar/Paving		
	New	Gravel- tar	Maintained	New	Re-worked	Maintained
Year -2	0	0	0	0	0	0
Year-1	0	0	0	0	0	0
Year -0	0	R102 268 236,08	0	0	0	0

Capital Expenditure year 0: Road services					
R'000					
Capital projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project values
Year -0	R 83 480 000.00	R102 268 236,08	R 95 992 560.00	R 18 788 236,08	R102 268 236,08

- The Municipality has procured a service provider who is assisting in developing maintenance plans. The plan will give us the status quo of our roads and also guide on the type of maintenance to embark on.

3.3. Storm water

Storm water management is defined by the Red Book (Guidelines for Human Settlements and Design, 2000) as “the science of limiting negative impacts on the environment and enhancing the positive impacts, or catering for the hydraulic needs of a development while minimizing the associated negative environmental impacts”.

Any development will have an impact on its environment in some way or form and therefore needs to be managed—storm water is no exception and should be considered an important resource. The goals of storm water management are therefore aimed at supporting the philosophy of reducing the impact of storm water flow through and off developed areas. Local authorities are entrusted with the power to construct infrastructure to manage the flow (quantity, quality and velocity) of storm water discharge.

A Storm Water Drainage System is defined as “All the facilities used for the collection, conveyance, storage, treatment, use and disposal of runoff from a drainage area to a specified point.” - Red Book, 2000. A typical storm water drainage system in a formal urban setting involves minor storm water runoff as a result of frequent storms that is drained. Budget allocated for roads include storm water.

The storm water in Collins Chabane were long designed and were never upgraded, the storm water network in Collins Chabane has to be upgraded to minimum size of 600mm diameter. The municipality has started with project registration processes for project funding through MIG to upgrade the storm water network in Collins Chabane

3.4. Electricity

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

The municipality does not have a license to provide electricity. Currently Eskom is responsible for the provision of electricity. For 2017/18 financial year the municipality electrified 850 households at Mavandla and 311 Households at Mavambe/Makumeke through funding from INEP, the houses were low cost Houses and informal settlements, 20A supply was installed in all the houses as per the indigent policy of the municipality. The Municipality is planning to apply for an electricity distribution license.

Electricity Service Delivery Levels Households				
Description	Year 3	Year 2	Year 1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Electricity (at least min service level)	0	1160	0	0
Electricity-prepaid (min service level)	0	1160	0	0
Minimum service level and above sub-total	0	0	0	0
Minimum service level and above percentage	0	0	0	0
Electricity-prepaid (<min service level)	0	1160	0	0
Electricity-prepaid (>min service level)	0	0	0	0
Below minimum service level sub-total	0	0	0	0
Below minimum service level percentage	0	0	0	0
Total number of households	0	1160	0	0

Households - Electricity Service Delivery Levels Below the minimum					Households
Description	2015/16	2016/17	2017/18	2018/19	2017/18

	Actual No.	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements							
Total Households	0	0	1160	0	1160	1160	1160
Households below minimum service level	0	0	1160	0	1160	1160	1160
Proportion of households below minimum service level	0	0	0	0	0	0	0
Informal Settlements							
Total households	0	0	1160	0	1160	1160	1160
Households below minimum service level	0	0	1160	0	1160	1160	1160
Proportion of households below minimum service level	0	0	0	0	0	0	0

Comment on Electricity Services Performance Overall:

There were two capital projects that were implemented by Collins Chabane Municipality in the 2016/2017 financial year. The projects were at Ka-Madolo (56HH) and Joubert (89HH). Both projects reached practical completion stage and are currently awaiting energization by Eskom.

Below is a list of other electrification projects that were implemented by Eskom:

- Mashau/Magweni/Misevhe
- Tshitungulwane
- Tiyani
- Nyavani
- Tshitumbuni
- Collins Chabane Infills
- Makhasa
- Mkuzana
- Nwaxinyamani
- Tshipuseni
- Fourways
- Olifantshoek
- Xifaxani
- Ximixoni
- Shibangwa
- LIM345 Pre Eng

In summary, an additional 3 372 households were serviced with new electricity connections towards contributions of national goal for obtaining universal access of electricity services to household in South Africa

3.5. Project Management Unit (PMU)

The Municipality PMU is responsible for the implementation of Capital Projects within various departments to ensure that they are handed-over to the users upon completion for functionality purposes.

The table below indicates projects that were implemented for Technical Services Directorate as part of the Capital Projects in the financial year under review.

Project Name	Consultant / Contractor	MIG Approval	Comments
Xithlelani Ring Road (3km)	Nemorango Consulting/ KhethwayoNdhuna JV	29 580 390.76	Completed, Project is under defects and liability period.
Saselemani Sports Facility	EVN / A & P Civils	48 000 000.00	Completed, Project is under defects and liability period.
Mavandla, Mavambe and Makumeke	VOLT Consulting Engineers	18 000 000.00	Completed, Project is under defects and liability period.

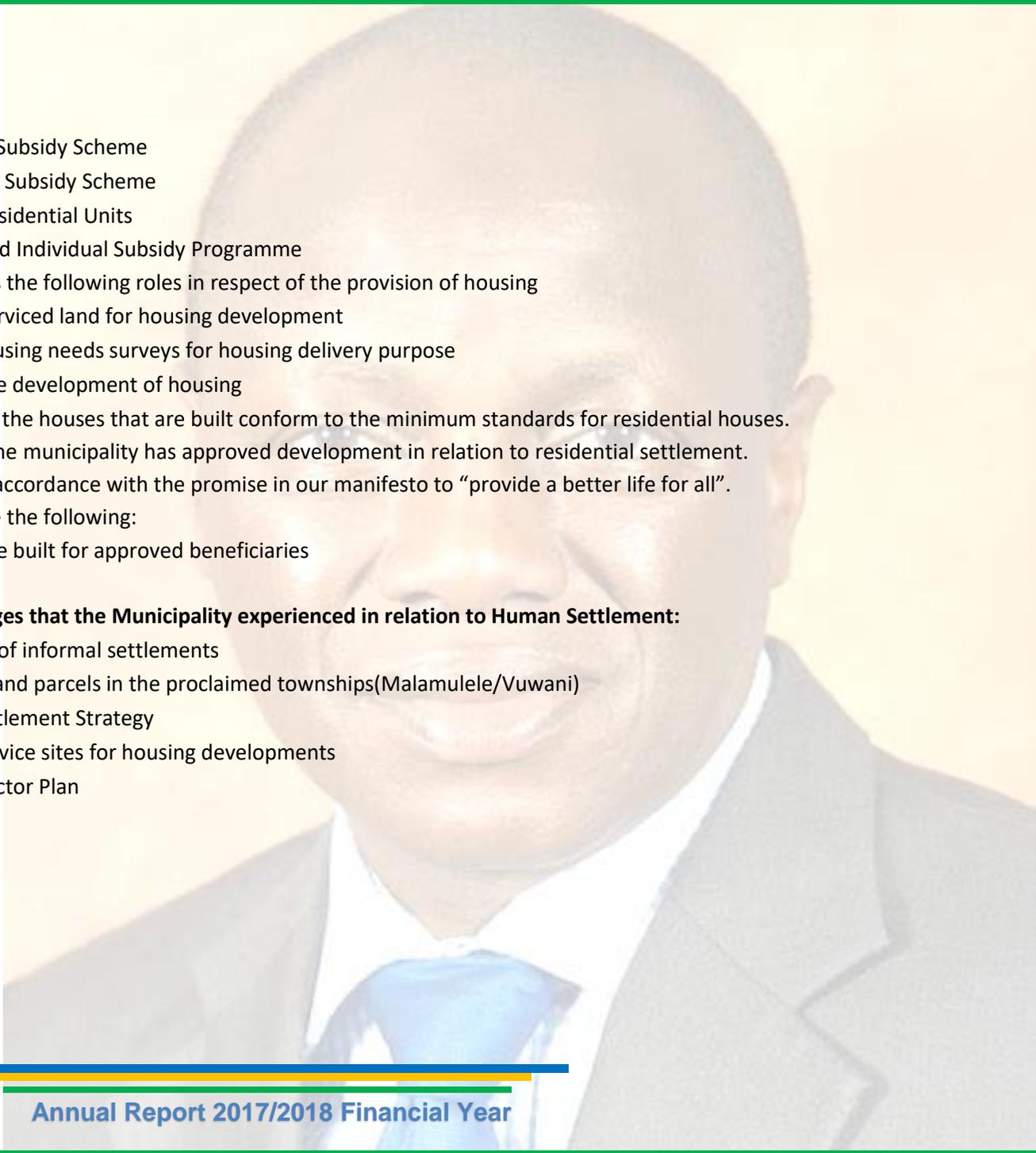
3.6. Housing

OVERVIEW HOUSING

Collins Chabane Local Municipality Human Settlements Section is entrusted with the overseeing, facilitation of integrated human settlements, management of Council owned rental stock, management of informal settlements and ensuring security of tenure through issuing of Title Deeds. Our strategy is to provide housing in line with the deliverable of Outcome 8, which is to develop spatial plans to ensure new housing developments are in line with national policy on intergraded Human Settlements and to accelerate the delivery of housing

The following human settlements programme are currently being prioritised by Collins Chabane Municipality:

- Formalisation of informal settlements

- 
- Social Housing
 - Rural Housing Subsidy Scheme
 - Urban Housing Subsidy Scheme
 - Community Residential Units
 - Financial-Linked Individual Subsidy Programme

The municipality fulfills the following roles in respect of the provision of housing

- Provision of serviced land for housing development
- To compile housing needs surveys for housing delivery purpose
- To facilitate the development of housing
- To ensure that the houses that are built conform to the minimum standards for residential houses.

Since the new dawn, the municipality has approved development in relation to residential settlement.

This has been done in accordance with the promise in our manifesto to “provide a better life for all”.

Successes achieved are the following:

772 Housing Units were built for approved beneficiaries

Below are the challenges that the Municipality experienced in relation to Human Settlement:

- Mushrooming of informal settlements
- Unregistered land parcels in the proclaimed townships(Malamulele/Vuwani)
- No Human Settlement Strategy
- Insufficient service sites for housing developments
- No Housing Sector Plan

Percentage of households with access to basic housing			
Year end	Total households	Households in formal settlements	Percentage of HHs in formal settlements
	(including in formal and informal settlements)		
2017/18	91936	69952	76%

HOUSING				
Service Objective	Service Indicator	Service Target	2017/18	
			Target	Actual
To build 772 Units for approved beneficiaries	Number of Units build to approved beneficiaries	772	772	772

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The Department of Human Settlement has performed during 2017/18 financial year with respect to the actual delivery of houses.

3.7. Free Basic Services

The municipality has an Indigent Policy that was adopted in 2017

The policy states the below as the criteria for which a debtor needs to meet before qualifying as indigent:

CRITERIA

A household who meets the criteria contained in the paragraph below may apply to be registered as indigent.

The following conditions should be met in order to qualify to be registered:

The applicant must be a natural adult person.

The gross total monthly household income of all persons ordinarily residing at the premises concerned from all sources may not exceed an amount of the combined older person grant as stipulated in the national budget for two senior citizens or as may be determined by the council from time to time.

The applicant may not own, either on her/his own or together with other persons, more than one fixed property.

The applicant must ordinarily reside at the premises concerned.

The amount written off will be reinstated should the owner sell the property

Customers qualify for services levels as follows:

Electricity

Indigent households with electricity supplied by Eskom will receive the first 50 kWh units free each month.

All registered indigent debtors **MUST** be on a prepaid electricity meter

ASSESSMENT RATES

The first R15 000 of the property value of residential households is exempted from tax.

Registered indigents will get a 100% rebate on assessment rates.

REFUSE REMOVAL

It is within our mandate that Collins Chabane provide refuse removal services daily in town and once a week per households in proclaimed areas. Refuse removal services is rendered at Saseleman, Hlanganani and Malamulele Daily, employees also make use of brooms to sweep waste at the roads especially at taxi ranks.

Type of waste collected are General waste which includes Household waste, Builders rubbles, Garden waste etc... We don't collect medical and hazardous waste.

We managed to purchase 02 (two) compactor trucks and one (01) skip loader during the financial year. Currently Waste Management is operating with the following refuse vehicles:

- 04 Compactor Trucks
- 01 Half Trucks
- 02 TLB

LANDFILL SITE

Collins Chabane is using Thulamela Municipality Landfill site for disposal of waste, and we are billed for disposing waste within their landfill site. Development of Landfill site at Xigalo in Collins Chabane is in progress stage. There are two transfer station, transferred from Thulamela Municipality in Mhinga and Mulezhe, which are not functional

Sewerage

The sewage services not a Municipal Function but the function of the Vhembe District Municipality

3.8. Vehicle Licensing

The Municipality was performing the function of Licensing & Registration Services and the following services were rendered to the community for the year under review.

1939 **PRDP** license application for motor vehicles,

APPLICATION FOR LEARNER'S LICENSE

PASS	FAIL	ABSENT	PENDING	TOTAL
6443	2026	293	06	8768

DRIVER LICENSES AND APPLICATION

PASS	FAIL	ABSENT	PENDING	TOTAL
1928	729	163	15	2835

COMPONENT C: PLANNING AND DEVELOPMENT

3.9. Planning and Development

The Spatial Planning and Land Use Section of the Collins Chabane Local Municipality is entrusted with the following functions:

- Land Use Management and Enforcement
- Spatial Planning and control
- Planning and provision of residential, business, industrial and institutional erven (sites) in order to address the demand of the community/ citizens.
- Coordinate practices and policies affecting spatial organization
- Promote for the sustainable use and development of land.
- Redress the past spatial and other development imbalances through improved access to land.
- Promote land development that is within the fiscal, institutional and administrative means of the Municipality and the Republic.
- Ensure that special consideration is given to the protection of prime and unique agricultural land.
- Promote land development in locations that are sustainable and limit urban sprawl.
- Promote and stimulate effective and equitable functioning of land markets.
- Formalization of informal settlements.

Applications for Land Use Development 2017/18 FY			
Details	Township Establishment	Rezoning	Special Consents
Land use Development application received	2	16	85
Determination made in year of receipt	0	0	40
Determination made in the following year	1	16	42
Application outstanding	1	0	0
Application outstanding at year end	1	0	3

3.10. Local Economic Development

Local Economic Development is central to the Integrated Development Plan of a Municipality. CCLM has prioritised tourism as the main key driver of LED hence the Vision explicitly stated that ‘Tourism home to scenic wonders of Africa.’ Other key drivers included Agriculture, Forestry, Manufacturing and Mining. LED is an ongoing process which incorporates various stakeholders, identifying local resources and stimulating economic growth. The aim of the LED process is to create employment, alleviate poverty, redistribute resources and most importantly keep money generating in the Local Municipality.

The Municipality has been operating without the LED strategy and plans are underway to develop the strategy that will guide the economic development within the Municipality.

3.10.1. Local Economic Development Forum

An LED Forum can be defined as a platform (institutional arrangement) where residents (individuals, private organizations, government, NGO’s, CBO’s, Traditional authorities) within a particular locality gather, with an aim to share information and experiences, pool resources and solve problems which come up in the course of implementing LED projects.

The municipality has been functioning without a forum since the inception. The Municipality was participating at the district Municipality LED forum

Local Economic Development (LED) and the LED Forum thereof offers local government, the private sector, the non for profit sectors and the local community the opportunity to work together to improve the local economy. It aims to enhance competitiveness and thus encourage sustainable growth that is inclusive.

Vhembe District Forum is composed of the following structures

STRUCTURES	GOVERNMENT DEPARTMENTS
1. Tourism Sector Forum	1.Rural And Land Reform Department
2. Trade Sector Forum	2. Limpopo Economic Development And Tourism
3. Mining Sector Forum	3. Office Of The Premier
4. Agricultural Sector Forum	4. Department Of Agriculture
5. Collins Chabane Chamber Of Business	5. LEDA
	6. LTA
	7. SEDA
	8. OTHER LOCAL MUNICIPALITIES

3.10.2. Programmes under LED:

3.10.2.1. SMME Mentorship Support Programme

Collins Chabane Local Municipality conducted a Tourism SMME workshop and establishment of the tourism association. The Municipality facilitated the process of the establishment of the tourism association.

3.10.2.2. **The Tourism was launched on the 17 of October 2017.**

3.10.2.3. **SMME Mentorship Support Programme**

Collins Chabane Local Municipality conducted a Tourism SMME workshop and establishment of the tourism association. The Municipality facilitated the process of the establishment of the tourism association.

The Tourism was launched on the 17 of October 2017. The following members were elected to the committee:

Name and Surname	Position
Maluleke Vusi	Chairperson
Hlungwani George	Vice Chairperson
Mabasa Basil	PR Officer
Maluleke Abeline	Treasure
Mabasa Khanyisiwa	Secretary
Mazibuko Thandi	Additional Member
Chauke Languta	Additional Member

Expanded Public Works Programme

- For the year under review 197 EPWP recruits were appointed. The recruited EPWP are mostly employed in the basic service in the Community Services Department

Summary of jobs created		
Jobs created through EPWP		
Financial Year	EPWP Projects	Number of Jobs created through EPWP
2017/18	Refuse Removal & Routine Roads Maintenance	197

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.11. Libraries

The library function lies with the Department of Culture, Sport and Recreation as required by the Local Government Ordinance 17. Collins Chabane Local Municipality has one library situated in Saselemani. There are other four modular libraries at Olifantshoek, Matsakali, Makhlule and Tshikonelo that are located within the jurisdiction of the Municipality that belongs to Department of Education.

The Functions/ Priorities of the Libraries are as follows:

- Provide Internet and e-mail service
- Provide printing and photocopy service
- Provide computer access
- Provide library information
- Marketing libraries

MONTH	MEMBERSHIP	ORIENTATION	BOOK CIRCULATION	TECHNICAL INTERNET & WI-FI
JUNE	02	67	02	356
JULY	02	50	04	610
AUG	02	06	09	309
SEPT	03	118	20	195
OCT	01	45	14	482
NOV	03	32	04	652
DEC	00	11	08	109

JAN	00	22	00	206
FEB	04	62	17	230
MAR	01	114	12	310
APR	00	144	18	319
MAY	02	73	05	350
JUN	01	44	27	424
TOTAL	21	788	140	4552

Relationship between Collins Chabane and the Department of Culture, Sport and Recreation

The relationship with the Department of Culture, Sport and Recreation is based on the following factors/ functions:

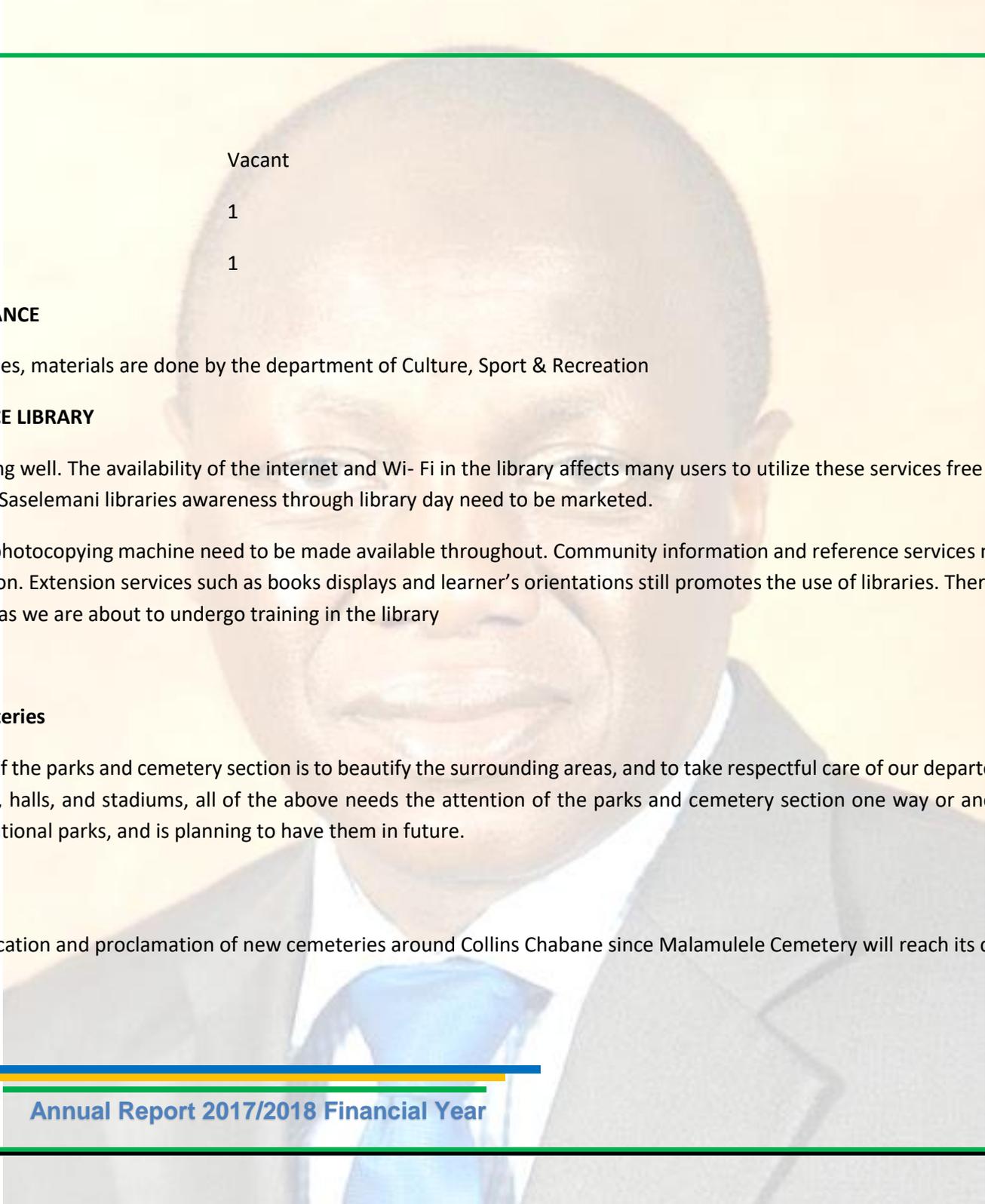
- Staffing
- IT facilities
- Marketing campaign/ library promotion
- Collection development
- Logistical support

LIBRARY POLICY OBJECTIVES

Contribute to the realizing and maintaining of the freedom of investigation and thought as the expression of thought, for the sake of science and cultural and personal development. To provide for the recreational needs of the individual, the family and other community groups and to encourage the healthy employment of leisure.

EMPLOYEES IN PUBLIC LIBRARY

SASELEMANI LIBRARY



Chief Librarian	Vacant
Assistant Librarian	1
Library Clerk	1

FINANCIAL PERFORMANCE

Procurement for libraries, materials are done by the department of Culture, Sport & Recreation

OVERALL PERFORMANCE LIBRARY

The library is performing well. The availability of the internet and Wi- Fi in the library affects many users to utilize these services free of charge. Marketing is not yet happening but Saselemani libraries awareness through library day need to be marketed.

Additional services of photocopying machine need to be made available throughout. Community information and reference services make the community to easily access information. Extension services such as books displays and learner's orientations still promotes the use of libraries. There is a need in future for services to the "Blind" as we are about to undergo training in the library

3.12. Parks & Cemeteries

The primary principle of the parks and cemetery section is to beautify the surrounding areas, and to take respectful care of our departed loved ones, museum garden, office gardens, halls, and stadiums, all of the above needs the attention of the parks and cemetery section one way or another. The municipality currently has no recreational parks, and is planning to have them in future.

Cemeteries

We need to do identification and proclamation of new cemeteries around Collins Chabane since Malamulele Cemetery will reach its capacity in future.

The Municipality has one (01) cemeteries:

Number of Cemeteries	Location
One	Malamulele at Xithlelani Village

The Cemeteries are continuously kept clean by General Assistance and EPWP staff. No permanent admin officer to control cemetery issues.

Service Statistics for Cemeteries 2017/18 Financial Year:

Location:	2017/18	Number of Burials: Adults & Children (2017/2018)
Malamulele Cemetery	76 graves	76 burials

Parks

The municipality currently has no recreational parks, and is planning to have them in future at these areas.

Area Affected	Number of Parks	Service type needed	Priority Service for the next two years
1.Saselemani	01	Development of Park, Completion of structures and landscaping	Park Development Maintenance Signage
2.Malamulele	01	Development of Park, Completion of structures and landscaping	Park Development Maintenance Signage
3.Njhakanjhaka	01	Development of Park, Completion of structures and landscaping	Park Development Maintenance Signage

3.13. Municipal Buildings

This division is responsible for the provision of horticulture and landscaping services within all Municipal Buildings, traffic Stations, community halls, Municipal offices, stadiums, and along the roads. The Municipal Buildings are as follows:

- Civic Centre
- Boxing Gym
- Malamulele Club House
- Stores
- Vuwani Community Hall
- Njhakanjhaka Community Hall
- Vuwani Satelite Offices
- Vuwani Traffic Station

The Municipal Sporting Facilities are as follows:

- Malamulele Stadium
- Saselemani Stadium
- Merwe Stadium
- Vuwni Stadium and
- Bungeni Stadium

Municipal facilities need to be maintained, as most of them don't have water and proper sanitation. Municipal buildings including sports facility need to

COMPONENT E: ENVIRONMENTAL PROTECTION

3.14. Pollution

The municipality has a plan to develop IWMP which will be adopted during 2018/19 financial year where the following items will be addressed:

- Mitigation of illegal dumping

- Control of land invasion
- Rehabilitation of all old landfill sites
- Control of our river banks
- Environmental awareness campaigns
- Monitoring of emissions from pollution

The municipality is in the process of developing waste disposal facility used for disposing waste. Activities connected therewith include the following:

- Waste Collection
- The reduction, reuse, recycle and recovery of waste
- The transportation of waste
- The disposal of waste

3.15. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION

Council is relatively improving in responding to challenges that are faced by the marginalized group i.e. people living with disability, senior citizens and women.

The marginalisation trend is derived from generation to generation and subsequently elevated into a culture. This becomes a greater responsibility for the current generation to restore dignity to these affected groups of the communities hence every stakeholder has to contribute directly or indirectly in order to restore or achieve equality in the society.

Disability

The office is constantly in interaction and collaboration with the disability forum, and the following were the programs and activities: For the year under review 2017/18 the municipality got a service provider who trained people living with disability and they were only provided with laptops and stipend was not provided.

Activity	Date	Report	Comments
Learnership Programme on Plumbing, bricklaying and Electrical conducted by DBSA	September 2018 – October 2019	37 Learners are currently attending the programme	Council should intensify this programme to identify more potential beneficiaries
Disability Casualty	September 2018	Council transported of 22 people to attend Casual day	Solidarity in South African Sign Language should be prioritized in all municipalities
Collins Chabane Disability Forum	15 November 2016	Meeting raised in main the following issues: <ul style="list-style-type: none">- Disability Centre- Disability fun Walk- Casual day- Sports for the disability	Council should make an invitation to all communities for the submission of all affected individuals within the municipality

Senior Citizens

Collins Chabane has a Senior citizen forum which is due to be launched, the main focus of the forum is to attend on issues affecting senior citizen. There are the following activities participated by Collins Chabane senior citizen namely:

- Golden games
- Choir
- Debate
- Beauty Pageant Contenders

However, we need to increase activities for the senior citizens particularly in Arts, Culture & Sports. Councilors, CDW's, Ward Committees and departments are working closely in addressing challenges of senior citizens daily by ensuring that they benefit from services.

