

DRAFT ANNUAL REPORT 2018/2019



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 citizen

VALUES

Transparency

Accountability

Responsive

Professional

Creative

integrity

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LIST OF ACRONYMS

AFS	Annual Financial Statements
AIDS	Acquired Immune Deficiency Syndrome
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	Kilometres
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: 2018/2019 Financial Year
YEAR – 1	Year -1: 2017/2018 Financial Year
YEAR – 2	Year -2: 2016/2017 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 2018/19 Annual Report which outlines achievements and challenges for the year under review.

The 2018/19 Annual Report will be tabled by the Hon Mayor Cllr. Maluleke Moses. During the 2018/19 financial Year the Hon Mayor was Cllr T.J. Bila and was replaced in December 2018 by Hon Mayor Maluleke Moses who will be responsible for tabling the Draft Annual Report to 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 realization 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 2018/19 Financial Year:

- Construction of Multi-Purpose Court at Mulamula Village
- Construction of 4.1 km internal street at Malamulele B
- Construction of 4 km Massive Earthworks and Surfacing of 2km at Malamulele D internal street
- Extension & Fencing of Mahatlane Cemetery
- Development of detailed and upgrading of the existing building Malamulele Traffic Station
- Development of detailed design and advertisement for Malamulele Stadium
- Construction of 1.7 km Ring Road at Msetweni
- Construction of 1.7 km Ring at Nwa-Matatani
- Development of detailed design for Municipal office building
- Installation and connection of 17 High masts lights at Hlanganani, Hlanganani vivo, Majozi, Olifantshoek, Majoro, Manele, Xitlhelani, Gandlanani, Roidhuis, Mulenzhe, Phaphazela, Mbhalati, Saselamani taxi rank, Saselamani, Dhavane, Mavambe and Mabidi.
- Connection of 1443 households at Menele (325), Nghezimani (195), Xigalo (381), Mavambe (274) and Nghomunghomu (268)
- Development of detailed design and advertisement for construction of community hall at Malamulele

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. The municipality filled five of the six top management positions. The Position of the CFO is vacant and the process of filling the position are at advanced stage.

The Municipality received MIG funds of R80 350 000, and upon well spending the allocation during Mid- year, the municipality received additional MIG allocation of R21 500 000 The total MIG expenditure for the year under review was R101 850 000.

Mayor: Cllr.Maluleke Moses

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 2018/19 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 2018/19 Reviewed integrated Development Plan accompanied by the Medium-Term Expenditure Framework (MTREF) in May 2018. 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

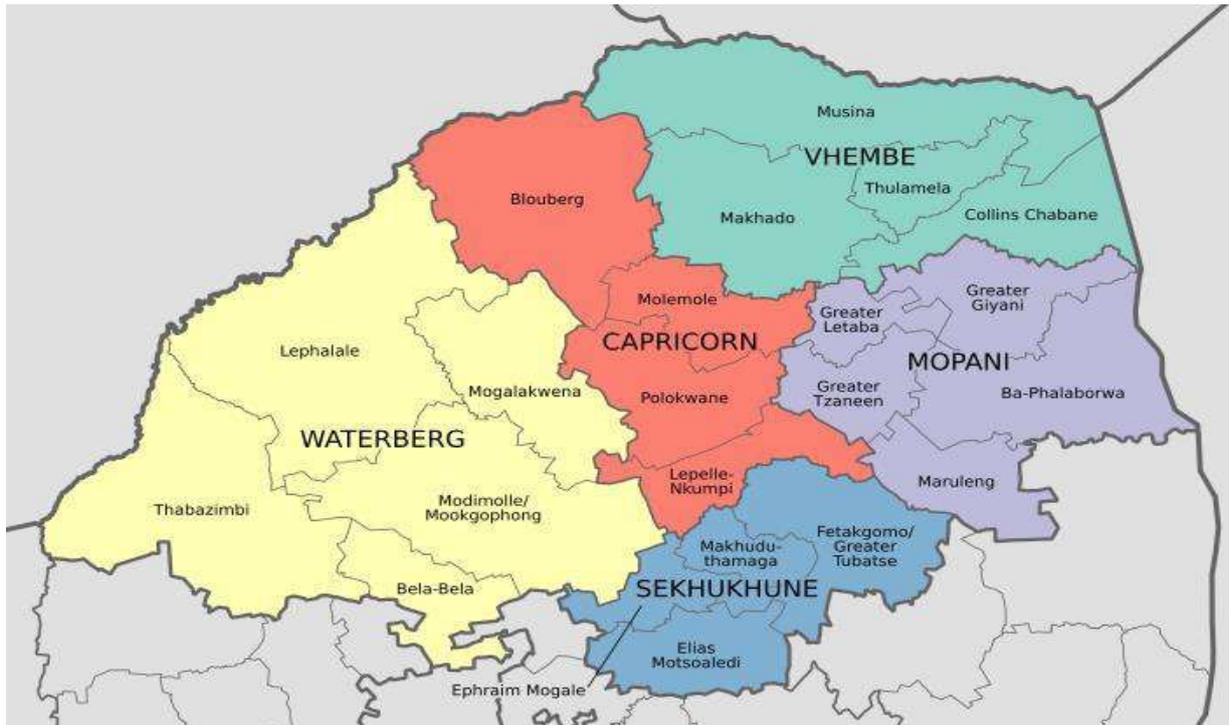
1.1.1. LOCATION

Provincial context

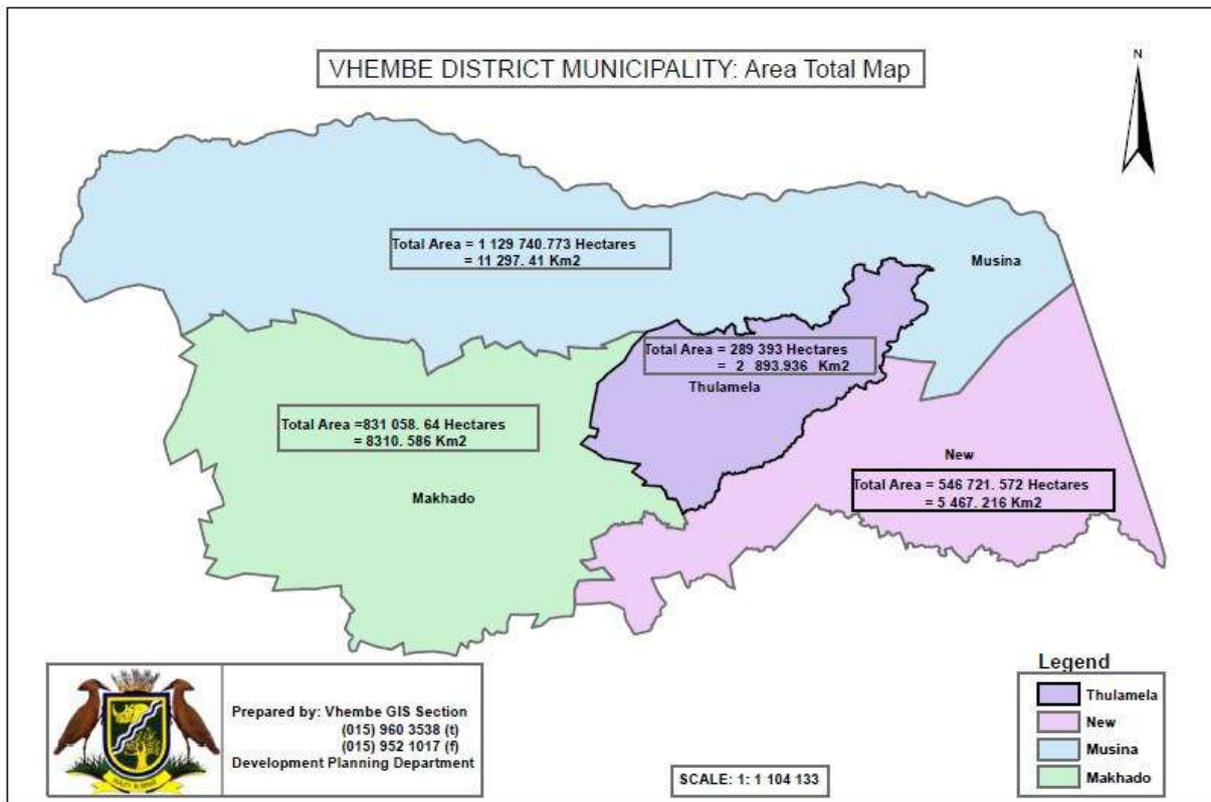
The Collins Chabane Local Municipality is one of the four municipalities of the Vhembe District Municipality (VDM) of Limpopo province. CCLM is located on the far north of the VDM. I. The map below demonstrates the location of the municipality from the provincial context.

Municipal Context

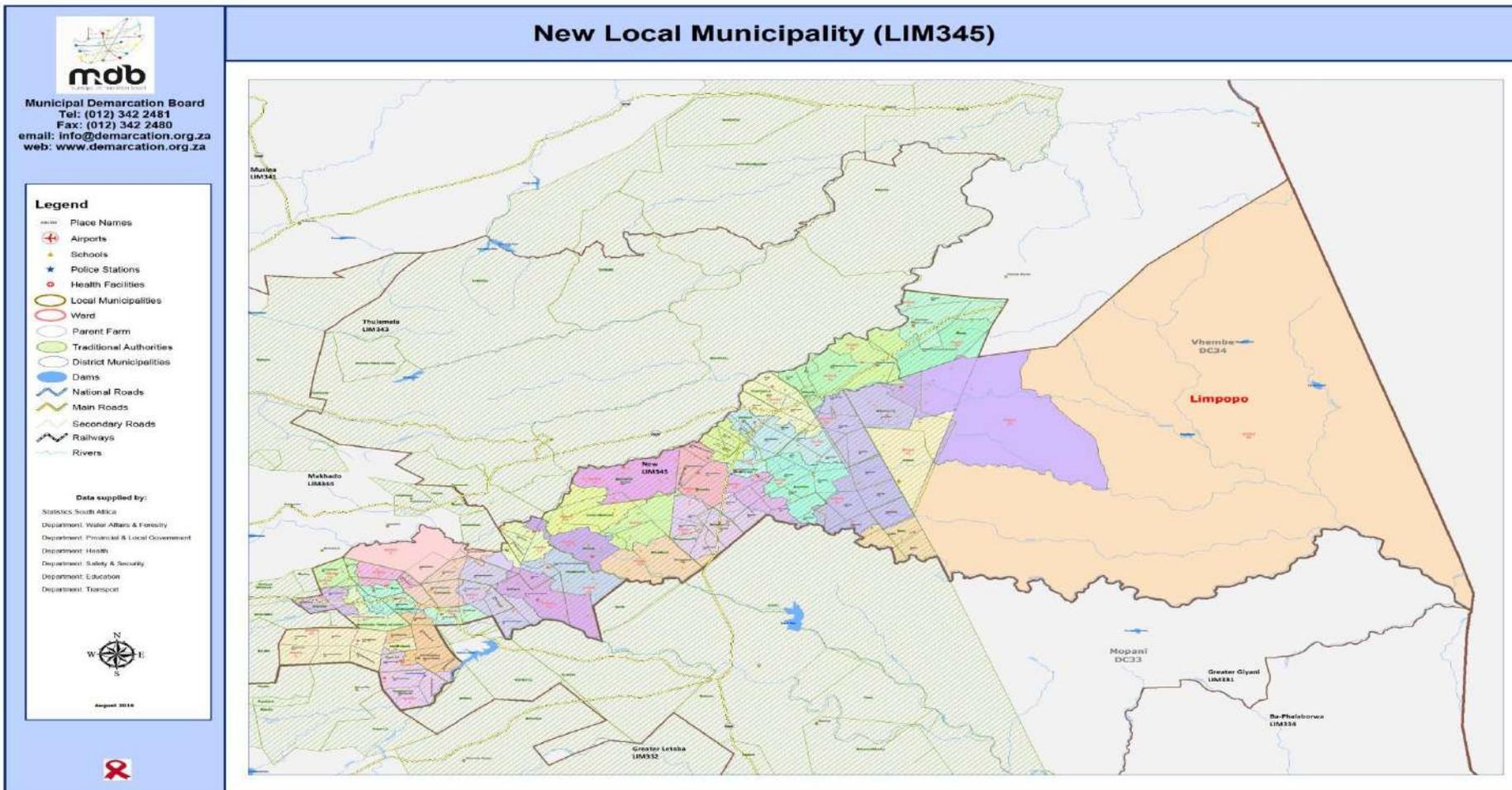
Collins Chabane Local Municipality is a newly established Municipality in the Northern part of Limpopo Province and is situated about 191km from Polokwane City. The Municipality is part of the Vhembe District and is situated between Greater Giyani, Thulamela, and Makhado municipalities. To the north-east 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)



Map 3: (Source MDB,2016)

1.1.2. FUNCTIONS

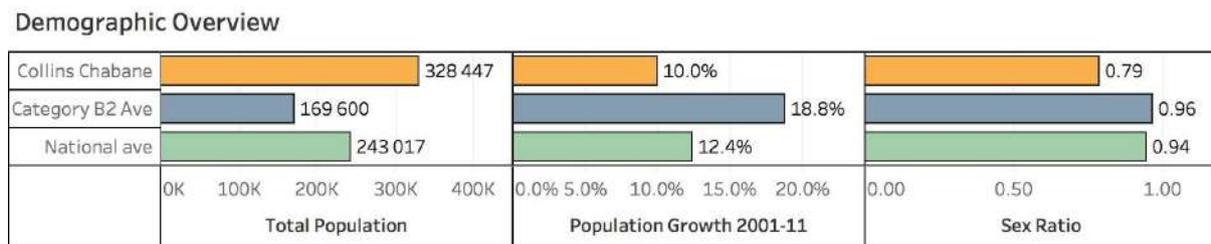
The municipality derives its mandate from section 152 Of the Constitution and provides most of the services as stated in the powers and functions of Local Municipalities in the Constitution schedule A, part B.

1.1.3 POPULATION SIZE AND COMPOSITION

The figure below contains details of population dynamics within the municipality. This includes the total population and growth rate, the gender breakdown of this population and total number of households. It provides information on the following¹:

- Population: The total number of people living within a specified area of jurisdiction;
- Population growth rate: The overall growth rate in population between the 2001 and 2011 censuses;
- Sex Ratio: The sex ratio provides an indication of the gender breakdown in an area, and it is suggestive of the composition of the labour force. Sex ratios will be affected by sex-selective out-migration such as men migrating. Migrant labour-receiving areas usually have higher sex ratio figures (i.e. more males to females) as the migrants are usually male. South Africa’s average sex ratio is around 0,95, that is 95 men to 100 women. Lower sex ratios are found in areas with a higher number of female-headed households, where household sizes are generally larger, with higher dependency levels².

FIGURE 1: DEMOGRAPHIC OVERVIEW



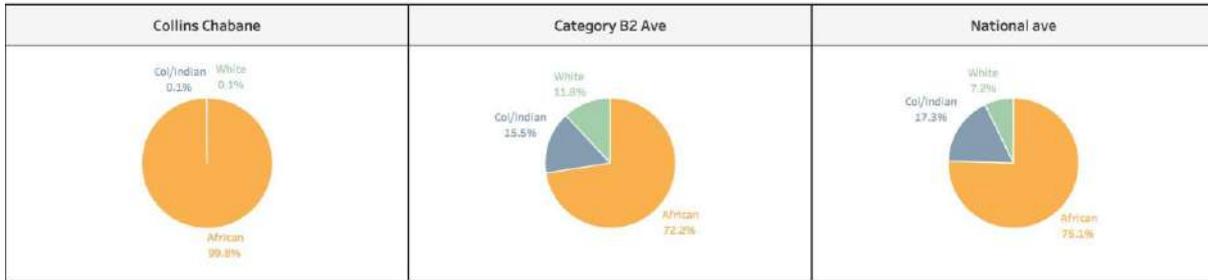
The following figure further breaks down the broad population by race. It indicates the proportion of people of African origin, as well as other black South Africans (people designated previously as Coloured and Indian) as well as people previously designated as white. Given the history of apartheid, places with generally higher proportions of minorities (such as whites) have been massively advantaged in economic and other terms.

FIGURE 2: RACIAL BREAKDOWN

¹ Stats SA: Census

² Demographics and Social; Stats SA: Census

Racial Breakdown

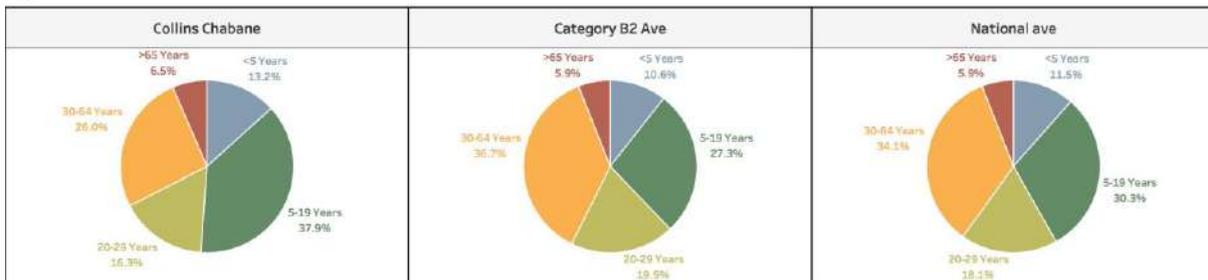


Age structure

The distribution of the population by age is also provided in the figure below with age groups including those younger than school-going age (0-4 years), school going (5-19 years), youth (20-29), general working age (30-64) and elderly (over 65 years of age).

FIGURE 3: AGE BREAKDOWN

Age Breakdown



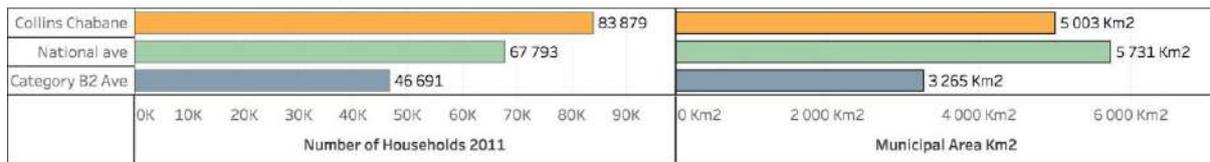
Households and density

In examining the distribution of households, it is important to consider the definition of households by Statistics SA. A household is seen as a group of persons who live together and provide themselves jointly with food or other essentials for living, or a single person who lives alone. Live-in domestic workers and live-in employees are regarded as separate households. This is important in that when one examines consumer units provided by municipalities in the sections below, such units could consist of more than one household.

The following figure indicates the overall number of households in the municipality compared with its area.

FIGURE 4: NUMBER OF HOUSEHOLDS AND MUNICIPAL AREA

Number of Households and Municipal Area

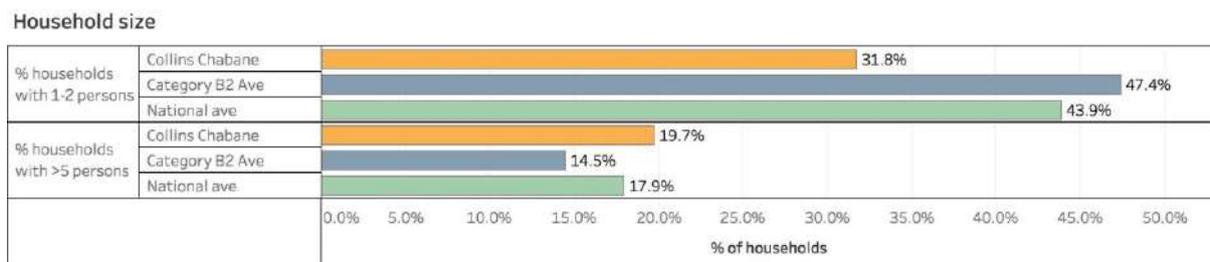


Importantly, though, the relative size of households and the density of population are more useful indicators of human settlements and the extent to which municipalities need to respond to challenges. This is particularly the case for relatively small households (1-2 persons) and large (over 5 persons) households. Both provide challenges for municipal planning and service delivery: small households hold out the possibility, if linked to chain migration, that larger households will come into the municipalities once a person's employment becomes more stable, and larger households often place an additional strain on the delivery of basic network services. In other words, these data indicate the degree to which there could be migrancy operating, particularly in the larger urban areas where one could find a higher proportion of 1-2 persons households than in other areas. Likewise, larger households could also indicate a degree of mutual aid existing not just for familial reasons, but to cope with the effects of apartheid and unemployment.

The following figure provides information on:

- The proportion of households consisting of one or two persons; and
- The proportion of households consisting of over five persons.

FIGURE 5: HOUSEHOLD SIZE



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 2019 the municipality had the following meetings summarised in the following of the IDP and Budget consultations.

IDP AND BUDGET REPRESENTATIVE FORUM			
No.	Date	Venue	Status Quo
1.	18 September 2018	Saselemani Library	Done
2.	19 September 2018	Njhakanjhaka Community Hall	Done
3.	20 September 2018	Davhana Sports Ground	Done
4.	21 September 2018	Malamulele Boxing Gym	Done
5.	08 April 2019	Malamulele Boxing Gym	Done
6.	15 April 2019	Saselemani Library	Done
7.	16 April 2019	Njhakanjhaka Community Hall	Done
8	17 April 2019	Davhana Sports Ground	
9	18 April 2019	Malamulele Boxing Gym	

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 of a 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, municipal budgeted surplus was R 124,005,792 and incurred an actual surplus of R 105,622,811.75.

Financial Overview: 2018/19**Summary: Statement of financial Performance**

Description	Budget 2018/19	Actual 2018/19
Total Revenue by Source (Excluding Capital Transfers)	R 392,728,222.00	R 386,373,169.75
Less: Total Expenditure	(R 268,722,430.00)	(R 280,750,358.00)
Equals: Surplus/ deficit	R 124,005,792	R 105,622,811.75

1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipal Manager is the head of the organisation supported by four Senior Managers. The approved organisational structure provides for six Senior Managers 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	Vacant
Director Planning and Development	Filled on the 1 st February 2018

The office of the Mayor is supported by a Personal Assistant, Secretary and Manager Political Support . 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 disclaimer audit opinion from the Auditor General for the 2017/2018 financial year. For the year under review the municipality improved and received a qualified 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	September
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	
7	Auditor General Audits Annual Report including Annual Financial Statements and Performance data	September - October
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 Audit Committee which provides opinions and recommendations on financial processes and performance and afford comments to the Oversight Committee on the Annual Report.

The Municipality has established 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 29 of March 2019 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 councilors 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 councilors 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 councilors' 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 M. Maluleke	ANC
Cllr M.E Lebea	ANC
Cllr M.G Chauke	ANC
Cllr S.G Maluleke	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 Rekhotso	ANC
Cllr F.F Mudau	ANC
Cllr R.G Nkanyani	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 T.J Bila	ANC
Cllr M.S Matamela	ANC
Cllr M.C Fungheni	ANC
Cllr T.R Chauke	ANC
Cllr N.G Ndzovela	ANC
Cllr Mabasa R.C	ANC
Cllr Maswanaganyi T.C	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 Mabasa	ACDP
Cllr S. Muavha	DA

2.1.1. ADMINISTRATIVE GOVERNANCE STRUCTURE AS AT 30 JUNE 2019

DIRECTORATE/ DEPARTMENT	FILLED/ VACANT	COMMENTS
Municipal Manager	Ms. T.C NGOBENI	
Senior Manager Technical and Engineering Services	MS. R.I MABUNDA	
Senior Manager Corporate Services	MR. R.R SHILENGE	
Senior Manager Community Services	DR. G.L MALULEKE	
Chief Finance Officer	VACANT	Mr Maringa SCM Manager was acting on the Position
Senior Manager 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 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 2018 – 30 JUNE 2019

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 2019:

	FINANCE	TECHNICAL SERVICES	CORPORATE SERVICES	OFFICE OF THE MUNICIPAL MANAGER	THE COMMUNITY SERVICES	DEVELOPMENT & PLANNING	TOTAL
RESOLUTIONS TAKEN	19	7	39	13	7	22	107
IMPLEMENTED	19	7	39	13	7	22	107

For the 2018/19 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.



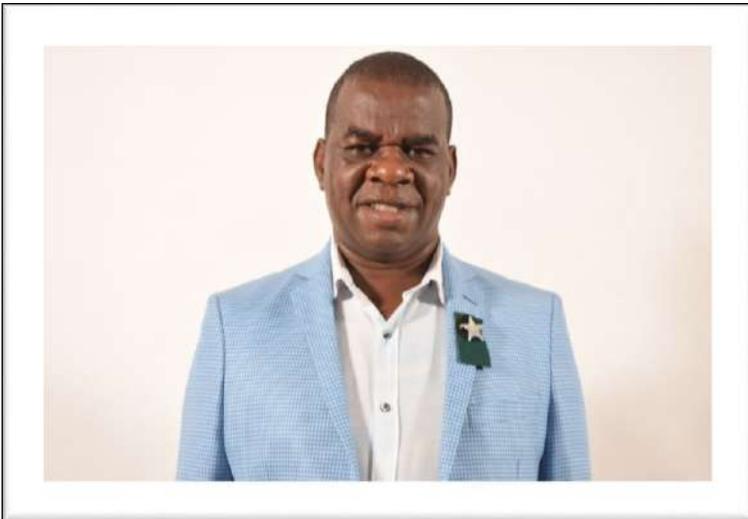
TOP ADMINISTRATIVE STRUCTURE

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



SENIOR MANAGER: 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



SENIOR MANAGER: 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 (Resigned and Currently the post is Vacant)

Functions of the CFO

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



SENIOR MANAGER: 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



SENIOR MANAGER: 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 2018/19 financial year and they are functional. The 3 remaining wards are not yet established due to community resistance however there is progress towards establishing the remaining ward committees.

THE FUNCTIONALLY THEREOF IS SUMMARIZED IN THE TABLE BELOW:

DESCRIPTION	NUMBER
No. of wards	36
No. of ward committees	33
No. of ward committee members	330
No. of functional ward committee members	330
No. of non-functional ward committees' members	30
No. of ward committees' meetings	396

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.	13 July 2018	Ward 35- Mabayeni Sports Ground
2.	19 October 2018	Ward 19- Mulendze
3.	15 March 2019	Ward 2,3 & 4- Mahatlani
4.	17 May 2019	Ward 26- Xigalo

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

For the 2018/19 financial year the following governance were established and functional:

- Internal Audit Unit is functional
- Risk Management unit is functional
- Performance Management Unit is Functional
-

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 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 considered 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 which are functional and Councillors are not members of these committees.

PROCUREMENT FOR THE FINANCIAL YEAR 2018/2019		
	NUMBER	AMOUNT
Mkhacani Construction	LIM345/1/PMU	R33 103 540,00
Ovoscape (Pty) Ltd	LIM345/2018-2018/20	R36 905 285,98
TR Building Construction	LIM345/2017-2018/30	R11 025 250,45
Shalati Construction	LIM345/2017-2018/31	R13 246 131,97
Mafunzwani construction and general supply	CCLM/09/2018/2019/TS	R 2 080 194.75
Iqembu Consulting	06/2017/2018	R3 450 000,00

- Mkhacani construction appointed in 2018/2019 financial year
- Ovoscape (Pty) Ltd appointed in 2017/2018 however the project is multiyear project
- Shalati Construction appointed in 2018/2019
- Mafunzwani construction and general supply appointed in 2018/2019
- Iqembu Consulting 2018/2019 is multiyear project

2.8. BY-LAWS

For the year under review 2018/19 ,10 (ten) by-laws for planning and development were developed and went for public participation and inputs were received and Approved by Council on the 28 of February 2019, which are

1. SPLUMA By-Laws, 2018
2. Street Trading By-law, 2018
3. Noise Control By-law, 2018
4. Advertising and Billboards By-law, 2018
5. Hardware Storage of Goods By-laws, 2018
6. Car Wash By-laws, 2018
7. Place of Public Worship By-law, 2018
8. Tuck Shops By-laws, 2018
9. Public Open Spaces By-law, 2018
10. Transportation of Goods By-laws, 2018

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 is functional and was officially launched on the 05th of April 2019.

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
Current annual and adjustment budgets and all budget related documents	Yes
All current budget related policies	Yes
The previous annual report (2017/18)	Yes
The annual report (2018/19) published / to be published	Yes
All current performance agreements required in terms of section 54/56 (1) (b) of the MSA and resulting score cards	Yes
All service delivery agreements (2017/18)	Yes
All long term borrowing contracts (2018/19)	No
All supply chain management contracts above a prescribed value (give value) for 2018/19	Yes
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 2018/19	N/A
Contracts agreed in 2018/19 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 2018/19	N/A
All quartely reports tabled in the council in terms of section 52 (d) during 2018/19	YES

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) 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 3476,5 km which 1 049 km are provincial roads, 128km are national roads and 2 299,5 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	2 299,5

Total Unpaved Gravel Road infrastructure Kilometres				
	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	32	60
Year -0	2 299,5	0	11.5	60

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	46	0	0	0	0
Year -0	57.5	11.5	4	4	6

Cost of construction/Maintenance R'000			
	Tar/Paving		
	New	Re-worked	Maintained
Year -0	72 000 000	36 906 286	0

Capital Expenditure year 0: Road service R'000					
Capital projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project values
Year -0	R83 480 000	104 8090 000	R101 850 000.	21 500 000	104 8090 000

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 stormwater.

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 2018/19 Financial year the municipality electrified 1443 households at Menele (325), Nghezimani (195), Xigalo (381), Mavambe (274) and Nghomunghomu (268) 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.

DESCRIPTION	YEAR 2	YEAR 1	YEAR 0
	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.
Electricity (at least min service level)	0	1160	1443
Electricity-prepaid (min service level)	0	1160	1443
Minimum service level and above sub-total	0	0	0
Minimum service level and above percentage	0	0	0
Electricity-prepaid (<min service level)	0	1160	1443
Electricity-prepaid (>min service level)	0	0	0
Below minimum service level sub-total	0	0	0
Below minimum service level percentage	0	0	0
Total number of households	0	1160	1443

HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM HOUSEHOLDS					
DESCRIPTION	2016/17	2017/18	2018/19		
	ACTUAL NO.	ACTUAL NO.	ORIGINAL BUDGET NO.	ADJUSTED BUDGET NO.	ACTUAL NO.
Formal Settlements					
Total Households	0	1160	1443	1443	1443
Households below minimum service level	0	1160	1443	1443	1443
Proportion of households below minimum service level	0	0	0	0	0
Informal Settlements					
Total households	0	1160	1443	1443	1443
Households below minimum service level	0	1443	1443	1443	1443
Proportion of households below minimum service level	0	0	0	0	0

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

There were five capital projects that were implemented by Collins Chabane Municipality in the 2018/2019 financial year. The projects were at Menele (325), Nghezimani (195), Xigalo (381), Mavambe (274) and Nghomunghomu (268). 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:

- Jilongo
- Hlengani
- Maphophe
- Mukhomi
- Mhinga
- Tshikonelo (Madzikuse/tshiawelo/Lombard)
- Tshikonelo (vhurivhuri/Maorani/Tshidembe)
- Tshikonelo (tshamidzi/Palathonga)

In summary, an additional 992 households were serviced with new electricity connections by Eskom 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
Msetweni Ring Road (MIG)	Shalati Construction	R10 000 000	Completed, Project is under defects and liability period.
Malamulele B internal street	Mkhacani construction	R31 070 176	Completed, Project is under defects and liability period.
Multi-Purpose Court at Mulamula Village	Ntsako-tiyani and associates	1 500 000	Completed, Project is under defects and liability period.
Nwa-Matatani Ring Road (MIG)	T.R building construction	R11 216 994	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:
- 570 Housing Units were built for approved beneficiaries during 2018/19 Financial Year

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)		
2018/19	91936	69952	76%

HOUSING				
SERVICE OBJECTIVE	SERVICE INDICATOR	SERVICE TARGET	2018/19	
			TARGET	ACTUAL
To build 570 Units for approved beneficiaries	Number of Units build to approved beneficiaries	570	570	570

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The Human Settlement has performed its mandate during 2018/19 financial year with respect to the actual delivery of 570 RDP Houses.

3.7. FREE BASIC SERVICES

The municipality has an Indigent Policy that was adopted in 2018

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 the 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 Local Government 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 Saselemani, 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... The Municipality does not collect medical and hazardous waste.

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

- 06 Compactor Trucks
- 01 Half Trucks
- 02 TLB

LANDFILL SITE

Collins Chabane Local Municipality 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 Mulembe, which are not functional Sewerage

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

3.8. 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.

APPLICATION FOR LEARNER'S LICENSE

NUMBER APPLIED	PASS	FAIL	ABSENT	DIFFERED	TOTAL TESTED
7068	5299	1560	203	6	7068

DRIVER LICENSES AND APPLICATION

NUMBER APPLIED	PASS	FAIL	ABSENT / DIFFERED	TOTAL TESTED
2463	1739	614	110	2463

MOTOR VEHICLES TESTED

NUMBER APPLIED	PASS	FAIL	RETEST	TOTAL TESTED
190	171	0	19	171

COMPONENT B: PLANNING AND DEVELOPMENT

3.9. PLANNING AND DEVELOPMENT

In terms of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) and the regulations thereof, Collins Chabane Local Municipality has established a Municipal Planning Tribunal and the Appeals Tribunal to determine its land use and land development applications. The Municipal Tribunal consists of 5 external members and 2 internal members. Furthermore, the Appeals Tribunal Consists of 4 external members and 2 internal members. The tables below show the members serving in these tribunals.

MUNICIPAL PLANNING TRIBUNAL

NAME	DESIGNATION	FIELD
Mr T.J Madima	Chairperson	Town & Regional Planning
Mr D.J Khosa	Deputy Chairperson	Town & Regional Planning
Mr K.R Rikhotso	Member	Engineering
Mr A.V Maiyana	Member	Environmental Management
Adv. R.M Rosey	Member	Legal
Mr H.C Mukwevho	Member	Municipality (CCLM)
Mr T.R Shimange	Member	Development Officer
Senior Manager: Planning and Development (VHEMBE)	Member	Municipality (VHEMBE)

APPEALS TRIBUNAL

NAME	DESIGNATION	FIELD
Ms M.J Nare	Chairperson	Town & Regional Planning
Mr MN Magezi	Deputy Chairperson	Town & Regional Planning
Adv. C Baloyi	Member	Legal
Mr T.N Hatlane	Member	Environmental Management
Mr L. Muligwe	Member	Municipality (Capricorn District)
Municipal Manager	Member	Municipality (CCLM)

SITE DEMARCATIONS

AREA	NUMBER OF SITES DEMARCATED
Tshikonelo Lombard	500
Nwamatatani	100
Merwe	300
Mbhalati	200
Makhasa	100
Tiyani-West	1000
Tshikonelo Kutane	200
TOTAL	2300

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 developed and approved the LED strategy and 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. The Municipality established its own LED Forum and is functional and one LED F held after established. The Quarterly meeting will be held in 2019/20 financial year.