Women

For the year under review there was no Women Celebration held in the Municipality. However, Women from Collins Chabane Local Municipality participated in District, Provincial and National Celebration.

Gender

Gender forum has not yet been Launched.

Youth

Youth Council has not yet been launched.

COMPONENT F: HEALTH SERVICES

3.16. HIV/AIDS

Collins Chabane Local municipality has a HIV/AIDS unit in Vhembe offices, where the Executive Mayor is the Champion of all HIV/AIDS programs.

The main focus of the municipality on the responds to HIV/AIDS is Coordination, Facilitation and Mainstreaming of HIV/AIDS Advocacy by focusing on the key Strategic Objectives on the National HIV/AIDS Strategic Planning

The Local AIDS Council was Launched on the 4th of April 2018 and its functional, under the reviewed there were one (01) quarterly meetings were convened.

HIV/AIDS epidemic have a major negative impact within Collins Chabane Local Municipality. The HIV/AIDS prevalence within the municipality is at 36.4% in terms of HIV/AIDS Infection.

The access to public health facilities within Collins Chabane Municipal area of jurisdiction covers some areas, most of the rural farming communities are out-of-the-way, here and there and health services are provided through mobile services which are unreliable, and farm communities have limited or no access to proper health services.

Currently there are one (01) Hospitals in CCLM: in Malamulele, Municipalities play a very important role in the co-ordination, facilitation of local responses and mitigation of the impact of HIV/AIDS, TB and STI's. The municipality has a responsibility to provide a conducive environment and protect human dignity as outlined in Act, No. 108 of 1996 that protect Human rights on HIV / Aids (Section 23(1)).

The National SALGA frame work (2007) guides and give strategic direction in local municipality on dealing with HIV and AIDSs both in work place and community. There are number of legislations that provide the mandate to the municipalities

The Municipality mandate to respond to HIV/ AIDS epidemic through advocacy, Coordination and Facilitation and one of its responsibilities is: To establish and strengthen Local AIDS Councils through multi-sectoral approach. Collins Chabane municipalities initiate the establishment of the LAC that consists of number of stakeholders. The local AIDS Council consist of all government sectors within the municipality, Traditional Leaders, Traditional Healers, PLHWHA, NGO's, NPO's, FBO's, Business Sector, Trade Unions, Civil Societies and interested groups.

Collins Chabane Local Municipality Economic Sphere is forestry, mines, agriculture and other natural resources that led to the influx of people searching for the greener pastures, which had negative impact on HIV/AIDS, TB and STI's increase furthers more that led to land invasion, high migrant both legal and illegal, unemployment, poverty, inequality, drugs and substance abuse, teenage pregnancy and sex workers,

The local municipalities should strengthen their understanding on the migration and immigration as these are social determination and health is influence by the shape of circumstances i.e. increase influx of people, infrastructure, money power, education and resources at global, nation and local. Therefore, the municipality should ensure immigrant programs and other HIV /AIDS drivers and challenges are part of the IDP's with planned budget (Mainstreaming all HIV/AIDS and migration to IDP and LED strategies).

Furthermore, the municipality needs to do the following to address the above mentioned challenges:

- To identify all immigrants hot sport (areas like. farms, mines and township informal settlements, to minimize human and drugs trafficking and to prevent crime.

Continuous counselling on treatment adherence to patients

Train the Community Based program workers from municipality on tracing of HIV/AIDS and TB interrupters.

- The municipality to prioritized The Ward Base HIV/AIDS advocacy and Ward Councilors to take lead on their specific Wards
- The established Drug Action Committees be supported and be used effectively and efficiently to respond on issues of substance abuse
- To come up with robust awareness campaigns for young girls and teenagers in and out of school through Mmayihlasele izazi, She Conquer, the Zazi Campaign and other social programs.
- The municipality needs to establish the Immigrant and Health Forum that will look on immigrant issues, like health, human trafficking, discrimination, stigma and abuse.

COMPONENT G: SECURITY AND SAFETY

3.17. Traffic Services

The national road traffic act 93/1996 ensures that all road users are safe on the road. Traffic law enforcement, traffic signage and road safety education are the components to assist in terms of road safety.

The municipality didn't have a functional unit during 2017/18 financial year under review. There is a plan in place to Launch Roads traffic safety.

Service Statistics for Traffic Services 2016/17 Financial Year:

	Malamulele	Saselemani	Njhakanjhaka
Number of vehicle road accidents 2015/2016 FY	-	-	-
Number of By-law infringements	-	-	-
Number of traffic officers on duty on an average day	0	0	0

ENVIRONMENTAL PROTECTION

3.14. Disaster Management

The function of Disaster Management lies with the District as required by Disaster Management Act No 57 of 2002. Collins Chabane Municipality is not immune to emergencies and disasters and annually suffers the impact of various human-induced and natural hazards that have the potential to kill, injure, destroy and disrupt

Disaster Management is a continuous and integrated multi-sectoral and multidisciplinary process of planning and implementation of measures aimed at preventing or reducing the risk of disasters; mitigating the severity or consequences of disasters; ensuring emergency preparedness; enabling a rapid and effective response to disasters and facilitating post-disaster recovery and rehabilitation. Collins Chabane Municipality, in terms of the Disaster Management Act, 2002 (Act No. 57 of 2002), has compiled a Municipal Disaster Management Plan (DMP).

The Disaster Management structure / DMS of the Collins Chabane Municipality aim to prevent or reduce the risk of disasters, mitigate the severity or consequences of disasters, prepare for emergencies, respond rapidly and effectively to disasters, prepare for emergencies, respond rapidly and effectively to disaster and to implement post-disaster recovery and rehabilitation within the Collins Chabane Municipality by monitoring, integrating, coordinating and directing the Disaster Management activities of all role-players.

Accidents are attended in accordance and people who were in need of relief material were provided. Emergency cases were prioritized and awareness campaigns were conducted to conscientize the community about fire and disaster matters. A pound master was appointed to ensure the safe environment to its community and the safety of the road users, it sought a service for the provision of professional pound master to operate within its boundaries.

COMPONENT H: SPORTS AND RECREATION

3.18. SPORTS AND RECREATION

The Mayoral Club

In 2017/18 Financial Year the Municipality hosted one game that is the Gauteng based former Bafana Bafana players and the Limpopo Legends at Malamulele Stadium.

Employees Sports

The employees' sports day is aimed at encouraging employees to healthy living lifestyle by actively participating in the employees' wellness programme. The employees' sports day visit to other institutions to play games saw an increase in the participation level as other sporting codes were introduced such as athletics, tennis, football. We are also in a process of establishing volleyball team and a sports committee.

Indigenous games

The indigenous games in partnership with the Vhembe District Municipality is taking shape in ensuring teams are established for nine indigenous games codes. The Collins Chabane Local Municipality was part of the hosted District indigenous games where a team was chosen to represent the district in the provincial games and national.

Sports Confederation (Sports Council)

The Collins Chabane has a plan to launch Sports Council within 2017/18 financial year

COMPONENT I: ORGANISATIONAL PERFORMANCE

The 2017/18 SDBIP had 76 Key Performance Indicators (KPIs), and reported below is performance results:

KEY PERFORMANCE AREA	KPIs	ACHIEVED	NOT ACHIEVED
Municipal Institutional Development and Transformation	14	14	0
Spatial Rationale	8	6	2
Basic Services and Infrastructure Development	26	14	12
Local Economic Development	4	2	2
Municipal Financial Viability and Management	9	8	1
Good Governance and Public Participation	15	11	4
Total	76	55	21

A total 55 out of 76 KPIs were achieved which results to 72% of the SDBIP KPIs being achieved and 21 were not achieved.

Development Objective	Key Performance Indicators/Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Budget 17/18 R'000	Adjusted Budget 17/18 R'000	Start Date	End Date	STATUS OF ACHIEVEMENTS	PROGRESS TO DATE	CHALLENGES	INTERVENTION	18/19 R'000	19/20 R'000	Portfolio Of Evidence	Dept .
KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT																	
Improved governance and administration	To review and submit 24 HR Policies by 30 June 2018	24 HR policies were rationalized by September 2016	24 HR policies reviewed and approved by 30 June 2018	HR Policies review	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	24 HR policies reviewed and approved	None	None	OPEX	OPEX	Policies and Council resolutions	CORP
Improved governance and administration	To review and submit the Organogram to Council for approval by 30 June 2018	Organization Structure was developed by June 2017	Organogram reviewed and approved by 31 May 2018	Organogram review	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	Organogram for 2018/2019 reviewed and approved by Council.	None	None	OPEX	OPEX	Approved Organogram and Council resolutions	CORP
Improved governance and administration	% litigation cases attended (# of cases attended /# of cases received) by 30 June 2018	There were no litigations against the Municipality	100% cases attended (# of cases attended /# of cases received) by 30 June 2018	Management of litigations	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	100% cases attended(5/5)	None	None	OPEX	OPEX	Litigation Register	CORP

Improved governance and administration	To fill 32 posts in line with Organogram by 30 June 2018	New Indicator	32 posts filled in line with Organogram by 30 June 2018	Personnel Recruitment	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	32 posts filled in line with Organogram	None	None	OPEX	OPEX	Advertisements, Shortlisting reports, Interview reports and Appointment letters	CORP
Improved governance and administration	# of LLF Meetings convened by 30 June 2018	New Indicator	12 LLF Meetings convened by 30 June 2018	LLF Meetings	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	12 LLF Meetings convened	None	None	OPEX	OPEX	Minutes and Attendance Registers	CORP
Improved governance and administration	To develop ICT governance system by 30 June 2018	New Indicator	ICT Governance System developed by 30 June 2018	ICT Governance	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	ICT governance framework and policies	None	None	OPEX	OPEX	Specification, Appointment Letter, ICT Policy	CORP
Improved governance and administration	To develop Back to Basics Action Plan by 30 June 2018	New Indicator	B2B action plan developed by 30 June 2018	Back to Basics Action Plan	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	1 Back to Basics Action Plan developed	None	None	OPEX	OPEX	B2B Action plan	CORP
Improved governance and administration	# of Back to Basics Action Plan Reports developed by 30 June 2018	New Indicator	3 Back to Basics Action Plan Reports developed by 30 June 2018	Back to Basics Action Plan reports	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	3 Back to Basics Action Plan Reports developed	None	None	OPEX	OPEX	B2B reports	CORP

Improved governance and administration	To develop the workplace skills plan by 30 June 2018	New Indicator	Workplace skills plan developed by 30 June 2018	Occupational health	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	Workplace skills plan developed	None	None	OPEX	OPEX	Workplace skills plan	CORP
Improved governance and administration	# of organisational performance reports developed by 30 June 2018	New Indicator	6 organisational performance reports developed by 30 June 2018	6	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	6 organisational performance reports developed	None	None	OPEX	OPEX	Oversight report, 1st, 2nd, 3rd and 4th quarter SDBIP reports, section	CORP

Improved governance and administration	% Section 54/56 Managers with signed performance agreements by 30 June 2018 (# of managers with signed performance agreements/# of managers appointed)	New Indicator	6 section 57 managers performance agreement signed by 30 June 2018 (# of managers with signed performance agreements/# of managers)	None	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	6 section 57 managers performance agreement signed	None	None	OPEX	OPEX	Signed Performance Agreements	MM
Improved governance and administration	To purchase furniture for community services by 30 June 2018	New Indicator	furniture for community services purchased by 30 June 2018	furniture for community services	Income	2 199 996,00	2 199 996,00	01/07/2017	30/06/2018	Target Achieved.	furniture for community services purchased	None	None	OPEX	OPEX	Purchase order and Invoice	CORP
Improved governance and administration	To purchase car for MM's office(Speaker) by 30 June 2018	New Indicator	Car for MM's office(Speaker) purchased by 30 June 2018	Purchase of car	Income	0,00	1 800 000,00	01/07/2017	30/06/2018	Target Achieved.	car for MM's office(Speaker) purchased	None	None	OPEX	OPEX	Purchase order and Invoice	CORP

Improved governance and administration	To develop the SDBIP 2018/2019 and submit to the Mayor for signature within 28 days after approval of the IDP/Budget by 30 June 2018	SDBIP was developed	2018/19 SDBIP developed and submitted to the Mayor for signature within 28 days after approval of the IDP/Budget by 30 June 2018	SDBIP	Income	OPEX	OPEX	01/07/2017	30/06/2018	Target Achieved.	2018/19 SDBIP developed and submitted to the Mayor and signed within 28 days of the approval of IDP/Budget	None	None	OPEX	OPEX	Signed SDBIP	CORP
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Development Objective	Key Performance Indicators/Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Budget 16/17 R'000	Adjusted Budget 16/17 R'000	Start Date	End Date	STATUS OF ACHIEVEMENT	PROGRESS TO DATE	CHALLENGES	INTERVENTION	18/19 R'000	19/20 R'000	Portfolio Of Evidence	Dept.
KPA 2: SPATIAL PLANNING																	
Integrated spatial and human settlement	To develop and submit Municipal SPLUMA By-Law to Council for approval by 30 June 2018	New Indicator	Municipal SPLUMA by-law developed and approved by Council by 30 June 2018	Approved Municipal SPLUMA	Own Funding	OPEX	OPEX	1/7/2017	30/6/2018	Target Not Achieved.	Report pending Council approval	Postponement of EXCO Meetings	To be submitted in the first Quarter of 2018/19 Financial Year	OPEX	OPEX	Council Resolution	P & DEV

Integrated spatial and human settlement	To establish and operationalize Municipal Planning Tribunal by 30 June 2018.	The Municipality requested to be part of Makhado Tribunal in May 2017.	Establishment and Operation of Municipal Planning Tribunal by 30 June 2018	Municipal Planning Tribunal	Own Funding	OPEX	OPEX	1/7/2017	30/6/2018	Target Not Achieved	Municipal planning Tribunal was established in July 2018	Postponement of EXCO Meetings	To be submitted in the first Quarter of 2018/19 Financial Year	OPEX	OPEX	Signed Agreement	P & DEV
Integrated spatial and human settlement	To develop and submit Municipal Land Use Management Scheme to Council for approval by 30 June 2018	A service provider is appointed to do and Land Use Scheme	Municipal Land Use Management approved by Council by 30 June 2018	Land Use Management	Own Funding	OPEX	OPEX	1/7/2017	30/6/2018	Target Not Achieved.	Report pending Council approval	Postponement of EXCO Meetings	To be submitted in the first Quarter of 2018/19 Financial Year	OPEX	OPEX	Council Resolution, Approved LUS	P & DEV
Integrated spatial and human settlement	# of reports on the process of land use applications submitted to the Portfolio Committee by 30 June 2018	No report was written to the portfolio committee	2 reports on the process of land use applications submitted to Council by 30 June 2018	Reports	Own Funding	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved	2 reports on the process of land use applications submitted to the Portfolio Committee	None	None	OPEX	OPEX	Reports and Minutes of the portfolio committee	P & DEV

Integrated spatial and human settlement	% township establishment applications inherited from Thulamela finalized by 30 June 2018	New Indicator	100% township establishment applications inherited from Thulamela finalized by	Town Establishment	Own Fundin g	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved	100% township establishment applications inherited from Thulamela finalized	None	None	OPEX	OPEX	Approved General Plan	P & DEV
Integrated spatial and human settlement	% application for PTO attended to within 90 days after receipt by 30 June 2018	New Indicator	100% application for PTO attended to within 90 days after receipt by 30	Building Plans	Income	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved	100% application for PTO attended to within 90 days after receipt	None	None	OPEX	OPEX	PTO register	P & DEV
Integrated spatial and human settlement	% by-law contraventions notices issued within 5 days after identification by 30 June 2018	The were no cases of land invasion	100% by-law contraventions notices issued within 5 days after identification by 30 June	By Law Enforcement	Income	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved	100 % By-law contraventions notices issued within 5 days after identification	Human Resource Capacity	To fast track appointment of staff	OPEX	OPEX	Duplicate notices	P & DEV
Integrated spatial and human settlement	To review the IDP for 2018/2019 financial year by 31 May 2018	Final IDP/BUDGET for 2017/18 financial year was adopted	IDP review for 2018/19 completed and approved by Council by 31 May 2018	IDP Review	Income	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved	Review of 2018/19 IDP completed and approved by Council in May 2018	None	None	420000	IDP and Council Resolution	450 000,00	Planning and Dev

Development Objective	Key Performance Indicators/Measurable	Baseline	Annual Targets	Project Name	Funding Source	Budget 17/18 R'000	Adjusted Budget	Start Date	End Date	STATUS OF ACHIEVEMENTS	PROGRESS DATE	TO CHALLENGES	INTERVENTION	18/19 R'000	19/20 R'000	Portfolio of Evidence	Dept.
KPA 3 : BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT																	
Improved access to sustainable basic services	To upgrade Xikundu Ring road from gravel to tar by 30 June 2018 (7,7 km)	Xikundu Ring Road completed (75% - 4km tarred, 3km earth work done)	Construction/Upgrading of 7.7Km road at Xikundu Ring by 30 June 2018	Xikundu Ring Road	MIG	15, 000, 000	R 20 175 768	1/07/2017	30/06/2018	Target Not Achieved	7.7 road at Xikundu Constructed/Upgraded practically and handed over	contractor did not attend to the snag list and	contract terminated and in a process of appointing new contractor to	R 0	0	Appointment letter, acceptance letter, Progress report, minutes, IA and practical completion.	TECH
Improved access to sustainable basic services	To upgrade Malamulele B road from gravel to tar by 30 June 2018(8 km)	Commission Contractor to implement done	Construction/Upgrading of 8 Km road at Malamulele B by 30 June 2018	Malamulele B Internal Streets	MIG	49, 765342.84	38092760	1/07/2017	30/07/2018	Target Not Achieved	70%(Construction/Upgrading at Malamulele B not done	poor performance by the contractor	contract terminated and in a process of appointing new contractor to	R 0	R 0	Appointment letter, acceptance letter, Progress report	TECH
Improved access to sustainable basic services	To upgrade Malamulele D road from gravel to tar by 30 June 2018 (4 km)	New Indicator	Construction/Upgrading of 4 Km road at Malamulele D by 30 June 2018	Malamulele D Internal Streets	MIG	612192, 98	5962193	1/07/2017	30/06/2017	Target Not Achieved	35%(Construction /Upgrading at Malamulele D not done	poor performance by the contractor	letter of intention to terminate had been forwarded to the	29, 801432.75	0	Appointment letter, acceptance letter,	TECH

																	Progress report
Improved access to sustainable basic services	To upgrade Xithhelani Ring road from gravel to tar by 30 June 2018 (3 km)	New Indicator	Construction/Upgrading of 3 Km road at Xithhelani by 30 June 2018	Xithhelani Ring Road	MIG	17, 102464.18	270375.15	1/07/2017	30/06/2018	Target Achieved	Construction/Upgrading of 3 Km road at Xithhelani completed	None	None	11, 320540.19	0	Appointment letter, acceptance letter, Progress report	TECH
Improved access to sustainable basic services	To upgrade Xigalo Landfill site by 30 June 2018	The License for the landfill site was not secured	Upgrading Landfill site at Xigalo by 30 June 2018	Xigalo Landfill Site	MIG	1, 000 000	1, 000 000	1/07/2017	30/06/2018	Target Achieved	Appointment of service provider for designs for upgrading of Landfill site at	None	None	0	0	Appointment letter	TECH
Improved access to sustainable basic services	To do planning and designs for road to DCO Hospital by 30 June 2018	New Indicator	Planning and designs for road to DCO Hospital completed by 30 June 2018	DCO Hospital Road	MIG	1, 000 000	1, 000 000	1/07/2017	30/06/2018	Target Achieved	Planning and designs for road to DCO Hospital completed	None	None	0	0	Appointment letter	TECH
Improved access to sustainable basic services	To do planning and designs for Mtswetweni ring road by 30 June 2018	New Indicator	Planning and designs for Mtswetweni ring road completed by 30 June 2018	Mtswetweni ring road	MIG	0,00	5 500 000,00	1/07/2017	30/06/2018	Target Achieved	Planning and designs for Mtswetweni ring road completed	None	None	0	0	Planning and designs	TECH
Improved access to sustainable basic services	To do planning and designs for Nwamatatana ring road by 30 June 2018	New Indicator	Planning and designs for Nwamatatana ring road completed by 30 June 2018	Nwamatatana ring road	MIG	0,00	5 500 000,00	1/07/2017	30/06/2018	Target Achieved	Planning and designs for Nwamatatana ring road completed	None	None	0	0	Planning and designs	TECH

basic services	June 2018		Nwamatatana ring road completed by 30 June 2018								Nwamatatana ring road completed						
Improved access to sustainable basic services	To do planning and designs for Corporate Support new building by 30	New Indicator	Planning and designs for Corporate Support new building completed by 30	Design of new building	income	0,00	1 000 000,00	1/07/2017	30/06/2018	Target Not Achieved	Planning and designs not yet done	The project had no budget	To be internally	0	0	Planning and designs	TECH
Improved access to sustainable basic services	To do upgrade of the civic center by 30 June 2018	New Indicator	Upgrading of civic center completed by 30 June 2018	Upgrading of civic center	income	0,00	5 120 000,00	1/07/2017	30/06/2018	Target Not Achieved	Site Establishment, Rehabilitating burnt-down section ,	Cash flow problems	Meetings held with Contractor and a request to submit	0	0	Handover certificate	TECH
Improved access to sustainable basic services	To Connect electricity to 850 households at Mavandla by June 2018	New Indicator	Connection and Electrification of 850 Households at Mavandla by 30 June 2018	Electrification - Mavandla	INEP	13, 175 000	13, 175 000	1/07/2017	30/06/2018	Target Not Achieved	Connection and Electrification done	Awaiting energizing by Eskom	Eskom is working on the matter	0	0	Certificate of Completion	TECH
Improved access to sustainable basic services	To Connect electricity to 311 households at Makumeke Mavambe by June 2018	New Indicator	Connection and Electrification of 311 Households at Makumeke Mavambe by 30 June 2018	Electrification - Makumeke - Mavambe	INEP	482, 4996	482, 4996	1/07/2017	30/06/2018	Target Not Achieved	Connection and Electrification done	Awaiting energizing by Eskom	Eskom is working on the matter	0	0	Certificate of Completion	TECH

Improved access to sustainable basic services	To purchase vehicle for technical services by 30 June 2018	New Indicator	Vehicle for technical services purchased by 30 June 2018	Purchase of Vehicle	Income	8 000 004,00	16 174 243,00	1/07/2017	30/06/2018	Target Achieved.	Vehicle for technical services purchased	None	None	OPEX	OPEX	Delivery note	TECH
Improved access to sustainable basic services	To purchase electrical equipment's by 30 June 2018	New Indicator	Electrical equipment's for technical services purchased by 30 June 2018	Purchase of electrical equipment's	Income	0,00	2 500 000,00	1/07/2017	30/06/2018	Target Not Achieved	Electrical equipment's for technical services not purchased	Lack of Fund, Memorandum to purchase	To be purchased in 2018/19 Financial	OPEX	OPEX	Delivery note	TECH
Promote Community well-being and Environmental welfare	To purchase vehicles for waste management by 30 June 2018	5 plant/Equipment were not purchased (2 water tankers, 1 grader, 1 skip loader and 1 Waste removal truck)	June 2018 Vehicle for waste services purchased by 30 June 2018	Purchase of vehicles for waste management	Income	1 500 000,00	3 361 000,00	1/07/2017	30/06/2018	Target Achieved	2 Vehicle for waste services purchased	None	None	OPEX	OPEX	Delivery note	COM SERV
Promote Community well-being and Environmental welfare	To purchase vehicles for licensing by 30 June 2018	New Indicator	Vehicle for licensing services purchased by 30 June 2018	Purchase of vehicles for licensing	Income	6 000 000,00	6 000 000,00	1/07/2017	30/06/2018	Target Achieved	10 Vehicle for licensing services purchased	None	None	OPEX	OPEX	Delivery note	COM SERV
Promote Community well-being and	To purchase furniture for community services department by 30 June 2018	New Indicator	Furniture for community services purchased by 30 June 2018	Purchase of furniture for community services	Income	0,00	1 900 000,00	1/07/2017	30/06/2018	Target Not Achieved	Furniture for community services not purchased	Delay in SCM processes	To purchase in the first quarter	OPEX	OPEX	Delivery note	COM SERV

Environmental welfare													2018/2019				
Promote Community well-being and Environmental welfare	June 2018 % application for graves attended to by 30 June 2018	100% graves provided	100 % graves application attended to by 30 June 2018	Digging of Graves	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	100 % graves application attended	None	None	OPEX	OPEX	Report and Register	COMSERV
Promote Community well-being and Environmental welfare	% application for learners driver permit attended by 30 June 2018	100% learner driver's permit issued	100 % learner's driver permit application attended to by 30 June 2018	Learners Drivers Permit	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	100 % learners driver permit application attended	None	None	OPEX	OPEX	Report and Register	COMSERV
Promote Community well-being and Environmental welfare	% application for learner's driver licenses attended by 30 June 2018	100% drivers licenses issued	100 % driver licenses application attended to by 30 June 2018	Drivers Licenses	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	100 % driver licenses application attended	None	None	OPEX	OPEX	Report and Register	COMSERV
Promote Community well-being and Environmental welfare	% application for motor vehicles tested by 30 June 2018	100% motor vehicles tested	100 % motor vehicles tested by 30 June 2018	Motor Vehicles testing	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	100 % motor vehicles tested	None	None	OPEX	OPEX	Report and Register	COMSERV
Promote Community	# of sports facilities	5 sports facilities(Mudavula, Merwe,	4 Sports Facilities maintained by 30	Maintenance of	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Not Achieved	2 Sports Facilities maintained	Lack of personnel	To appoint by the	OPEX	OPEX	Appointment	COMSERV

well-being and Environmental welfare	maintained by 30 June 2018	Malamulele, Boxing GYM and Tennis court) maintained	June 2018. (Mudavula, Malamulele, Merve, Boxing GYM and Tennis court	Sports Facilities								first quarter of 2018/2019				letter, acceptance letter, Progress report, minutes, IA and practical completion.	
Promote Community well-being and Environmental welfare	# of Municipal building gardens maintained by 30 June 2018	3 (DCO, Technical and Traffic centres) municipal building gardens maintained. Vuwani is not being maintained due to the strike	4 Municipal building maintained by 30 June 2018.(DCO, Vuwani, Technical and Traffic)	Maintenance of Municipal Building	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	4 Municipal building maintained	None	None	OPEX	OPEX	Progress report, minutes, IA and practical completion.	COM SERV
Promote Community well-being and Environmental welfare	To develop of Disaster Management Plan by 30 June 2018	New Indicator	1 Disaster Management Plan developed by 30 June 2018	Disaster Management Plan	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Not Achieved	DM plan not done	Lack capacity of	To request the District Municipality to assist	OPEX	OPEX	Copy of approved DM plan	MM
Promote Community well-being and Environmental welfare	To host Heritage Day Celebration by 30 September 2017	New Indicator	1 event of Heritage Day Celebration to be held in September 2017	Heritage Day Celebration	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved.	Heritage Day Celebration held	None	None	OPEX	OPEX	purchase requisition & attendance register	COM M