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
Tourism sector forum	Rural, Agriculture and Land Reform Department
Trade sector forum	Limpopo Economic Development and Tourism
Mining sector forum	Office of the Premier
Agricultural sector forum	Department of Agriculture
Collins Chabane Chamber of Business	LEDA
LED forum	LTA, SEDA, LEDA, SEFA, COGHSTA, Office of the premier, LEDET, Other Local Municipalities and the District Municipality

3.10.2. PROGRAMMES UNDER LED:

SMME MENTORSHIP SUPPORT PROGRAMME

Collins Chabane Local Municipality SMME's with Cooperative support grant. The Municipality tourism association managed to select SMME's in the tourism sector to attend tourism trade shows such as Marula Festival, Rand Easter Show and Durban Indaba.

The Tourism was launched on the 17 of October 2017 and it will be reviewed after term of Council.

SMME Mentorship Support Programme

Collins Chabane Local Municipality conducted in partnership with Treasury conducted workshop on tendering empowerment. SMME's were workshop with skills to tender.

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
2018/19	Refuse Removal & Routine Roads Maintenance	197

COMPONENT C: COMMUNITY & SOCIAL SERVICES

3.11 LIBRARIES 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.

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	01	00	27	129
JULY	00	01	12	300
AUG	00	00	10	555
SEPT	01	00	09	394
OCT	01	00	12	418
NOV	00	00	08	246
DEC	00	00	04	18
JAN	02	00	-	302

FEB	00	00	14	250
MAR	01	00	15	279
APR	02	00	19	389
MAY	01	00	12	216
JUN	02	02	08	446
TOTAL	10	03	150	3842

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

It is worth to mention that the Libraries' 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 Saseleman 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

BURSARIES

The Class of 2018 Grade 12 Graduates received Bursaries among them the top 5 achievers from Collins Chabane

Name	High School	University	Qualification Registered
1. Nwayitelo Masiya	Ximun'wana High	Uct	Bsc (Management Studies)
2. Baloyi Wisani Wesley	Dlamani High	Uj	Ba (Strategic Communication}
3. Hluvuko Sambo	Shingwedzi High	Up	LLb
4. Maluleke Tsundzukani Sharon	Epp Mhinga	Medunsa/ Sefako Makgato	Mbchb
5. Shivambu Mukoni Thurston	Jim Chabane	Uct	Bsc (Mechanical Engineering)
6. Hlungwani Singita Trust	Ximunwana	Ul	Pharmacy
7. Makondo Filicia	Epp Mhinga	Uct	Bbc (Bachelor Of Business Science)
8. Ndove Twanano Brenuel	Epp Mhinga	University Of Venda	Bcoacr
9. Khosa Twarisani Eckard	Pp Hlungwani	Vaal University Of Technology	Electrical Engineering

It is important to indicate that Collins Chabane Local Municipality has awarded these top achievers the bursaries which covered their tuition fees, accommodation and meals.

BACK TO SCHOOL CAMPAIGNS

The Mayor of Collins Chabane has during this period under review embarked on Back to School campaigns. The following schools were visited:

- Ripambeta Secondary School: Mhinga Village; Ward 31
- Basopa High School: Maphophe Village; Ward 30
- Ximunwana High School: Phaphazela Village; Ward 18
- Shirilele High School: Mavambe Village; Ward 21
- Jim Yingwani High School: Dumela Village, Ward 16
- Khatisa High School: Gumbani Village; Ward 17
- George Sonto High School: Mahonisi Village; Ward 20
- Mahuntsi High School: Xithhelani Village, Ward 24

3.12 PARKS AND CEMETERIES

PARKS

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

THE MUNICIPALITY HAS (02) CEMETERIES:

NUMBER OF CEMETERIES	LOCATION
One	Malamulele at Xithhelani Village
One	Vuwani

The Cemeteries are continuously kept clean by the Horticulture section by the General Assistance and EPWP staff.

SERVICE STATISTICS FOR GRAVES 2018/19 FINANCIAL YEAR:

Location:	2017/18	2018/2019
Malamulele Cemetery	76 graves	160
Vuwani	There are no statistics from Vuwani due to the unrest in the area	There are no statistics from Vuwani due to the unrest in the area

3.13 MUNICIPAL BUILDING

This division provided horticulture and landscaping services within all Municipal Buildings, traffic Stations, community halls, Municipal offices, stadiums.

COMPONENT D: ENVIRONMENTAL PROTECTION

3.14 POLLUTION

WASTE MANAGEMENT AND ENVIRONMENT PROTECTION

The municipality has developed the CCLM's IWMP that was adopted or approved by the council. The following items have been 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

REFUSE REMOVAL

The Refused removal were collected at Malamulele proclaimed area with no activities that took place as the area was still Vuwani hostile during this period under review. The refused removal also was extended to the no- proclaimed areas of Njhakanjhaka, Communities surrounding Malamulele proclaimed area and

DESIGNATION OF WASTE MANAGEMENT OFFICER

The Collins Chabane Local Municipality had during this period under review designated Manager Waste Management as its Waste Management Officer.

DEVELOPMENT OF INTEGRATED WASTE MANAGEMENT PLAN

The Municipality had during this period developed the Integrated Waste Management Plan (IWWP).

3.15 CHILD CARE, AGED CARE AND SPECIAL PROGRAMMES

INTRODUCTION

Collins Chabane Local Municipality is relatively improving in responding to challenges that are faced by the marginalized group such as Children. The marginalization 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:

ACTIVITY	DATE	REPORT	COMMENTS
Learnership Programme on Plumbing, bricklaying and Electrical conducted by DBSA	Sep 2018 – Oct 2019	37 Learners attested this training	Council should intensify this programme to identify more potential beneficiaries
Disability Casualty	Sep 2018	Collins Chabane Local Municipality supported the 22 people living with disability to attend Casual day	Solidarity in South African Sign Language should be prioritized in all municipalities
ICT Training	09 March 2018	Collins Chabane in partnership with Tshirologo gave IT awards and laptops to disabled people with communication impairments on a programme that empowers them through IT training	This programme should be an on-going empowerment partnership for the disabled
JICA	26 Nov 2018 to 09 December 2018	JICA project is a program from Okinawa, Japan that looks at training and empowering persons with Disabilities	Partnership with JICA should be an ongoing thing as this will help to empower people in the Collins Chabane L.M area.

SENIOR CITIZENS

Collins Chabane Local Municipality's Senior citizen forum participated in many meetings in District, Province and National during this period under reviewed. The Chairperson of the Collins Chabane Senior Citizens was elected as the Treasurer of the Provincial Forum of the Senior Citizens. The Collins Chabane senior citizens also participated in the following activities namely:

- Golden games
- Choir by the retired citizen
- Debate
- Beauty Pageants

WOMEN

- Women celebration has been held within Collins Chabane Municipality and the participation of women was as a result of assistance given by the Collins Chabane Local Municipality.

GENDER FORUM

- The Collins Chabane Local Municipality's gender forum was launched during this period reviewed.

YOUTH

- The youth council was launched during this period under review.

COMPONENT E: HEALTH SERVICES

3.16 HIV/AIDS

The CCLM had during this period had a responsibility to provide a conducive environment and protect human dignity as outlined in Constitution of South Africa, Act, No. 108 of 1996 that protect Human rights on HIV / Aids (Section 23(1)). Despite the challenges that the CCLM had, embarked on a process of relaunching both the Local Aids Technical Committee and the Aids Council after when it was declared dysfunctional during this period under reviewed. Once more

COMPONENT F: SECURITY AND SERVICES

3.17 TRAFFIC SERVICES

The Collins Chabane Local Municipality had during this period under launched its Traffic and law enforcement.

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 have a functional unit during financial year under review.

✓ Service Statistics for Traffic Services 2018/19 Financial Year:

	Malamulele	Vuwani	Saselamani	Hlanganani
Number of vehicle road accidents 2018/2019 FY	98	300	Malamulele and Saselamani were combined for 2018/2019 FY but will be separated for FY 2019/2020	136
Number of Vehicle fatalities 2018/ 2019 FY	10	8	0	7
Number of By-law infringements	No By-laws as yet	No By-laws as yet	No By-laws as yet	No By-laws as yet
Number of traffic officers on duty on an average day	7	0	0	0

COMPONENT G: SPORTS AND RECREATION

3.18 SPORTS AND RECREATION

ARTS AND CULTURE

Collins Chabane Local Municipality hosted the Gala Dinner and the inauguration of Dr SJ Khosa Choral Music Festival during this period under review. This event was held at Shingwedzi Multi-Purpose Hall and attracted many people within Collins Chabane Local Municipality especially those who love choral music.

SPORTS

Collins Chabane Sport Council

- The Collins Chabane had during period under review launched the Collins Chabane Local Municipality Sport Council.

Collins Chabane Mayoral Soccer Challenge

- Collins Chabane Local Municipality hosted the Mayoral Soccer Challenge in December 2018.

Collins Chabane Boxing Tournament

- The Municipality had during this period hosted the Collins Chabane Boxing Tournament, the Mayoral Marathon and fun walk.

Indigenous games

- Collins Chabane Local Municipality had participated in the indigenous game during this period under reviewed in the District and also in the Provincial and National level.

COMPONENT H: ORGANISATIONAL PERFORMANCE

The 2018/19 SDBIP had 91 Key Performance Indicators (KPIs), and reported below is performance results:
A total 73 out of 91 KPIs were achieved which results to 80% of the SDBIP KPIs being achieved and 18 were not achieved.

KPA	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	ACHIEVED PERCENTAGE	UNACHIEVED PERCENTAGE
Municipal Transformation and Organisational Development	9	9	0	100%	0%
Spatial Rationale	14	10	4	71%	29%
Basic Service Delivery and Infrastructure Development	37	28	9	76%	24%
Local Economic Development	3	2	1	67%	33%
Municipal Finance Management and Viability	11	9	2	82%	18%
Good Governance and Public Participation	17	15	2	88%	12%
Total	91	73	18	80%	20%

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
DEVELOPMENT OBJECTIVE: IMPROVED GOVERNANCE AND ADMINISTRATION														
To review and submit 20 municipal policies to Council for approval by 30 June 2019	24 HR policies reviewed and approved	20 municipal policies reviewed and approved by Council by 30 June 2019	Municipal Policies review	Operation Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	88 24 HR policies reviewed and approved	None	None	Q1-Q4: - Policies and Council resolutions	DCORP
To review and submit the Organogram to Council for approval by 31 May 2019	Organogram for 2018/2019 reviewed and approved by Council.	Organogram reviewed and approved by Council by 31 May 2019	Organogram review	Operation Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	Organogram for 2018/2019 reviewed and approved by Council.	None	None	Q 3: Draft Organogram & Council resolution Q 4: Final Organogram & Council resolution	DCORP
% litigation cases attended to by 30 June 2019 (Number of Litigation cases received by	100% cases attended (5/5)	100% litigation cases attended to by 30 June 2019 (Number of Litigation cases received	Management of litigations	Operation Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	100% litigation cases attended to (16 Litigation cases received and 16 Litigation Cases attended to)	None	None	Q1- Q4: Litigation register	DCORP/ MM

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
Number of Litigation Cases attended to)		by Number of Litigation Cases attended to)												
To fill 50 posts in lign with Organogram by 30 June 2019	32 posts filled in lign with Organogram	50 posts filled in lign with Organogram by 30 June 2019	Personnel Recruitment	Operation Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	58 posts filled in lign with Organogram and 7 Interns appointed	None	None	Q4: Appointment letters, Adverts	DCORP
Number of LLF Meetings convened by 30 June 2019	12 LLF Meetings convened	12 LLF Meetings convened by 30 June 2019	LLF Meetings	Operation Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	12 LLF Meetings convened	None	None	Q1-Q4: Minutes and Attendance Registers	DCORP
To develop and Submit the workplace skills plan and Annual Training report to LGSETA 30 April 2019	Workplace skills plan developed	Workplace skills plan and Annual Training Report developed and submitted to LGSETA by 30 April 2019	Workplace skills plan	Operation Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	Workplace skills plan and Annual Training Report developed and submitted to LGSETA	None	None	Q4- Acknowledgement letter from LGSETA	DCORP

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
To develop 8 organisational performance reports by 30 June 2019	6 organisational performance report	8 organisational performance report developed by 30 June 2019	Organisational performance reports	Operation Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	8 organisational performance report developed	None	None	Q 1: 2018/18 Annual Performance Report, 2017/18 4 th quarter Report. Q 2: 2018/19 1 st quarter SDBIP report. Q 3: 2018/19 2 ND quarter SDBIP report, 2018/19 Mid- Year Report, 2017/18 Annual Report & Oversight Report. Q 4: 2018/19 3 rd quarter SDBIP report	DCORP
Number Section 57 Managers with signed performance	6 Section 57 Managers with signed performance	6 Section 57 Managers with signed performance	Performance Agreement	Operation Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	6 Section 57 Managers with signed performance agreements	None	None	Q 1: Signed Performance Agreements	DCORP/ MM

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
agreements by 30 June 2019	agreements In June 2018	agreements by 30 June 2019												
To conduct Skills Audit and compile a report by 30 June 2019	New indicator	Skills Audit conducted and report compiled by 30 June 2019	Skills Audit	Operation Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	Skills Audit conducted and report compiled	None	None	Q1: Skills audit report	DCORP

SPATIAL RATIONALE

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
DEVELOPMENT OBJECTIVE: INTEGRATED SPATIAL AND HUMAN SETTLEMENT														
To install the GIS system by 30 June 2019	New indicator	GIS system installed by 30 June 2019	Installation of GIS system	Operating Income	R500 000	R500 000	01/07/2018	30/06/2019	Target Achieved	GIS System Installed	None	None	Q1: Specification and Appointment Letter Q2-Q3: Appointment letter. Q4: Completion Certificate	DPD
To develop Precincts Plans for Hlanganani, Vuwani, Malamulele and Saselamani and submit to Council for approval by June 2019	New indicator	Precinct Plans for Hlanganani, Vuwani, Malamulele and Saselamani developed and approved by 30 June 2019	Development of Precinct Plans for Hlanganani, Vuwani, Malamulele and Saselamani	Operating Income	R10 000 000	R 4 906 176	01/07/2018	30/06/2019	Target Not achieved	Final Draft Precinct Plans for Hlanganani, Vuwani, Malamulele and Saselamani developed and not yet submitted to Council for approval	Unexpected changes on the consultation delayed the finalisation of the document	The meeting re-scheduled and the consultation took place. the draft precinct plan be will be submitted during first quarter council sitting for approval	Q1- Q4: Approved Precincts for the 4 areas and Council Resolutions	DPD
To review and submit the IDP to Council for approval by 31 May 2019	IDP reviewed by 31 May 2018	IDP reviewed and approved by Council by 31	IDP	Operating Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	IDP reviewed and approved by Council in May 2019	None	None	Q1: IDP Process Plan and Council Resolution. Q2: Attendance Registers. Q	DPD/ MM

SPATIAL RATIONALE

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
		May 2019											3: Draft IDP and Council Resolution. Q4: Final IDP and Council Resolution	
To Conduct land audit at Vuwani and Malamulele by 30 June 2019	New indicator	Land audit conducted at Vuwani and Malamulele by 30 June 2019	Land audit	Operating Income	2 000 000	R2 855 480	01/07/2018	30/06/2019	Target Achieved	Land audit conducted at Vuwani and Malamulele	None	None	Q1: Draft Land Audit Report for Malamulele –Q2: Land audit report for Malamulele. Q3: Draft Land Audit Report for Vuwani Q4: Final Land Audit Report for Vuwani	DPD
To gazette the Spatial Development Framework by 30 June 2019	Spatial Development Framework reviewed by 30 June 2018	Spatial Development Framework gazetted by 30 June 2019	Spatial Development Framework	Operating Income	R 600 000(Not Budgeted for)	R 1 360 000	01/07/2018	30/06/2019	Target Achieved	Spatial Development Framework gazetted	None	None	Q1: Gazette	DPD
To gazette the Land use Scheme	Report pending for Council approval	Land use Scheme gazetted	Land use Scheme	Operating Income	R800 000	R300 095	01/07/2018	30/06/2019	Target Achieved	Land use Scheme gazetted	None	None	Q1: Gazette	DPD

SPATIAL RATIONALE

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
by 30 June 2019		by 30 June 2019												
To Consult with Traditional Authority, Communities for Hlanganani, and Saselamani, Settlements and Rural Development by 30 June 2019	New indicator	Consultation with Traditional Authority, Communities for Hlanganani, Saselamani, Settlements and Rural Development done by 30 June 2019	Proclamation and Formalization of Hlanganani and Saselamani	Operating Income	R10 000 000	R3 000 000	01/07/2018	30/06/2019	Target Achieved	Consultation with Traditional Authority, Communities for Hlanganani, Saselamani, Settlements and Rural Development done.	None	None	Q1-Q4: Attendance Registers and Minutes:	DPD
To Formalize Malamulele Business Park, Malamulele B Ext 1 & 2 and Malamulele D Ext 1, 2 & 3 by	New Indicator	Formalization of Malamulele Business Park, Malamulele B Ext 1 & 2 and Malamulele D	Opening of Township Register for Malamulele Business Park (Malamulele-BA)	Operating Income	(Not Budgeted in the Original Budgeted) New Project	R870 000	01/07/2018	30/06/2019	Target Not achieved	Conditions of establishment have been approved by the Municipal Planning Tribunal	Delays from the Department of Agriculture, Rural Development and Land Reform to dispose of the farm portions.	Department of Agriculture, Rural Development and Land Reform has been engaged and requested to Fastrack the process.	Q 3: Correspondence with Department of Rural Development and Land Reform Transfer letter & Title Deed/s	DPD

SPATIAL RATIONALE

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
30 June 2019		Ext 1, 2 & 3 done by 30 June 2019												
Development of the Urban Design Plan for Malamulele and Vuwani and submit to Council for approval by 30 June 2019	New Indicator	Urban Design Plan for Malamulele and Vuwani by developed and approved by Council 30 June 2019	Urban Design for Malamulele and Vuwani	Operating Income	R3 000 000	R 2 453 088.	01/07/2018	30/06/2019	Target Not achieved	Draft plan developed and not yet submitted to council for approval	Delays in appointment, resulted in the delay of starting of the project.	Service Provider was eventually appointed and urban design developed and to be submitted during first quarter council sitting of 2019	Q3- Appointment letter Q4: Council Resolution.	DPD
Appointment of Service Provider for the Street Naming at Malamulele by 30 June 2019	New Indicator	Service Provider appointed for the Street Naming at Malamulele done by 30 June 2019	Street Naming for Malamulele	Operating Income	Not Budgeted in the Original Budget. (New Project)	R 1 500 000	01/07/2018	30/06/2019	Target Not Achieved	Service provider not appointed	Delay in finalising specification	Specification eventually developed and approved by the Municipal Manager and to appoint from the pool of service providers	Q-4: Appointment letter and Attendance Registers	DPD
To develop Draft General	New Indicator	Draft General Plan for demarcation	Demarcation of sites Tshikon	Operating Income	R1,500 000	R 4, 747 000	01/07/2018	30/06/2019	Target Achieved	Draft General Plan for demarcated of sites at Tshikonelo Tiyani-West	None	None	Q3: Attendance Register Q4: Draft	DPD

SPATIAL RATIONALE

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
Plan for Demarcation of sites for Tshikonelo Tiyani-West Nwamatatani, Mbhalati, Mutshauda and Makhasa by 30 June 2019		ted of sites at Tshikonelo Tiyani-West Nwamatatani, Mbhalati, Mutshauda and Makhasa settlements developed by 30 June 2019.	elo Tiyani-West Nwamatatani, Mbhalati, Mutshauda and Makhasa		(It was omitted in the Original SDBIP but budgeted for)					Nwamatatani, Mbhalati, Mutshauda and Makhasa settlements developed			General Plan	
To develop 09 Municipal By-laws and Submit to Council for approval and gazette by 30 June 2019	New Indicator	09 Municipal By-laws developed, approved by council and gazetted 30 June 2019.	Development of by-laws	Municipal Transitional Grant	R600 000	R 2 453 088	01/07/2018	30/06/2019	Target Achieved	09 Municipal By-laws developed, approved by council and gazetted	None	None	Q3: Council Resolution Q4: Gazette / Proclamation Notice	DPD

SPATIAL RATIONALE

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
To Develop Property Valuation Roll for the Rural Areas and submit to Council for approval by 30 June 2019	New Indicator	Property Valuation Roll for the Rural Areas developed and approved by Council 30 June 2019	Valuation Rolls for Rural Areas	Operating income	R 1 500 000	R1 112 000	01/07/2018	30 June 2019	Target Achieved	Property Valuation Roll for the Rural Areas developed and approved by Council	None	None	Q 3: Draft Valuation Roll Report, Q4: Council Resolution	DPD
To Develop Supplementary Property Valuation Roll for Vuwani and Malamulele Townships and Submit to Council for approval by 30 June 2019	New Indicator	Supplementary Valuation Roll for Vuwani and Malamulele Townships developed and approved by Council by 30	Supplementary Valuation Roll	Operating Income			01/07/2018	30 June 2019	Target Achieved	Supplementary Valuation Roll for Vuwani and Malamulele Townships developed and approved by Council	None	None	Q3: Draft Supplementary Valuation Report, Q4: Council Resolution	DPD

SPATIAL RATIONALE

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
		June 2019												

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
DEVELOPMENT OBJECTIVE: IMPROVED ACCESS TO SUSTAINABLE BASIC SERVICES														
To construct a Multi-Purpose Court at Mulamula Village by 30 June 2019	New Indicator	Construction of Multi-Purpose Court at Mulamula Village completed by 30 June 2019	Multi-Purpose Court at Mulamula Village	MIG	R1 500 000	1 500 000	01/07/2018	30/06/2019	Target Achieved	Construction of Multi-Purpose Court at Mulamula Village completed	None	None	Q1: Appointment letter for Engineer, scoping report, preliminary design report, Detailed design report & tender document Q2: Advert for tender. Q3: Appointment letter of the Contractor, Site & Hand Over Minutes, Q4: Progress Report, Completion certificate	DTEC

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
To construct 4.1 km internal street at Malamulele B by 30 June 2019	70% (Construction/Upgrading at Malamulele B not done)	4.1 km internal street constructed at Malamulele B internal street completed by 30 June 2019	Malamulele B internal street	MIG	R20 542 119	R36,070,175	01/07/2018	30/06/2019	Target Achieved	4.1 km internal street constructed at Malamulele B internal street completed	None	None	Q 1: Progress Report. Q2: -Q3 Progress Report Q4: Close up report and Completion Certificate	DTEC/MM
To construct Massive Earthworks of 4 km Internal Street and Surfacing of 2km at Malamulele D internal street by 30 June 2019	35% (Construction/Upgrading at Malamulele D not done)	4 km Massive Earthworks of Internal street constructed and Surfacing of 2km at Malamulele D internal street completed by 30 June 2019	Malamulele D internal street	MIG	R15 376 433	R 15 400 000	01/07/2018	30/06/2019	Target Achieved	4 km Massive Earthworks Internal street constructed and Surfacing of 2km Malamulele D internal street completed	None	None	Q1: -Q4: Progress Report	DTEC/MM

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
To construct building structures and Fencing at Xigalo land fill site by 30 June 2019	New Indicator	Construction of building structures and fencing at Xigalo land fill site completed by 30 June 2019	Xigalo land fill site	MIG	R12 000 000	R10 000 000	01/07/2018	30/06/2019	Target not Achieved	Fencing completed. Building structure not yet completed.	Delay in the transfer of MIG funds.	MIG will be only transferred in 2019/20 and project to be completed in the first quarter of 2019/20	Q1: Detailed Designs.Q2: Tender Advert and Appointment Letter of Contractor. Q3: Site Hand Over Minutes Q4 Progress Report	DTEC/MM
To fence Davhana Cemetery by 30 June 2019	New Indicator	Fencing of Davhana Cemetery completed by 30 June 2019	Fencing of Davhana Cemetery	Operation income	R250 000	R430 000	01/07/2018	30/06/2019	Target Not achieved	Fencing of Davhana cemetery not yet completed	None of the bidders complied	The project will be Re-advertised during first 2019/20 quarter to get suitable bidders	Q1-Advert and appointment letter Q2- Completion certificate Q3-Advert and appointment letter Q4- Completion certificate	DTEC
To fence Tshikonelo Cemetery by 30 June 2019	New Indicator	Fencing of Tshikonelo Cemetery completed by 30 June 2019	Fencing of Tshikonelo Cemetery	Operation income	R250 000	R250 000	01/07/2018	30/06/2019	Target Achieved	Fencing of Tshikonelo Cemetery completed	None	None	Q1-Advert and appointment letter Q2- Completion certificate Q3-Advert and appointment letter Q4-	DTEC

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
													Completion certificate	
To extend & fence Mahatlane Cemetery by 30 June 2019	New Indicator	Extension & Fencing of Mahatlane Cemetery completed by 30 June 2019	Extension & Fencing of Mahatlane Cemetery	Operation income	R300 000	R400 000	01/07/2018	30/06/2019	Target Achieved	Extension & Fencing of Mahatlane Cemetery completed	None	None	Q1 -Advert and appointment letter Q2 - Completion certificate Q3 -Advert and appointment letter Q4 - Completion certificate	DTEC
To Develop detailed design and upgrading of the existing building at Malamulele Traffic Station by 30 June 2019	New Indicator	Development of detailed and upgrading of the existing building Malamulele Traffic Station completed by 30	Malamulele Traffic Station	Operation income	R2 000 000	R800 000	01/07/2018	30/06/2019	Target Achieved	Detailed design developed and upgrading of Malamulele traffic station completed	None	None	Q1 - Specificatuiin appointment letter and designs report Q2 -progress report Q3 -Advert and appointment letter Q4 -	DTEC

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
		June 2019											Progress report	
To upgrade 1km of DCO to Hospital road from 2 lanes to 4 lanes by 30 June 2019	Planning and designs for road to DCO Hospital completed	Upgrading 1km of DCO to Hospital road from 2 lanes to 4 lanes completed by 30 June 2019	DCO to Hospital road widening	Operation income	R20 000 000	R36 906 286	01/07/2018	30/06/2019	Target Not Achieved	Upgrading of 1km of DCO to hospital road from 2 lanes to 4 lanes not completed, only Layer works and surfacing completed	Delayed by the hawkers resistance in creating space for the construction	The Hawkers were engaged through a meeting and eventually vacated the and the project to be completed at the end of October 2019	Q1- appointment letter and Site Hand Over Minutes Q2-Q4 Progress report.	DTEC/MM
To Develop detailed design and advertisement for Malamulele Stadium by 30 June 2019	New Indicator	Development of detailed design and advertisement for Malamulele done by 30 June 2019	Upgrading Malamulele Stadium	MIG	R10 000 000	R 1 875 913	01/07/2018	30/06/2019	Target Achieved	Development of detailed design and advertisement for Malamulele Stadium done	None	None	Q1- appointment letter and designs Q2- Advertisement, appointment letter and site hand over minutes Q3- Designs Q4- Advert	DTEC/MM
To construct Msetweni Ring Road (1.7 km)	Planning and designs for Mtswetweni ring	1.7 km Ring Road Constructed at Msetwe	Msetweni Ring Road (MIG)	MIG	R14 252 905	R10 000 000	01/07/2018	30/06/2019	Target Achieved	1.7 km Ring Road Constructed at Msetweni	None	None	Q1- appointment letter and Site Hand Over Minutes Q2-	DTEC/MM

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
by 30 June 2019	road completed	ni by 30 June 2019											Q3 progress report Q4-completion certificate	
To construct Nwa-Matatani Ring Road (1.7 km) by 30 June 2019	Planning and designs for Nwa-Matatani Ring Road completed	1.7 km Ring Road constructed at Nwa-Matatani by 30 June 2019	Nwa-Matatani Ring Road (MIG)	MIG	R14 252 905	R11 216 994	01/07/2018	30/06/2019	Target Achieved	1.7 km Ring Road constructed at Nwa-Matatani	None	None	Q1- appointment letter and Site Hand Over Minutes Q2 progress report Q4-Completion certificate	DTEC/MM
To Develop detailed design for Municipal office building by 30 June 2019	New Indicator	Development of detailed design for Municipal office building completed by 30 June 2019	Municipal office building	MIG	R20 000 000	1 000 000	01/07/2018	30/06/2019	Target Achieved	Detailed design for Municipal office building developed	None	None	Q1-Advert and appointment letter Q2- Site hand over minutes Q3- designs Q4- attendance register and minutes	DTEC/MM
To install and connect 17 High masts lights at Hlanganani, Hlanganani	New Indicator	Installation and connection of 17 High masts lights at Hlanganani,	High masts lights	Operation income	R7 000 000	5 000 000	01/07/2018	30/06/2019	Target Achieved	Installation and connection of 17 High masts lights completed	None	None	Q1- Specification and Advert Q2- Appointment letter and progress report Q3-Appointment	DTEC

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
i vivo, Majozi, Olifantshoek, Majoro, Manele, Xithelani, Gandlani, Roidhuis, Mulenzhe, Phaphazela, Mbhalati, Saselamani taxi rank, Saselamani, Dhavane, Mavambe and Mabidi by 30 June 2019		Hlangani vivo, Majozi, Olifantshoek, Majoro, Manele, Xithelani, Gandlani, Roidhuis, Mulenzhe, Phaphazela, Mbhalati, Saselamani taxi rank, Saselamani, Dhavane, Mavambe and Mabidi completed by 30 June 2019											letter Q4-completion certificate	
To Connect 1443	New Indicator	Connection of 1443	Electrification of Menele,	INEP	R19 000 000	17 470 552	01/07/2018	30/06/2019	Target Achieved	Connection of 1443 households at of Menele,	None	None	Q1-designs Q2-Advert and	DTEC

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
households at Menele (325), Nghezimani (195), Xigalo (381), Mavambe (274) and Nghomunghomu (268) by 30 June 2019		households at Menele (325), Nghezimani (195), Xigalo (381), Mavambe (274) and Nghomunghomu (268) completed by 30 June 2019	Nghezimani, Xigalo, Mavambe and Nghomunghomu							Nghezimani, Xigalo, Mavambe and Nghomunghomu completed			appointment letter Q3-Progress report Q4-completion certificate	
To Develop detailed Design and advertise for construction of community hall at Malamulele by 30 June 2019	New Indicator	Development of detailed design and advertisement for construction of community hall at Malamulele done by 30 June 2019	Construction of community hall at Malamulele	Operation income	R 1 000 000	R 500 000	01/07/2018	30/06/2019	Target achieved	detailed design developed and tender advertised	None	None	Q1-allocation of project to consultant Minutes Q2-designs Q3-appointment letter and Designs Q4-Advertisement	DTEC

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
To Develop detailed design and advertise for establishment of Tourism Information Centre by 30 June 2019	New Indicator	Development of detailed design and advertisement for Tourism Information Centre establishment by 30 June 2019	Tourism Information Centre	Operational Income	500 000	400 000	01/07/2018	30/06/2019	Target not achieved	Detailed design developed, tender advertisement not done	Delay in submission of the designs by the service provider	The meeting was held with the service provider and designs were eventually submitted and the project will be advertised in the first quarter 2019/20	Q1-site identification report Q2-Specification and appointed letter Q3-appointment letter and Designs Q4-Advertisement	DTEC
To Develop detailed design and advertisement for Market Stalls by 30 June 2019	New Indicator	Development of detailed design and advertisement for Market Stalls done by 30 June 2019	Market Stalls	Operational Income	5 000 000	5 000 000	01/07/2018	30/06/2019	Target not achieved	Detailed design developed, tender advertisement not done	Delay in submission of the designs	Designs were finalised after consultation with hawkers for inputs to be advertised in the first quarter 2019/20	Q1-Site identification report and Specification Q2-Designs Q3-appointment letter and Designs Q4-Advertisement	DTEC

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
To Maintain 6 Municipal facilities by 30 June 2019 (club house, Vuwani traffic station and offices, Bungeni stadium, Malamulele boxing gym, Njhakanjaka community hall and Merve stadium)	4 municipal buildings maintained	6 Municipal facilities maintained by 30 June 2019 (club house, Vuwani traffic station and offices, Bungeni stadium, Malamulele boxing gym, Njhakanjaka community hall and Merve stadium)	Maintenance of Municipal Properties	Operational Income	7 166 232	7 006 212	01/07/2018	30/06/2019	Target Not achieved	Only Njhakanjaka community hall and Malamulele boxing gym maintained	Late of submission of terms of reference to supply chain management by technical services department	Terms of reference were eventually submitted to SCM municipal facilities to be maintained in 2019/20 financial year	Q3-Q4: Invoices and Reports	DTEC

DEVELOPMENT OBJECTIVE: PROMOTE COMMUNITY WELL-BEING AND ENVIRONMENTAL WELFARE

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
To host the Mayor's soccer challenge by 30 June 2019	New Indicator	Mayor's soccer challenge hosted by 30 June 2019	Mayor's soccer challenge	Operation income	R250 000	250 000	01/07/2018	30/06/2019	Target achieved	Mayor's soccer challenge hosted	None	None	Q 2: Invitation, Pictures and Attendance Registers	DCOM
To host the Mayor's fun walk by 30 June 2019	New Indicator	Mayor's fun walk hosted by 30 June 2019	Mayor's fun walk	Operation income	100 000	300 000	01/07/2018	30/06/2019	Target Achieved	Mayor's fun walk hosted	None	None	Q3; Invitation, Pictures and Attendance Registers	DCOM
Number of Women Events held by 30 June 2019	New Indicator	2 Women Events held by 30 June 2019	Women Services	Operation income	R300 000	R159 505.5	01/07/2018	30/06/2019	Target Achieved	2 Women Events held	None	None	Q1: &Q4: Invitations & Attendance Registers	DCOM
To launch and host boxing tournament by 30 June 2019	New Indicator	Launching and hosting of boxing tournament done by 30 June 2019	Launching and hosting of the boxing tournament	Operation income	R350 000	R 322 295	01/07/2018	30/06/2019	Target Achieved	Launching and hosting of boxing tournament done	None	None	Q1: Invitation, Pictures and Report	DCOM
To launch and host Collins Chabane marathon	New Indicator	Launching and hosting Collins Chabane	Launching and hosting Collins Chabane	Operation income	R200 000	R200 000	01/07/2018	30/06/2019	Target Achieved	Launching and hosting of Collins Chabane marathon done	None	None	Q4: Invitation, Attendance Registers and Pictures	DCOM