Promote Community well-being and Environmental welfare	To procure Sports equipment's for identified sporting codes by 30 June 2018	New Indicator	Sporting equipment's by 30 June 2017	EAP	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	Sporting purchased kit	None	None	OPEX	OPEX	proof of purchase and delivery	COMM
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Development Objective	Key Performance Indicators/Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Budget 15/16 R'000	Adjusted Budget 15/16 R'000	Start Date	End Date	STATUS OF ACHIEVEMENTS	PROGRESS TO DATE	CHALLENGES	INTERVENTION	16/17 R'000	17/18 R'000	Portfolio Of Evidence	Dept.
KPA 4 : LOCAL ECONOMIC DEVELOPMENT																	
Integrated Local economy	# of Community Base Strategic Plan developed (CBSP) by 30 June	New Indicator	1 Community Base Strategic Plan developed(CBSP) by 30 June 2018	Community Base Strategic Plan	Income	OPEX	OPEX	1/1/2018	30/6/2018	Target Achieved.	None	None	None	OPEX	OPEX	Community Base Strategic Plan & Council Resolution	P & DEV
Integrated Local economy	# of training provided to Tourism initiatives programmes by 30 June 2018	New Indicator	5 training provided to Tourism initiatives programmes by 30 June 2018	Tourisms initiatives	Income	OPEX	OPEX	1/1/2017	30/06/2018	Target Achieved. Not	No training provided to Tourism initiatives	Lack of fund	To request support from provincial department	OPEX	OPEX	Report and Attendance Registers	P & DEV

Integrated Local economy	To develop and circulate Municipal Brochures by 30 June 2018	New Indicator	300 Brochures to be developed and circulated by 30 June 2018	Branding of Malamulele	Income	OPEX	OPEX	1/1/2017	30/06/2018	Target Achieved.	300 the Brochures developed	None	None	OPEX	OPEX	Brochures	P & DEV
Integrated Local economy	# of jobs created through EPWP programme by 30 June 2018	New Indicator	200 Jobs to be created through EPWP through by 30 June 2018	EPWP	Income	OPEX	OPEX	1/1/2017	30/06/2018	Target Achieved.	Not 197 Jobs created through EPWP through	Budget Limitation, Funding catered for 197 jobs only	203 to be appointed in 2018/19	OPEX	OPEX	Job report	P & DEV

Development Objective	Key Performance Indicators/Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Budget 17/18 R'000	Adjusted Budget 17/18 R'000	Start Date	End date	STATUS OF ACHIEVEMENTS	PROGRESS TO DATE	CHALLENGES	INTERVENTION	18/19 R'000	19/20 R'000	Portfolio Of Evidence	Dept.
KPA 5 : MUNICIPAL FINANCE MANAGEMENT AND VIABILITY																	
To Improve Overall Financial Management of the	To review the revenue enhancement policies by 30 June 2018	9 financial management related policies were reviewed and adopted	Revenue enhancement policies reviewed by 30	Revenue enhancement policies review	Income	OPEX	OPEX	1/1/2018	30/6/2018	Target Achieved	Final Revenue enhancement policies reviewed (Rates, Tariff,	None	None	OPEX	OPEX	Draft/Final Policies (Rates Policy, Tariff Policy, Credit	CFO

Municipality			June 2018								Credit Control, Debts Collection)					Control Policy, Debts Collection	
To Improve Overall Financial Management of the Municipality	% SLA developed for awarded contracts by 30 June 2018	New Indicator	100% SLA developed for awarded contracts by 30 June 2018	Contract Management	Income	OPEX	OPEX	1/07/2017	30/6/2018	Target Achieved	100% SLA developed for awarded contracts	None	None	OPEX	OPEX	Signed SLA'S	CFO
To Improve Overall Financial Management of the Municipality	To table the draft budget to council by 31 March 2018	New Indicator	Draft budget tabled to council by 31 March 2018	Draft budget	Income	OPEX	OPEX	1/1/2018	31/3/2018	Target Achieved	Draft budget Tabled on 29 March 2018	None	None	OPEX	OPEX	Draft budget and Council Resolution	CFO
To Improve Overall Financial Management of the Municipality	To submit the final budget to council by 31 May 2018	New Indicator	Final budget submitted to council by 31 May 2018	Final budget	Income	OPEX	OPEX	1/4/2018	31/5/2018	Target Achieved	Final budget submitted to council by end of May	None	None	OPEX	OPEX	Final budget and Council Resolution	CFO
To Improve Overall Financial Management of the Municipality	To submit the Financial statements submitted to AG by 31 August 2017	New Indicator	Financial statements compiled and submitted to AG by 31 August 2017	Financial statements	Income	OPEX	OPEX	1/7/2017	30/09/2017	Target Achieved. Not	Financial statements compiled late and submitted to AG late	Late submission of information by Thulamela and	Engagement done with the Municipalities	OPEX	OPEX	Copy of Financial statements	CFO

Municipality												Makhado					
To Improve Overall Financial Management of the Municipality	# of section 71 reports submitted to Treasury within 10 days after the end of the month by 30 June 2018	11 monthly budgets reports were prepared	12 Section 71 Reports to be submitted to Treasury by 30 June 2018	Section 71 report submission	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved.	12 Section 71 Reports to be submitted to Treasury	None	None	OPEX	OPEX	Copy of acknowledgement of receipt by Treasuries	CFO
Sound financial management	% of tenders adjudicated within 90 days of closure period by 30 June 2018 (# of tenders adjudicated/# of tenders closed and	New Indicator	100% (# of tenders adjudicated by 30 June 2018 /# of tenders closed and due for adjudication)	Tender adjudication	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved.	100% tenders closed and due for adjudication	None	None	OPEX	OPEX	Monthly Tender Reports	CFO
Sound financial management	% quotations processed within 18 days after approval by Accounting Officer by 30 June 2018(# of quotations processed/# of	New Indicator	100% (# of quotations processed/# of quotations received) by 30 June 2018	Quotations	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved.	100% of quotations received and processed	None	None	OPEX	OPEX	Quotations Report	CFO
Sound financial management	To update a GRAP compliant Asset Register by 30 June 2018	New Indicator	GRAP Compliant Asset Register updated by	Asset Register	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved.	New acquisitions received, Bar coded and captured into the asset register. Captured the	None	None	OPEX	OPEX	Schedules of Asset Register movement	CFO

Improved governance and administration	# of izimbizos convened by 30 June 2018	2 Mayoral izimbizos done	4 izimbizos convened by 30 June 2018	izimbizos	Imbizo	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved	4 izimbizos convened	None	None	OPEX	OPEX	Attendance register	MM
Improved governance and administration	# of By-Laws reviewed by 30 June 2018	7 by laws were rationalised by 30 September 2016	7 By-Laws reviewed by 30 June 2018	By-laws	Income	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved.	7 By-Laws reviewed	None	None	OPEX	OPEX	7 by laws	LED and Planning
Improved governance and administration	% AGSA findings resolved by 30 June 2018	New Indicator	100% AGSA findings resolved by 30 June 2018	AG(SA) action plan	Income	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved. Not	73 % AGSA findings resolved	Some of the unresolved audit findings can only be resolved during audit of 2017/18	Awaits 2018/19 Audit	OPEX	OPEX	Action implementation plan report	MM
Improved governance and administration	To hold 4 Audit and Performance committee meetings by 30 June 2018	New Indicator	4 Audit and Performance committee held by 30 June 2018	Audit and Performance Audit Committee	Income	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved. Not	3 Audit and Performance committee held	Fourth Quarter Audit and Performance committee not held due to unavailability of the Committee	To appoint Municipal Audit and Performance Committee	OPEX	OPEX	Attendance register	MM
Improved governance and administration	# of Council meetings held by 30 June 2018	Scheduled Council meetings were held (8 meetings)	6 of Council meeting held by 30 June 2018	Council meeting	Income	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved	6 of Council meeting held	None	None	OPEX	OPEX	Minutes, Attendance register, invitations	MM

Improved governance and administration	To develop bursary policy by 30 June 2018	New Indicator	Bursary Policy developed by 30 June 2018	Bursaries	Income	OPEX	OPEX	1/7/2017	30/6/2018	Target Achieved	Bursary Policy developed	None	None	OPEX	OPEX	Approved Bursary policy	Corps
Improved governance and administration	# of Audit Steering Committee meetings held by 30 June 2018	New Indicator	4 Audit Steering Committee meetings held by 30 June	Audit Steering Committee	Income	OPEX	OPEX	1/7/2017	30/09/2018	Target Achieved. Not	2 Audit Steering Committee meetings not held	Human Resource Capacity	To fast track appointment of staff	OPEX	OPEX	Attendance registers	MM

Improved governance and administration	To purchase office furniture by 30 June 2018	New Indicator	Office furniture purchased by 30 June 2018	Special Programs	Income	OPEX	OPEX	1/03/2018	31/03/2018	Target Achieved	Office furniture purchased	None	None	OPEX	OPEX	Delivery note	MM
Improved governance and administration	To develop the communication strategy by 30 June 2018	New Indicator	Communication Strategy reviewed by 30 June 2018	Review of Communication Strategy	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	Communication Strategy reviewed	None	None	OPEX	OPEX	Approved communication strategy and council resolution	MM
Improved governance and administration	# of portfolio committee meetings held by 30 June 2018 (Per department)	10	12 portfolio Committee meetings held by 30 June 2018 (Per department)	Portfolio committee meetings	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	12 portfolio committee meetings held (Per department)	None	None	OPEX	OPEX	Attendance Registers	CORP

Improved governance and administration	# of Executive Committee Meetings convened by 30 June 2018	8	12 Executive Committee Meetings convened by 30 June 2018	Executive Committee Meetings	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	12 Executive Committee Meetings convened	None	None	OPEX	OPEX	Attendance registers and Advert	CORP
Improved governance and administration	# of MPAC meetings held by 30 June 2018	2	4 MPAC meetings held by 30 June 2018	MPAC meetings	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	4 MPAC meetings held	None	None	OPEX	OPEX	Reports and Questionnaires	MM
Improved governance and administration	# of newsletters issued by 30 June 2018	New Indicator	1 newsletters issued by 30 June 2018	Newsletter	Income	OPEX	OPEX	1/07/2017	30/06/2018	Target Achieved	1 newsletters issued	None	None	OPEX	OPEX	Copy of newsletter	MM

**CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART 11)
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL**

4. THE MUNICIPAL PERSONNEL

The municipality annually develops a Workplace Skills Plan to ensure effectiveness and efficiency within the organization as far as service delivery is concerned. During the budget process the municipality made provision for the training of employees to enhance their skills level.

The employees are also provided with the necessary tools and the employer ensures that they are working in a safe environment.

The municipality has an employee wellness programme in place, in terms of which employees are being assisted from time to time.

The municipality has developed and adopted appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration. These include amongst other policies on recruitment, selection, training, discipline and the retention of staff.

Inductions are conducted as and when staff is appointed, and road shows are conducted twice a year for all employees.

The municipality reviewed its organisational structure due to the changes in business process and the changing environment.

4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES:

Employee Totals, Turnover and Vacancies for 2016/17 FY				
Division (As per organogram)	Approved posts in organogram (No.)	Filled posts (No.)	Vacant (No.)	Vacancy Rate (%)
Office of the Municipal Manager	14	7	7	32%
Technical & Engineering Services	103	34	69	47%
Community Services	201	114	87	47%
Corporate Services	43	25	18	42%
LED & Planning	23	9	14	61%
Financial Services	47	21	26	36%
Total	431	210	221	45%

Turnover Rate			
Financial Year	Total Appointments as beginning of Financial Year (No.)	Termination during the Financial Year (No.)	Turn-over Rate (%)
2016/17	201	25	65.22%
2017/18	172	12	68.97%

4.2. POLICIES

Listed below are the Council approved Human Resources Policies:

- Acting Policy
- Allowances Policy
- Annual Leave Policy
- Appointment and Selection Senior Manager Policy
- Confidentiality Policy
- Disciplinary Code and Procedure Policy
- Employee Assistance Programme
- Exit Management Policy
- Housing Allowance Policy
- Overtime Policy for Employees
- Payroll Management and Administration Policy
- Personal Protective Equipment Policy
- Placement Policy
- Recruitment Policy
- Remuneration Policy
- Student Assistance Policy
- Study Aid and Leave Policy
- Support Personnel Uniform and Protective Clothing Policy
- Travelling and Subsistence Policy for Officials and Councillors
- Unpaid Leave Policy
- Usage of Official Vehicle Policy

The above listed policies were tabled to and approved by Council on the 25 May 2017.

4.3. Injuries, sicknesses and suspensions

Injuries

Number of Injury Incidents on Duty	
Type of injury	Number of Injury incidents on duty
Required basic medical attention	None
Temporary disablement	2 (accident)
Permanent disablement	None
Fatal	None
Total	2

Sicknesses

The municipality has three types of sick leave (sick leave at full pay, sick leave at half pay, sick leave at no pay), as required by Basic Condition of Employment Act. For the year under review there were 267 sick leave at full pay taken, no sick leave at half pay was taken and no sick leave at no pay was taken.

COMMENT ON INJURY AND SICK LEAVE:

- A draft of safety plan has been developed for all contractors to comply with.
- All construction project Safety file were assessed and approved for safety considerations during construction
- Two injury on duty cases were reported, reported, reported, compensation processes for injured employee's employees as not yet been finalized
- All qualifying employees for uniforms were issue with a Protective Clothing.
- The Municipality has successfully registered with COIDA.

Performance Rewards

For the year under review the Municipality did not implement individual performance management system due to the following challenges:

- The municipality does not have the Individual Performance Management System Unit
- Currently the municipality is implementing the IPMS for Section 56/57 Managers only, and the municipality is in the process of cascading the IPMS down to other levels of management.
- There were no financial rewards paid out to Section 56/57 employees

COMPONENT C: CAPACITATING MANICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipality afford employees an opportunity to attend trainings that are provided by sector departments and also training employees to acquire necessary skills from time to time depending on the availability of budget for trainings. Annually a skills gap analysis is conducted, workplace skills plan developed, and training provided in terms thereof. Employees are also continuously sent to workshops, seminars etc. to improve their capacity.

4.4. Skills Development and Training

CATEGORIES OF TRAINING	LEGISLATORS, SENIOR OFFICIALS & MANAGERS	PROFESSIONALS	TECHNICIANS & ASSOCIATED PROFESSIONALS	CLERKS	SERVICE & SALES WORKERS	CRAFT RELATED & TRADE WORKERS	PLANT & MACHINE OPERATORS	NON-PERMANENT	ELEMENTARY OCCUPATIONS	TOTAL
Municipal Finance	-	-	-	-	-	-	-	6	06	06
MFMP	14	-	-	-	-	-	-	-	14	14
Tools & Techniques for New Audit Manager (TNAM)	1	-	-	-	-	-	-	-	1	1
Conducting an Audit from Cradle to Grave	-	1	-	-	-	-	-	1	2	2
HR, Post module and Equity	1	1	-	-	-	-	-	1	3	3
Leave and ESS modules	-	1	-	-	-	-	-	1	2	2
Basic report writer	2	1	-	-	-	-	-	1	4	4
System administrator	-	-	-	-	-	-	-	1	1	1
ICIP	29	-	-	-	-	-	-	-	29	29
TOTAL	47	4	-	-	-	-	-	11	62	62

CHAPTER 5: FINANCIAL PERFORMANCE
COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

5. FINANCIAL PERFORMANCE

5.1. Statement of Financial Performance

The Municipality compiled the 2017/18 Annual Financial Statement and submitted to Audit Committee on the 26 of August 2018 before submission of the AFSA to AGSA.

Financial Overview: 2016/17

Summary: Statement of financial Performance

Description	Budget 2017/18	Actual 2017/18	Variance
Total Revenue by Source (Excluding Capital Transfers)	R 346 247 414.00	R 356 377 783.00	R 10 130 369
Less: Total Expenditure	(R 265 721 000.00)	(R 177 313 082.00)	R 88 407 918
Equals: Surplus/ deficit	R 80 526 414.00	R 179 064 701.00	R 98 538 287

OPERATING & CAPITAL EXPENDITURE ANALYSIS

THE BELOW TABLE INDICATE THE EXPENDITURE BY TYPE

Description	Budget 2017/18	YTD 2017/18	Actual	Variance
	R'000	R'000		
Employee related costs	R66 655 589.00	R60 905 689.00		(R 5 749 900)
Remuneration Of councilors	R24 616 946.00	R25 157 603.00		R 540 657
Debt impairment	R10 800 000.00	R9 933 573.00		(R 866 427)
Depreciation & asset impairment	R12 147 910.00	R15 204 534		R 3 056 624
Finance charges		R41 243.00		R 41 243
Bulk purchases				
Contracted services	R15 697 309.00	R28 789 961.00		R 13 092 652
Capital Projects (MIG)	R189 530 403	R127 048 141.00		(R 62 482 262)
Other expenditure	R54 264 477.00	R39 151 436.00		(R 15 113 041)
Total Expenditure	R 373 712 634.00	R306 190 937.00		(R 67 521 697)

INCOME ANALYSIS

Description	Budget 2016/17	YTD ACTUAL 2016/17
	R'000	R'000
Property Rates	11 602	15 931
Service Charges	2 373	4 403
Transfer recognized-Operational	314 887	308 719
Transfer recognized-Capital	104 480	120 728
Other Revenue	10 878	20 507
Total Revenue	444 220	470 288

5.2. Grants

Details	Opening balance 01 July 2017	Dora allocation 2017/2018	Funds withheld	Received this year	Additional funds received	Expenditure
Municipal Finance Management Grant (FMG)	R679 407	R2 345 000	-	R2 345 000	-	(R3 024 407)
Municipal Infrastructure Grant (MIG)	R28 597 914	R83 480 000	-	R83 480 000	-	R95 992 560)
Municipal Demarcation Transitional Grant (MDTG)	R9 661 969	R6 847 000	-	R6 847 000	-	(R8 726 421)
Integrated National Electricity Programme (INEP)	-	R18 000 000	-	R18 000 000	R3 000 000	(R16 008 760)
Extended Public Works Programme (EPWP)	-	R1 000 000	-	R1 000 000	-	R1 000 000

5.3. Asset Management

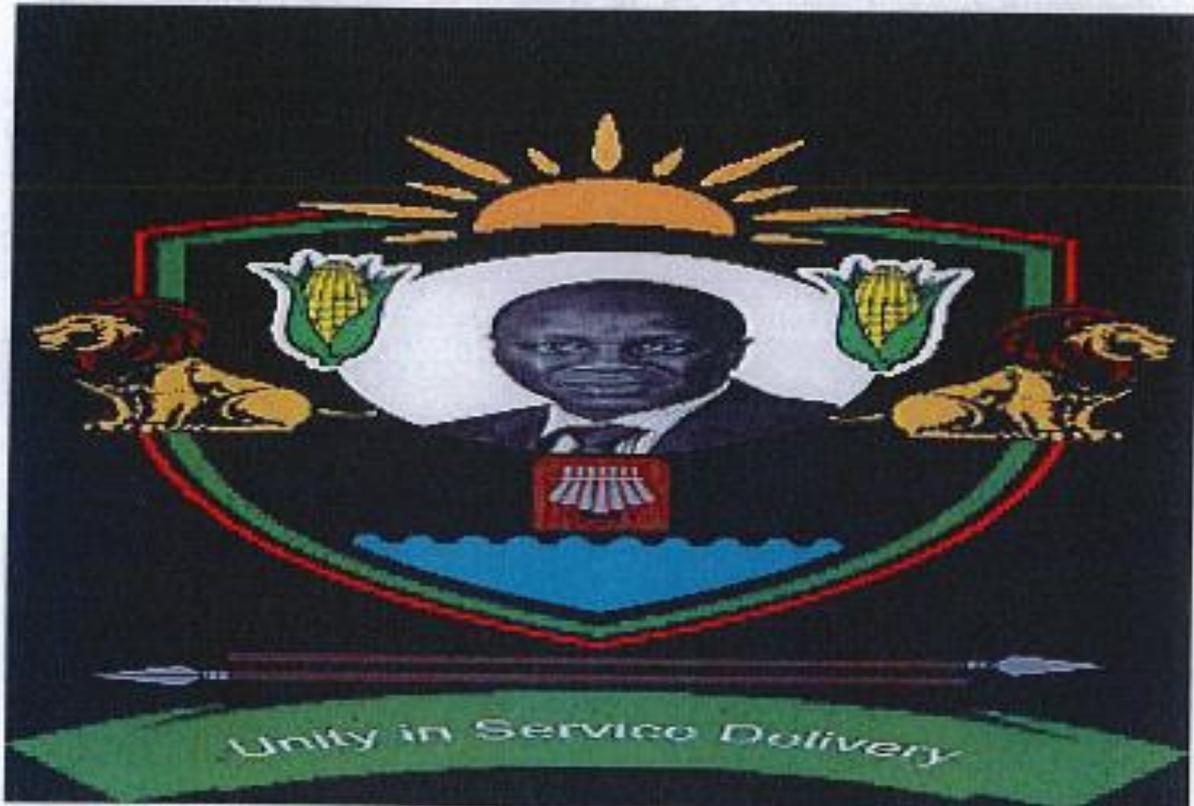
TREATMENT OF THE MUNICIPALITY'S LARGEST ASSETS

ASSET 1	
Name	Property plant and equipment
Description	Electricity Network
Key staff involved	Makhuvele T
Staff Responsibilities	Ensure that the Electricity network is in good working order in order to ensure that all communities have access to electricity.
Asset Value	R5 291 801
Capital Implications/ Financing	Department of Energy for new projects and internal finance for maintenance and other non-funded electrical projects.
Policies in place to manage asset	Yes

ASSET 2	
Name	Property plant and equipment
Description	Land and Buildings
Key staff involved	Radali CA & Shimange TR
Staff Responsibilities	To ensure that out keeping and maintenance of the buildings at all times.
Asset Value	R 28 100 201
Capital Implications/ Financing	Repairs and maintenance is funded internally.
Policies in place to manage asset	Yes

ASSET 3	
Name	Roads
Description	Roads
Key staff involved	Baloyi P
Staff Responsibilities	To ensure that all roads are maintained and utilised at their optimal levels.
Asset Value	R137 192 613
Capital Implications/ Financing	All roads constructions are funded by MIG but maintenance is funded internally.
Policies in place to manage asset	Yes

5.4. ANNUAL FINANCIAL STATEMENT



**Collins Chabane Local Municipality
(Registration number LIM345)
Financial statements
for the year ended June 30, 2018**



Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

General Information

Nature of business and principal activities	Providing municipal services and maintaining the best interest of the local community.
Grading of local authority	3
Accounting Officer	TC Ngobeni
Chief Finance Officer (CFO)	E Makamu
Registered office	Collins Chabane Municipal Offices 125 Hospital Street Malamulele 0982
Business address	Collins Chabane Municipal Offices 125 Hospital Street Malamulele 0982
Postal address	Private Bag X9271 Malamulele 0982
Bankers	First National Bank of South Africa
Auditors	Auditor General South Africa (AGSA)

Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

General Information

Website

www.collinschabane.gov.za

Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

General Information

Mayor	Cllr Bila TJ
Speaker	Cllr Lebea ME
Chief whip	Cllr Chauke MG
Members of the Executive Committee	
	Cllr Maluleke SG
	Cllr Mashimbye FP
	Cllr Mutele TM
	Cllr Mavikane SX
	Cllr Mukhaha AJ
	Cllr Chauke HG
	Cllr Fungheni MC
	Cllr Baloyi DL
	Cllr Mazibuko MP
Chairperson of the Section 79 Committee	
Finance Committee	Cllr Moyo M.T
Cooperate Service's	Cllr Mabasa J
Technical Service's	Cllr Ndove HD
Community Service	Cllr Mudau R
Education Sports Arts & Culture	Cllr Mahlangu D
Ethics Committee	Cllr Shangukani J
Planning & Local Economic Development	Cllr Mabasa R
Special Programme	Cllr Hlogwane G
Legislation Traditional Affairs	Cllr Rekhotsi SM
Rules	Cllr Mulaudzi T
Municipal Public Accounts Committee	Cllr Mudau S
Woman Caucus	Cllr Miyambo Z
Other members of Municipal Council	
	Cllr Shivambu S
	Cllr Mabasa D
	Cllr Khoza TG
	Cllr Matamela MS
	Cllr Masangu GD
	Cllr Maluleke M
	Cllr Chauke TR
	Cllr Maluleke ET
	Cllr Simango MR
	Cllr Makhubele HT
	Cllr Mabasa KK
	Cllr Ngobeni MR
	Cllr Baloyi HR
	Cllr Rivombo KE
	Cllr Sunduza ZW
	Cllr Chabangu TC
	Cllr Khosa HJ
	Cllr Mabunda MC
	Cllr Chauke NS
	Cllr Munyai N
	Cllr Mukhomi VN
	Cllr Maluleke MP
	Cllr Ngobeni NE
	Cllr Mahlale S
	Cllr Mathonsi NP
	Cllr Sambo TM
	Cllr Sithole MW
	Cllr Chavani PJ
	Cllr Mashakeni KE
	Cllr Madavhu FF
	Cllr Ndzovela NG
	Cllr Nkuna DT
	Cllr Baloyi MJ
	Cllr Baloyi NJ

Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

General Information

Cllr Baloyi OC
Cllr Vukeya HM
Cllr Machovani RG
Cllr Tshiredo CE
Cllr Habangwani TL
Cllr Radzivhoni CM
Cllr Masia TM
Cllr Mathoma MP
Cllr Rikhotso GM
Cllr Thovhakale MS
Cllr Ngobeni N
Cllr Shiluvane TE
Cllr Sambo ZW
Cllr Manganyi TF

Shared Audit committee with Vhembe District Municipality

Lambani NE
Tshikhudo F
Mbewu B

Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

Index

The reports and statements set out below comprise the financial statements presented to the audit committee:

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Accounting Officer's Responsibilities and Approval	6
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Statement of Financial Performance	9
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Statement of Comparison of Budget and Actual Amounts	12 - 14
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Collins Chabane Local Municipality

(Registration number LIM345)
Trading as Collins Chabane Local Municipality
Financial Statements for the year ended June 30, 2018

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 financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 financial statements and was given unrestricted access to all financial records and related data.

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

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

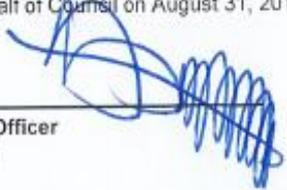
The accounting officer acknowledges that the ultimately responsible for the system of internal financial control established by the municipality place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer 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 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 June 30, 2019 and, in the light of this review and the current financial position, is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. The accounting officer draws attention to the fact that the municipality invested money with VBS Mutual bank amounting to R120 million, the recoverability of which has become doubtful as at the end of the financial year because the bank was placed under curatorship. However, this has not affected the ability of the municipality to remain in operational existence as the money was not committed to any specific projects or programmes.

The municipality is dependent on the inter governmental grants and transfers as well as rates and service charges for continued funding of its operations. The financial statements are prepared on the basis that the municipality is a going concern and that the Municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

The financial statements set out on pages 7 to 63, which have been prepared on the going concern basis, were approved and signed on behalf of Council on August 31, 2018 by:


Accounting Officer
T.C Ngobeni

Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

Accounting Officer's Report

The accounting officer submits her report for the year ended June 30, 2018.

1. Incorporation

The municipality was incorporated on August 10, 2016 and commenced operations on the same day.

The Municipality was established in terms of section 12 of the Municipal Structures Act, No. 117 of 1998 and is a category B municipality. It has 71 elected councilors and 36 wards.