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
by 30 June 2019		1 e marathon done by 30 June 2019	1 e marathon		(Not budgeted for)									
Number of Arrive Alive Campaigns conducted by 30 June 2019	New Indicator	2 Arrive Alive Campaigns conducted by 30 June 2019	Arrive Alive	Operation income	R50 000	R50 000	01/07/2018	30/06/2019	Target Achieved	2 Arrive Alive Campaigns conducted	None	None	Q2: & Q4: Invitation, Attendance Registers and Pictures	DCOM
To launch the sports council by 30 June 2019	New Indicator	Launching of the sports council done by 30 June 2019	Launch of the sports council	Operation income	R100 000	R100 000	01/07/2018	30/06/2019	Target Achieved	Sports council launched	None	None	Q 2: Invitation and Attendance Registers	DCOM
To launch SJ Khosa choral music festival by 30 June 2019	New Indicator	Launching of SJ Khosa choral music festival done by 30 June 2019	Launch SJ Khosa choral music festival	Operation income	R100 000	R100 000	01/07/2018	30/06/2019	Target Achieved	SJ Khosa choral music festival launched	None	None	Q1: Report	DCOM
To launch the gender forum by 30 June 2019	New Indicator	Launching of the gender forum done by	Launch of the gender forum	Operation income	R100 000	R 93 500	01/07/2018	30/06/2019	Target Achieved	Gender forum launched	None	None	Q3: Invitation & attendance Register	DCOM

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
		30 June 2019												
To Launch the youth council by 30 June 2019	New Indicator	Launching of the youth council done by 30 June 2019	Launch of the youth council	Operation income	R100 000	R 522 478	01/07/2018	30/06/2019	Target Achieved	Youth council launched	None	None	Q3: Invitation, Attendance Register & Pictures	DCOM
Number of Local AIDS Services meeting held by 30 June 2019	New Indicator	4 Local AIDS Services meeting held by 30 June 2019	Local AIDS Services	Operation income	R100 000	R 100 000	01/07/2018	30/06/2019	Target Not Achieved	3 Local AIDS Services meeting held	Shortage of staff during first quarter	Staff appointed and resumed duty in September 2018	Q1-Q4 Invitation, Attendance Register & Minutes	DCOM
Number of transport council meeting held by 30 June 2019	New Indicator	4 transport council meeting held by 30 June 2019	Transport council	Operation income	R100 000	R 99 264	01/07/2018	30/06/2019	Target not Achieved	3 transport council meeting held	Shortage of staff during first quarter	Staff appointed and resumed duty in October 2018	Q1-Q4 Invitation, Attendance Register & Minutes	DCOM
To develop and submit integrated waste management plan to council for approval by 30 June 2019	New Indicator	Integrated waste management plan developed and approved by Council by 30	Development of integrated waste management plan	Operation income	R1 000 000	R 0 (OPEX)	01/07/2018	30/06/2019	Target Achieved	integrated waste management plan developed and approved by Council	None	None	Q1: Terms of reference Q2: Draft Integrated waste management plan Q3: Integrated waste management plan	DCOM

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
		June 2019												
To develop green economy strategy and submit it to Council for approval by 30 June 2019	New Indicator	Green economy strategy developed and approved by council by 30 June 2019	Development of green economy strategy	Operation income	R100 000	R100 000	01/07/2018	30/06/2019	Target Achieved	Green economy strategy developed and approved by council	None	None	Q:1 Terms of reference Q:2 Draft green economy strategy Q:3 Final Green economy strategy & Council resolution	DCOM
To host Collins Chabane Heritage, Arts and Culture Music festival by 30 June 2019	New Indicator	Collins Chabane Heritage, Arts and Culture Music festival hosted by 30 June 2019	Collins Chabane Cultural Music festival	Own Funding	R2 000 000	R1 000 000	01/07/2018	30/06/2019	Target not Achieved	Collins Chabane Heritage, Arts and Culture Music festival not hosted	Non-adjustment of the target from the SDBIP upon resolution taken at strategic planning session to remove the project.	Implementation of the 2019/20 strategic planning resolutions that affects SDBIP adjustment during 2019/20 SDBIP adjustment	Q:4 Invitation & Pictures	DCOM
% application for learner's driver permit	100 % learner's driver permit	100 % learner's driver permit application	Learners Drivers Permit	Income	OPEX	OPEX	1/07/2018	30/06/2019	Target Achieved	100% of learners drivers permit application attended (3706 learners applications)	None	None	Q3-Q4 Register and report	DCOM

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
attended to by 30 June 2019(Number of learner's driver permit application received by number of learner's driver's permit application attended)	application attended	attended to by 30 June 2019 (Number of learner's drivers' permit application received by number of learner's application attended)								received and 3706 attended)				
% application for learner's driver licences attended to by 30 June 2019 (Number of learner's	100 % driver licences application attended	100 % driver licences application attended to by 30 June 2019 (Number of learner's	Drivers Licences	Income	OPEX	OPEX	1/07/2018	30/06/2019	Target Achieved	100% of driver's licences application attended (1250 drivers application received and 1250 driver's application attended to)	None	None	Q3-Q4 Register and report	DCOM

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
driver licences application received by number of learner's driver's application attended)		driver licences application received by number of learner's driver's application attended)												
% application for motor vehicles attended to by 30 June 2019 (Number of motor vehicles application received by number of motor vehicles application attended)	100 % motor vehicles tested	100 % motor vehicles attended to by 30 June 2019 (Number of motor vehicles application received by number of motor vehicles applicati	Motor Vehicles testing	Income	OPEX	OPEX	1/07/2018	30/06/2019	Target achieved	100% of Motor attended to (183 motor vehicles applied and 183 motor vehicles tested)	None	None	Q3-Q4 Register and report	DCOM

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
		on attended)												

LOCAL ECONOMIC DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
DEVELOPMENT OBJECTIVE: INTEGRATED LOCAL ECONOMY														
To develop and submit LED strategy to council for approval by 30 June 2019	New Indicator	LED strategy developed and approved by council by 30 June 2019	LED strategy	Operational Income	R1 500 000	R1 133 100	01/07/2018	30/06/2019	Target Achieved.	LED strategy developed and approved by council	None	None	Q 1; Appointment Letter Q2: Draft LED strategy Q3: Final Draft LED Strategy. Q4: Final LED Strategy and Council Resolution	DPD/MM
To Purchase branding Materials by 30 June 2019	New Indicator	Branding Material purchased by 30 June 2019	Branding Material	Operational Income	R100 000	R83 960	01/07/2018	30/06/2019	Target Achieved	Branding Material purchased	None	None	Q1: Appointment letter Q2: Delivery Note	DPD
To Purchase Equipment for 35 Identified Cooperatives by 30 June 2019	New Indicator	Equipment purchased for 35 identified Cooperatives by 30 June 2019	Cooperatives support	Operational Income (Not Budgeted for)	R1 000 000 (R200 000) Budget figure in the Original SDBIP differ with the Figures in the	1 000 000	01/07/2018	30/06/2019	Target not Achieved	Equipment not purchased for 35 identified Cooperatives	Delay in SCM process, specifically in getting quotation from service providers	Engaged SCM to fast track the process of getting quotation, wrote a memorandum to Acting Municipal Manager to intervene and quotation will be sourced	Q1 –Q3: Invoices	DPD

LOCAL ECONOMIC DEVELOPMENT

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
					Approved Budget							from ward based.		

MUNICIPAL FINANCE MANAGEMENT AND VIABILITY

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
DEVELOPMENT OBJECTIVE: SOUND FINANCIAL MANAGEMENT AND VIABILITY														
% Revenue collected by 30 June 2019(% revenue collected by % revenue projected)	New Indicator	100% Revenue collected by 30 June 2019(% revenue collected by % revenue projected)	Revenue Management	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Not Achieved	51% of projected Revenue collected (Projected amount R 27 761 343 Actual, R 14 087 109)	1.Unrest in Vuwani 2.Data cleansings. 3.Billing information is not accurate.	1. political intervention to resolve the Vuwani issue. 2.appointed service provider whom will be responsible for data cleansing	Q1-Q4 Financial Report	B&T/OM
% Capital budget spent by 30 June 2019(% Capital budget projected by % capital budget spent)	New Indicator	100% Capital spent by 30 June 2019 (% Capital budget projected by % capital budget spent)	Capital Budget	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Not Achieved	92% of projected capital budget spent (Projected amount R 189 764 467, Actual is R174 813 327)	Delay in appointment of service providers	Forward Planning to be implemented to avoid delays in the future	Q1-Q4 Financial Report	B&T/OM
% advertised tenders adjudicate	100%	100% advertised tenders	SCM	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	100% advertised tenders adjudicated within legislative timeframe by (56	None	None	Q1-Q4 Tender	B&T/OM

MUNICIPAL FINANCE MANAGEMENT AND VIABILITY

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
d within legislative timeframe by 30 June 2019(Number of tenders adjudicated within legislative timeframe by numbers of tenders advertised)		adjudicated within legislative timeframe by 30 June 2019 (Number of tenders adjudicated within legislative timeframe by numbers of tenders advertised)								advertised tenders adjudicated within legislative timeframe)			Register and Report	
To update the Asset Register by 30 June 2019	Assets register Updates	Asset Register updated by 30 June 2019	Asset Management	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	Asset Register updated	None	None	Q1-Q4 Updated Asset Register	B&T

MUNICIPAL FINANCE MANAGEMENT AND VIABILITY

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
To submit the Annual Financial Statement to AGSA, Treasuries and COGHSTA by 31 August 2018	2016/17 AFS Submitted	Annual Financial Statement to submitted AGSA, Treasuries and COGHSTA by 31/08/2018	AFS	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved.	AFS Submitted to AGSA, Treasuries and COGHSTA	None	None	Q1: AFS and Acknowledgements of Submission	B&T/OM
To adjust the budget and submit to Council for approval by 28 February 2019	2017/18 Budget was Adjusted in 28 February 2018	Budget adjusted and approved by Council by 28 February 2019	Budget adjustment	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	Budget adjusted and approved by Council	None	None	Q3: Adjusted budget & Council Resolution	B&T/OM
To submit 19/20 draft budget to Council by 31 March 2019	2018/19 Draft Budget developed	19/20 Draft Budget Submitted to Council by 31 March 2019	Budget development	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	19/20 Draft Budget Submitted to Council	None	None	Q3: Draft Budget and Council Resolution	B&T/OM

MUNICIPAL FINANCE MANAGEMENT AND VIABILITY

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
To submit 19/20 Final Budget to council for approval by 31 May 2019	2018/19 Final Budget Submitted	19/20 Final Budget Submitted and approved by Council by 31 May 2019	Budget development	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	19/20 Final Budget Submitted and approved by Council	None	None	Q4: Final Budget & Council Resolution	B&T/OM
Number of section 52 report submitted to Council within 30 days after the end of the quarter by 30 June 2019	4 Section 52 Reports Submitted in 2017/18	4 section 52 report submitted to Council within 30 days after the end of the quarter by 30 June 2019	Section 52	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	4 section 52 report submitted to Council within 30 days after the end of the quarter	None	None	Q1-Q4 Section 52 Reports Submitted in & Council Resolutions	B&T/OM
Number of section 71 report submitted to Mayor & Provincial	12	12 section 71 reports submitted Mayor	Section 71	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	12 section 71 report submitted Mayor & Provincial Treasury within 10 days after the end of the Month	None	None	Q1-Q4 71 Reports and Acknowledgment of Receipts	B&T/OM

MUNICIPAL FINANCE MANAGEMENT AND VIABILITY

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End Date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
Treasury within 10 days after the end of the Month by 30 June 2019		& Provincial Treasury within 10 days after the end of the Month by 30 June 2019												
To compile section 72 report and submit to the Mayor and Treasuries by 25 January 2019	2018/19 Section 72 Report Submitted to the Mayor and Treasuries	section 72 report compiled and submitted to the Mayor and Treasuries by 25 January 2019	Section 72 reporting	Own Funding	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	Section 72 compiled and submitted to the Mayor and Treasuries	None	None	Section 72 report and Acknowledgment of Receipts	B&T/OM

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
DEVELOPMENT OBJECTIVE: IMPROVED GOVERNANCE AND ADMINISTRATION														
Number of ordinary and Special Council meetings held by 30 June 2019	4	4 ordinary and 8 Special Council meetings held by 30 June 2019	Council Services	Income	OPEX	OPEX	1/7/2018	30/6/2019	Target Achieved	4 Ordinary Council Meeting and 10 Special Council Meetings held	None	None	Q1: - Q4: Council Minutes and Attendance Registers	DCORP
Number of ordinary EXCO meetings held by 30 June 2019	12	12 ordinary EXCO meetings held by 30 June 2019	Council Services	Income	OPEX	OPEX	1/7/2018	30/6/2019	Target Achieved	18 EXCO meetings held	None	None	Q1: - Q4: Council Minutes and Attendance Registers	DCORP
Number of audit and Performance committee meetings held by 30 June 2019	3 Audit and Performance committee held	4 audit and Performance committee meetings held by 30 June 2019	Auditing	Income	OPEX	OPEX	1/7/2018	30/6/2019	Target Achieved	4 Audit and performance committee meeting held.	None	None	Q 1: - Q4: Audit Committee Minutes and Attendance Registers	MM

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
To appoint a service provider for upgrading of ICT Infrastructure by 30 June 2019	ICT Infrastructure	Service provider for the upgrading of ICT Infrastructure appointed by 30 June 2019	ICT Infrastructure Upgrades	Income	R3 670 000	2 000 000	1/7/2018	30/6/2019	Target Achieved	Service provider for the upgrading of ICT Infrastructure appointed	None	None	Q 1: Specification and advert. Q2: Appointment letter Q3: Appointment letter. Q:4 Progress Report	DCORP
To appoint a service provider for the development of Automated Performance Management System by 30 June 2019	New indicator	Service provider appointed for the development of Performance Management System developed by 30 June 2019	Automated PMS	Income	R10 500 000	R5 771 125.9	01/07/2018	30/06/2019	Target Achieved	Service provider appointed for the Automated development of Performance Management System	None	None	Q1: Specification and advert Q2: appointment letter Q:3 Progress report Q4: attendance register	DCORP
To appoint the service provider for the development of Record Management System by	New indicator	Service Provider appointed for the development of Record Management System by 30	Record Management System	Income	R1 050 000	R 3 000 000	01/07/2018	30/06/2019	Target Achieved	Service Provider appointed for the development of Record Management System	None	None	Q1: Specification and advert. Q2: Appointment letter Q3 Progress Report.: Q4: Attendance Registers	DCORP

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
30 June 2019		June 2019												
To purchase IT equipment by 30 June 2019 (Laptops)	New indicator	IT equipment purchased by 30 June 2019 (Laptops)	Purchase of IT equipment	Income	R1 000 000	R 1 400 000	01/07/2018	30/06/2019	Target Achieved	IT equipment purchased (120 laptops purchased)	None	None	Q1-Q4: Proof of purchase	DCORP
To purchase furniture for offices by 30 June 2019(Chairs, Tables, and Cupboards)	Office furniture purchased	Furniture for offices purchased by 30June 2019 (Chairs, Tables and Cupboards)	Purchase of furniture	Income	R5 400 000	5 400 000,00	01/07/2018	30/06/2019	Target Achieved	Furniture for offices purchased (Chairs, Tables and Cupboards)	None	None	Q1: terms of reference and advert Q2: -Q3: Appointment Letter and Report Q4: Proof of purchase/delivery note	DCORP
To Launch Municipal Website by 30 June 2019	New Indicator	Municipal Website Launched by 30 June 2019	Municipal Website	Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	Municipal Website Lunched	None	None	Q 3: Signed Off Certificate	DCORP
Number of Newsletter edition issued by 30 June 2019	1 newsletter issued	2 Newsletter editions issued by 30	Newsletter	Income	OPEX	OPEX	01/07/2018	30/06/2019	Target not Achieve	1 newsletter issued	Delays in submission of stories to the service provider	To submit stories to the service provider on time and to issue the 3 rd quarter	Q 3-Q4: Newsletter Edition	DCORP

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
		June 2019										newsletter edition in the first quarter of 2019/20		
Number of communicators forum held by 30 June 2019	New Indicator	2 communicators forum held by 30 June 2019	Communicators forum	Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	2 Communicator forums held	None	None	Q3-Q4 Invitation Minutes and attendance register	DCORP
Number of Mayoral Imbizo held by 30 June 2019	4 Imbizo convened	2 Mayoral Imbizo held by 30 June 2019	Mayoral Imbizo	Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	2 Mayoral Imbizo held	None	None	Q1-Q4 Invitation Attendance register	MM
Number of bursary beneficiaries awarded with mayoral bursary by 30 June 2019	Bursary Policy developed	10 bursary beneficiaries awarded with mayoral bursary by 30 June 2019	Mayoral bursary	Income	R 500 000	R 500 000	01/07/2018	30/06/2019	Target Achieved	10 bursary beneficiaries awarded with mayoral bursary	None	None	Q3: Confirmation letter	MM
Number of risk register developed and reviewed by 30 June 2019 (Strategic,	New indicator	3 risk register developed and 1 reviewed by 30 June 2019 (Strategic,	Risk register	Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	3 risk register developed (Operational, Fraud and mSCOA) and 1 reviewed (Strategic)	None	None	Q3: Operational, mSCOA and Fraud risk register Q4: Strategic risk register	MM

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
Operational, Fraud and mSCOA)		c, Operational, Fraud and mSCOA)												
Number of risk management reports developed and submitted to Risk management and Audit Committee by 30 June 2019	New indicator	2 risk management reports developed and submitted to Risk management and Audit Committee by 30 June 2019	Risk management report	Income	OPEX	OPEX	01/07/2018	30/06/2019	Target Achieved	2 risk management reports developed and submitted to Risk management and Audit Committee	None	None	Q:3-Q:4 Risk management reports	MM
Number of risk management committee meetings held by 30 June 2019	New indicator	2 risk management committee meetings held by 30 June 2019	Risk management committee meetings	Income	OPEX	OPEX	01/07/2018	30/06/2019	Target not Achieved	1 risk management committee meetings held	Late appointment of the Risk Committee Chairperson	Risk committee chairperson appoint in April	Q:3-Q:4 Attendance register and minutes	MM
To install CCVT at Malamulele Traffic	New Indicator	CCVT Traffic stations installed	Installation of CCVT at Malamulele	Operation income	100 000	100 000	01/07/2018	30/06/2019	Target Achieved	CCVT Camera at Malamulele traffic station installed	None	None	Q1: Specification, Advert and Appointment	DCORP

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Key Performance Indicators /Measurable Objective	Baseline	Annual Targets	Project Name	Funding Source	Original Budget 18/19 R'000	Adjusted Budget 18/19 R'000	Start Date	End date	Status of achievement	Progress to date	Challenges	Intervention	Portfolio of Evidence	Dept.
stations by 30 June 2019		at Malamulele by 30 June 2019	ele Traffic stations										letter of Service Provider Q2: Completion certificate Q3: Specification , Advert and Appointment letter of Service Provider Q4: Completion certificate	

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 2018/19 FY					
Division (As per organogram)	Approved posts in organogram (No.)	Filled posts (No.)	Vacant (No.)	Vacancy Rate (%)	
Office of the Municipal Manager	20	13	7	35%	
Technical & Engineering Services	110	38	72	65%	
Community Services	196	124	72	37%	
Corporate Services	43	35	08	17%	
LED & Planning	21	15	06	27%	
Financial Services	46	27	19	41%	
Total	436	252	184	42 %	

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%
2018/19	252	02	80%

4.2. POLICIES

LISTED BELOW ARE COUNCIL APPROVED HUMAN RESOURCE POLICIES

- Staff Provisioning Policy
- Leave Policy
- Overtime Policy
- Car Allowance Policy
- Placement Policy
- Occupational Health and Safety Policy
- Mayor's Bursary Fund Policy
- Fleet Management Policy
- Attendance and Punctuality Policy
- Municipal Employee Sports
- EPWP Policy
- Tele Communication Policy
- Bereavement Policy
- Travel and Subsistence Allowance Policy
- Performance Management Framework
- Training and development Policy
- Bereavement Policy for Officials

The above listed policies were tabled to and approved during the year under review.

4.3. INJURIES, SICKNESSES AND PERFORMANCE REWARD

INJURIES

Number of Injury Incidents on Duty	
Type of injury	Number of Injury incidents on duty
Required basic medical attention	None
Temporary disablement	2
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 492 sick leave days 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:

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	Total
Municipal Finance	-	-	-	-	-	-	-	6	06
MFMP	26	-	-	-	-	-	-	-	26
Tools & Techniques for New Audit Manager (TNAM)	1	-	-	-	-	-	-	-	1
Conducting an Audit from Cradle to Grave	-	-	-	-	-	-	-	2	2
HR, Post module and Equity	2	-	4	-	-	-	-	1	7
Leave and ESS modules	1	-	1	-	-	-	-	1	3
Basic report writer	3	-	-	-	-	-	-	1	4
Orgplus	2	-	4						
System administrator	1	-	2	-	-	-	-	-	03
ICIP	29	-	-	-	-	-	-	-	29
TOTAL	47	4	-	-	-	-	-	11	62

CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

5. FINANCIAL PERFORMANCE

5.1. STATEMENT OF FINANCIAL PERFORMANCE

Financial Overview: 2018/19			
Summary: Statement of financial Performance			
Description	Budget 2018/19	Actual 2018/19	Variance
Total Revenue by Source (Excluding Capital Transfers)	R 373,911	R 392,728	R 18,817
Less: Total Expenditure	(R 268,722)	(R 280,758)	(R 12,036)
Equals: Surplus/ deficit	R 105,189	R 111,970	

OPERATING & CAPITAL EXPENDITURE ANALYSIS THE BELOW TABLE INDICATE THE EXPENDITURE BY TYPE

Description	Budget 2018/19	YTD 2018/19	Actual	Variance
	R'000	R'000		
Employee related costs	R 83,680	R 83,743		(R 62)
Remuneration Of councillors	R 26,395	R 26,353		R 42
Debt impairment	R 10,016	R 7,183		R 2,832
Depreciation & asset impairment	R 14,243	R 24,430		R 10,186
Finance charges	-	R 41,243		(R 41,243)
Bulk purchases	-	-		-
Contracted services	R 71,219	R 65,607		R 5,612
Capital Projects (MIG)	R 101,850	R101,850		-
Other expenditure	R 63,166	R 73,399		(R 10,233)
Total Expenditure	R 370,572	R 382,608		(R 12,036)

INCOME ANALYSIS

Description	Budget 2018/19	YTD ACTUAL 2018/19
	R'000	R'000
Property Rates	R 20,461	R 33,937
Service Charges	R 2,733	R 2,694
Transfer recognized-Operational	R 331,608	R 331,608
Transfer recognized-Capital	R 118,850	R 118,850
Other Revenue	R 19,109	R 24,489
Total Revenue	R492,761	R 511,578

5.2. GRANTS

Details	Opening balance 01 July 2018	Dora allocation 2018/2019	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	R21 500 000	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 134 000	-	R1 134 000
Municipal Systems Improvements Grant(MSIG)	-	-	-	R1 061 000	-	R 1 061 000

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 Annual Financial Statements for the year ended June 30, 2019

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

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
Chief Finance Officer (CFO)	Makamu E - until 31 May 2019 Maringa R (Acting CFO) - from 01 November 2018
Accounting Officers	Ngobeni TC Shilenge RR (Acting)
Registered office	Municipal Offices 125 Hospital Street Malamulele 0982
Business address	Municipal Offices 125 Hospital Street Malamulele 0982
Postal address	Private Bag X9271 Malamulele 0982
Bankers	First National Bank
Auditors	Auditor-General South Africa (AGSA)

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

General Information

Mayor

Cllr Bila TJ (until 13 December 2018)
Cllr Maluleke M (From 13 December 2018)
Cllr Lebea ME
Cllr Chauke MG

Speaker

Chief whip

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

Other members of Municipal Council

Cllr Shivambu S
Cllr Mabasa D
Cllr Khoza TG
Cllr Matamela MS
Cllr Masangu GD
Cllr Bila TJ
Cllr Chauke TR
Cllr Maluleke ET
Cllr Simango MR
Cllr Hlongwane SG
Cllr Makhubele HT
Cllr Ndove HD
Cllr Mudau TS
Cllr Mabasa KK
Cllr Ngobeni MR
Cllr Mabasa J
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 Moyo MT
Cllr Mathonsi NP
Cllr Sambo TM
Cllr Sithole MW
Cllr Shandukani MJ
Cllr Chavani PJ
Cllr Mashakeni
Cllr Mulaudzi TN
Cllr Mudau RP
Cllr Madavhu FF(Retired)
Cllr Maswanganyi TC
Cllr Ndzovela NG
Cllr Rekhotso SM
Cllr Nkuna DT
Cllr Miyambo ZQ
Cllr Baloyi MJ
Cllr Baloyi NJ

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

General Information

Cllr Mahlangu D
Cllr Mabasa RC
Cllr Baloyi OC
Cllr Vukeya HM
Cllr Machovani RG
Cllr Tshiredo CE
Cllr Hlabangwani TL
Cllr Radzivhoni CM
Cllr Masia TM
Cllr Mathoma MP
Cllr Rikhotso GM
Cllr Thovhakale MS
Cllr Ngobeni NL

Audit Committee members:

Mudau FJ (Chairperson)
Hlomane HG (Resigned 07 November 2019)
Phaleng Podile MH (Appointed 20 August 2019)
Nchabeleng MF (Appointed 20 August 2019)
Nevhutalu TG CA(SA) (Appointed 20 August 2019)
Baloyi NT (Appointed 30 June 2019)

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

Index

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

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Abbreviations

CFO	Chief Financial Officer
DoRA	Division of Revenue Act
EPWP	Extended Public Works Programme
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
INEP	Intergrated National Electrification Grant
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure
MM	Municipal Manager
MTDG	Municipal Transformation Demarcation Grant
NT	National Treasury
SDL	Skill Development Levy
SALGA	South African Local Government Association
SARS	South African Revenue Services
UIF	Unemployment Insurance Fund
WIP	Work in Progress

Collins Chabane Local Municipality

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Accounting Officer's Responsibilities and Approval

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

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

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

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

The accounting officers have reviewed the municipality's cash flow forecast for the year to June 30, 2020 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 municipality is dependent on the intergovernmental grants and transfers for continued funding of operations. The annual 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 annual financial statements set out on pages 6 to 63, which have been prepared on the going concern basis, were approved and signed on behalf of Council on August 31, 2019 by:

**Shilenge RR (Acting)
Acting Municipal Manager**

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

Accounting Officer's Report

The accounting officers submit their report for the year ended June 30, 2019.

1. Incorporation

The municipality was incorporated on August 10, 2016 and commenced business 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 consists of 71 elected councilors and 36 wards.

2. Going concern

We draw attention to the fact that at June 30, 2019, the municipality had accumulated surplus of R 913,597,752 and that the municipality's total assets exceed its liabilities by R 913,597,752.

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

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 officers continue to secure funding for the ongoing operations for the municipality and that sound annual financial statements will remain in force for as so long as it takes to maintain the solvency of the municipality.

3. Subsequent events

For subsequent events disclosures refer to note 39 .

4. Accounting policies

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

5. Accounting Officer

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name	Nationality
Ngobeni TC	South African
Shilenge RR (Acting)	South African

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

Statement of Financial Position as at June 30, 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
Inventories	8	1,258,993	962,484
Other receivables from exchange transactions	9	9,174,304	10,468,198
Receivables from non-exchange transactions	10	24,404,250	10,216,489
Consumer receivables from exchange transaction	11	1,032,783	70,644
VAT receivable	12	11,848,968	2,843,590
Cash and cash equivalents	13	330,956,279	248,119,468
		378,675,577	272,680,873
Non-Current Assets			
Investment property	3	15,570,000	10,258,000
Property, plant and equipment	4	589,984,767	460,957,985
Intangible assets	5	509,250	729,222
Other financial assets	6	2	2
		606,064,019	471,945,209
Total Assets		984,739,596	744,626,082
Liabilities			
Current Liabilities			
Finance lease obligation	14	387,756	753,049
Payables from exchange transactions	16	61,776,308	25,020,128
Employee benefit obligation	7	3,685,316	3,492,898
Unspent conditional grants and receipts	15	-	28,859,142
		65,849,380	58,125,217
Non-Current Liabilities			
Finance lease obligation	14	-	387,756
Employee benefit obligation	7	5,292,472	3,335,220
		5,292,472	3,722,976
Total Liabilities		71,141,852	61,848,193
Net Assets		913,597,744	682,777,889
Accumulated surplus		913,597,752	682,777,886

* See Note 35

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	2,694,574	2,375,697
Rendering of services		1,339,759	2,316,848
Agency services	17	2,133,544	1,872,904
Licences and permits	17	2,500,227	3,764,756
Rental income	17	46,537	59,301
Interest income	20	11,741,614	12,508,136
Total revenue from exchange transactions		20,456,255	22,897,642
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	21	33,937,423	32,216,300
Gain on assets/ fair value adjustment	17	6,355,052	17,681,517
Traffic fines	17	371,350	-
Transfer revenue			
Government grants & subsidies	22	450,458,142	429,447,148
Total revenue from non-exchange transactions		491,121,967	479,344,965
Total revenue	17	511,578,222	502,242,607
Expenditure			
Employee related costs	23	(83,743,589)	(61,045,155)
Remuneration of councillors	24	(26,353,098)	(25,106,595)
Depreciation and amortisation	25	(24,430,357)	(14,827,034)
Finance costs		(41,243)	(41,243)
Debt Impairment	26	(7,183,608)	(151,298,955)
Repairs and maintenance		(4,037,077)	(2,336,383)
Contracted services	27	(65,607,132)	(29,860,510)
General Expenses	28	(69,362,254)	(34,923,989)
Total expenditure		(280,758,358)	(319,439,864)
Operating surplus		230,819,864	182,802,743
Gain from transfer of functions between entities not under common control	31	-	9,998,708
Surplus for the year		230,819,864	192,801,451

* See Note 35

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at July 1, 2017	489,976,435	489,976,435
Changes in net assets		
Surplus for the year	192,801,451	192,801,451
Total changes	192,801,451	192,801,451
Opening balance as previously reported	790,352,089	790,352,089
Adjustments		
Prior year adjustments (Note 35)	(107,574,201)	(107,574,201)
Restated* Balance at July 1, 2018 as restated*	682,777,888	682,777,888
Changes in net assets		
Surplus for the year	230,819,864	230,819,864
Total changes	230,819,864	230,819,864
Balance at June 30, 2019	913,597,752	913,597,752
Note(s)		

* See Note 35

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Property rates		14,287,283	4,096,373
Service charges		562,402	1,371,035
Grants and subsidies		421,599,004	419,367,001
Interest income		11,741,614	10,097,615
Other receipts		50,074,879	13,613,845
		<u>498,265,182</u>	<u>448,545,869</u>
Payments			
Employee costs		(107,947,017)	(86,299,547)
Suppliers and other payments		(135,059,140)	(50,126,611)
		<u>(243,006,157)</u>	<u>(136,426,158)</u>
Net cash flows from operating activities	30	<u>255,259,025</u>	<u>312,119,711</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(171,669,166)	(129,580,221)
New investment addition		-	(120,000,000)
Net cash flows from investing activities		<u>(171,669,166)</u>	<u>(249,580,221)</u>
Cash flows from financing activities			
Finance lease payments		(753,048)	(753,048)
Net increase/(decrease) in cash and cash equivalents		<u>82,836,811</u>	<u>61,786,442</u>
Cash and cash equivalents at the beginning of the year		248,119,468	186,333,026
Cash and cash equivalents at the end of the year	13	<u>330,956,279</u>	<u>248,119,468</u>

* See Note 35

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges - refuse	4,617,287	(1,883,792)	2,733,495	2,694,574	(38,921)	Note 44
Other income	1,708,715	648,774	2,357,489	1,339,759	(1,017,730)	
Agency services	3,034,396	(980,230)	2,054,166	2,133,544	79,378	
Licence and permits	5,529,760	-	5,529,760	2,500,227	(3,029,533)	
Rental income	93,135	-	93,135	46,537	(46,598)	
Interest income - Debtors	2,818,747	(2,818,747)	-	-	-	
Interest income - Bank	4,160,488	2,807,224	6,967,712	11,741,614	4,773,902	
Total revenue from exchange transactions	21,962,528	(2,226,771)	19,735,757	20,456,255	720,498	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	15,415,666	5,045,576	20,461,242	33,937,423	13,476,181	
Gain on assets	167,124	-	167,124	6,355,052	6,187,928	
Other taxation revenue 2	167,457	(167,457)	-	371,350	371,350	
Transfer revenue						
Government grants & subsidies	430,897,000	21,500,000	452,397,000	450,458,142	(1,938,858)	
Total revenue from non-exchange transactions	446,647,247	26,378,119	473,025,366	491,121,967	18,096,601	
Total revenue	468,609,775	24,151,348	492,761,123	511,578,222	18,817,099	
Expenditure						
Personnel	(78,958,853)	(4,722,087)	(83,680,940)	(83,743,589)	(62,649)	
Remuneration of councillors	(26,395,324)	-	(26,395,324)	(26,353,098)	42,226	
Depreciation and amortisation	(14,243,569)	-	(14,243,569)	(24,430,357)	(10,186,788)	
Finance costs	-	-	-	(41,243)	(41,243)	
Debt Impairment	(10,016,477)	-	(10,016,477)	(7,183,608)	2,832,869	
Repairs and maintenance	(8,506,212)	3,547,475	(4,958,737)	(4,037,077)	921,660	
Contracted Services	(26,515,778)	(44,703,605)	(71,219,383)	(65,607,132)	5,612,251	
General Expenses	(83,482,059)	25,274,059	(58,208,000)	(69,362,254)	(11,154,254)	
Total expenditure	(248,118,272)	(20,604,158)	(268,722,430)	(280,758,358)	(12,035,928)	
Surplus	220,491,503	3,547,190	224,038,693	230,819,864	6,781,171	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	220,491,503	3,547,190	224,038,693	230,819,864	6,781,171	
Reconciliation						

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

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	995,340	525,590	1,520,930	1,258,993	(261,937)	
Other receivables from exchange transactions	18,996,260	2,278,297	21,274,557	9,174,304	(12,100,253)	
Receivables from non-exchange transactions	-	-	-	24,404,250	24,404,250	
VAT receivable	-	-	-	11,848,968	11,848,968	
Consumer debtors - other	265,586,657	(250,779,658)	14,806,999	1,032,783	(13,774,216)	
Call Investment deposits	61,102,000	(61,102,000)	-	-	-	
Cash and cash equivalents	349,691,209	(16,748,627)	332,942,582	330,956,279	(1,986,303)	
	696,371,466	(325,826,398)	370,545,068	378,675,577	8,130,509	
Non-Current Assets						
Investment property	10,258,000	-	10,258,000	15,570,000	5,312,000	
Property, plant and equipment	711,765,671	340,449,249	1,052,214,920	589,984,767	(462,230,153)	
Intangible assets	868,140	-	868,140	509,250	(358,890)	
Other financial assets	-	-	-	2	2	
	722,891,811	340,449,249	1,063,341,060	606,064,019	(457,277,041)	
Total Assets	1,419,263,277	14,622,851	1,433,886,128	984,739,596	(449,146,532)	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	387,756	387,756	
Payables from exchange transactions	33,254,260	(13,976,541)	19,277,719	61,776,308	42,498,589	
Employee benefit obligation	-	-	-	3,685,316	3,685,316	
Provisions	1,596,870	28,600,392	30,197,262	-	(30,197,262)	
	34,851,130	14,623,851	49,474,981	65,849,380	16,374,399	
Non-Current Liabilities						
Finance lease obligation	639,180	-	639,180	-	(639,180)	
Employee benefit obligation	3,107,680	-	3,107,680	5,292,472	2,184,792	
	3,746,860	-	3,746,860	5,292,472	1,545,612	
Total Liabilities	38,597,990	14,623,851	53,221,841	71,141,852	17,920,011	
Net Assets	1,380,665,287	(1,000)	1,380,664,287	913,597,744	(467,066,543)	