The municipality first council sitting was on the 17 August 2016, and during the year the municipality embarked on a public participation and other processes for naming of the Municipality.

The name Collins Chabane Local Municipality was approved and gazetted during the 2017/18 financial year.

2. Going concern

We draw attention to the fact that at June 30, 2018, the municipality had an accumulated surplus of R 791,150,356 and that the municipality's total assets exceed its liabilities by R 791,150,356.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to ensure there's adequate funding for the ongoing operations of the municipality and that the sound financial management will remain in force for as long as it takes to restore the solvency of the municipality.

3. Subsequent events

Adjusting Event

Council noted the terms of reference for the forensic audit, which will be conducted on matters relating to investments by municipalities with the VBS Mutual bank which is currently under curatorship.

4. Accounting policies

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

Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

Statement of Financial Position as at June 30, 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	8	962,484	737,959
Receivables from exchange transactions	9	2,197,135	241,758
Receivables from non-exchange transactions	10	6,843,376	1,951,764
VAT receivable	12	4,503,179	10,146,908
Sundry debtors	13	580,402	515,122
Consumer debtors - other	11	2,170,626	369,013
Cash and cash equivalents	14	248,119,468	186,333,026
		265,376,670	200,295,550
Non-Current Assets			
Investment property	3	10,258,000	10,258,000
Property, plant and equipment	4	458,478,694	369,778,268
Intangible assets	5	729,222	949,194
Other financial assets	6	122,410,521	-
		591,876,437	380,985,462
Total Assets		857,253,107	581,281,012
Liabilities			
Current Liabilities			
Finance lease obligation	15	537,979	602,775
Trade and other Payables	17	29,877,511	10,813,052
Payables from non - exchange transactions	18	-	696,769
Employee benefit obligations	7	3,492,898	1,112,368
Unspent conditional grants and receipts	16	28,859,142	38,939,290
		62,767,530	52,164,254
Non-Current Liabilities			
Finance lease obligation	15	-	212,438
Employee benefit obligations	7	3,335,220	5,863,547
		3,335,220	6,075,985
Total Liabilities		66,102,750	58,240,239
Net Assets		791,150,357	523,040,773
Accumulated surplus		791,150,356	523,040,775

* See Note 38

Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	4,402,841	14,519,061
Rendering of services		5,741,826	209,063
Agency services		1,872,904	-
Licences and permits		3,764,756	5,168,581
Other income		472,807	-
Rental income		43,536	66,149
Interest earned on debtors		-	5,562,723
Interest income	22	7,256,102	5,461,172
Gains from transfer of functions between entities not under common control	34	8,172,494	326,671,872
Total revenue from exchange transactions		31,727,266	357,658,621
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	15,931,110	7,513,424
Transfer revenue			
Government grants & subsidies	24	429,447,148	290,103,407
Total revenue from non-exchange transactions		445,378,258	297,616,831
Total revenue	19	477,105,524	655,275,452
Expenditure			
Employee related costs	25	(60,905,689)	(35,894,569)
Remuneration of councillors	26	(25,157,603)	(20,250,399)
Depreciation and amortisation	27	(15,204,534)	(10,659,301)
Finance costs	28	(41,243)	-
Debt Impairment	29	(9,933,573)	(29,248,156)
Contracted services	30	(28,789,961)	(9,225,918)
General Expenses	31	(34,944,096)	(24,500,806)
Repairs and maintenance		(2,336,383)	(2,455,528)
Total expenditure		(177,313,082)	(132,234,677)
Surplus for the 12 months		299,792,442	523,040,775

* See Note 38

Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at July 1, 2016	-	-
Changes in net assets		
Surplus for the year	523,040,775	523,040,775
Total changes	523,040,775	523,040,775
Opening balance as previously reported	500,765,971	500,765,971
Adjustments		
Correction of errors	(9,408,057)	(9,408,057)
Restated* Balance at July 1, 2017 as restated*	491,357,914	491,357,914
Changes in net assets		
Surplus for the 12 months	299,792,442	299,792,442
Total changes	299,792,442	299,792,442
Balance at June 30, 2018	791,150,356	791,150,356
Note(s)		

* See Note 38

Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Property rates		5,417,177	5,046,538
Service charges		1,889,563	8,417,120
Agency services		1,872,904	-
Rendering of Services		5,741,826	209,063
Licences and permits		3,699,476	10,629,753
Grants and subsidies		419,367,000	290,103,407
Interest income		7,256,102	10,505,366
		<u>445,244,048</u>	<u>324,911,247</u>
Payments			
Employee costs		(86,211,089)	(42,193,142)
Suppliers and other payments		(44,447,071)	(25,369,200)
		<u>(130,658,160)</u>	<u>(67,562,342)</u>
Net cash flows from operating activities	33	<u>314,585,888</u>	<u>257,348,905</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(127,048,141)	(70,731,232)
Purchase of other intangible assets	5	-	(1,099,860)
Purchase of financial assets		(120,000,000)	-
Net cash flows from investing activities		<u>(252,522,212)</u>	<u>(71,831,092)</u>
Cash flows from financing activities			
Finance lease payments		(277,234)	815,213
Net increase/(decrease) in cash and cash equivalents		<u>61,786,442</u>	<u>186,333,026</u>
Cash and cash equivalents at the beginning of the year		186,333,026	-
Cash and cash equivalents at the end of the year	14	<u>248,119,468</u>	<u>186,333,026</u>

* See Note 38

Collins Chabane Local Municipality

(Registration number LIM345)

Trading as Collins Chabane Local Municipality

Financial Statements for the year ended June 30, 2018

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
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	4,814,000	(2,441,552)	2,372,448	4,402,841	2,030,393	Note 43
Other income	8,012,000	(7,583,326)	428,674	5,741,826	5,313,152	
Agency services	2,400,000	-	2,400,000	3,700,510	1,300,510	
Licence Income	4,200,000	2,092,463	6,292,463	3,764,756	(2,527,707)	
Other income	411,414	(411,414)	-	-	-	
Rental income	2,398,000	(2,398,000)	-	43,536	43,536	
Interest income	3,160,000	(1,407,225)	1,752,775	7,256,102	5,503,327	
Total revenue from exchange transactions	25,395,414	(12,149,054)	13,246,360	24,909,571	11,663,211	

Revenue from non-exchange transactions

Taxation revenue

Property rates	11,000,000	602,943	11,602,943	15,931,110	4,328,167	
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Transfer revenue

Government grants & subsidies	309,752,000	5,135,008	314,887,008	429,447,148	114,560,140	
Capital transfers	106,615,000	(2,134,996)	104,480,004	-	(104,480,004)	
Fines, Penalties and Forfeits	100,000	(95,943)	4,057	-	(4,057)	

Total revenue from non-exchange transactions	427,467,000	3,507,012	430,974,012	445,378,258	14,404,246	
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Total revenue	452,862,414	(8,642,042)	444,220,372	470,287,829	26,067,457	
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Expenditure

Personnel	(113,806,000)	47,150,411	(66,655,589)	(60,905,689)	5,749,900	
Remuneration of councillors	(30,098,000)	5,481,054	(24,616,946)	(25,157,603)	(540,657)	
Depreciation and amortisation	(38,000,000)	25,852,090	(12,147,910)	(15,204,534)	(3,056,624)	
Finance costs	(400,000)	400,000	-	(41,243)	(41,243)	
Debt Impairment	(15,257,000)	4,457,000	(10,800,000)	(9,933,573)	866,427	
Contracted Services	(18,858,000)	3,160,691	(15,697,309)	(28,789,961)	(13,092,652)	
Transfers and Subsidies	(3,000,000)	(3,000,000)	(6,000,000)	-	6,000,000	
Other materials	(5,042,000)	2,455,182	(2,586,818)	-	2,586,818	
General Expenses	(41,260,000)	(4,417,659)	(45,677,659)	(39,151,436)	6,526,223	

Total expenditure	(265,721,000)	81,538,769	(184,182,231)	(179,184,039)	4,998,192	
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Surplus	187,141,414	72,896,727	260,038,141	291,103,790	31,065,649	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	187,141,414	72,896,727	260,038,141	291,103,790	31,065,649	
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Collins Chabane Local Municipality

(Registration number LIM345)
Trading as Collins Chabane Local Municipality
Financial Statements for the year ended June 30, 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	7,300,000	(6,361,000)	939,000	962,484	23,484	
Receivables from non-exchange transactions	143,377	(143,377)	-	-	-	
VAT receivable	13,930	(13,930)	-	-	-	
Sundry debtors	4,000,000	18,456,000	22,456,000	13,856,203	(8,599,797)	
Consumer debtors - other	74,743,000	(70,207,588)	4,535,412	2,170,626	(2,364,786)	
Cash and cash equivalents	192,494,000	34,274,000	226,768,000	248,119,468	21,351,468	
	278,694,307	(23,995,895)	254,698,412	265,108,781	10,410,369	
Non-Current Assets						
Investment property	-	10,258,000	10,258,000	10,258,000	-	
Property, plant and equipment	423,485,000	353,369,854	776,854,854	458,478,694	(318,376,160)	
Intangible assets	90,000	729,200	819,200	729,222	(89,978)	
Other financial assets	-	-	-	122,410,521	122,410,521	
	423,575,000	364,357,054	787,932,054	591,876,437	(196,055,617)	
Total Assets	702,269,307	340,361,159	1,042,630,466	856,985,218	(185,645,248)	
Liabilities						
Current Liabilities						
Trade and other Payables	38,000,000	(16,244,133)	21,755,867	34,595,468	12,839,601	
Employee benefit obligations	1,700,000	(87,000)	1,613,000	3,492,898	1,879,898	
Unspent conditional grants and receipts	-	-	-	28,859,142	28,859,142	
	39,700,000	(16,331,133)	23,368,867	66,947,508	43,578,641	
Non-Current Liabilities						
Employee benefit obligations	1,700,000	(493,656)	1,206,344	5,942,136	4,735,792	
Total Liabilities	41,400,000	(16,824,789)	24,575,211	72,889,644	48,314,433	
Net Assets	660,869,307	357,185,948	1,018,055,255	784,095,574	(233,959,681)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	660,869,307	357,185,948	1,018,055,255	825,592,040	(192,463,215)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Property rates, penalties and collection charges	8,041,000	2,320,646	10,361,646	3,597,927	(6,763,719)
Service charges	3,514,000	1,366,224	4,880,224	1,904,651	(2,975,573)
Grant and subsidies	416,367,000	2,633,000	419,000,000	-	(419,000,000)
Other receipts	12,580,000	-	12,580,000	4,568,853	(8,011,147)
Interest on investment	2,600,000	1,752,775	4,352,775	5,461,172	1,108,397
	443,102,000	8,072,645	451,174,645	15,532,603	(435,642,042)

Payments

Employee costs	(180,663,000)	41,471,952	(139,191,048)	(28,953,195)	110,237,853
Remuneration of councillors	-	-	-	(20,250,399)	(20,250,399)
Finance costs	(25,000,000)	-	(25,000,000)	-	25,000,000
Finance charges	(330,000)	-	(330,000)	-	330,000
Transfers and grants	(3,000,000)	(6,000,000)	(9,000,000)	-	9,000,000
	(208,993,000)	35,471,952	(173,521,048)	(49,203,594)	124,317,454

Net cash flows from operating activities	234,109,000	43,544,597	277,653,597	(33,670,991)	(311,324,588)
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Cash flows from investing activities

Purchase of property, plant and equipment	(131,615,000)	(3,209,623)	(134,824,623)	-	134,824,623
Net increase/(decrease) in cash and cash equivalents	102,494,000	40,334,974	142,828,974	(33,670,991)	(176,499,965)
Cash and cash equivalents at the end of the year	102,494,000	40,334,974	142,828,974	(33,670,991)	(176,499,965)

Reconciliation

Significant variances are explained under note 49.

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Accounting Policies

1. Presentation of Financial Statements

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

These 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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

1.1 Presentation currency

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

The 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).

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1.2 Going concern assumption

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

1.3 Transfer of functions between entities not under common control

Definitions

An acquiree is the entity and/or the functions that the acquirer obtains control of in a transfer of functions.

An acquirer is the entity that obtains control of the acquiree or transferor.

Acquisition date is the date on which the acquirer obtains control of the acquiree.

Contingent consideration is usually, an obligation of the acquirer to transfer additional assets or a residual interest to the former owners of an acquiree as part of the exchange for control of the acquiree if specified future events occur or conditions are met. However, contingent consideration also may give the acquirer the right to the return of previously transferred consideration if specified conditions are met.

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

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

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

A merger is the establishment of a new combined entity in which none of the former entities obtain control over any other and no acquirer can be identified.

Non-controlling interest is the interest in the net assets of a controlled entity not attributable, directly or indirectly, to a controlling entity.

Owners (for the purposes of this Standard), is used broadly to include holders of residual interests.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another entity.

The acquisition method

The municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method.

Applying the acquisition method requires:

- (a) identifying the acquirer;
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

Identifying the acquirer

For each transfer of functions between entities not under common control, one of the combining entities is identified as the acquirer.

The terms and conditions of a transfer of functions undertaken between entities not under common control are set out in a binding arrangement.

Determining the acquirer includes a consideration of, amongst other things, which of the combining entities initiated the transaction or event, the relative size of the combining entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the acquisition date

The acquirer identifies the acquisition date, which is the date on which it obtains control of the acquiree.

All relevant facts and circumstances are considered in identifying the transfer date.

Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred (if any)

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Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

The municipality as acquirer recognises the difference between the assets acquired and liabilities assumed and the consideration transferred (if any) as of the acquisition date in surplus or deficit. This difference is measured as the excess of (a) over (b) below:

(a) the aggregate of:

(i) the consideration transferred (if any) measured in accordance with this Standard, which generally requires acquisition-date fair value;

(ii) the amount of any non-controlling interest in the acquiree measured in accordance with this Standard; and

(iii) in a transfer of functions achieved in stages, the acquisition-date fair value of the entity as acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this Standard.

Subsequent measurement and accounting

In general, a municipality as acquirer subsequently measure and account for assets acquired, liabilities assumed or incurred and the residual interest issued in a transfer of functions in accordance with other applicable Standards of GRAP for those items, depending on their nature.

1.4 Investment property

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

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

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

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

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

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

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

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Accounting Policies

1.4 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

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

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

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

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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1.5 Property, plant and equipment (continued)

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 cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

Property, plant and equipment of land and building is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses in line with the valuation roll of the municipality.

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

Property, plant and equipment are depreciated on the 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 (years)
Boundary walls	Straight line	30
Buildings/ Building works	Straight line	30
Electrical supply	Straight line	30
Fencing	Straight line	20
On site paving	Straight line	20
Other external works	Straight line	20
Sewerage systems	Straight line	30
Water supply	Straight line	30
Bins and containers	Straight line	5-10
Computer equipment	Straight line	5-10
Furniture and fittings	Straight line	5-10
Motor vehicles	Straight line	5-15
Office equipment	Straight line	5-10
Plant and equipment	Straight line	5-15
Bridges	Straight line	30
Road furniture	Straight line	5-10
Road structures	Straight line	20-30

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1.5 Property, plant and equipment (continued)

Storm water drainage	Straight line	20
Intangibles	Straight line	3-5
Flood lightning	Straight line	20
Street light	Straight line	25
Traffic lights	Straight line	20
Leased assets	Not fixed	Limited to the contract term

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

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

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

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

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

Impairment.

The municipality tests for impairment where there is an indication that the asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable (recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount), and an impairment loss is charged to the Statement of Financial Performance. (Impairment loss of a valued asset is treated as a revaluation decrease).

De-recognition.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity 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.

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Accounting Policies

1.6 Intangible assets (continued)

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.

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

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

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

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

Subsequent measurement.

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

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

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

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

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 (years)
Computer software	Straight line	3-5

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

De-recognition

Intangible assets are de-recognised when the asset is disposed of or when no future economic benefits or service potential are expected from its use. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sale proceeds and the carrying value and is recognised in the Statement of Financial Performance. The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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Accounting Policies

1.7 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.

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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Accounting Policies

1.7 Financial Instruments (continued)

Initial recognition

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

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

Subsequent measurement

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

Trade and other receivables

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

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

Cash includes cash on hand and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

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Accounting Policies

1.7 Financial instruments (continued)

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

Impairment

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

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the financial asset.

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

Impairment of non-financial assets

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

Gains and losses

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

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

1.8 Value Added Tax

Basis

The municipality accounts for Value Added Tax on cash basis.

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 entity assesses the classification of each element separately.

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Accounting Policies

1.9 Leases (continued)

Finance leases - lessor

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

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

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

Municipality as the lessee

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis.

The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

Finance leases - lessee

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

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

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

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

1.10 Inventories

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

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1.10 Inventories (continued)

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

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1.11 Impairment of cash-generating assets (continued)

[Specify judgements made]

1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.13 Employee benefits

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.13 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity 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 recognise 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 measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise 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 entity has no realistic alternative but to make the payments.

Post-employment benefits

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

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

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

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1.13 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity 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 entity is demonstrably committed to a termination when the entity 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.

1.14 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 surplus.

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

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1.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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Accounting Policies

1.15 Commitments (continued)

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

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

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

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

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances. Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges

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

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- and the amount of the revenue can be measured reliably.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

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

Agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement. The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when incurred.

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1.16 Revenue from exchange transactions (continued)

Interest

Interest is recognised, on a time proportionate basis that takes into account the effective interest rate method.

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

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

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

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

1.18 Investment income

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

1.19 Borrowing costs

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

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

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1.20 Comparative figures

Items in the Annual Financial Statements are presented with their corresponding comparative figures for the previous financial period.

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

1.21 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.

1.22 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.

1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. 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.

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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1.24 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 7/1/2017 to 6/30/2018.

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

The 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.

The Municipality will provide explanation of +/-10% variance on comparison of budget and actual amount

1.25 Related parties

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

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

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

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

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

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

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

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

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

1.26 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).

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1.26 Events after reporting date (continued)

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

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Notes to the Financial Statements

Figures in Rand

2018

2017

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Notes to the Financial Statements

2. New standards and interpretations

2.1 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 July 1, 2018 or later periods:

Standard/ Interpretation:	Description	Effective date: Years beginning on or after
GRAP 20 GRAP 108	Related Party Effective date: Years beginning on or after	04/01/2019 Expected impact:
GRAP 109	Effective date: Years beginning on or after	Expected impact:

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Figures in Rand 2018 2017

3. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	10,258,000	-	10,258,000	10,258,000	-	10,258,000

Reconciliation of investment property - 2018

	Opening balance	Total
Investment property	10,258,000	10,258,000

Reconciliation of investment property - 2017

	Opening balance	Transfers received	Total
Investment property	-	10,258,000	10,258,000

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.

The municipality has performed assessment of impairment as at 30 June 2018

Details of valuation

The effective date of the revaluations was Saturday, July 1, 2017. Revaluations were performed by an independent valuer, Mr Botha, of Messrs Botha and Rudd. Botha and Rudd are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

For investment property, totaling R 10 258 000, where there was a lack of comparable market data, the valuation was based on discounted cash flows.

These assumptions are based on current market conditions.

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Figures in Rand 2018 2017

4. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8,949,440	-	8,949,440	8,949,440	-	8,949,440
Buildings	19,964,504	(1,727,640)	18,236,864	19,964,504	(813,743)	19,150,761
Plant and machinery	24,757,236	(3,076,393)	21,680,843	11,225,605	(974,707)	10,250,898
Furniture and fixtures	2,352,883	(464,615)	1,888,268	1,133,366	(188,249)	945,117
Motor vehicles	8,564,219	(684,047)	7,880,172	2,844,539	(204,637)	2,639,902
Office equipment	965,030	(152,275)	812,755	752,528	(45,676)	706,852
IT equipment	3,490,153	(1,121,369)	2,368,784	3,490,153	(393,596)	3,096,557
Community assets	44,371,675	(4,535,858)	39,835,817	44,371,676	(2,136,455)	42,235,221
Road infrastructure	187,303,000	(11,108,034)	176,194,966	142,293,488	(5,100,875)	137,192,613
Infrastructure - WIP	174,316,305	-	174,316,305	137,679,613	-	137,679,613
Leased assets	2,503,375	(1,280,916)	1,222,459	2,107,920	(468,427)	1,639,493
Electricity assets	5,474,071	(382,050)	5,092,021	5,474,071	(182,270)	5,291,801
Total	483,011,891	(24,533,197)	458,478,694	380,286,903	(10,508,635)	369,778,268

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Transfers received	Transfers	Work In Progress	Depreciation	Total
Land	8,949,440	-	-	-	-	-	8,949,44
Buildings	19,150,761	-	-	-	-	(913,897)	18,236,86
Plant and machinery	10,250,898	13,531,631	-	-	-	(2,101,686)	21,680,84
Furniture and fixtures	945,117	1,221,074	-	-	-	(277,923)	1,888,26
Motor vehicles	2,639,902	5,719,680	-	-	-	(479,410)	7,880,17
Office equipment	706,852	212,502	-	-	-	(106,599)	812,75
IT equipment	3,096,557	-	-	-	-	(727,773)	2,368,78
Community assets	42,235,221	-	-	-	-	(2,399,404)	39,835,81
Road infrastructure	137,192,613	-	45,009,512	-	-	(6,007,159)	176,194,96
Infrastructure - WIP	137,679,613	105,967,799	8,172,494	(45,009,513)	(32,494,088)	-	174,316,30
Leased Assets	1,639,493	395,455	-	-	-	(812,489)	1,222,45
Electricity Assets	5,291,801	-	-	-	-	(199,780)	5,092,02
	369,778,268	127,048,141	53,182,006	(45,009,513)	(32,494,088)	(14,026,120)	458,478,69

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Transfers received	Additions	Depreciation	Total
Land	-	8,949,440	-	-	8,949,440
Buildings	-	19,964,505	-	(813,744)	19,150,761
Plant and machinery	-	11,225,605	-	(974,707)	10,250,898
Furniture and fixtures	-	788,595	344,771	(188,249)	945,117
Motor vehicles	-	1,532,508	1,312,031	(204,637)	2,639,902
Office equipment	-	236,368	516,160	(45,676)	706,852
IT equipment	-	260,243	3,229,910	(393,596)	3,096,557
Community	-	23,451,267	20,674,140	(1,890,186)	42,235,221
Road Infrastructure	-	99,747,188	42,546,300	(5,100,875)	137,192,613
Infrastructure - WIP	-	137,679,613	-	-	137,679,613
Other leased Assets	-	-	2,107,920	(468,427)	1,639,493
Electricity	-	5,474,071	-	(182,270)	5,291,801
	-	309,309,403	70,731,232	(10,262,367)	369,778,268

Revaluations

Items of property, plant and equipment were valued at fair value for 30 June 2018.

The effective date of the valuations was 1 July 2017.

The valuation was performed by an independent valuer, Wayo Consulting Engineer, who is not connected to the municipality and has experience and knowledge regarding the location and the category of assets being valued (community assets, buildings, electrical and road infrastructure assets).

The valuation was based on depreciated replacement cost.

Pledged as security

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

Pledged as security

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

The assets were valued as at 30 June 2018 and the land relates to parcels of land owned by the municipality.

The effective date of the valuation was 1 July 2017.

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

The valuation was based on market values for existing use. All assumptions used to arrive at the fair values were based on current market conditions.

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5. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,099,860	(370,638)	729,222	1,099,860	(150,666)	949,194

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	949,194	(219,972)	729,222

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	-	1,099,860	(150,666)	949,194

Other information

The municipality has reviewed the useful lives, residual values and performed assessment of impairment as at 30 June 2018

6. Other financial assets

Residual interest at cost

Investment - VBS	122,410,521	-
Terms and conditions		

Non-current assets

Residual interest at cost	122,410,521	-
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Financial assets at fair value

Notes

Amount invested with VBS Mutual bank was subjected to an assessment in accordance with the advice from National Treasury

The following considerations were made:

The bank, which has since been placed under curatorship with effect from 01 March 2018 failed to repay amount deposited together with interest upon its maturity on 22 February 2018. As at the reporting date the amount has remained on deposit for a period exceeding the original investment term by more than 4 months. There are no reasonable indication at reporting date that the amount will be repaid within 12 month, which led to management re-classifying it as a long term financial assets.

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7. Employee benefit obligations

Defined benefit plan

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

Defined benefit obligation - long service awards	3,879,266	3,642,797
Defined benefit obligation - unused leave benefits	2,948,852	3,333,118
	<u>6,828,118</u>	<u>6,975,915</u>

7.1 Long-Service award

The municipality provides long-service awards to its permanent employees.

The municipality offers rewards for specified year intervals of completed service.

In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of every year. The Projected Unit Credit Method has been used to value the liabilities. The latest valuation was performed for 30 June 2018 by ARCH Actuarial Consulting.

The accumulated defined benefit obligation in respect of the long-service awards are provided, based on calculations of independent actuaries, using methods and assumptions consistent with GRAP 25 (Employee Benefits) as follows:

Long service award relate to the legal obligation to provide long service leave awards. Actuarial benefits have been calculated for 171 eligible employee as at 30 June 2018 that are entitled to long service awards. The long service awards liability is not a funded arrangement. i.e no separate assets have been set aside to meet this liability.

Key Assumptions:

	2018	2017
Discount rate (%)	8.25	8.35
General earnings inflation rate (long-term)	6.07	6.01
Net discount rate	2.06	2.21
Average retirement age	63	63
Pre-retirement mortality		SA85-90

7.2 unused leave days

This is the present value of the total unused leave benefit expected to come payable under the employer's current service arrangements and based on the assumption made.

This may be regarded as the amount of money that should be set aside in present days terms to cover expected unused leave benefit for current employees

Assumption used at the reporting date:

	2018	2017
Discount rate	9.37%	9.27%
General salary inflation	6.74	7.11
Net discount rate	2.46%	2.02%
Average retirement age		63
Pre-retirement mortality		SA85-90

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Figures in Rand	2018	2017
8. Inventories		
Consumable stores	962,471	737,946
Land inventory	13	13
	962,484	737,959

The above inventory balance for the prior year includes losses for the year amounting to R84 583.

Land inventory consist of municipal land currently occupied by persons to whom the land has not been legally transferred. The land is recognised at R1 fair value each with view to apply market values upon sale or transfer of titles/ ownership.

Inventory is measured using Weighted Average Cost (WAC) method. Inventory has not be pledged as a security for liabilities.

9. Receivables from exchange transactions

Consumer debtors - Refuse	6,313,913	10,378,217
Provision for impairment - Refuse	(4,116,778)	(10,136,459)
	2,197,135	241,758

Refuse

	2018	2017
Current (0- 30 days)	269,629	214,525
31 - 60 days	163,863	210,587
61 - 90 days	161,401	209,096
91 -120 days	151,321	208,408
121 -365 days	145,959	1,628,054
>365 days	5,405,317	7,907,547
	6,297,490	10,378,217
Less: Allowance for impairment	4,116,778	(10,136,459)
	10,414,268	241,758

Receivables from exchange transactions were recognised at their gross value and adjusted to their fair value in accordance to GRAP 106. The actual write off was done in the current year against the impairment provision raised in the 2016/17 financial year with the receivables account.

10. Receivables from non-exchange transactions

Sundry receivables	3,715,632	-
Property rates	16,049,225	18,221,193
Property rates impairment	(12,921,481)	(16,269,429)
	6,843,376	1,951,764

Ageing for rates.