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

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	8,478,800	2,948,915	11,427,715	14,287,283	2,859,568
Service charges	2,539,350	(1,887,860)	651,490	562,402	(89,088)
Grant and subsidies	430,897,000	-	430,897,000	421,599,004	(9,297,996)
Other receipts	10,608,150	34,627,179	45,235,329	50,074,879	4,839,550
Interest - Bank	8,979,000	2,371,218	11,350,218	11,741,614	391,396
	461,502,300	38,059,452	499,561,752	498,265,182	(1,296,570)

Payments

Employee costs	(222,804,069)	(1,253,442)	(224,057,511)	(107,947,017)	116,110,494
Remuneration of councillors	(411,600)	-	(411,600)	-	411,600
Suppliers and other payments	-	-	-	(135,059,140)	(135,059,140)
	(223,215,669)	(1,253,442)	(224,469,111)	(243,006,157)	(18,537,046)

Net cash flows from operating activities	238,286,631	36,806,010	275,092,641	255,259,025	(19,833,616)
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Cash flows from investing activities

Purchase of property, plant and equipment	(210,294,362)	20,529,895	(189,764,467)	(171,669,166)	18,095,301
Proceeds from sale of investment property	167,000	-	167,000	-	(167,000)

Net cash flows from investing activities	(210,127,362)	20,529,895	(189,597,467)	(171,669,166)	17,928,301
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Cash flows from financing activities

movement in finance lease	-	-	-	(753,048)	(753,048)
Repayment of other financial liabilities	(672,000)	-	(672,000)	-	672,000

Net cash flows from financing activities	(672,000)	-	(672,000)	(753,048)	672,000
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Net increase/(decrease) in cash and cash equivalents	27,487,269	57,335,905	84,823,174	82,836,811	(1,233,315)
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Cash and cash equivalents at the beginning of the year	322,204,000	(74,084,532)	248,119,468	248,119,468	-
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Cash and cash equivalents at the end of the year	349,691,269	(16,748,627)	332,942,642	330,956,279	(1,233,315)
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Reconciliation

All significant variances +/-10 have been explained under note 43.

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

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).

1.2 Going concern.

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 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.

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.

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

Accounting Policies

1.1 Presentation currency (continued)

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.

1.2 Going concern assumption

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

1.3 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.

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;

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2019

Accounting Policies

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

- 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)

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, an 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.

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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.

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

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

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Accounting Policies

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.

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

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1.5 Property, plant and equipment (continued)

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
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).

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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.

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)
Licenses and franchises	Straight line	3-5
Computer software, other	Straight line	3-5
Other intangible assets	Straight line	3-5

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Accounting Policies

1.6 Intangible assets (continued)

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).

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.

Consumer deposits are recognised as liabilities

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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.

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.

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1.7 Financial instruments (continued)

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.

Finance leases - lessee

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

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

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

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

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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.

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

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 managed 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:

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

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

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Accounting Policies

1.12 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.

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.

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1.12 Employee benefits (continued)

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.

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.

1.13 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.

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Accounting Policies

1.13 Provisions and contingencies (continued)

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when 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 33.

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

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Accounting Policies

1.13 Provisions and contingencies (continued)

- 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.

1.14 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.

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.

1.15 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

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Accounting Policies

1.15 Revenue from exchange transactions (continued)

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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Accounting Policies

1.15 Revenue from exchange transactions (continued)

Interest

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

1.16 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.

Gain on assets - this apply die to assets acquired at no consideration or including fair value adjustment on investment property.

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.

Property rates

The Municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria is met. Revenue from property rates is recognised when the legal entitlement to this revenue arises.

Collection charges are recognised when such amounts are legally enforceable.

Rebates are respectively granted to owner of land on which not more than two dwelling units are erected provided that solely used for residential purpose.

Assessment rates income is recognised when rates account has been issued to the ratepayers

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

Government grant and transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

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Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Traffic Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.17 Investment income

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

1.18 Comparative figures

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

1.19 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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

1.21 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the 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.

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Accounting Policies

1.21 Irregular expenditure (continued)

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.

1.22 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 an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2019 to 6/30/2020.

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

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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

1.23 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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 those family members who may be expected to influence, or be

influenced by, that management in their dealings with the municipality. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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Accounting Policies

1.24 Events after reporting date (continued)

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 Annual Financial Statements

Figures in Rand	2019	2018
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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, 2019 or later periods:

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

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

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

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

The effective date of the interpretation is for years beginning on or after April 1, 2019.

The municipality expects to adopt the interpretation for the first time in the 2019 annual financial statements.

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

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

The most significant changes to the Standard are:

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

The effective date of the amendment is for years beginning on or after April 1, 2018.

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

GRAP 18 (as amended 2016): Segment Reporting

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after April 1, 2018

The municipality has adopted the amendment for the first time when the Minister sets the effective date for the amendment.

The impact of the amendment is set out in note Changes in Accounting Policy.

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2. New standards and interpretations (continued)

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

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

The most significant changes to the Standard are:

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

The effective date of the amendment is for years beginning on or after April 1, 2018.

The municipality has adopted the amendment for the first time in the 2019 annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

3. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	15,570,000	-	15,570,000	10,258,000	-	10,258,000

Reconciliation of investment property - 2019

Investment property	Opening balance 10,258,000	Fair value adjustments 5,312,000	Total 15,570,000
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Reconciliation of investment property - 2018

Investment property	Opening balance 10,258,000	Total 10,258,000
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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 2019

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Figures in Rand

2019

2018

4. Property, plant and equipment

	2019			2018		
	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	25,132,206	(2,495,893)	22,636,313	19,964,503	(1,727,640)	18,236,863
Movable assets	52,218,475	(11,906,473)	40,312,002	40,129,521	(5,357,375)	34,772,146
Community assets	89,235,703	(8,450,706)	80,784,997	44,371,676	(4,535,858)	39,835,818
Road infrastructure	281,387,558	(23,277,604)	258,109,954	189,129,215	(11,135,753)	177,993,462
Leased assets	2,503,375	(2,115,374)	388,001	2,503,375	(1,280,915)	1,222,460
WIP - Infrastructure	173,892,718	-	173,892,718	174,855,775	-	174,855,775
Electricity assets	5,474,071	(562,729)	4,911,342	5,474,071	(382,050)	5,092,021
Total	638,793,546	(48,808,779)	589,984,767	485,377,576	(24,419,591)	460,957,985

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	8,949,440	-	-	-	-	-	8,949,440
Buildings	18,236,863	-	5,157,708	-	(758,258)	-	22,636,313
Movable assets	34,772,146	12,089,902	-	-	(4,170,567)	(2,379,479)	40,312,002
Community assets	39,835,818	-	44,864,027	-	(3,914,848)	-	80,784,997
Road infrastructure	177,993,462	-	92,258,344	-	(9,934,104)	(2,207,748)	258,109,954
Leased Assets	1,222,460	-	-	-	(834,459)	-	388,001
WIP - Infrastructure	174,855,775	159,570,264	-	(160,533,321)	-	-	173,892,718
Electricity Assets	5,092,021	-	-	-	(180,679)	-	4,911,342
	460,957,985	171,660,166	142,280,079	(160,533,321)	(19,792,915)	(4,587,227)	589,984,767

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Transfers received	Transfers	Depreciation	Total
Land	8,949,440	-	-	-	-	8,949,440
Buildings	19,076,972	-	-	-	(840,109)	18,236,863
Movable assets	16,333,373	22,123,755	-	-	(3,684,982)	34,772,146
Community	42,235,221	-	-	-	(2,399,403)	39,835,818
Road - Infrastructure	139,098,834	-	-	45,009,512	(6,114,884)	177,993,462
Leased Assets	1,639,493	395,455	-	-	(812,488)	1,222,460
WIP - Infrastructure	104,631,782	107,061,011	8,172,494	(45,009,512)	-	174,855,775
Electrical assets	5,291,801	-	-	-	(199,780)	5,092,021
	337,256,916	129,580,221	8,172,494	-	(14,051,646)	460,957,985

The Municipality reviewed the Property, Plant and equipment useful lives and residual values as at 30 June 2019.

Pledged as security

During the financial year ended 30 June 2019, no components of property, plant and equipment were pledged as security for borrowings or banking facilities.

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Figures in Rand 2019 2018

5. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,099,860	(590,610)	509,250	1,099,860	(370,638)	729,222

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software, other	729,222	(219,972)	509,250

Reconciliation of intangible assets - 2018

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

The municipality has reviewed the useful lives, residual values and performed assessment of impairment as at 30 June 2019

6. Other financial assets

Residual interest at cost

Investment - VBS	122,410,521	122,410,521
Impairments	122,410,521 (122,410,519)	122,410,521 (122,410,519)
	2	2

At amortised cost

Investment - VBS	122,410,521	122,410,521
Total other financial assets	122,410,523	122,410,523

Non-current assets

Residual interest at cost	2	2
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Financial assets at fair value

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	2019	2018
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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 award	3,579,673	3,879,266
Defined benefit obligation - unused leave benefits	5,398,115	2,948,852
	8,977,788	6,828,118

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 years of services.

In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of every year. The latest valuation was performed by ARCH Actuarial Consulting for 30 June 2019.

Long service awards relate to the legal obligation to provide long service awards. Actuarial benefits have been calculated for 218 eligible employee as at 30 June 2019 that are entitled to long service awards.

The long service awards liability is not a funded arrangement. i.e no assets have been set aside to meet this liability. The municipality offers rewards as per specified year intervals of completed service.

	2019	2018
Long term portion	R3 391 203	R2 667 693
Current portion	R188 470	R1 211 573
	R3 579 673	R3 879 266

Key assumptions

	2019	2018
Discount rate (%)	8	8
General salary inflation (%)	6	6
Net discount rate (%)	2	2
Average retirement age (Years)	62	63
	-	-

7.2 Unused leave days.

This is the present value of the total unused leave benefit expected to become 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 day terms to cover all expected unused leave benefit for current employees.

	2019	2018
Long term portion	R1 901 269	R667 527
Current portion	R3 496 846	R2 281 325
	R5 398 115	R2 948 852

Assumption used at the reporting date

	2019	2018
Discount rates used	9.15%	9.37%
General salary inflation	6.14%	6.74%
Net discount rate	2.83%	2.46%
Average retirement age	62	63

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8. Inventories		
Consumable stores	1,258,980	962,471
Land inventory	13	13
	1,258,993	962,484
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.		
9. Other receivables from exchange transactions		
Sundry debtors	9,174,304	10,468,198
There was no sundry debtors which was pledged as collateral		
10. Other receivables from non-exchange transactions		
Property rates	52,359,489	33,647,049
Property rates impairment	(27,955,239)	(23,430,560)
	24,404,250	10,216,489
Ageing for rates.	2019	2018
Current (0-30 days)	8,516,044	1,548,069
31-60 days	2,682,059	874,049
61- 90 days	2,609,348	857,471
91-120 days	2,437,586	791,585
121-365 days	11,895,454	5,522,872
> 365 days	24,218,998	24,053,002
	52,359,489	33,647,048
	(27,955,239)	(23,430,560)
	24,404,250	10,216,488
Less: Allowance for impairment		
Fair value of consumer debtors approximates the carrying amount thereof.		
11. Consumer receivables from exchange transaction		
Gross balances		
Refuse	15,898,385	12,277,318
Consumer debtors - other	22,471,597	22,471,597
	38,369,982	34,748,915
Less: Allowance for impairment		
Refuse	(14,865,604)	(12,206,676)
Others	(22,471,595)	(22,471,595)
	(37,337,199)	(34,678,271)
Net balance		
Refuse	1,032,781	70,642
Other	2	2
	1,032,783	70,644

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11. Consumer receivables from exchange transaction (continued)

Refuse

Current (0 -30 days)	537,441	328,467
31 - 60 days	271,833	227,004
61 - 90 days	270,001	221,627
91 - 120 days	248,172	212,344
121 - 365 days	1,920,743	1,483,566
> 365 days	12,650,195	9,804,310

15,898,385 **12,277,318**

Other

Current (0 -30 days)	54,980	948,159
31 - 60 days	36,028	576,228
61 - 90 days	35,679	567,571
91 - 120 days	35,385	532,124
121 - 365 days	238,916	513,271
> 365 days	22,070,609	19,334,244

22,471,597 **22,471,597**

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Annual Financial Statements for the year ended June 30, 2019

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	2019	2018
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11. Consumer receivables from exchange transaction (continued)

Summary of debtors by customer classification

Residential

Current (0 -30 days)	1,027,012	913,897
31 - 60 days	795,157	675,651
61 - 90 days	786,490	670,915
91 - 120 days	781,050	630,329
121 - 365 days	6,003,076	4,339,138
> 365 days	105,816,496	100,079,771
	115,209,281	107,309,701

Industrial/ Commercial

Current (0 -30 days)	642,132	416,135
31 - 60 days	149,741	149,283
61 - 90 days	146,742	137,231
91 - 120 days	138,086	109,088
121 - 365 days	983,334	501,685
> 365 days	10,838,611	10,093,558
	12,898,646	11,406,980

National and Provincial Government

Current (0 -30 days)	7,389,218	574,827
31 - 60 days	1,573,857	332,714
61 - 90 days	1,559,517	332,109
91 - 120 days	1,810,215	329,625
121 - 365 days	10,289,621	2,527,268
> 365 days	2,440,761	1,799,349
	25,063,189	5,895,892

Total

Current (0 -30 days)	9,058,362	1,904,859
31 - 60 days	2,518,756	1,157,647
61 - 90 days	2,492,907	1,140,254
91 - 120 days	2,729,351	1,069,041
121 - 365 days	17,276,031	7,368,090
> 365 days	119,095,868	111,972,679
	153,171,275	124,612,570

12. VAT receivable

VAT	11,848,968	2,843,590
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VAT is accounted for on cash basis.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	330,956,279	248,119,468
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There was no short-term investment made during the year under review

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

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13. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2019	30 June 2018	June 30, 2017	June 30, 2019	June 30, 2018	June 30, 2017
Current Account - 62632407020	330,956,279	248,119,468	124,086,577	330,956,279	248,119,468	124,086,577
Call Account - 62644021933	-	-	20,748,811	-	-	20,748,811
Call Account - 62644025620	-	-	41,497,637	-	-	41,497,637
Total	330,956,279	248,119,468	186,333,025	330,956,279	248,119,468	186,333,025

14. Finance lease obligation

Minimum lease payments due

- within one year	387,756	753,048
- in second to fifth year inclusive	-	387,756

Present value of minimum lease payments **387,756 1,140,804**

Non-current liabilities	-	387,756
Current liabilities	387,756	753,049
	387,756	1,140,805

Municipality has leased photocopier machines for a non-renewable period of 36 month. The lease agreement provides for monthly payments of main R53 668.21, Machine 1: R10 612.50 and Machine 2: R1 910.25 with no escalation.

15. Unspent conditional grants and receipts

The Municipality did not have unspent conditional grant as at 30 June 2019. Below is the detail reconciliation:

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

MIG	-	16,085,354
MDTG	-	7,782,548
INEP	-	4,991,240
	-	28,859,142

16. Payables from exchange transactions

Trade payables	33,106,634	4,790,517
Payments received in advance from customers	2,396,233	1,839,331
Sundry creditors	2,390,818	-
Accrued bonus - 13th cheque	1,134,798	1,513,211
Unallocated deposits	138,225	701,163
Retention	22,055,070	16,175,906
Department of Transport	554,530	-
	61,776,308	25,020,128

Payables increase is linked to the growth of the municipality on project implementaiton and invoices not paid at year end.

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Figures in Rand	2019	2018
17. Total revenue		
Rendering of services	1,339,759	2,316,848
Service charges	2,694,574	2,375,697
Agency services	2,133,544	1,872,904
Licences and permits	2,500,227	3,764,756
Rental income	46,537	59,301
Interest earned - bank	11,741,614	12,508,136
Property rates	33,937,423	32,216,300
Fair value adjustments	6,355,052	17,681,517
Other taxation revenue 2	371,350	-
Government grants & subsidies	450,458,142	429,447,148
	511,578,222	502,242,607
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	2,694,574	2,375,697
Rendering of services	1,339,759	2,316,848
Agency services	2,133,544	1,872,904
Licences and permits	2,500,227	3,764,756
Rental income	46,537	59,301
Interest income - bank	11,741,614	12,508,136
	20,456,255	22,897,642
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	33,937,423	32,216,300
Fair value adjustments	6,355,052	17,681,517
Traffic fines	371,350	-
Transfer revenue		
Government grants & subsidies	450,458,142	429,447,148
	491,121,967	479,344,965
18. Service charges		
Service charges	2,694,574	2,375,697
19. Other revenue		
Rental income - third party	46,537	59,301
20. Interest revenue		
Interest revenue		
Interest income - Bank	11,741,614	12,508,136

During the current year interest were only earned from the primary bank account.