	2018	2017
Current (0-30 days)	687,071	831,768
31-60 days	417,556	574,184
61- 90 days	411,283	505,277
91-120 days	385,597	503,188
121-365 days	371,935	3,872,175
> 365 days	13,764,580	11,934,601
	16,038,022	18,221,193
Less: Allowance for impairment	(12,921,481)	(16,269,429)
	3,116,541	1,951,764

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Figures in Rand	2018	2017
10. Receivables from non-exchange transactions (continued)		
Receivables from non exchange transactions were recognised at their gross value and adjusted to their fair value in accordance to GRAP 106. The actual write off was done in the current year against the impairment provision raised in the 2016/17 financial year with the receivables account..		
11. Consumer debtors - other		
Gross balances		
Consumer debtors - other	24,286,335	83,536,477
Less: Allowance for impairment		
Allowance for impairment	(22,115,709)	(83,167,464)
Net balance		
Net balance	2,170,626	369,013
Other		
Current (0 -30 days)	948,159	1,514,176
31 - 60 days	576,228	1,501,914
61 - 90 days	567,571	1,497,426
91 - 120 days	532,124	1,476,219
121 - 365 days	513,271	11,374,807
> 365 days	19,334,244	66,171,935
	22,471,597	83,536,477

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Figures in Rand	2018	2017
11. Consumer debtors - other (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	538,679	2,053,499
31 - 60 days	215,403	1,927,544
61 - 90 days	208,435	1,922,528
91 - 120 days	412,792	1,902,215
121 - 365 days	217,330	14,716,925
> 365 days	22,842,136	78,090,253
	24,434,775	100,612,964
Less: Allowance for impairment	(23,210,009)	(100,047,805)
	1,224,766	565,159
Industrial/ commercial		
Current (0 -30 days)	370,042	322,379
31 - 60 days	147,969	281,875
61 - 90 days	143,183	212,170
91 - 120 days	970,508	209,394
121 - 365 days	149,293	1,598,074
> 365 days	15,004,308	6,951,183
	16,785,303	9,575,075
Less: Allowance for impairment	(15,943,959)	(9,525,506)
	841,344	49,569
National and provincial government		
Current (0 -30 days)	716,615	184,590
31 - 60 days	28,637	77,267
61 - 90 days	27,710	77,101
91 - 120 days	87,824	76,203
121 - 365 days	28,893	560,037
> 365 days	3,003,814	972,649
	3,893,493	1,947,847
Total		
Current (0 -30 days)	980,337	2,560,469
31 - 60 days	392,009	2,286,686
61 - 90 days	379,328	2,211,799
91 - 120 days	1,471,124	2,187,813
121 - 365 days	395,516	16,875,036
> 365 days	40,850,258	86,014,084
	44,468,572	112,135,887
Less: Allowance for impairment		
Allowance for impairment	39,153,968	109,573,352
Net receivables		
Net balance	5,314,604	2,562,535

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

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Figures in Rand	2018	2017
12. VAT receivable		
VAT	4,503,179	10,146,908
VAT is accounted on cash basis.		
13. Other debtors		
Sundry debtors	580,402	515,122
14. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	185,873,019	124,086,577
Investments (call accounts)	62,246,449	62,246,449
	248,119,468	186,333,026

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2018	June 30, 2017	June 30, 2016
Call Accounts - 626 4402 1933	-	20,748,811	-	-	20,748,811	-
Call Accounts - 626 4402 5620	-	41,497,637	-	-	41,497,637	-
Current Account - 62632407020	248,119,468	124,086,577	-	248,119,468	124,086,577	-
Total	248,119,468	186,333,025	-	248,119,468	186,333,025	-

15. Finance lease obligation

Present value of minimum lease payments due

- within one year	537,939	214,673
- in second to fifth year inclusive	-	644,019
	537,939	858,692
Non-current liabilities	-	212,438
Current liabilities	537,979	602,775
	537,979	815,213

Municipality has leased photocopier machines for a non-renewable period of 36 month. The lease agreement provides for monthly payments of R53 668.21 with no escalation.

16. Unspent conditional grants and receipts

The grants are made up as follows:

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Figures in Rand	2018	2017
16. Unspent conditional grants and receipts (continued)		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Local Government Finance Management Grant	-	679,407
Municipal Infrastructure Grant	16,085,354	28,597,914
Municipal Demarcation Transitional Grant	7,782,548	9,661,969
Intergrated National Electricity Programme	4,991,240	-
	28,859,142	38,939,290
17. Trade and other Payables		
Trade payables	4,995,909	1,414,422
Payments received in advance from customers	2,180,902	341,570
Accrued bonus - 13th cheque	1,513,211	1,134,798
Retention	17,876,135	6,165,133
Sundry creditors	3,311,354	1,757,129
	29,877,511	10,813,052
18. Payables from non - exchange transactions		
Inter - Municipal payables	-	696,769
19. Total revenue		
Rendering of services	5,741,826	209,063
Service charges	4,402,841	14,519,061
Agency services	1,872,904	-
Licences and permits	3,764,756	5,168,581
Fees earned	472,807	-
Rental income	43,536	66,149
Interests on outstanding debtors	-	5,562,723
Interest received - investment	7,256,102	5,461,172
Property rates	15,931,110	7,513,424
Government grants & subsidies	429,447,148	290,103,407
	468,933,030	328,603,580
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	4,402,841	14,519,061
Rendering of services	5,741,826	209,063
Agency services	1,872,904	-
Licences and permits	3,764,756	5,168,581
Fees earned	472,807	-
Rental income	43,536	66,149
Interest on outstanding debtors	-	5,562,723
Interest received - investment	7,256,102	5,461,172
	23,554,772	30,986,749

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Figures in Rand	2018	2017
19. Total revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	15,931,110	7,513,424
Transfer revenue		
Government grants & subsidies	429,447,148	290,103,407
	445,378,258	297,616,831
20. Service charges		
Service charges	4,402,841	14,519,061
21. Other revenue		
Fees earned	472,807	-
Rental income - third party	43,536	66,149
Interest on outstanding debtors	-	5,562,723
	516,343	5,628,872

The municipal council passed the resolution not to charge interest on outstanding debtors for the year under review.

22. Investment revenue

Interest revenue		
Interest on investment	7,256,102	5,461,172

23. Property rates

Rates received

Residential	15,931,110	7,513,424
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The municipality compiled and adopted a general valuation roll, which came into effect from 1 July 2017. The new valuation roll was compiled by Mod Hope in terms of Municipal Property Rates Act.

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24. Government grants and subsidies		
Operating grants		
Equitable share	304,695,000	206,039,000
Financial Management Grant	3,024,407	1,330,593
EPWP	1,000,000	-
	308,719,407	207,369,593
Capital grants		
Municipal Infrastructure Grant	95,992,560	72,252,783
Municipal Demarcation Transition Grant	8,726,421	10,481,031
Integrated National Electrification Program Grant	16,008,760	-
	120,727,741	82,733,814
	429,447,148	290,103,407

Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from the grant. The municipality has developed and implemented the indigent policy as billing services were rendered by the local municipalities.

Finance Management Grant (FMG)

Balance unspent at beginning of year	679,407	-
Current-year receipts	2,345,000	2,010,000
Conditions met - transferred to revenue	(3,024,407)	(1,330,593)
	-	679,407

Conditions still to be met - remain liabilities (see note 16).

This grant was used to promote and support reforms to municipal financial management and implementation of MFMA, 2003. The conditions of the grant were met. No funds have been withheld.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	28,597,914	-
Current-year receipts	83,480,000	12,673,697
Conditions met - transferred to revenue	(95,992,560)	(72,252,783)
	16,085,354	28,597,914

Conditions still to be met - remain liabilities (see note 12).

This grant was used to construct Municipal Infrastructure to provide basic services for the benefit of communities.

Municipal Demarcation Transition Grant (MDTG)

Balance unspent at beginning of year	9,661,969	-
Current-year receipts	6,847,000	20,143,000
Conditions met - transferred to revenue	(8,726,421)	(10,481,031)
	7,782,548	9,661,969

Conditions still to be met - remain liabilities (see note 16).

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24. Government grants and subsidies (continued)

The grant was used to subsidise the additional institutional and administrative costs arising from major boundary changes due to come into effect at the time of the 2016 local government elections

Integrated National Electrification Programme

Current-year receipts	21,000,000	-
Conditions met - transferred to revenue	(16,008,760)	-
	<u>4,991,240</u>	<u>-</u>

The condition of the grant was fully met. (See note 16). The grant is meant for electrification projects.

Extended Public Works Program

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

The condition of the grant was fully met. (see note 16). The grant is use to create temporarily work for unemployed people.

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25. Employee related costs		
Basic	43,901,715	25,882,638
Cellphone allowance	82,761	65,890
Bonus	2,635,172	1,060,027
Medical aid - company contributions	1,652,806	-
UIF	414,340	209,584
Other payroll levies	11,067	304,463
Other short term costs	-	69,885
Defined contribution plans	-	1,382,225
Overtime payments	1,983,640	756,021
Long-service awards	-	66,495
13th Cheques	205,998	-
Car allowance	2,030,439	961,194
Housing benefits and allowances	77,458	48,004
Pension fund contribution	7,910,293	4,293,187
Termination benefits	-	794,956
	60,905,689	35,894,569
Remuneration of municipal manager		
Annual Remuneration	823,237	98,340
Car Allowance	267,202	-
Contributions to UIF, Medical and Pension Funds	-	297
Acting Allowance	-	111,115
	1,090,439	209,752
The Municipal Manager was appointed in May 2017.		
Remuneration of chief finance officer		
Annual Remuneration	704,031	-
Car Allowance	202,153	-
Acting Allowance	-	81,059
	906,184	81,059
The Chief Financial Officer was appointed a from 1 July 2017.		
Remuneration of Senior Manager - Corporate Services		
Annual Remuneration	681,986	35,432
Car Allowance	197,000	-
Performance Bonuses	47,197	-
Contributions to UIF, Medical and Pension Funds	-	149
Acting allowance	-	66,763
Travel and other allowance	-	16,363
	906,183	118,707
The Senior Manager of Corporate service was appointed on the 1 July 2017.		
Remuneration of Senior Manager - Planning and Development		
Annual Remuneration	250,117	-
Car Allowance	100,000	-
Acting allowance	19,250	83,705

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Figures in Rand	2018	2017
25. Employee related costs (continued)		
	369,367	83,705
The Senior Manager of planning and development was appointed on the 1 February 2018.		
Remuneration of Senior Manager - Technical service		
Annual Remuneration	750,184	-
Car Allowance	156,000	-
Acting allowance	25,341	-
	931,525	-
The Senior Manager of Technical service was appointed on the 1 July 2017.		
Remuneration of Senior Manager - Community service		
Annual Remuneration	340,374	-
Car Allowance	109,714	-
Performance Bonuses	23,599	-
	473,687	-
The Senior Manager of community services was appointed on the 1 December 2017.		
26. Remuneration of councillors		
Mayor	841,813	683,861
Chief Whip	642,602	-
Speaker	682,392	436,780
Remuneration and allowances for other councillors	22,560,346	19,129,758
	24,727,153	20,250,399
27. Depreciation and amortisation		
Property, plant and equipment	15,002,642	10,508,635
Amortisation of assets	201,892	150,666
	15,204,534	10,659,301
28. Finance costs		
Finance cost	41,243	-
During the period under review, the municipality did not enter in any debt arrangement..		
29. Debt impairment		
Debt impairment	9,933,573	29,248,156
During the year, the Municipality wrote off the debtors balances with an amount R80 325 795 as a fair value adjustment of debtors take on balances 10/08/2016 in line with Grap 106 on transfer of functions between entities not under common control.		
30. Contracted services		
Outsourced Services		
Security Services	3,086,843	2,511,180

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30. Contracted services (continued)		
Consultants and Professional Services		
Business and Advisory	23,629,034	4,296,894
IT Infrastructure and Rental Facilities	-	2,325,364
Legal Cost	2,074,084	92,480
	28,789,961	9,225,918
31. General expenses		
Advertising	1,491,975	283,996
Auditors remuneration	2,652,051	21,411
Bank charges	234,375	149,565
Consulting and professional fees	1,070,549	-
Consumables	3,558,217	2,023,346
Fines and penalties	-	440,618
Labour, compensation and stipends	7,955,010	3,423,547
Equipment and facility hire	784,094	-
Insurance	1,538,046	63,436
Events and programmes	817,628	2,287,890
Vehicles, Machinery and equipment licensing	22,857	-
Telephone, postage and courier	713,482	4,062,253
Repairs and maintenance	2,336,383	2,455,528
Subscriptions and membership fees	2,463,170	783,273
Training and skills development	281,588	1,197,328
Travel and subsistence	1,956,076	2,661,815
Valuation roll	-	1,109,712
Utilities	1,679,257	707,062
Licences and permits (non-vehicle)	-	2,783
IDP forum and other trainings	-	602,495
Accommodation and meals	4,198,975	2,153,287
Information and technology	-	294,611
Indigent expenses	3,526,746	2,232,378
	37,280,479	26,956,334

Labour, compensation and stipends, ward committee members were established late in the previous year unlike in the current financial year were compensated for the whole year.

Similarly EPWP workers were also employed for a shorter period in 2016/17 financial year.

Accommodation costs increase due to the competency, training and workshop for interns and other employees for capacity building.

32. Auditors' remuneration

Fees	2,652,051	21,411
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33. Cash generated from operations		
Surplus	299,792,442	523,040,775
Adjustments for:		
Depreciation and amortisation	15,204,534	10,659,301
Debt impairment	9,933,573	29,248,156
Movements in retirement benefit assets and liabilities	(147,797)	6,975,915
Movement in tax receivable and payable	(6,979,800)	(326,080,912)
Gain/ loss from transfer of function	-	(590,960)
Changes in working capital:		
Inventories	(224,525)	(737,959)
Receivables from exchange transactions	3,688,352	(241,758)
Consumer debtors - rates	(14,514,720)	(22,900,766)
Consumer debtors - rates	(4,891,612)	(1,951,764)
Sundry debtors	(65,280)	(515,122)
Trade and other Payables	19,064,459	10,813,052
VAT receivable	4,503,179	(10,005,112)
Taxes and transfers payable (non exchange)	(696,769)	696,769
Unspent conditional grants and receipts	(10,080,148)	38,939,290
	314,585,888	257,348,905

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34. Transfer of functions between entities not under common control

Transfer of function

On 10 August 2016 Collins Chabane Local Municipality (erstwhile Lim345) was established in terms of the Municipal Systems Act.

As a result of the establishment, there was a transfer of functions from Makhado Municipality and Thulamela Local Municipality. The transfer of functions was done in terms of GRAP 106.

Assets and liabilities were recognised at fair value on the statement of financial position.

The receivables from Makhado Municipality and Thulamela Municipality were recognised at their gross values and then impaired to their fair values in terms of GRAP 106.

An additional assets related to road infrastructure wip which was not completed on date of transfer was only transferred to the municipality in the current year period

Aggregate gains on transfer of functions amounted to R8 172 494 (2017: R326 080 912).

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

Investment property	-	10,258,000
Land PPE	-	8,949,440
Land Inventory	-	13
Buildings	-	19,964,504
Plant and machinery	-	11,088,229
Furniture and fittings	-	788,594
Motor Vehicles	-	1,674,292
Office equipment	-	236,367
IT equipment	-	260,243
Community assets	-	23,697,536
Road infrastructure	8,172,494	236,835,842
Bins and containers	-	137,376
Other financial assets	-	5,474,071
Consumer debtor (take on)	-	90,145,079
Consumer debtors (take-on adjustment)	-	(59,810)
Debt impairment (take-on)	-	(80,325,196)
Employee obligations (long service awards)	-	(3,733,159)
Other debtors	-	(2,921,511)
Debtors - other (Thulamela & Makhado)	-	3,606,552
Inventories	-	4,450
	8,172,494	326,080,912

35. Commitments

Authorised expenditure

Total commitment		
• Operational	10,830,091	18,530,006
• Capital	201,363,492	322,040,604
	212,193,583	340,570,610

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36. Contingencies

Contingent Liabilities:

The municipality did not have any contingent liabilities as at year end. No court case has been opened by the service provider challenging the termination on the project below, however based on the general history of transactions of similar nature in municipalities a court challenge is likely to ensue.

Project description	Exposure level	Financial effect
Malamulele Section B internal streets	The possibility of loss, compensation and remediation is remote, but since contingent liabilities may develop in a way not initially expected, the conservative approach to allow for a minimal possibility in favour of the service provider (10%) has been taken in terms of paragraph 2 of the methodology. The maximum pcuniary exposure determined is R847,500.88, based on the project budget balance.	R847,500.00

Contingent assets:

Included in the prior year are Councillors allowances amounting to R908 097 for cellphone and data expenses in excess of monthly allowances as per gazetted upper limits of councillors remunerations. Discussion with Vodacom to give the municipality a credit to offset the overspending on cellphone and data used are at an advance stage. Are likely to be concluded in the 2018/19 financial year.

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37. Related parties

Relationships

Members of key management

TC Ngobeni (Municipal Manger)

RR Shilenge (Senior Manager Corporate services)

E Makamu (Chief Financial Officer)

HC Mukwevho (Senior Manager Planning and Development)

RI Mabunda (Senior Manager Technical Services)

GL Maluleke (Senior Manager Community Services)

Remuneration of management

Councillors

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37. Related parties (continued)				
2018				
	Basic salary	Car Allowance	Telephone and data allowance	Total
Name				
Cllr Maluleke SG	477,549	121,282	45,661	644,492
Cllr Mashimbye FP	473,285	121,282	45,900	640,467
Cllr Mutele TM	265,157	66,289	45,900	377,346
Cllr Mavikani SX	473,285	121,282	48,300	642,867
Cllr Mukhaha AJ	266,414	66,604	45,661	378,679
Cllr Chauke HG	266,414	66,604	45,661	378,679
Cllr Fungeni MC	266,414	66,604	45,661	378,679
Cllr Baloyi DL	266,410	66,604	45,661	378,675
Cllr Mazibuko MP	260,200	66,604	45,661	372,465
Cllr Shivambu S	201,503	50,375	45,661	297,539
Cllr Mabasa D	201,503	50,375	45,661	297,539
Cllr Khoza TG	201,503	50,375	45,661	297,539
Cllr Matamel MS	201,503	50,375	45,661	297,539
Cllr Masangu GD	201,503	50,375	45,661	297,539
Cllr Maluleke M	201,503	50,375	45,661	297,539
Cllr Chauke TR	201,503	50,375	45,661	297,539
Cllr MALULEKE ET	201,503	50,375	45,661	297,539
Cllr Simango MR	201,503	50,375	45,661	297,539
Cllr Maluleke LR	215,776	50,375	45,661	311,812
Cllr Hlongwani SG	258,594	64,649	45,661	368,904
Cllr Makhubela HT	201,503	50,375	45,661	297,539
Cllr Ndove HD	258,594	64,649	45,661	368,904
Cllr Mudau TS	258,594	64,649	45,661	368,904
Cllr Mabasa KK	201,503	50,375	45,661	297,539
Cllr Ngobeni MR	201,503	50,375	45,661	297,539
Cllr Mabasa J	258,594	64,649	45,661	368,904
Cllr Baloyi HR	201,503	50,375	45,661	297,539
Cllr Rivombo KE	201,503	50,375	45,661	297,539
Cllr Sunduza ZW	201,503	50,375	45,661	297,539
Cllr Chabang TC	201,503	50,375	45,661	297,539
Cllr Khosa HJ	201,503	50,375	45,661	297,539
Cllr Mabunda MC	201,503	50,375	45,661	297,539
Cllr Chauke NS	201,503	50,375	45,661	297,539
Cllr Munyai N	201,503	50,375	45,661	297,539
Cllr Mukhomi VN	201,503	50,375	45,661	297,539
Cllr Maluleke MP	201,503	50,375	45,661	297,539
Cllr Ngobeni NE	201,503	50,375	45,661	297,539
Cllr Mahlale S	201,503	50,375	45,661	297,539
Cllr Moyo MT	258,594	64,649	45,661	368,904
Cllr Mathonsi NP	201,503	50,375	45,661	297,539
Cllr Sambo TM	201,503	50,375	45,661	297,539
Cllr Sithole MW	201,503	50,375	45,661	297,539
Cllr Shanduk MJ	258,594	64,649	45,661	368,904
Cllr Chavani PJ	201,503	50,375	45,661	297,539
Cllr Mashake KE	201,503	50,375	45,661	297,539
Cllr Mulaudzi TN	258,594	64,649	45,661	368,904
Cllr Mudau RP	258,594	64,649	45,661	368,904
Cllr Madavhu FF	201,503	50,375	45,661	297,539
Cllr Ndzovela NG	201,503	50,375	45,661	297,539
Cllr Rekhotse SM	258,594	64,649	45,661	368,904
Cllr Nkuna DT	201,503	50,375	45,661	297,539
Cllr Miyambo ZQ	216,386	50,375	45,661	312,422

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37. Related parties (continued)				
Clr Baloyi MJ	201,503	50,375	45,661	297,539
Clr Baloyi NL	201,503	50,375	45,661	297,539
Clr Mahlangu D	258,594	64,649	45,661	368,904
Clr Mabasa RC	258,808	64,649	45,661	369,118
Clr Baloyi OC	201,503	50,137	45,661	297,301
Clr Vukeya TE	200,552	50,375	45,661	296,588
Clr Chauke HM	201,503	50,375	45,661	297,539
Clr Machova RG	201,503	50,375	45,661	297,539
Clr Tshired CE	201,503	50,375	45,661	297,539
Clr Hlabangwani TL	201,503	50,375	45,661	297,539
Clr Radzivho CM	201,503	50,375	45,661	297,539
Clr Masia TM	201,503	50,375	45,661	297,539
Clr Mathoma MP	201,503	50,375	45,661	297,539
Clr Rikhotso GM	201,503	50,375	45,661	297,539
Clr Thovhaka MS	201,503	50,375	45,661	297,539
Clr Ngobeni NL	201,503	50,375	45,661	297,539
	15,560,225	3,892,056	3,108,065	22,560,346

Mayor and other Councillors

2018

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
Clr Bila TJ - Mayor	795,913	-	45,900	841,813
Clr Chauke MG - Chief Whip	477,549	119,392	45,661	642,602
Clr Lebea ME - Speaker	509,385	127,346	45,661	682,392
Mayoral committee members	15,560,225	3,892,056	3,108,065	22,560,346
	17,343,072	4,138,794	3,245,287	24,727,153

38. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2017

	Note	As previously reported	Correction of error	Restated
Current assets		206,080,745	(5,785,195)	200,295,550
PPE		372,704,361	(2,926,093)	369,778,268
Current Liabilities		(51,467,485)	(696,769)	-
Accumulated surplus		(532,448,830)	9,408,057	(523,040,775)
		(5,131,209)	-	47,033,043

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39. Comparative figures

Items in the Annual Financial Statements are presented with their corresponding comparative figures for the previous financial period.

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

40. Risk management

Financial risk management

Interest rate risk

The municipality has no significant interest-bearing assets and as a result thereof the municipality's income and operating cashflows are substantially independent of changes in market interest rate.

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.

Credit risk

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

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

Maximum credit exposure

Receivables from exchange transactions	1,453,742	241,758
Receivables from non-exchange transactions	950,950	1,951,764
Cash and cash equivalents	248,119,468	186,333,026
	<u>250,524,160</u>	<u>188,526,548</u>

41. Going concern

We draw attention to the fact that at June 30, 2018, the municipality had an accumulated surplus of R 791,150,356 and that the municipality's total assets exceed its liabilities by R 823,341,078.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations of the municipality and that the sound financial management will remain in force for as long as it takes to restore the solvency of the municipality.

42. Events after the reporting date

Adjusting Event

Council noted the terms of reference for the forensic audit, which will be conducted on matters relating to investments by municipalities with the VBS Mutual bank which is currently under curatorship.

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43. Unauthorised expenditure

Add: Current year	4,998,192	-
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The unauthorised expenditure was caused by the overspending on the overall budget for expenditure for 2018:

The overspending of R4 998 192 reflect 2.7% of the overall budget and included non-cash overspending of R3 056 624 relates to depreciation and amortisation, which reduces the variance of 2.7% to 1%. The overspending is within the generally acceptable variance of 0%-10%

44. Fruitless and wasteful expenditure

Opening balance	1,125,367	-
Add: Fruitless and wasteful Expenditure - current year	223,585	1,125,367
Less: Amounts recovered	(588,179)	-
	<u>760,773</u>	<u>1,125,367</u>

The fruitless expenditure incurred will be investigated and controls are put in place to mitigate the occurrence of expenditure in the future.

The fruitless expenditure was due to the Telkom, Eskom and SARS interest and penalties charged to the municipality.

The amount recovered consist of amount reversed by SARS of R and the repayment of amounts owed by councillors on the usage of cellphone and data. On overpayment of cellphone allowances.

45. Irregular expenditure

Opening balance	7,926,426	-
Add: Irregular Expenditure - current year	45,428,621	7,926,426
	<u>53,355,047</u>	<u>7,926,426</u>

The above amount was incurred as a result of not following the proper tender and quotation processes and procedures mainly in the prior year appointments, which the expenditure was incurred in the current financial year.

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	783,273	-
Current year subscription / fee	2,441,498	783,273
Amount paid - current year	(1,161,208)	-
Amount paid - previous years	(783,273)	-
	<u>1,280,290</u>	<u>783,273</u>

VAT

VAT receivable	4,503,179	10,146,908
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47. 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 financial statements. Total deviation for current year was R3 879 544.39 and prior year R3 305 610.27.

48. Budget differences

Material differences between budget and actual amounts

The municipality explains all excess statement of financial position
Revenue exchange transaction of actual expenditure over the final budget of 10% over approved budget.

A. Explanation of variances for statement of financial performance

Revenue.

- 1. Service charges** - The variance was due to development levy which the municipality did not provision of it during compilation of the budget.
- 2. Other income** - The favorable variance was due to the land use management tariffs and sale of tender document.
- 3. Agency fees** - The favorable variance was due to unexpected increase in the transactions volume.
- 4. Licences and permits** - This was as a result of unexpected high turnout by community for license and permits registration..
- 5 Rental income** - Budgeted under other income but disclosed separately.
- 6. Interest income** - Interest was budgeted for at a lower interest rate
- 7. Property rates** - The municipality performed a supplementary valuation roll for the farms.e
- 8. Other revenue** - The variance was due to low turnout by the community to require municipal related service.

Expenditure

- 10. Personnel costs** - Variance is insignificant.
- 11. Remuneration of councillors** - Variance is insignificant.
- 12. Depreciation and amortisation** - Depreciation on additional asset transferred from Makhado Local Municipality which was not budgeted for.
- 13. Finance costs** - Due to advance payment, the lease agreement did not attract interest..
- 14. Repairs and maintenance** - budgeted under general expenditure
- 15. Transfers and subsidies** - The unspent conditional grants was due to delay in implementing capital projects and late implementation of business plans.
- 16. General expenses** - The municipality did not have provision during the year.

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48. Budget differences (continued)

Explanation of variances on Statement of financial position

17. Inventory - Increase stockholdings to cater for additional personnel and maintenance requirement.

18. Sundry Debtors - increased due to outstanding licensing fees.

19. Consumer debtors - Fair value write down on the take on balance and discontinuation of development levy.

20. Cash and cash equivalents - Variance insignificant.

21 Investment property - There no variance.

22. Property, plant and equipment - Transfer of additional asset from Vuwani and unspent roll over on project funding.

23. Other financial asset - VBS investment not paid back to the municipality after the maturity period.

Liabilities

24. Employee benefit obligations - The increase is due to changes in actuarial valuation assumption and appointing more personnel.

25. Unspent conditional grants and receipts - This was as a result of poor performance by contractors, especially for Malamulele B internal Street.

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

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Collins Chabane Local Municipality set out on pages X to X, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

3. The financial statements of Collins Chabane Local Municipality were materially misstated; municipality did not recognise capital expenditure for assets received from other organs of state, as required by GRAP 17, *Property, plant and equipment*. The effect on the financial statements was that property, plant and equipment was understated by R1 826 214. Additionally, there was an impact on the gains from transfer of functions
4. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for property, plant and equipment. As described in note 38 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to property, plant and equipment corresponding figure stated at R369 778 268 in the financial statements.

Receivables from non-exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for sundry receivables as the supporting information was not provided. I was unable to confirm the sundry receivables by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to sundry receivables stated at R3 715 632 in the financial statements.
6. SA Standards of GRAP 104, *Financial Instruments* requires the municipality to first assess whether objective evidence of impairment exists individually for financial assets that are financial significant, and then collectively for financial assets that are not individually significant. The municipality made a provision of R 12 921 481 for the impairment of receivables from non-

exchange transactions as disclosed in note 10 to the financial statements. However, this impairment was not assessed by the municipality at year end in accordance with GRAP 104. I was unable to calculate what the impairment charge against receivables from non-exchange transactions and impairment losses expense should have been if GRAP 104 had been applied correctly. Consequently, I was unable to determine whether any adjustments relating to receivables from non-exchange transactions amounting to R16 049 225

Receivables from exchange transactions

7. The financial statements of the municipality were materially misstated as the municipality recognised a balance of developmental levy that was written off. The effect on the financial statements was that receivables from exchange transaction was overstated by R2 151 741. Additionally, there was an impact on the accumulated surplus
8. SA Standards of GRAP 104, *Financial Instruments* requires the municipality to first assess whether objective evidence of impairment exists individually for financial assets that are financial significant, and then collectively for financial assets that are not individually significant. The municipality made a provision of R4 116 778 for the impairment of receivables from exchange transactions as disclosed in note 9 to the financial statements. However, this impairment was not assessed by the municipality at year end in accordance with GRAP 104. I was unable to calculate what the impairment charge against receivables from non-exchange transactions and impairment losses expense should have been if GRAP 104 had been applied correctly. Consequently, I was unable to determine whether any adjustments relating to receivables from exchange transactions amounting to R6 313 913

Sundry debtors

9. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for sundry receivables. As described in note 38 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to sundry receivables the corresponding figure stated at R369 013 in the financial statements.

Other financial assets

10. The municipality's other financial assets (VBS Investment) are carried in the statement of financial position at R122 410 521. Management did not assess the investment in VBS mutual bank for impairment in accordance with GRAP 104, *Financial Instruments*, even though objective evidence exist that the investment is impaired. Accordingly, other financial assets are overstated by R122 410 521 and this also has an impact on the surplus for the period and on the accumulated surplus.

Statement of change in net assets

11. I was unable to obtain sufficient appropriate audit evidence for the transactions included in the statement, as the municipality did not maintain records of differences between the underlining records as well as correction of errors made. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary these amounts.

Prior period error

12. The municipality did not disclose prior period errors in note 38 to the financial statements relating to Current assets, PPE and Current liabilities, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for the previous period errors disclosed as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the previous period errors disclosed in the financial statements.

Revenue from non-exchange transactions

13. The municipality did not recognise all revenue in accordance with GRAP 23, *Revenue from non-exchange transactions*. Incorrect tariffs were applied to monthly property rates billings and not all properties were billed property rates. Consequently, revenue from non-exchange transactions was understated by R8 714 017 (2017: R4 337 944) and receivables from non-exchange transactions was understated by the same amounts.

Revenue from exchange transactions

14. The municipality did not recognise all revenue in accordance with GRAP 9, *Revenue from exchange transactions*. Interest generated from investment was not recognised in the financial statements. Consequently, revenue from exchange transactions was understated by R3 174 427 and the receivables from exchange transactions was understated by the same amount.

Cash flow statement

15. The financial statements of the municipality were materially misstated, as the municipality did not account for cash flows, as required by GRAP 2, *Cash flow statements*. The effect on the financial statements was that cash flow statement was overstated by R5 474 071

Commitments

16. The financial statements of the municipality were materially misstated, as commitments were not properly accounted for in the financial statements, as required by GRAP 1, *Presentation of financial statements*. The effect on the financial statements was that commitments were overstated by R102 486 165

Irregular expenditure

17. The municipality did not include the required information on irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. The municipality made payments in contravention of the supply chain management requirements, resulting in irregular expenditure of R 44 528 875

Unauthorised expenditure

18. The municipality incorrectly calculated unauthorised expenditure in the current year by disclosing an underspending of the budget as overspending, the effect on the financial statements was that unauthorised expenditure was overstated by R4 998 192

Aggregation/ accumulation of immaterial uncorrected misstatements

Expenditure

19. Total expenditure was materially misstated by R2 694 288 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- Expenditure stated at R66 111 683 was overstated by R861 753
- Employee cost stated at R86 063 292 was overstated by R810 320
- Depreciation stated at R15 204 534 was overstated by R1 022 215

Context for the opinion

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

21. 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.

22. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Emphasis of matters

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

Restatement of corresponding figures

24. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an error in the financial statements of the department at, and for the year ended, 30 June 2018.

Material losses/impairments

25. As disclosed in note 29 to the financial statements, material losses to the amount of R9 933 573 were incurred as a result of impairment of irrecoverable trade debtors due to inadequate collection processes

Underspending of the conditional grant

26. As disclosed in note 16 of the statement of financial position, the municipality has materially underspent on conditional grants to the amount of R28 859 142

Introduction and scope

35. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
36. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
37. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the Municipality for the year ended 30 June 2018:

Development priorities	Pages in the annual performance report
Development priority – KPA 1: Municipal transformation and organisational development	x – x
Development priority – KPA 3: Basic service delivery and infrastructure development	x – x

38. 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.
39. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

KPA 3 – Basic Service Delivery and Infrastructure Development

of municipal building gardens maintained by 30 June 2018

40. The planned indicator and target were “# of Municipal building gardens maintained by 30 June 2018: 4 Municipal building maintained by 30 June 2018.(DCO, Vuwani, Technical and Traffic)”, but the reported achievement referred to was “4 Municipal building maintained”.

To purchase furniture for community services by 30 June 2018

41. The planned indicator was duplicated as it was already planned for in the development priority:
KPA 1: municipal transformation and institutional development.
42. I did not raise any material findings on the usefulness and reliability of the reported performance information for KPA 1: municipal transformation and organizational development

Other matter

43. I draw attention to the matter below.

Adjustment of material misstatements

44. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 1: municipal transformation and organisational development and KPA 3: basic service delivery and infrastructure development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

45. 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.
46. The material findings on compliance with specific matters in key legislations are as follows:

Financial statements, performance and annual reports

47. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.
48. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and/or the supporting records could not be provided subsequently, which resulted in the financial statements receiving an adverse audit opinion.

Asset management

49. Funds were invested in VBS Mutual bank, in contravention of municipal investment regulation 6.
50. Capital assets were transferred without the approval of the council, as required by section 14(2)(a) of the MFMA.
51. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Revenue management

52. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
53. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Expenditure management

54. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA
55. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulations
56. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R760 773 as disclosed in note 44 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless expenditure was caused by late payment of monies due to service providers.

Human resource management

57. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

Procurement and contract management

58. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
59. Quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
60. Invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes for Malamulele D Road
61. Contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations. This non-compliance was identified in the procurement processes for the Malamulele D Road and refurbishment of civic centre.
62. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). This non-compliance was identified in the procurement processes for the Malamulele D Road and Xitheleni Roads

63. A construction contract was awarded to a contractor that were not registered with the CIDB in accordance with section 18(1) of the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000). This non-compliance was identified in the procurement processes for the refurbishment of civic centre
64. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 preferential procurement regulation. This non-compliance was identified in the procurement processes for furniture.
65. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
66. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Other information

67. The accounting officer 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 and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
68. 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.
69. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

70. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
71. Management did not always provide the required supervision and review over daily and monthly recording and reconciliation of transactions and account balances to ensure that the municipality complies with will applicable financial reporting.

72. Compliance with policies and procedures for performance information was not properly monitored.
73. Action plans were not adequately implemented and monitored
74. The financial statements were not reconciled to the underlying records to ensure the accuracy, completeness and reliability of the reported financial results.
75. Monthly reconciliations for financial reporting and compliance with laws and regulations were not subjected to proper review to ensure accuracy, completeness and reliability of the reported financial results.
76. Those charged with governance did not provide adequate oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

Auditor-General

Polokwane

30 November 2018



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 development priorities and on the Municipality’s compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

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

Glossary

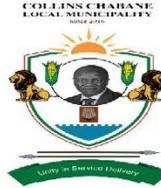
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget	Detailed plan approved by the mayor for implementing the municipality's

Implementation Plan	delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <ul style="list-style-type: none"> a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

APPENDICES

APPENDIX A: MPAC OVERSIGHT REPORT ON ANNUAL REPORT: 2017/2018 FINANCIAL YEAR

Old DCO Building
Hospital Roads
Malamulele
0982



Private Bag X9271
Malamulele
0982
Tel (015) 851 0110
Fax (015) 851 0097

COLLINS CHABANE LOCAL MUNICIPALITY

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**COLLINS CHABANE
LOCAL MUNICIPALITY**
Since 2016



**OVERSIGHT REPORT
ON
2017/2018 ANNUAL REPORT
TABLED TO COUNCIL BY MPAC
CHAIRPERSON CLLR MUDAU T.S**

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0982



Private Bag X9271
Malamulele
0982
Tel (015) 851 0110
Fax (015) 851 0097

COLLINS CHABANE LOCAL MUNICIPALITY

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COLLINS CHABANE LOCAL MUNICIPALITY

1. COLLINS CHABANE LOCAL MUNICIPALITY MPAC MEMBERS

- 1.1 Cllr T.S Mudau (Chairperson)
- 1.2 Cllr Z.W Sunduza
- 1.3 Cllr M.S Thovhakale
- 1.4 Cllr C Radzivhoni
- 1.5 Cllr H.T Makhubele
- 1.6 Cllr H.M Chauke
- 1.7 Cllr N.P Mathonsi
- 1.8 Cllr M.J Baloyi
- 1.9 Cllr S. Muavha
- 1.10 Cllr G.D Masangu
- 1.11 Cllr V.N Mukhomi

2. THE PURPOSE OF THE REPORT

The primary objective of this report is to report to Collins Chabane Municipal Council on the findings by MPAC after assessing the content of the 2016/2017 Annual report.

3. REPORT SUPPORTED BY ALL MEMBERS OF MPAC AS OVERSIGHT COMMITTEE

- 1.1 Cllr T.S Mudau (Chairperson)
- 1.2 Cllr Z.W Sunduza
- 1.3 Cllr M.S Thovhakale

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- 1.4 Cllr C.M Radzivhoni
- 1.5 Cllr H.T Makhubele
- 1.6 Cllr H.M Chauke
- 1.7 Cllr N.P Mathonsi
- 1.8 Cllr M.J Baloyi
- 1.9 Cllr S. Muavha
- 1.10 Cllr G.D Masangu
- 1.11 Cllr N.V Mukhomi

In assessing the report, MPAC was guided by the following pieces of legislations:

- a) Draft Annual Report 2017/2018 dated 31 October 2018
- b) Report from Auditor General
- c) National Treasury MFMA Circular no. 63
- d) National Treasury MFMA Circular no. 32

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4. MEETINGS HELD IN ASSESSING THE DRAFT ANNUAL REPORT

In assessing the annual report, the following meetings were held:

No	Date	Comments
1	12 – 15/02/2019	The MPAC committee of CCLM attended the annual assessment session at MJ Gateway Lodge for three days to scrutinize the draft annual report. The committee was joined by department of COGHSTA, AGSA, SALGA, Provincial Treasury and National Treasury. On the 13 th of February 2019, the committee went through the draft annual report to check the errors before presentations by the departments, then followed by presentations from AGSA, COGHSTA and SALGA. On the 14 th of February 2019, the committee scrutinised the report by sections and made questions for consideration, this was done with the assistance of Provincial and National treasury. On the 15 th of February 2019, the committee recapped on all work done on the previous days and verified all questions, extensive discussions took place. Questions and recommendations were drafted to be submitted to the Municipal Accounting Officer.
2	26/02/2019	The committee met to discuss about the responses on questions submitted to the Municipal Accounting Officer, to make follow-up questions on responses and also to plan a Public Hearing event.
3	12/03/2019	The committee met to deal with all logistics in finalising Public Hearing preparations

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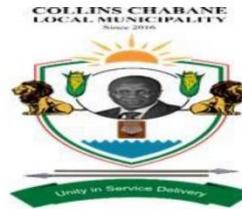
4	14/03/2019	The committee conducted the Public Hearing where stakeholders, other municipalities i.e. Thulamela Local Municipalities and different departments as well as the office of the Auditor General were invited. The Mayor, Municipal Manager and his team responded to all questions raised by MPAC.
5	28/03/2019	The committee met to draft the oversight report.
6	29/03/2019	The committee tabled the oversight report to the council.

QUESTIONS FOR CONSIDERATION BY MPAC (2017-18)

The table below reflect the audit findings and questions:

Items	Audit findings	Questions	Response by Management
By-laws (Mathonsi)	For the year under review 2017/18, 10(Ten) by-laws for planning and development and community services were developed and went for public participation and inputs were received and waiting for the approval.	<ol style="list-style-type: none"> 1. Which are these by-laws? 2. When was it gazetted? 3. Are they newly developed or revised? 	<ol style="list-style-type: none"> 1. Car Wash, SPLUMA, Advertising and Bill Board, Noise Control, Public Open Space, Spaza Shop, Street Trading, Hard Ware storage of goods, Place of Public Worship by laws. 2. By Laws not yet gazetted as the statement is clear to say By-Laws still await Council approval. 3. They are newly developed by-laws.

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		<p>4. When was it submitted to council for approval?</p>	<p>4. The process of developing by-laws started in 2017/18 however they were submitted to Council of 28 February 2019 as the statement was clear to say waiting Council approval</p>
<p>Roads overview. (Radzivhoni)</p>	<p>The total kilometres of roads within Collins Chabane local municipality is 3465 km which 1049 km are provincial roads, 128 km are national roads and 3465 km belongs to the municipality.</p>	<p>What is the correct figure in terms of total km which belongs to the municipality?</p>	<p>The Municipality has a total number of 2288 km of roads that are Municipal road out of 3465 km road of which 1049 belongs to the Provincial Government and 128 belongs to National Government</p>

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<p>Electricity (Sunduzu)</p>	<p>The municipality does not have a licence to provide electricity. Currently Eskom is responsible for the provision of electricity. For 2017/18 financial year the municipality electrified 850 households at Mavandla and 311 households at Mavambe/Makumeke through funding from INEP, the houses were low cost houses and informal settlements, 20 A (amp) supply was installed in all the houses as per the indigent policy of the municipality. The municipality is planning to apply for an electricity distribution license.</p>	<p>How far are you with the process of applying the electrifying license.</p>	<p>The Municipality has started with the process of the application in 2018/19 Financial year. The meeting was held with MISA and all the required information was submitted to MISA. The Municipality awaits feedback from MISA.</p>
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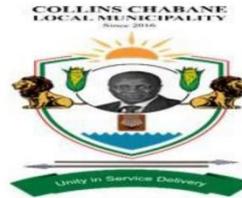


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<p>Refuse removal (Masangu)</p>	<p>Refuse removal services is rendered at saselamani, Hlanganani and Malamulele daily, employees also make use of brooms to sweep waste at the roads especially at taxi ranks. Type of waste collected are general waste which includes household waste, builders rubbles, garden waste etc..... we don't collect medical and hazardous waste.</p>	<p>1. What is the tariff charge for collecting building rubbles?</p> <p>2. What is it that the municipality is doing to avoid illegal dumping?</p>	<p>1. Residential R 749.00 Church R 600.00 Business R 1 008.00 Rubbles</p> <p>2. Environmental education and Awareness campaign to educate the community on proper waste management. Anti –littering campaigns at schools. There are plans to develop a by-law in order to enforce and take legal action to those polluting and installation of no dumping sign</p>
<p>Landfill site (Chauke)</p>	<p>Collins Chabane is using Thulamela Municipality Landfill site for disposal of waste, and we are billed for disposing waste within their landfill site. Xigalo in Collins Chabane is in progress stage. There are two transfer stations from Thulamela which are in Mhinga and Mulenzhe, which are not functional.</p>	<p>1. How far is the progress of developing landfill site at Xigalo?</p> <p>2. What is the reason that makes the Mhinga and Mulenzhe stations not to be functional?</p>	<p>1. During Mid –Year 2018/19 the designs were completed and the Contractor was appointed. For the year 2018/19 Financial Year the project is intending to construct the fence, ablation facilities, offices and guard room. The actual construction of the landfill site will be done in 2019/20</p> <p>2. The Mhinga and Mulenzhe transfer stations are not licenced due to lack of engineering drawings. The Municipality was advised to first construct the Land fill site before the transfer stations and the Landfill Site</p>

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		<p>Follow-up Q - What is it that the municipality is doing to make sure that there are engineering drawings?</p>	<p>project will be implemented in three financial years.</p>
<p>Vehicle licencing. (Baloyi)</p>	<p>The municipality was performing the function of licencing and registration services and the following services were rendered to the community for the year under review.</p>	<p>What is it that the municipality is doing to render licencing services in Vuwani area?</p>	<p>The Vuwani offices are no longer operating due to Community unrest</p>
<p>Planning and development (Muavha)</p>	<p>Applications for land use development.</p>	<p>1. Which areas of township are established?</p> <p>2. Which are the reasons for outstanding application?</p>	<p>1. Malamulele-A, Malamulele-B, Malamulele-C, Malamulele-D, Vuwani, Vuwani-Ext 1, Vuwani Ext 2.</p> <p>2. Land parcels where townships were established are still vested with the Department of Rural Development and Land Reform. The municipality therefore cannot finalize the process without the land parcels having been transferred to the municipality. Furthermore, due to the municipality not having its own SPLUMA by-laws, development applications cannot be processed.</p>

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	<p>Local economic development. LED is an ongoing process which incorporates various stakeholders, identifying local resources and stimulating economic growth. The aim of the LED process is to create employment, alleviate poverty, redistribute resources and most importantly keep money generating in the municipality</p>	<ol style="list-style-type: none"> 1. How many projects which were above 30 m? 2. How many local companies have benefitted? Follow-up Q: <ol style="list-style-type: none"> 2.1 How many local companies applied? 2.2 Why only one local company benefitted out of 4 projects? 2.3 What is the name of the company benefitted? 3. How many local sub-contractors have benefitted? 4. What criteria did you use to appoint sub-contractors? 	<ol style="list-style-type: none"> 1. 4 Projects were above 30m (Civic Centre) DCO Road, Malamulele B and Malamulele D) 2. 1 Local company benefited <ol style="list-style-type: none"> 2.1. 13 Local companies benefited 2.2. The other Local Companies did not comply with requirements 2.3. Mkhachani Construction 3. 13 local sub -contractors benefited 4. Inform Community through office of the Speaker so that it be cascaded to Wards, the first priority will be given to Community members where the project will have implemented. EPWP policy approved policy is guiding to say only 30 Percent can be sub- contracted
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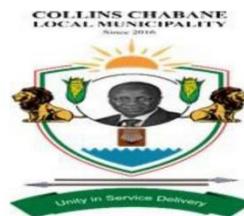


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	<p>LED forum can be defined as a platform (institutional arrangement) where residents (individuals, private organizations, government, NGO's, CBO's, Traditional authorities) within a particular locality gather, with an aim to share information and experiences, pool resources and solve problems which come up in the course of implementing LED projects. The municipality has been functioning without a forum since the inception. The municipality was participating at the district Municipality LED Forum.</p>	<p>When are you intending to have a forum?</p> <p>Follow-up Q: When was the invitation issued?</p>	<p>The Municipality is intending to have LED Forum on the 19th March 2019. Invitation already issued.</p> <p>The Invitations were issued from 26 to 28 February 2019</p>
	<p>Expanded Public works Programme. For the year under review 197 EPWP recruits were appointed. The recruited EPWP were mostly employed in the basic service in the Community Services Department.</p>	<p>Who was funding the EPWP, for how long and for how much?</p> <p>Follow-up Q:</p> <p>1. For how long was the EPWP funded?</p>	<p>4. National treasury R 1 000 000.00</p> <p>And</p> <p>Own funding R 3 401 009.93</p> <p>1. The National Treasury of R 1000 000 00 lasted for three months.</p> <p>2. Own funding of R 3 401 009. 03 lasted for 9 months.</p>

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		<p>2. Was the funding of R 3 401 009.03 budgeted for?</p> <p>3. (As Public Works is championing the funding) Did we get the funding from National Treasury or Public Works?</p>	<p>3. Public Works is the custodian of the grant however reporting of all grants is done at National Treasury.</p>
<p>Community and Social Services. (Mukhomi)</p>	<p>The library function lies with the Department of Culture, Sport and Recreation as required by the Local Municipality has one library situated in Saselamani.</p>	<p>How many libraries do we have in Collins Chabane Collins Chabane Local Municipality?</p> <p>Follow-up Q: Why didn't you include libraries in Olifantshoek (ward 03) and Matsakali (ward 25)?</p>	<p>Collins Chabane Municipality has one Library Situated in Saselemani</p> <p>These are the modular libraries located at schools and they are not part of the draft MOU with Department of Sport, Art, and Culture. The service level agreement from the department is only talking of the Saselamani.</p>
	<p>Municipality Buildings; municipal facilities need to be maintained, as most of them don't have water and proper sanitation. Municipal sports buildings facilities need to be renovated.</p>	<p>1. How many municipal buildings do we have?</p> <p>Follow-up Q:</p>	<p>The Municipality is having six (6) buildings namely: Boxing Gym, Traffic Station, Stores, Civic Centre, Club House and Vuwani</p> <p>1.1 The Municipal Buildings -- Civic Centre, - Boxing Gym, - Malamulele Club House, - Stores, - Vuwani Community Hall,</p>

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		<p>1.1 Can you please submit the names of all municipality buildings and sports facilities?</p> <p>1.2 Do we have a building by the name of Vuwani? Please explain?</p> <p>2. How many buildings and sports facilities needs to be renovated?</p>	<ul style="list-style-type: none"> - Njhakanjhaka Community Hall, - Vuwani Satellite Offices - Vuwani Traffic Centre <p>Sports Facilities are:</p> <ul style="list-style-type: none"> - Malamulele Stadium, - Saselemani Stadium, - Merwe Stadium, - Mudavula, - Vuwani Stadium (incomplete) and - Bungeni Stadium <p>1.2 Yes, the Municipality does have a Vuwani Satellite Offices</p> <p>2. All Six (6) municipal buildings needs to be renovated. The Sports facilities that needs to be renovated are: Merwe Stadium, Bungeni Stadium, Malamulele and Mudavula Stadium.</p>
Environmental protection	Disability – the office is constantly in interaction and in collaboration with the disability forum, 37 learners are currently attending the learnership programme on plumbing, bricklaying and electrical conducted by DBSA.	<p>Are the learners getting stipend?</p> <p>Follow-up Q: Why are they not getting stipend?</p>	<p>No</p> <p>The 2017/18 was only training of people living with disability and they were only given laptops. The 37 people living with disability learnership that is currently taking place are receiving the stipends</p>

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	Women celebration has been held within CCLM and council assisted in identifying and transporting women from different wards to the celebration. Women council is still faced with challenges on programmes hence the structure is not yet active and launched .	<p>Where was the women celebration held?</p> <p>Follow-up Q: On which date has the celebration took place?</p> <p>1. Which department organised it?</p>	<p>2017/18 (there was no event for women in Collins Chabane)</p> <p>The information supplied on the annual report was based on December 2018 instead of 2017/18 and should be corrected in the finalization of the annual report.</p> <p>Mayor's office together with community Services department.</p>
	Gender and youth council has not yet been launched.	<p>1. When will they be launched?</p> <p>2. Youth council should have been launched but it was cancelled, what was the reason of cancellation?</p>	<p>1. The Youth Council will launched on the 1st March 2019 and Gender will be launched on the 20 March 2019.</p> <p>2. Youth Council is now Launched but was supposed to have been launched during 1st quarter but due to shortage of staff and political disruptions it was postponed.</p>
	HIV/AIDS;	<p>Do we have a forum which deals with HIV/AIDS?</p> <p>Follow-up Q: when will it be launched?</p>	<p>Yes the Municipality is having Technical Aids Council, Local Aids Council and some Wards have established Wards Aids Council.</p> <p>Wards Aids Council was launched on the 4th April 2018</p>
Sports and recreation. (Chauke)	Mayoral club; the Collins Chabane Mayoral soccer challenge was held for the financial year under review.	<p>1. Which teams were playing and how did they perform?</p>	<p>1. In 2017/18 Financial year there was only one game, i.e. the Gauteng based former Bafana-Bafana players and the Limpopo old legends</p>

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		<p>1.4 Who won the soccer championship?</p> <p>1.5 Where did the other sporting codes participate?</p> <p>2. Do you have a list of sporting codes?</p> <p>3. Is the sports council launched?</p>	<ul style="list-style-type: none"> - 2nd got R15 000.00 - 3rd got R10 000.00 - 4th got R5000.00 <p>1.4. Shigamani Football Club</p> <p>1.5. Some participated in the district, province and also at the national</p> <p>2. List of sporting code</p> <ul style="list-style-type: none"> - Netball - Under 19 and open - Volleyball and Basketball - Indigenous games - Paravolly (Volley ball which is being played by people living with disability) <p>Not in year under reviewed (2017/1)</p>
<p>Organisational performance. (Masangu)</p>	<p>The 2017/18 SDBIP had 76 key performance indicators (KPIs). A total 55 out of 76 KIPs were achieved which results</p>	<p>1. Did all senior managers sign the performance achievement?</p> <p>Follow-up Q:</p>	<p>1. Yes, all Senior Managers signed Performance Agreements.</p> <p>No, Performance Bonuses were not paid as the assessments were not conducted</p>

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	to 72% of the SDBIP KIPs being achieved and 21 were not achieved.	<p>1. Were the senior managers paid performance bonuses?</p> <p>2. Was assessment conducted?</p> <p>3. What were the main contributing factors for the 21 non-achieved key performance?</p> <p>4. What steps have the municipality taken to assist what is not achieved?</p>	<p>2. No during 2017/18 Individual assessments were not conducted and the Municipality is planning to conduct the 2018/19 Mid- Year Assessment on the 19th March 2019</p> <p>3. Shortage of staff.</p> <p>4. The Municipality filled 11 Managers Positions in September 2018 and continuously filling advertised positions.</p>
<p>Property, plant and equipment. (Baloyi)</p>	<p>Financial statements of Collins Chabane Local Municipality was materially misstated; municipality did not recognise capital expenditure for assets received from other organs of the state, as required by GRAP 17. The effect on the financial statements was that property, plant and equipment was understated by R1 828 214. Additionally, there was an impact on the gains from transfer of functions.</p>	<p>1. Are all contractors to the municipality rendering services in relation to a property signed contract?</p> <p>2. Do all contracts contain a clear set of indicators, targets and/or deliverables to which the contractor must respond to?</p> <p>3. What is the process of managing contracts within the municipality?</p> <p>Follow-up Q: Can you please tell us the process of managing contracts?</p>	<p>1. Yes</p> <p>2. Yes</p> <p>3. Relevant departments manage contracts. The departments having monthly service level meetings.</p> <p>4. Yes</p>

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		<p>4. Is the process adhered to for each contract?</p> <p>5. What percentage of suppliers (in relation to total rand value) has been paid outside of 30 days of invoice provision?</p> <p>6. What are the reasons for late payment?</p> <p>Follow-up Q: Are these errors not detected upon submission?</p>	<p>5. 5 %</p> <p>6. Late submission, invoice submitted with errors.</p> <p>In most cases errors are not detected upon submission but late when they are already at Expenditure</p>
	Audit action plan.	<p>1. Has the municipality conducted an in-depth analysis of the previous findings with a view to establish the root causes of the findings?</p> <p>2. What role has Internal Audit played in monitoring same?</p> <p>3. Has the municipality developed a plan to address all the root causes of findings of the Auditor-General?</p> <p>4. How has the municipality implemented and monitored the plan?</p> <p>5. Has the municipality ensured that the issue of dealing with AG findings are</p>	<p>1. Yes, the 2016/17 Audit Action was developed and Implemented.</p> <p>2. The Internal Audit was monitoring the implementation of the Audit Action Plan.</p> <p>3. Yes, The Action Plan to address the root causes of the findings.</p> <p>4. As at end of June 2018 the Audit Action Plan was implemented at 73%.</p>

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		<p>reflected and assessed in the performance agreements of managers?</p> <p>6. Is the municipality confident that its measures to address root causes will result in the resolution of the findings will not recur?</p> <p>7. Was there any consequence management that has been applied to any officials who have failed in their duties to remedy previous findings of the Auditor-General?</p> <p>Follow-up Q: What did you do on consequence management?</p>	<p>5. Yes, The Performance Plans for 2018/19 covered External and Internal Audit issues to be addressed by Senior Managers.</p> <p>6. Yes, Management have resolved in developing Interim AFS and to start with the process of developing Audit Files.</p> <p>7. Upon receiving report from MPAC the Municipality will implement consequence Management. The Municipality not yet implemented consequence Management still awaiting MPAC recommendations</p>
<p>Organisational development performance. (Radzivhoni)</p>	<p>The Municipal personnel; turnover and vacancies:</p> <p>Total number of approved posts in organogram = 431</p> <p>Total number of filled posts = 210</p> <p>Total number of vacant posts = 221</p> <p>Vacancy rate = 45%</p>	<p>1. Why are the posts not filled and when are they going to be filled?</p> <p>2. Which criteria did you use to calculate the percentage?</p> <p>3. What caused the terminations and what can be done to prevent these terminations?</p>	<p>1. The Municipality is continuously filling Vacant budgeted post.</p> <p>2. Total number of vacant posts divided by total Organogram posts multiplied by 100 which amount to a Vacancy rate of 52%.</p> <p>3. Termination is due to retirement. There is nothing to be done to stop termination due to age but if the termination was due to greener pastures retention strategy will be applied only on scare skills.</p>

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	<p>Appointments = 172</p> <p>Terminations = 12</p> <p>Turnover rate = 68.97%</p>	<p>Follow-up Q: How many employees out of 12 terminated due to retirement?</p>	<p>All 12 employees are all terminated due to retirement</p>
	<p>Policies; council approved human resources policies on the 25 May 2017</p>	<p>1. Are the policies read and implemented?</p> <p>2. Are the policies in hard copies, soft copies or accessible to internet?</p> <p>Follow-up Q: Are members of public accessing hard copies of policies?</p>	<p>1. Yes, Policies are read and Implemented.</p> <p>2. Yes, Municipal Policies can be accessed in soft copies and hard copies and some are also uploaded on the website. Especially Budget related policies</p> <p>Upon requests</p>
	<p>Injuries; there are 2 reported temporary disablement</p>	<p>1. Please clarify what kind of injury occurred?</p> <p>Follow-up Q: Are the injured employees part or full time employed?</p> <p>2. What has been done about it?</p>	<p>1. There 2 Injuries were due to accident.</p> <p>Yes</p> <p>2. Registered them with COIDA and waiting for IRP5 .</p>
	<p>Sicknesses</p>	<p>How many sick leaves were taken at an overall total?</p> <p>Follow-up Q: How many workers took sick leave?</p>	<p>267 Leave days were taken</p> <p>26 workers.</p>

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<p>Financial performance. (Makhubele)</p>	<p>Statement of financial performance, AG reported that things were not good.</p>	<p>1. Was there AFS process? 2. Was there year end process plan? 3. Who prepared the AFS? Follow-up Q: Are these consultants qualified to prepare the AFS? 4. Was the AFS presented to audit committee? Follow-up Q: Why was the annual financial statements not submitted to audit committee? 5. How many officials were appointed in budget and treasury office? Follow-up Q: Do we have people with required skills to do the Job. 6. How many officials are on the organisational structure for budget and treasury? 7. Are there standard operating procedures in the budget office?</p>	<p>1. Yes 2. No 3. Cathu external Consultant Yes 4. No They were submitted to Audit Committee on the 26 August 2018 and the Chairperson of MPAC attended the meeting. 5. 11 Yes, the officials in Budget and Treasury are having required skills to do the job however there is shortage of staff. 6. 46 7. Yes 8. Yes</p>
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		<p>8. Did the municipality respond to the issues raised by the AG?</p> <p>Follow-up Q:</p> <p>8.1 Who was to account to the issues raised by AG?</p> <p>8.2 Were the supporting documents requested by AG submitted?</p> <p>9. Do we have audit plan?</p> <p>10. Why did income or revenue decrease so much from last financial year 2016/17?</p> <p>Follow-up Q: Did the municipality collect in Vuwani before?</p> <p>11. Do we use the budget as the main tool?</p> <p>12. Why was there a difference between the opening and closing balance? Please explain the difference of closing balance of 523,040,775 and the opening balance of</p>	<p>8.1 Management Team</p> <p>8.2 Yes, the documents requested by AG were submitted</p> <p>9. Yes</p> <p>10. The collection for last year went down, as the municipality was unable to collect from Vuwani Area, the municipality's credit control policies were not implemented due to under staff.</p> <p>No</p> <p>11. Yes</p> <p>12. The municipality uses the system called Munisoft to do the daily operation but when it comes to preparation of AFS we are using different system called CASE WARE. So when we pull the report we have to map it or link it on the other system, so</p>
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		<p>500,765,971. Where is the difference of 22,274,804</p> <p>Follow-up Q:</p> <p>12.1 The question was not answered, where is the difference of 22,274,804?</p> <p>12.2 Didn't you notice or see the errors before submitting to AG?</p> <p>12.3 Can you please submit the evidence of the difference of 22,274,804?</p>	<p>unfortunately because our AFS was not reviewed this resulted to submit the AFS with errors.</p> <p>12.1 The difference of R 22 274 804 is still in the closing balance as it was not copied correctly to be the opening balance.</p> <p>12.2 Unfortunately, we did not see the error before submission.</p> <p>12.3 Yes the evidence will be submitted to the MPAC Researcher</p>
	Statement of comparison of budget and actual amounts,	<p>1. How has the municipality managed?</p> <p>2. Have any debts been written off? If so what are the circumstances.</p> <p>3. Did the municipality have any investments? How much was invested and how much was the interest paid?</p>	<p>1. The Municipality compared the actual spent with approved budget</p> <p>2. The council approved an amount of R83 m to be written off but due to system challenges the amount was not written of on the system but reported to AG.</p> <p>3. Yes. R 260 Million, Only R 4 845.581.90 was received and</p>

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		<p>Follow-up Q:</p> <p>3.1 Which institutions was the money invested to, for how long and how much was the interest thereof?</p> <p>3.2 Did you follow the investment policy?</p> <p>3.3 Please submit detailed report on investments.</p> <p>4. If the invested money is not received how did you treat it in financial statements?</p> <p>5. What is the revenue base of the municipality?</p> <p>6. Is the municipality charging the tariffs according to rates approved by the council?</p> <p>Follow-up Q: Why were you still using the old tariffs?</p>	<p>R 2 410 520 was not received.</p> <p>3.1 VBS and FNB, 3 months, R 260 Million</p> <p>3.2 Yes</p> <p>3.3 Yes, the report will be submitted to the MPAC Researcher</p> <p>4. It was reported as Liability however it was supposed to have been impaired.</p> <p>5. The revenue base of the Municipality is service charges and rental of facilities and the Municipality is planning to sell sites to increase its revenue</p> <p>6. Yes though AG picked some accounts which were still using the old tariffs. Because on the reconciliation of the rate tariff this tariff was not picked during the reconciliation so it remain on the system and it billed the refuse with the old rate.</p>
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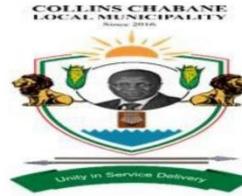


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<p>Vehicles. (Mukhomi)</p>	<p>During the presentation made by AG; two vehicles brought to Collins Chabane LM were taken back to makhado.</p>	<p>1. Why were they taken back? Follow-up Q: Did you give evidence to AG to show that these cars were not part of assets to be transferred to CCLM? 2. Did the municipality follow the asset management policy?</p>	<p>1. Makhado reported that the cars were not part of the assets to be transferred to Collins chabane. Yes 2. Yes.</p>
	<p>AG also reported that there are people who did not disclose</p>	<p>1. What measures does the municipality have to deal with people who did not disclose?</p>	<p>To investigate the matter and take action where necessary.</p>
<p>UIF (Sunduza)</p>		<p>1. Did the municipality incur UIF in the 2017/18 FY? 2. What measures have been taken to prevent the re-occurrence of such expenditure? 3. What plans does the accountant have in all instances of these expenditures?</p>	<p>1. Yes 2. On the issue of late payment Management agreed that Invoices to be centralized and submitted to Expenditures and Compliance with Legislative framework when utilizing a Section 32 appointments in future. 3. Accountants to Verify submitted information and acknowledge receipt of such before and communicate urgently to the end user if there is any missing information</p>

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5. RECOMMENDATIONS AND CONCLUSION

MPAC would like to commend the Mayor, Municipal Manager and Directors for the support provided during the engagement processes. The content of the Annual Report has been interrogated and found to be compliant with all legislative guidelines. MPAC is pleased that all the recommendations made to the Annual Report has been captured.

MPAC would like to appreciate the cooperation and support received from the Mayor, Municipal Manager and all Directors during the Public Hearing.

It is therefore recommended that Collins Chabane Local Municipal Council adopt the Annual Report 2017/2018 without any reservation and place the report on the municipal website for public consumption.

MPAC also recommend that corrections be done on the following pages

1. Page 2 and 3 – numbering.
2. Page 8 – clarity on the road designs.
3. Page 9 – No vision and mission, no future actions and public participation.
4. Page 11 – no statistics of human births and deaths.
5. Page 38 and 39 – correct number of ward committees.
6. Page 41 – font and spelling (3.6).
7. Page 42 – website dates.
8. Page 47 – figures should be put in the right column.
9. Page 54 – numbering should be corrected.

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CONCLUSION.

The MPAC committee wishes to extend its gratitude to the following parties:

- The Management for the support to the committee during its operations, and for the relevant documentation the committee received.
- The Acting MM for his interventions to enable the committee to deliver on its mandate.
- The corporate services department for assisting in coordinating all MPAC activities.
- The speaker for giving MPAC positive support all the times.



Chairperson

28 March 2019

Date

APPENDIX B: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

AUDIT COMMITTEE REPORT TO COUNCIL FOR THE 2016/17 FINANCIAL YEAR

INTRODUCTION

Section 166 of the Municipal Financial Management Act (No. 56 of 2003) stipulates that each municipality must have an audit committee which serves as an independent advisory body

(a) The audit committee must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality on matters relating to- (i) Internal financial control and internal audit; (ii) Risk management; (iii) Accounting policies; (iv) The adequacy, reliability and accuracy of financial reporting and information; (v) Performance management; (vi) Effective governance; (vii) Compliance with the MFMA, DoRA and any other applicable legislation; (viii) Performance evaluation; and (ix) Any other issues referred to it by the municipality

(b) Review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its effectiveness and its overall level of compliance with the MFMA, DoRA and any other applicable legislation (c) Respond to the council on any issues raised by the Auditor General in the audit report; (d) Carry out such investigations into the financial affairs of the municipality as the council of the municipality may request; (e) Perform such other functions as may be prescribed

However, for the year under review 2017/18 Collins Chabane was not fully complying with the above mentioned Act, as the Audit committee was not in place, for few months the municipality utilised shared Audit committee from Vhembe district which was not fully active as there is no Audit committee report.

APPENDIX C: REVENUE COLLECTION PERFORMANCE BY VOTE

Vote Description	Ref	2015/16	Current Year 2016/17				
			Audited Outcome R,000	Original Budget R,000	Adjusted Budget R,000	Actual R,000	Variance original budget R,000
Revenue by Vote							
Vote 1 - Municipal Manager		-	-	-	-	-	-
Vote 2 - Executive Council		-	-	-	-	-	-
Vote 3 - Finance Services Department		R314 281	R433 405	R427 128	R441 545	(R8 140)	(R14 417)
Vote 4 - Corporate Services Department		-	-	-	-	-	-
Vote 5 - Social Development Services Department		R10 630	R4 200	R6 292	R3 699	R501	R2 593
Totals		R324 912	R437 605	R433 420	R445 244	(R7 639)	(R11 824)

Grants - excluding MIG						
Description	Budget R,000	Adjustment Budget R,000	Actual R,000	Variance		Major conditions applied by the donor (continue below if necessary)
				Budget R,000	Adjustment Budget R,000	
FMG	R 1 810	R 1 810	R 1 810	R-	R-	
INEG	R -	R -	R -	R -	R -	
MSIG	R -	R -	R -	R -	R -	

Expanded Public Works Programme (EPWP)	R1 683	R1 683	R1 683	R -	R -	
Municipal Water Infrastructure Grant (MWIG)	R -	R -	R-	R-	R-	
Water Services Infrastructure Grant (WSIG)	R 20 000	R 20 000	R 34 643	R 14 643	R 14 643	Additional grant received from Treasury.
Department Of Public Service & Administration (DPSA)	R 1 425	R 1 425	R 1 425	R-	R-	



APPENDIX D: LONG TERM CONTRACT AND PUBLIC PRIVATE PARTNERSHIP

- The municipality did not have any long-term contract and public private partnership during the year under review.



APPENDIX E: AUDIT ACTION PLAN 2016/17

COLLINS CHABANE LOCAL MUNICIPALITY

Since 2016



COLLINS CHABANE LOCAL MUNICIPALITY: AUDIT ACTION PLAN FOR 2017/2018 FINANCIAL YEAR

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
Unspent conditional grants and receipts	Other important matters	CoF 23: Rollover of conditional grants not approved	1.No submission of financial statements to NT as per requirements of rollover application	1. Submission of all documents required for the approval of unspent conditional grants	01 June 2019	31 August 2019	E Makamu	CFO			
Cash and cash equivalents	Other important matters	COMAF no.08: Bank reconciliation not performed monthly	1.Lack of personnel	1.Appointment of personnel 2.Conducting monthly bank reconciliations	01 July 2018	30 June 2019	TC Ngobeni E Makamu	MM CFO			
Cash and cash equivalents	Other important matters	COMAF no.19: Misstatements of monthly bank	1.Lack of personnel 2. No monthly bank reconciliations	1.Appointment of personnel 2.Conducting monthly bank	01 July 2018	30 June 2019	TC Ngobeni E Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
		reconciliation	on performed	reconciliations							
Cash and cash equivalents	Other important matters	COMAF no.19: Transactions processed in investment account	1.Lack of personnel 2.No daily reconciliation of cash received	1.Appointment of personnel 2.Conducting monthly bank reconciliations	01 July 2018	30 June 2019	TC Ngobeni E Makamu	MM CFO			
Employee costs	Other important matters	CoF 13 : Leave management - Leave was taken before receiving approval and no supporting documents for sick leave	1. Late recommendations and approval by immediate supervisors and senior management 2. Employees not following up on the completed leave forms before physical taking leave 3.No enforcement by leave administrators for attachment of supporting documentation for leave applicants	1. Conduct awareness workshop to employees about the leave management processes 2.Management to continue conducting induction on HR policies 3.Decentralization of leave administration to individual directorates 4.Conversation of sick leave to ordinary leave for employees who fail to submit sick notes	30 November 2018	30 June 2019	RR Shilenge Other senior managers	Dir: Corps			
Employee costs	Other important matters	CoF 16 Employee Overtime payments	1. Non-implementation of the 40 hours'	1.Management to limit overtime work of employees	01 July 2018	30 June 2019	RS Shilenge	Dir: Corps			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
		(More 40 hours overtime and the authorization of overtime worked	overtime per month 2. No pre-approval of overtime worked 3. Lack of personnel	to 40 hours as per basic conditions of employment 2. Excess hours on the overtime sheet to be adjusted accordingly before submission to the payroll section by relevant managers 3. Raise awareness to employees on HR policies 4. All overtime sheets to be approved by relevant officials before submission for payment							
General IT controls	Other important matters	COMAF no.02: IT governance framework not in place	1. Late appointment of personnel in IT unit	1.Appointment of skilled personnel for the establishment of in house IT unit 2.Development of IT policies 3.Approval of the IT policies by council	01 August 2019	30 June 2019	G Hlungwani	Manager: IT			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
General IT controls	Other important matters	COMAF no.02: No IT strategic plan that supports business requirements	1. Late appointment of personnel in IT unit	1.Appointment of skilled personnel for the establishment of in house IT unit 2.Appointment of service provider to develop the IT strategic plan 3.Approval of the IT strategic plan by council	31 March 2019	30 June 2019	G Hlungwani	Manager: IT			
General IT controls	Other important matters	COMAF no.02: No processes in place for independent reviews of the activities of the person responsible for granting users access to financial systems	1. Late appointment of personnel in IT unit 2. No documented internal control systems and procedures	1.Appointment of skilled personnel for the establishment of in house IT unit 2.Development of internal control systems and procedures to assist in the review process	31 March 2019	30 June 2019	G Hlungwani	Manager: IT			
General IT controls	Other important matters	COMAF no.02: The municipality does not have an IT continuity plan and disaster recovery plan	1. Late appointment of personnel in the IT unit	1.Appointment of skilled personnel for the establishment of in house IT unit 2. Appointment of service	30 April 2019	30 June 2019	G Hlungwani	Manager: IT			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				<p>provider for the development of IT continuity plan and disaster recovery plan</p> <p>3. Development of IT disaster recovery plan</p> <p>4. Approval of IT disaster recovery plan by council</p>							
	Other important matters	COMAF no.02: No policies and procedures to manage service requests and problems reported by users	<p>1. Late appointment of personnel in the IT unit</p> <p>2. No documented internal control systems and procedures</p>	<p>1. Appointment of skilled personnel for the establishment of in house IT unit</p> <p>2. Development of internal control systems and procedures to assist in the implementation of IT policies</p>	31 March 2019	30 June 2019	G Hlungwani	Manager: IT			
General IT controls	Other important matters	COMAF no.02: Users' access and privileges on all financial systems not periodically	<p>1. Late appointment of personnel in the IT unit</p> <p>2. No documented internal control</p>	<p>1. Appointment of skilled personnel for the establishment of in house IT unit</p>	31 March 2019	30 June 2019	G Hlungwani	Manager: IT			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
		y reviewed to confirm that such access and privileges are still commensurate with their job responsibilities	systems and procedures	2.Development of internal control systems and procedures to assist in the implementation of IT policies							
Employee cost	Other matters	Performance management (No performance assessments)	1.Late appointment of personnel to coordinate the assessment of individual senior managers	1.Conducting of individual performance assessments as per legislation	31 January 2019	31 July 2019	D Maputla	Manager: Performance management			
Compliance with legislation	Other important matters	Cof 02: Internal audit not functional	1. Late appointment of officials in both Internal Audit and Risk Management Units	1.Appointment of skilled personnel in all critical positions	01 July 2019	30 June 2019	TC Ngobeni	MM			
Compliance with legislation	Other important matters	Cof 02: Ineffective Audit committee	1. Lack of coordination of the shared audit committee due lack of personnel in internal audit unit	1.Appointment of in-house audit committee members 2.The Internal Audit Unit must coordinate the sittings of the Audit Committee Meeting]	30 September 2018	30 June 2019	TC Ngobeni	MM			In progress
Compliance with	Other important	Cof 04: No performance	1. Late appointment	1.Development of the performance	01 July 2018	30 June	D Maputla	Manager: PMS			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
legislation	matters	management policy in place	nt of personal	e management policy 2.Approval of the performance management policy by council		2019					
Compliance with legislation	Other important matters	COF 9 - Declaration of interest by councilors and management	1. Late appointment of personnel to fully implement legislation relevant to local government	1.Appointment of skilled personnel 2.Completion of declarations by both councilors and employees	31 January 2019	31 March 2019	RR Shilenge	Senior Manager: Corporate Services			
Compliance with legislation	Other important matters	Cof 20: Suppliers family members of the persons in the service of state	1.No full disclosure by the service providers as per MBD forms 2.No full utilization of the Central Supplier Database in the SCM unit 3.No system other than the CSD and disclosure forms (CAAT used by AG)	1.The municipality to enforce full disclosure by service providers as a penalty clause in the tender documents. 2.Full utilization of the CSD by SCM unit 3.The municipality to request assistance from AG on the verification process for tenders with values exceeding R5 000 000 4.Full disclosure in the AFS	30 November 2019	31 March 2019	A Simango	Manager: Supply Chain Management			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
Compliance with legislation	Other important matters	Cof 24: Suppliers in which persons in the service of the state have an interest	1.No full disclosure by the service providers as per MBD forms 2.No full utilization of the Central Supplier Database in the SCM unit 3.No system other than the CSD and disclosure forms (CAAT used by AG)	1.The municipality to enforce full disclosure by service providers as a penalty clause in the tender documents. 2.Full utilization of the CSD by SCM unit 3.The municipality to request assistance from AG on the verification process for tenders with values exceeding R5 000 000 4.Full disclosure in the AFS	30 November 2019	31 March 2019	A Simango	Manager: Supply Chain Management			
Compliance with legislation	Other important matters	Cof 24: Contract Management - Possible fruitless expenditure	1.Poor performance 2.Abandoning of the site 3.Withdrawal by the contractor from site	1.Implementation of the GCC and the contract management policy of the municipality 2.Termination of contracts and appointment of new contractors	01 July 2018	30 June 2019	RI Mabunda	Senior Manager: Technical Services			
Compliance with legislation	Other important matters	Cof 08: High number of vacant positions	1.Late appointment of personnel HR unit	1.Finalization of the job evaluation processes with SALGA	30 November 2018	30 June 2019	Ouma	Manager: Human Resources			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			<p>2. High volume of applicants which need recording and delays the appointments process</p> <p>3. Slow pace in the job evaluation processes</p>	<p>2. Employee extra resources to assist with the recording of applicants to speed up the processes of appointing budgeted posts</p>							
Compliance with legislation	Other important matters	Cof Long service awards 13:	<p>1. Late appointment of personnel</p> <p>2. Insufficient review of work to ensure correctness of the calculations</p>	<p>1. Appointment of personnel</p> <p>2. Redo the calculations for the long service awards paid in the 2017/2018 to determine the over/under payment</p> <p>3. Recover the amounts paid erroneously to employees</p> <p>4. Pay the employees the amount that were underpaid</p> <p>5. Adjustments of financial statements</p> <p>6. Preparation of the interim financial</p>	30 November 2018	30 June 2019	Ouma	Manager: Human Resources			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				statements to re-state the opening balances							
Employee costs	Other important matters	Cof 15: Remuneration of councilors	<p>1.Lack of personnel in the expenditure unit</p> <p>2.Insufficient review of the calculations performed</p>	<p>1.Appointment of personnel in the expenditure unit</p> <p>2. Re-do the calculations of the total remuneration to be paid to individual councilors according to the 2017/2018 upper limits applicable to Grade 3 municipality</p> <p>3.Refund the councilors the amount due because of underpayment</p> <p>4.Deduct the amount of overpayment from councilors allowances</p> <p>5.Adjustments of financial statements to correct prior year errors</p> <p>6.Preparation of the interim</p>	30 November 2018	31 March 2019	TB Yingwana	Manager: Expenditure			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				financial statements							
Employee costs	Other important matters	Cof 16: Salary before appointment	1.Late appointment of personnel in both HR and Expenditure sections 2.Lack of training on the payday payroll system	1.Appointment of personnel in both HR and expenditure sections 2.Training on the payday payroll systems 3.Resolve the all payroll systems problems with Payday to ensure credibility of the systems	30 November 2018	30 June 2019	Ouma TB Yingwana	Manager: HR Manager: Expenditure			
Employee costs	Other important matters	Cof 16: Misstatements of long service awards and unused leave days balances	1.Late appointment of personnel in both HR and expenditure units 2.Insufficient review procedures 3.No consolidation of leave days accrued from both Thulamela and Makhado into one for accuracy and reliability of reporting	1.Sufficient review of the calculations performed 2.Consolidation of leave days accrued into one 3.Reperform calculations of all payments for terminated employees and recover if possible and pay those that were underpaid. 4.Adjustments of the financial statements with the	30 November 2018	31 March 2019	Ouma TB Yingwana	Manager: HR Manager: Expenditure			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				overpayment (debtor) and underpayment (liability)							
Employee costs	Other important matters	Cof 22: Leave payout upon termination of an employee	<p>1.Late appointment of personnel in both HR and expenditure units</p> <p>2.Insufficient review procedures</p> <p>3.No consolidation of leave days accrued from both Thulamela and Makhado and pay into one for accuracy and reliability of reporting</p>	<p>1.Sufficient review of the calculations performed</p> <p>2.Consolidation of leave days accrued into one</p> <p>3.Reperform calculations of all payments for terminated employees and recover if possible and pay those that were underpaid.</p> <p>4.Adjustments of the financial statements with the overpayment (debtor) and underpayment (liability)</p>	30 November 2018	31 March 2019	Ouma TB Yingwana	<p>Manager: HR</p> <p>Manager: Expenditure</p>			
Employee costs	Other important matters	Cof 22: Housing benefits and payroll	<p>1.Late appointment of personnel in both HR and Expenditure sections</p> <p>2.Lack of training on the payday</p>	<p>1.Appointment of personnel in both HR and expenditure sections</p> <p>2.Training on the payday payroll systems</p>	30 November 2018	31 March 2019	Ouma TB Yingwana	<p>Manager: HR</p> <p>Manager: Expenditure</p>			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			payroll system 3.No update of transferred employee status	3.Resolve the all payroll systems problems with Payday to ensure credibility of the systems 4.Update of employee employment status including the re-application for benefits 4.Investigate and recover amounts erroneously paid to employee 5.Adjustments of the financial statements							
Employee costs	Other important matters	Cof 22: Long service awards and termination benefits (No disclosure)	1.Lack of personnel in BTO 2.Insufficient review of the Annual Financial Statements	1.Appointment of personnel 2.Sufficient review of the Annual Financial Statements in terms of GRAP standards 3.Adjustments of the AFS to disclose the of Long services and termination benefits as per GRAP standards	30 November 2018	31 March 2019	E Makamu	CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
Taxes	Other important matters	COF 18 VAT : Misstatements of receivables (Input VAT)	1. The municipality registration VAT purposes is on invoice basis while the returns are done on a cash basis	1. Application to the South African Receiver of Revenue Services for conversion of payments from invoice basis to cash basis.	28 February 2019	31 April 2019	E Makamu	CFO			
Taxes	Other important matters	COF 18 VAT: Misstatements of payables (Output VAT)	1. The municipality registration VAT purposes is on invoice basis while the returns are done on a cash basis	1. Application to the South African Receiver of Revenue Services for conversion of payments from invoice basis to cash basis.	28 February 2019	31 April 2019	E Makamu	CFO			
Compliance with legislation	Matters affecting the audit	Cof 19: Review of financial statements	1. Lack of personnel 2. Insufficient review of work done	1. Appointment of personnel 2. Adjustments of the AFS to restate the correct opening balance (comparative figures) 3. Preparation of interim financial statements 3. Proper review of the annual financial statements by Chief Audit Executive and Audit Committee to ensure	30 November 2018	31 March 2019	TC Ngobeni E Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				accuracy and reliability of the information reported							
Compliance with legislation	Other important matters	CoF 3 – Material misstatement of Financial statements	<p>1. No personnel appointed in budget and reporting, expenditure, revenue and asset management sections to perform monthly accounting activities</p> <p>2. Monthly accounting activities were not performed</p> <p>3. Problem with the interpretation of GRAP standards leading to late finalization of GRAP compliance asset register</p> <p>4. No proper review of annual financial statements due to time constraints</p>	<p>1.Appointment of skilled personnel</p> <p>2.Performance of monthly accounting activities (capturing, billing, reconciliations etc) to ensure accuracy and reliability of information</p> <p>3.Preparation of interim financial statements</p> <p>4.Proper review of the annual financial statements</p> <p>Chief Audit Executive and audit committee to ensure accuracy and reliability of the information reported</p>	30 November 2018	31 August 2019	TC Ngobeni E. Makamu	MM CFO			
Immovable assets	Other important	CoF 26 PPE – Misstatements of	1. Use of the letter from Makhado	1.Adjustment of the cost price of Tshivulana	30 November 2018	31 August	TC Ngobeni	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
	matte rs	infrastruct ure assets and gains from transfer of functions	Local Municipality giving the cost of the project (Tshivulana to Tshilaphala Road) instead of using the payments certificates 2. No review of the annual financial statements by the internal audit unit and audit committee due to late completion by officials.	to Tshilaphala according to the payment certificates. 2. Adjustment of the accumulated depreciation according to the adjusted cost price of the Tshivulana to Tshilaphala Road 3. Adjustment of prior year figures for gains from transfer of functions as the project was implemented and completed by Makhado Local Municipality		2019	E. Makamu				
Immovable assets	Other important matte rs	CoF 21 PPE - WIP with no activity	1. Vuwani Stadium is stalled due to unrest in the area 2. Lack of information from Thulamela Local Municipality that could have assisted in budgeting for Sasekani	1. 2. Review of the IDP and budget to ensure that the Malamulele Bus Rank is prioritized and budget for implementation as designs have been completed	30 November 2018	31 August 2019	E. Makamu	CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			Ring Road in the 2016/2017 and 2018/2019 financial year	3. Review of the IDP and budget to ensure that Sasekani Ring Road is prioritized and budgeted for implementation. The project was on the construction stage during the transfer of assets by Thulamela Local Municipality							
Immovable assets	Matters affecting the auditor's report	CoF 21 - Depreciation - Incorrect calculation of depreciation resulting in incorrect carrying values of PPE	1. No monthly updating of the asset register 2. Lack of review of work done by the consultants on asset on the compilation of the GRAP compliance asset register	1.Updating of the asset register monthly 2.Conducting interim audit by AG to look at prior year issues that have affected the audit outcome 3.Proper review of the annual financial statements to ensure the accuracy and reliability of the reported information 4.Monitoring and	30 November 2018	31 August 2019	E. Makamu	CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				supervision of the work of consultants in terms of the General Conditions of signed contracts							
Inventory	Other important matters	CoF 28 Completeness-inventory	<p>1. No implementation of the inventory management module</p> <p>2. Lack of personnel</p> <p>3. No documented internal control systems and procedures</p> <p>4. No regular physical stock taking</p>	<p>1.Appointment of skilled staff</p> <p>2.Implementation of Munsoft Inventory Management Module</p> <p>3. Conducting physical stock taking quarterly</p> <p>4.Development and implementation of the internal control systems and procedures to assist in the implementation of the inventory policy</p>	30 November 2018	31 August 2019	TC Ngobeni E Makamu	MM CFO			
Inventory	Other important matters	CoF 26 Damaged inventory	<p>1. No implementation of the inventory management module</p> <p>2. Lack of personnel</p> <p>3. No documented internal control systems</p>	<p>1.Appointment of skilled staff</p> <p>2.Implementation of Munsoft Inventory Management Module</p> <p>3. Conducting physical stock taking quarterly</p>	30 November 2018	31 August 2019	TC Ngobeni E Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			and procedures 4. No regular physical stock taking	4. Development and implementation of the internal control systems and procedures to assist in the implementation of the inventory policy 5. Reporting of damaged inventory to council for writing off from the inventory management system							
Movable assets	Other important matters	CoF 16: PPE - Damaged Assets not impaired at year end	1. Asset that were destroyed and some burnt at Vuwani were not impaired due to lack of accessibility to conduct proper assessment for impairment	1. Conducting full asset verification at Vuwani once the unrest is dealt with 2. Conduct a proper condition assessment on assets for impairment at year end	30 November 2018	30 August 2019	E. Makamu	CFO			
Movable assets	Other important matters	CoF 16 : PPE - Land Management	1. The municipality has no title deed over the land 2. No document to support ownership	1. Conducting land audit 2. Engage the Department of Rural Development and Local Government for	30 November 2018	31 August 2019	HC Mukwevho	Senior Manager: Plan & Dev			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			of the land in the municipality	transfer of the land into the name of the municipality							
Operating expenditure	Other important matters	COF 7 - Expenditure - Late payment of suppliers	<ol style="list-style-type: none"> Late submission of invoices for payments Incomplete supporting documents in order to process payments. Lack of personnel in BTO 	<ol style="list-style-type: none"> Appointment of skilled personnel Development and implementation of Goods Received Notes Follow up on deliveries made by service providers but no invoices submitted for payments 	01 July 2018	30 June 2019	TC Ngobeni E Makamu	MM CFO			
Payable	Other important matters	Cof-23- Suspense Accounts not cleared at year end	<ol style="list-style-type: none"> No regular reconciliation of suspense accounts Lack of personnel in BTO 	<ol style="list-style-type: none"> Appointment of skilled personnel Monthly reconciliation of suspense accounts 	'01 July 2018	'31 August 2019	TC Ngobeni E Makamu	MM CFO			
Receivables	Other important matters	COMAF no.18: Receivables - Suspense account not cleared at year end	<ol style="list-style-type: none"> No regular reconciliation of suspense accounts Lack of personnel in BTO 	<ol style="list-style-type: none"> Appointment of skilled personnel Monthly reconciliation of suspense accounts 	01 July 2018	31 August 2019	TC Ngobeni E Makamu	MM CFO			
Receivables	Other important	Cof 15 : Receivables – sundry	1.Non-clearing salary	1.Appointment of skilled	30 November 2018	30 June	TC Ngobeni	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
	matte rs	receivables (supporting information not provided for audit review)	control accounts 2.Late appointment of personnel 3.Insufficient review of AFS	personnel in expenditure management unit 2.Monthly clearing salaries control accounts 3.Prior year correction of salaries control accounts and the re-statement of the opening balances 4.Proper review of the annual financial statements by both management and audit committee to ensure accuracy and reliability of the information reported		2019	E Makamu				
Receivables	Other important matters	Cof 27: Receivables - Misstatements of receivables (refuse and property rates)	1.Late appointment of personnel in revenue management unit 2. No review of the reconciliation of the valuation roll against	1.Appointment of skilled personnel 2.Reconciliation and sufficient review of the billing system against both the valuation roll and list submitted by community	30 November 2018	30 April 2019	TC Ngobeni E Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			<p>the billing system (property rates).</p> <p>3.No review of the reconciliation between the billing system and list submitted by community services for refuse charges</p> <p>4. No proper review of annual financial statements due to time constraints</p>	<p>services for the all households are receiving refuse removal services and correction of prior year balances</p> <p>3.Preparation of the interim financial statements</p> <p>4.Proper review of the annual financial statements by both management and audit committee to ensure accuracy and reliability of the information reported</p>							
Receivables	Other important matters	COF 27: Revenue - Misstatement of receivables (consumer debtors – Other)	<p>1.Insufficient review of the AFS</p> <p>2.Non-implementation of the approved writing off debtors in the billing system</p>	<p>1. Engagement with municipality to assist in the writing off debtors in the billing systems as per council resolution</p> <p>2.Correction of prior year errors in the annual financial statements</p> <p>3.Preparation of the interim</p>	30 November 2018	30 April 2019	TC Ngobeni E Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				financial statements 4. Proper of the financial statements by both internal audit unit and audit committee							
Receivables	Other important matters	Cof 11: Receivables - Misstatements of receivables (incorrect tariffs used)	1.Late appointment of personnel appointment of personnel in revenue management unit 2. No review of the reconciliation of the valuation roll against the billing system (property rates). 3.No review of the reconciliation between the billing system and list submitted by community services for refuse charges 4. No proper review of annual	1.Appointment of skilled personnel 2.Reconciliation and sufficient review of the billing system against both the valuation roll and list submitted by community services for the all households are receiving refuse removal services and correction of prior year balances 3.Preparation of the interim financial statements 4.Proper review of the annual financial statements by both management and audit committee	30 November 2018	30 April 2019	TC Ngobeni E Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			financial statements due to time constraints	to ensure accuracy and reliability of the information reported							
Revenue	Other important matters	CoF-12 Revenue-Property rates taxes: Incorrect property classification	<p>1. No personnel in the revenue section</p> <p>2. Tariffs not linked to types of usage of services</p>	<p>1. Appointment of skilled personnel.</p> <p>2. Align tariffs to different usage of service and perform the re-calculation to determine the misstatement</p> <p>3. Correction of prior year errors in the 2018/18 annual financial statement.</p> <p>4. Proper review of the financial statements by both internal audit unit and audit committee</p>	30 November 2018	30 April 2019	TC Ngobeni E Makamu	MM CFO			
Taxes	Other important matters	COF 17 VAT : Difference between VAT returns and amount disclosed as per AFS	1. The municipality registration VAT purposes is on invoice basis while the returns are done	1. Application to the South African Receiver of Revenue Services for conversion of payments from invoice	28 February 2019	31 April 2019	E Makamu	CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			on a cash basis	basis to cash basis.							
Revenue	Matters affecting audit	COF 12: Revenue - Misstatements of receivables (refuse and property rates)	<p>1.No personnel in the revenue section</p> <p>2. The assessment of debtors of debtors was not completely done to comply with GRAP 104</p> <p>3. Sufficient review processes were not done to ascertain completeness of the information disclosed recorded in the AFS</p>	<p>1. Appointment of skilled personnel.</p> <p>2. Assessment of the 2017/2018 debtors book to comply with GRAP 104.</p> <p>3. Review of the assessment report for accuracy and completeness</p> <p>4. Correction of prior year errors in the AFS to restate opening balances</p>	30 November 2018	30 April 2019	TC Ngobeni E Makamu	MM CFO			
Revenue	Matters affecting audit	COF 27: Revenue - Misstatements of receivables -other (development levy)	<p>1.No personnel in the revenue section</p> <p>2. The assessment of debtors of debtors was not completely done to comply with GRAP 104</p> <p>3. Sufficient review processes</p>	<p>1. Appointment of skilled personnel.</p> <p>2. Assessment of the 2017/2018 debtors book to comply with GRAP 104.</p> <p>3. Review of the assessment report for accuracy and completeness</p>	30 November 2018	30 April 2019	TC Ngobeni E Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			were not done to ascertain completeness of the information disclosed recorded in the AFS	4. Correction of prior year errors in the AFS to re-state opening balances							
Cash and cash equivalents	Matters affecting the audit	Cof 08: Funds invested with VBS Mutual Bank	1.Non-compliance with the MFMA, Investments and Investment policy of the municipality 2.Lack of information to support the treatment of the VBS investment in the AFS	1. Fully impairment of VBS investment plus interest accrued in the AFS 2. Correction of the prior-year figures to re-state VBS investment plus accrued interest in the AFS	30 November 2018	31 March 2019	E Makamu	CFO			
Compliance with legislation	Matters affecting the audit	CoF 12 – Material misstatement of Financial statements (Cash flow statement)	1. No personnel appointed in budget and reporting, expenditure, revenue and asset management sections to perform monthly accounting activities 2. Monthly accounting activities were not performed	1.Appointment of skilled personnel 2.Performance of monthly accounting activities (capturing, billing, reconciliations etc) to ensure accuracy and reliability of information 3.Preparation of interim	30 November 2018	31 August 2019	TC Ngobeni E. Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			<p>3. Problem with the interpretation of GRAP standards leading to late finalization of GRAP compliance asset register</p> <p>4. No proper review of annual financial statements due to time constraints</p>	<p>financial statements</p> <p>4. Proper review of the annual financial statements by Chief Audit Executive and Audit Committee to ensure accuracy and reliability of the information reported</p>							
Revenue	Matters affecting the audit	Cof 10 Revenue: Interest generated but not received	1. The statement from the Ashburton (FNB) is not clear in terms of calculations making it difficult to understand	<p>1. Request to be made with FNB to explain fully how it arrived at the amount paid as interest from the municipality.</p> <p>2. Claim any amount due and payable to the municipality based on the information provided if any.</p> <p>3. Monthly reconciliation of investment register to ensure completeness and that</p>	31 January 2019	31 March 2019	E Makamu	CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				any discrepancy is followed up immediately							
Compliance with legislation	Matters affecting the audit	CoF 12 – Material misstatement of Financial statements (Accumulated surplus)	<ol style="list-style-type: none"> No personnel appointed in budget and reporting, expenditure, revenue and asset management sections to perform monthly accounting activities Monthly accounting activities were not performed Problem with the interpretation of GRAP standards leading to late finalization of GRAP compliance asset register No proper review of annual financial statements due to time constraints 	<ol style="list-style-type: none"> Appointment of skilled personnel Performance of monthly accounting activities (capturing, billing, reconciliations etc) to ensure accuracy and reliability of information Adjustments of accumulated surplus to re-state the opening balances Preparation of interim financial statements Proper review of the annual financial statements by Chief Audit Executive and Audit Committee to ensure accuracy and reliability of the information reported 	30 November 2018	31 August 2019	TC Ngobeni E. Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
Compliance with legislation	Matters affecting the audit	CoF 29 – Material misstatement of Financial statements (Prior period error)	<p>1. No personnel appointed in budget and reporting, expenditure, revenue and asset management sections to perform monthly accounting activities</p> <p>2. Monthly accounting activities were not performed</p> <p>3. Problem with the interpretation of GRAP standards leading to late finalization of GRAP compliance asset register</p> <p>4. No proper review of annual financial statements due to time constraints</p>	<p>1.Appointment of skilled personnel</p> <p>2.Performance of monthly accounting activities (capturing, billing, reconciliations etc) to ensure accuracy and reliability of information</p> <p>3. Development of the register for all prior period correction for completeness of disclosure in the AFS</p> <p>4.Preparation of interim financial statements</p> <p>5.Proper review of the annual financial statements by Chief Audit Executive and Audit Committee to ensure accuracy and reliability of the</p>	30 November 2018	31 August 2019	TC Ngobeni E. Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				information reported							
Compliance with legislation	Matters affecting the audit	CoF 12 – Material misstatement of Financial statements (Depreciation)	<p>1. No personnel appointed in budget and reporting, expenditure, revenue and asset management sections to perform monthly accounting activities</p> <p>2. Monthly accounting activities were not performed</p> <p>3. Problem with the interpretation of GRAP standards leading to late finalization of GRAP compliance asset register</p> <p>4. No proper review of annual financial statements due to time constraints</p>	<p>1.Appointment of skilled personnel</p> <p>2.Performance of monthly accounting activities (capturing, billing, reconciliations etc) to ensure accuracy and reliability of information</p> <p>3. Adjustments of accumulated depreciation for the re-statement of opening balances</p> <p>4.Preparation of interim financial statements</p> <p>5.Proper review of the annual financial statements by Chief Audit Executive and Audit Committee to ensure accuracy and reliability of the information reported</p>	30 November 2018	31 August 2019	TC Ngobeni E. Makamu	MM CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
Expenditure	Matters affecting the audit	Cof 24 Misstatements of expenditure (Legal services, accommodation and other expenditure)	1.Lack of personnel 2.Insufficient review of work done	1.Appointment of personnel 2.Development of standard operating procedures to ensure that there is segregation of duties 3. Correction of the prior year error in the AFS 4. Preparation of interim financial statements 5.Proper review of the annual financial statements by Chief Audit Executive and Audit Committee to ensure accuracy and reliability of the information reported	30 November 2018	31 March 2019	E Makamu	CFO			
Expenditure	Other important matters	Cof 24: Late payment of suppliers	1. Late submission of invoices for payments 2. Incomplete supporting documents in order to	1.Appointment of skilled personnel 2.Development and implementation of Goods Received Notes	01 July 2018	30 June 2019	TC Ngobeni TB Yingwana	MM Manager: Expenditure Manager: SCM			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
			process payments. 3. Lack of personnel in BTO	3. Follow up on deliveries made by service providers but no invoices submitted for payments			A Simangano				
Compliance with legislation	Matters affecting the audit	Cof 25: Understatement of litigations and claims in the financial statements	1. Late appointment of personnel 2. Litigations register not updated monthly 3. Insufficient review of financial statements	1. Monthly update of litigations register 2. Sufficient review of the financial statements	30 November 2018	30 June 2019	Adv Maluleke	Manager: Legal Services			
Expenditure	Matters affecting the audit	Cof 25: Misstatements of payables	1. Lack of personnel 2. Insufficient review of financial statements	1. Appointment of personnel 2. Development of standard operating procedures to ensure that there is segregation of duties 3. Correction of the prior year error in the AFS 4. Preparation of interim financial statements 5. Proper review of	30 November 2018	31 March 2019	E Makamu	CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				the annual financial statements by Chief Audit Executive and Audit Committee to ensure accuracy and reliability of the information reported							
Expenditure	Matters affecting the audit	Cof 26: Misstatements of retentions	<p>1.Lack of personnel</p> <p>2.Insufficient review of financial statements</p>	<p>1.Appointment of personnel</p> <p>2.Development of standard operating procedures to ensure that there is segregation of duties</p> <p>3. Correction of the prior year error in the AFS</p> <p>4. Preparation of interim financial statements</p> <p>5.Proper review of the annual financial statements by Chief Audit Executive and Audit Committee to ensure accuracy and reliability of the</p>	30 November 2018	31 March 2019	E Makamu	CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				information reported							
Plant, Property & Equipment	Matters affecting the audit	Cof 26: Prior period error	1.Lack of personnel 2.Insufficient review of work done	1.Appointment of personnel 2.Adjustments of the AFS to restate the correct opening balance (comparative figures) 3.Preparation of interim financial statements 3.Proper review of the annual financial statements by Chief Audit Executive and Audit Committee to ensure accuracy and reliability of the information reported	30 November 2018	31 March 2019	E Makamu	CFO			
Plant, Property & Equipment	Other important matters	Cof 27: Poor maintenance of assets	1.Late appointment of fleet management officer 2.Late submission of update assets register 3.Insufficient review of AFS	1.Monthly update of assets register (acquisitions and disposals) 2.Condition assessments of assets to be started in third quarter of 2018/2019 financial year	30 November 2018	30 June 2019	E Makamu Pataka RI Mabunda	CFO Fleet Management Officer Senior Manager: Technical Services			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				<p>together a complete asset varication</p> <p>3. Annual maintenance plan to be developed for all assets</p> <p>4. Item to be taken to council for the approval of assets returned to Makhado which were in the asset register</p>							
Compliance with legislation	Matters affecting the audit	Cof 20: Misstatements of commitments	<p>1. Lack of personnel</p> <p>2. Insufficient review of work done</p>	<p>1. Appointment of personnel</p> <p>2. Monthly update and review of the commitments register to ensure accuracy</p> <p>3. Preparation of interim financial statements</p> <p>4. Proper review of the annual financial statements by Chief Audit Executive and Audit Committee to ensure accuracy and reliability of the</p>	30 November 2018	31 March 2019	E Makamu	CFO			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				information reported							
Compliance with legislation	Matters affecting the audit	Cof 12: Review of financial statements (Unauthorized expenditure)	1.Lack of personnel 2.Insufficient review of work done	1.Appointment of personnel 2.Adjustments of the AFS to restate the correct opening balance (comparative figures) 3.Preparation of interim financial statements 4.Proper review of the annual financial statements by Chief Audit Executive and Audit Committee to ensure accuracy and reliability of the information reported	30 November 2018	31 March 2019	E Makamu	CFO			
Compliance with legislation	Matters affecting the audit	Cof 12: Budget figures as per budget statement differs with budget figures as per adjusted budget	1.Lack of personnel 2.Insufficient review of work done	1.Appointment of personnel 2.Preparation of interim financial statements 3.Proper review of the annual financial statements by Chief Audit Executive and Audit	30 November 2018	31 March 2019	E Makamu	CFO			

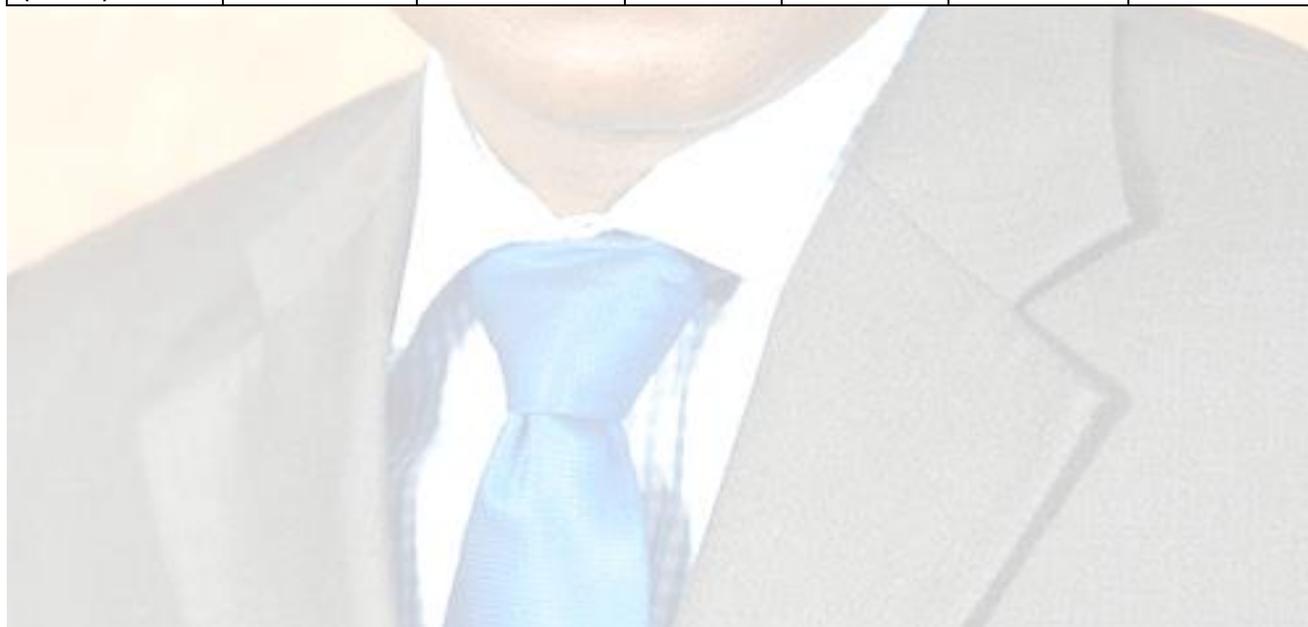
Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				Committee to ensure accuracy and reliability of the information reported							
Procurement and Contract Management	Matters affecting audit	Cof 11,13,14,16,23,24: Expenditure – Appointment of service providers Xithheleni Ring Road, Malamulele D, Purchase of furniture, Refurbishment of Civic Centre, Legal Services, Purchase of vehicles, appointment of legal services	<p>1. Lack of personnel to fully implement supply chain management policy in SCM unit</p> <p>2. Lack of knowledge with regard to implementation of some SCM regulations</p> <p>3. Lack of knowledge with PPPFA regulations</p> <p>4. Lack of knowledge with CIDB act</p>	<p>1. Appointment of skilled personnel in supply chain management unit</p> <p>2. Conduct workshop on Supply Chain Management Regulations and Policy of the municipality, PPPFA regulations, CIDB act and MFMA circulars to all employees involved in Supply Chain Management</p> <p>3. Conduct SCM workshop to councilors on the Risks associated with the non-compliance by officials on the implementation of SCM regulations and policy</p>	30 November 2018	30 June 2019	TC Ngobeni	MM			

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				<p>4. Both Manager Legal Services and Manager Risk Management to sit in both Bid specification and evaluation committees to minimize the risks associated with SCM management and exposure of the municipality to possible litigations.</p> <p>5. Development and signing off pre-evaluation checklist and signing of compulsory returnable documents</p> <p>6. Locking of tender documents in a strong secured room with 2 keys, one to be held by the Manager risk management and the other by the Manager Supply Chain Services to</p>							

Audit finding	Category of finding	Description of finding	Root cause	Action to address root cause	Start date	End date	Responsible person	Position	Progress	Narrative to progress	Internal audit comments
				avoid easy access							
Procurement and Contract Management	Matters affecting audit	Cof 9: Irregular expenditure Extension of contracts: Cathu Consulting (COF 9), Backline Security (COF 9)	1. No contract management policy 2. Late appointment of personnel in SCM unit to manage contracts	1. Implementation of contract management policy adopted by council in May 2018 2. Appointment of personnel in SCM unit manage contracts 3. Skills transfer by consultants to the appointed BTO personnel 4. Reporting of existing contracts monthly to finance committee and quarterly to council	31 January 2019	30 June 2019	A Simangon	Manager: SCM			

**APPENDIX F: CAPITAL EXPENDITURE – NEW & UPGRADE / RENEWAL PROGRAMMES:
INCLUDING MIG**

Details	Opening balance 01 July 2017	Dora allocation 2017/2018	Funds withheld	Received this year	Additional funds received	Expenditure
Municipal Finance Management Grant (FMG)	R679 407	R2 345 000	-	R2 345 000	-	(R3 024 407)
Municipal Infrastructure Grant (MIG)	R28 597 914	R83 480 000	-	R83 480 000	-	(R95 992 560)
Municipal Demarcation Transitional Grant (MDTG)	R9 661 969	R6 847 000	-	R6 847 000	-	(R8 726 421)
Integrated National Electricity Programme (INEP)	-	R18 000 000	-	R18 000 000	R3 000 000	(R16 008 760)
Extended Public Works Programme (EPWP)	-	R1 000 000	-	R1 000 000	-	R1 000 000



Old DCO Building

Hospital Road
Malamulele
Limpopo Province
0982
South Africa

Tel: +27 15 851 0110

Fax: +27 15 851 0097

www.collinschabane.gov.za