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Figures in Rand	2019	2018
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21. Property rates

Rates received

Property rates	33,937,423	32,216,300
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The increase in property rates is due to properties improvements which were included in the 2019 supplementary valuation roll and completeness exercise done on the billing in current year

Valuations

Residential	1,155,483,594	1,078,312,503
Commercial	389,285,000	342,407,057
Agricultural	789,783,000	121,727,975
Government	947,482,000	1,155,483,594
	3,282,033,594	2,697,931,129

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22. Government grants and subsidies

Operating grants

Equitable share	327,068,142	304,695,000
Municipal Demarcation Transition Grant	-	8,726,421
Municipal Systems Improvement Grant (MSIG)	1,061,000	-
Financial Management Grant (FMG)	2,345,000	3,024,407
Extended Public Works Programme Grant (EPWP)	1,134,000	1,000,000
	331,608,142	317,445,828

Capital grants

Municipal Infrastructure Grant (MIG)	101,850,000	95,992,560
Intergrated Nation Electrification Program Grant (INEP)	17,000,000	16,008,760
	118,850,000	112,001,320
	450,458,142	429,447,148

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.

Finance Management Grant (FMG)

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

This grant is 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	16,085,354	28,597,914
Current-year receipts	101,850,000	83,480,000
Fund withheld	(16,085,354)	-
Conditions met - transferred to revenue	(101,850,000)	(95,992,560)
	-	16,085,354

Conditions were met in the current year 2019. Conditions were not met in 2018 - remain liabilities (see note 12).

This grant was used to construct Municipal Infrastructure to provide basic services for the benefit of communities. The 2018 Roll-over conditions were not met and fund amounting to R16 085 354 were withheld by National Treasury.

Municipal Demarcation Transition Grant (MDTG)

Balance unspent at beginning of year	7,782,548	9,661,970
Current-year receipts	-	6,847,000
Conditions met - transferred to revenue	-	(8,726,422)
Funds withheld	(7,782,548)	-
	-	7,782,548

Conditions were met for 2019 financial year. Conditions were not met for 2018 - remain liabilities (see note 15). There was no transfer received in current year.

Collins Chabane Local Municipality

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2019 2018

22. 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. The 2018 Roll-over conditions were not met and fund amounting to R7 782 548 were withheld by National Treasury.

Integrated National Electrification Programme

Balance unspent at beginning of year	4,991,240	-
Current-year receipts	17,000,000	21,000,000
Conditions met - transferred to revenue	(17,000,000)	(16,008,760)
Funds withheld	(4,991,240)	-
	<u>-</u>	<u>4,991,240</u>

Conditions were met for 2019. Conditions were still to be met for 2018 - remain liabilities (see note 15). The grant is meant for electrification projects.

The 2018 Roll-over conditions were not met and fund amounting to R4 991 240 were withheld by Treasury.

Extended Public Works Program (EPWP)

Current-year receipts	1,134,000	1,000,000
Conditions met - transferred to revenue	(1,134,000)	(1,000,000)
	<u>-</u>	<u>-</u>

Grant conditions were met. The grant is used to create temporarily work for unemployed people.

Municipal Improvement Grant (MSIG)

Current-year receipts	1,061,000	-
Conditions met - transferred to revenue	(1,061,000)	-
	<u>-</u>	<u>-</u>

The condition for the grant were met. The grant was used used to for capacity building and to improve billing.

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23. Employee related costs		
Basic	53,491,994	43,901,715
Cellphone allowance	6,000	58,016
Bonus	3,990,851	2,841,169
Medical aid - company contributions	2,307,235	1,730,043
UIF	372,871	415,599
Other payroll levies	21,912	11,067
Leave pay provision charge	4,079,039	-
Defined contribution plans	-	60,471
Travel, motor car, accommodation and other allowances	6,775,429	2,055,684
Overtime payments	2,589,094	1,983,640
Housing benefits and allowances	137,581	77,458
Pension fund contribution	9,971,583	7,910,293
	83,743,589	61,045,155
Remuneration of Municipal Manager		
Annual Remuneration	938,241	823,237
Car Allowance	275,916	-
Contributions to UIF, Medical and Pension Funds	-	267,202
	1,214,157	1,090,439
Remuneration of Chief Finance Officer		
Annual Remuneration	719,989	704,031
Car Allowance	207,669	202,153
Leave pay	174,062	-
Acting Allowance	104,981	-
	1,206,701	906,184
Remuneration of Senior Manager - Corporate Services		
Annual Remuneration	785,443	661,986
Car Allowance	226,548	197,000
Contributions to UIF, Medical and Pension Funds	-	47,197
Acting allowance	117,644	-
	1,129,635	906,183
Remuneration of Senior Manager - Spatial Planning and Development		
Annual Remuneration	785,443	250,117
Car Allowance	226,548	100,000
Contribution Medical	-	19,250
	1,011,991	369,367
Remuneration of Senior Manager - Technical service		
Annual Remuneration	770,338	750,184
Car Allowance	226,548	156,000
Bonus (Thirteen cheque)	15,105	-
Contribution to Medical	-	25,341
	1,011,991	931,525

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Figures in Rand	2019	2018
23. Employee related costs (continued)		
Remuneration of Senior Manager - Community Services		
Annual Remuneration	785,443	340,374
Car Allowance	226,548	109,714
Contributions to UIF, Medical and Pension Funds	-	23,599
	1,011,991	473,687
24. Remuneration of councillors		
Mayor	763,933	795,913
Speaker	532,348	539,371
Remuneration and allowances for other councillors	25,056,817	23,771,311
	26,353,098	25,106,595
25. Depreciation and amortisation		
Property, plant and equipment	24,210,385	14,625,142
Amortisation of assets	219,972	201,892
	24,430,357	14,827,034
26. Impairment		
Debt and VBS impairment	7,183,608	151,298,955
27. Contracted services		
Fleet Services	10,060,768	24,699,583
Operating Leases	6,708,373	2,074,084
Specialist Services	8,772,927	3,086,843
IT services and others	40,065,064	-
	65,607,132	29,860,510

Collins Chabane Local Municipality

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Figures in Rand	2019	2018
28. General expenses		
Advertising	2,539,581	1,491,975
Auditors remuneration	3,981,871	2,652,051
Bank charges	281,031	368,416
Consumables	8,340,864	3,782,328
EPWP	-	4,401,010
Insurance	2,867,061	1,538,046
Printing and stationery	244,186	-
Staff welfare	543,823	-
Subscriptions and membership fees	38,135	2,463,170
Telephone and fax	708,300	713,482
Transport and freight	144,396	-
Venue, conference and catering	5,726,174	689,941
Accommodation	3,520,737	4,422,480
Ward committees	3,275,980	3,554,000
Travel - local	1,647,281	1,956,076
Electricity	2,492,945	1,679,257
Licences and permits (non-vehicle)	1,257,620	22,857
IDP forum and other trainings	6,697,235	275,235
Bursary	1,033,445	-
Information and technology	2,206,850	1,386,919
Project transfers	18,406,331	-
Indigent expenses	3,408,408	3,526,746
	69,362,254	34,923,989

Project transfer costs related to completed INEP electrification projects which were completed and transferred to Eskom.

29. Auditors' remuneration

Fees	3,981,871	2,652,051
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30. Cash generated from operations

Surplus	230,819,864	192,801,451
Adjustments for:		
Depreciation and amortisation	24,430,357	14,827,034
Finance costs - Finance leases	41,243	41,243
Debt impairment	7,183,608	151,298,955
Transfer of projects (non-cash)	18,384,327	(9,998,708)
Gain/ loss on assets	(6,355,052)	(17,681,517)
Employee benefit obligations	2,149,670	(147,797)
Interest (not received)	-	(2,451,759)
Changes in working capital:		
Inventories	(296,509)	(224,525)
Other receivables from exchange transactions	1,293,894	(9,953,076)
Receivable from non-exchange	(14,187,761)	(8,264,726)
Consumer receivables from exchange	(12,235,997)	(8,731,097)
Payables from exchange transactions	41,895,901	13,522,859
VAT receivable	(9,005,378)	7,161,522
Unspent conditional grants and receipts	(28,859,142)	(10,080,148)
	255,259,025	312,119,711

Collins Chabane Local Municipality

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31. Transfer of functions between entities not under common control

Transfer of function

On 10 August 2016 LIM345- Collins Chabane Local Municipality was established in terms of Municipal Systems Act as a result of the establishment, there was a transfer of functions from Makhado municipality and Thulamela Local Municipality.

This transfer of function was done in terms of GRAP 106 which relates to Transfer of Function between entities not under common control.

Gain and Losses on the transfer of assets and liabilities were recognised at fair value on the statement of financial performance.

Additional assets related to road infrastructure WIP which was not completed on date of transfer was only transferred to the municipality in the prior year period.

Aggregate gain on transfer of functions amounted to (R0 2018: R9 998 708

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

Road infrastructure	-	9,998,708
Total identifiable net assets	-	-
	-	9,998,708

32. Commitments

Authorised expenditure

Already contracted for but not provided for

• Capital	51,912,829	81,911,159
• Operation	66,952,481	6,677,100
	118,865,310	88,588,259

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33. Contingencies

Contingent Liabilities:

1. Nyari Violet & Others Versus LIM345 (Collins Cgabane) Local Municipality,

Nyari Violet and her twenty-five (25) other colleagues, Extended Public Works Programme (EPWP) contract termination by the Municipality). R0 2018: R0

2. Midiro Civils and Construction cc (First Applicant) & Lebaka Construction (Pty) Ltd (Second Applicant) versus Engineerex (Pty) Ltd (First Responded) & Collins Chabane Local Municipality(Second Respondent); and Engineerex (Pty) Ltd (Applicant) versus Collins Chabane Local Municipality (Second Defendant),

Disputed Payment Certificate for Xikundu Ring Road. R17 165 134.00 2018:R0

3. Khethwayo Construction CC (Plaintiff) versus Ndhuna Civil Engineering Services CC, Firts Defendant and LIM345 Local Municipality i.e Collins Chabane Local Municipality, Second Defendant

Disputed allegation that the Municipality paid the amount of R3 990 000 wrongfully to the bank account of the partner of the Joint Venture instead of paying the same amount to the Joint Venture bank account. R3 990 000 2018:R0

4. Tiyani Confidence Chauke & 37 Others (Applicant) versus Collins Chauke Local Municipality (Respondent)

Dispute over permanent employment of EPWP workers within Collins Chabane Local Municipality. Legal assessment of the case put the prospect of losing the case very low. R0 2018:R0

5. Nkuna, Jan Wisani(First Applicant); Bila Solly Khatani (Second Applicant); The Masingita Group of Companies (Third Applicant); Mavambe Tribal Authority (Fourth Applicant); and Mavambe Tribal Council of the Mavambe Tribe(Fifth Applicant) versus Collins Chabane Municipality (12th Respondent)

The dispute is about title to ownership/control of a huge piece of Land worth 7384 hectares. The Land in question now falls under the Jurisdiction of the Collins Chabane Local Municipality. R0 2018:R0

6. Collins Chabane Local Municipality (Applicant) versus Mpho Richard Mshiloane N.O (First Respondent) and Tsakani Charlotte Ngobeni (Second Respondent)

Labour court application for review of the desiplinary process which cleared by Municipal Manager of any wrong doing pertaining to the investment of R120 000 000 worth of the Municipality funds with the Venda Building Society (VBS). R0 2018: R0

Contingent assets

1. Collins Chabane Municipality Vs Vodacom

Included in 2019 Councillor allowances is cellphone and data expenses in access on monthly allowances as per gazetted upper limits of councillors remunerations. Discussion with vodacom to give the municipality a credit for money charged in access of the contract amount agreement on cellphone and data use R594 496 2018: R0.

2. Collins Chabane Local Municipality (Plaintiff) versus L & E Construction and Projects (Pty) Ltd (First Dependant) & Lufuno Michael Musalafu (Second Defendant)

Amount of R974 624.85 mistakenly paid to L & E Constructions (Pty) Ltd. The Service Provider has since only refunded R300 000.00. R674 624.85 2018:R0

Collins Chabane Local Municipality

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34. Related parties

Relationships

Members of key management personnel (Refer to note 23)

TC Ngobeni (Municipal Manager)

Shilenge RR (Acting Municipal Manager)

R Maringa (Acting Chief Financial Officer)

E Makamu (Chief Financial Officer)

Shilenge RR (Senior Manager Corporate Services)

HC Mukwevho (Senior Manager Planning and Development)

RI Mabunda (Senior Manager Technical Services)

GL Matuleke (Senior Manager Community Services)

Refer to details remuneration below:

Councillors

Remuneration of management

Collins Chabane Local Municipality

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34. Related parties (continued)

Councillors

2019

Name	Basic salary	Car allowance	Cell phone Allowance	Total
Cllr Maluleke M (Mayor)	557,564	25,188	44,400	627,152
Cllr Lebea (Speaker)	532,732	129,469	44,400	706,601
Cllr Chauke MG (Chief Whip)	499,436	121,384	44,400	665,220
Cllr Maluleke SG	499,436	121,377	44,400	665,213
Cllr Mashimbye FP	499,436	121,377	44,400	665,213
Cllr TM Mutele	278,625	67,714	44,400	390,739
Cllr Mavikane SX	499,436	121,376	44,400	665,212
Cllr Makhaha AJ	278,625	67,714	44,400	390,739
Cllr Chauke HG	278,625	67,714	44,400	390,739
Cllr Fungheni MC	278,625	67,714	44,400	390,739
Cllr Baloyi DL	278,625	67,714	44,400	390,739
Cllr Madavhu FF	117,543	29,385	44,400	191,328
Cllr Shivambu S	210,737	51,215	44,400	306,352
Cllr Mabasa D	210,737	51,215	44,400	306,352
Cllr Khoza TG	210,737	51,215	44,400	306,352
Cllr Matamela MS	210,737	51,215	44,400	306,352
Cllr Masangu GD	210,737	51,215	44,400	306,352
Cllr Chauke TR	210,737	51,215	44,400	306,352
Cllr Maluleke ET	211,957	51,215	44,400	307,572
Cllr Simango MR	210,737	51,215	44,400	306,352
Cllr Maluleke LR	282,340	57,400	44,400	384,140
Cllr Hlongwane SG	270,445	65,726	44,400	380,571
Cllr Makhubele HT	210,737	51,215	44,400	306,352
Cllr Ndove HD	270,445	65,726	44,400	380,571
Cllr Mudau TS	470,311	110,334	44,400	625,045
Cllr Mabasa KK	210,737	51,215	44,400	306,352
Cllr Ngobeni MR	210,737	51,215	44,400	306,352
Cllr Mabasa J	270,445	65,726	44,400	380,571

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand

34. Related parties (continued)

Cllr Baloyi HR	210,737	51,215	44,400	306,352
Cllr Rivombo KE	210,737	51,215	44,400	306,352
Cllr Sunduza ZW	210,737	51,215	44,400	306,352
Cllr Chabangu TC	210,737	51,215	44,400	306,352
Cllr Khosa HJ	210,737	51,215	44,400	306,352
Cllr Mabunda MC	210,737	51,215	44,400	306,352
Cllr Chauke NS	210,737	51,215	44,400	306,352
Cllr Munyai N	210,737	51,215	44,400	306,352
Cllr Mukhomi VN	210,737	51,215	44,400	306,352
Cllr Maluleke MP	210,737	51,215	44,400	306,352
Cllr Ngobeni NE	210,737	51,215	44,400	306,352
Cllr Mahlale S	210,737	51,215	44,400	306,352
Cllr Moyo MT	270,445	65,726	44,400	380,571
Cllr Mathonsi NP	210,737	51,215	44,400	306,352
Cllr Sambo TM	210,737	51,215	44,400	306,352
Cllr Sithole MW	210,737	51,215	44,400	306,352
Cllr Shandukani	270,445	65,726	44,400	380,571
Cllr Chavani PJ	210,737	51,215	44,400	306,352
Cllr Mashakeni KE	210,737	51,215	44,400	306,352
Cllr Mulaudzi TN	270,445	65,726	44,400	380,571
Cllr Mudau RP	270,445	65,726	44,400	380,571
Cllr Madavhu FF	123,420	29,385	44,400	197,205
Cllr Ndzovela NG	210,737	51,215	44,400	306,352
Cllr Rekhoto SM	270,445	65,726	44,400	380,571
Cllr Nkuna DT	210,737	51,215	44,400	306,352
Cllr Miyambo ZQ	282,340	65,726	44,400	392,466
Cllr Baloyi MJ	210,737	51,215	44,400	306,352
Cllr Baloyi NL	210,737	51,215	44,400	306,352
Cllr Mahlangu D	270,445	65,726	44,400	380,571
Cllr Mabasa RC	270,445	65,726	44,400	380,571
Cllr Baloyi OC	213,803	51,215	44,400	309,418
Cllr Vukeya TE	210,737	51,215	44,400	306,352
Cllr Chauke HM	210,737	51,215	44,400	306,352
Cllr Machovani RG	210,737	51,215	44,400	306,352
Cllr Tshiredo CE	210,737	51,215	44,400	306,352
Cllr Hlabangwani TL	210,737	51,215	44,400	306,352

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

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34. Related parties (continued)

Cllr Radzivhoni CM	210,737	51,215	44,400	306,352
Cllr Masia TM	271,322	66,362	44,400	382,084
Cllr Mathoma MP	210,737	51,215	44,400	306,352
Cllr Rikhotso GM	216,227	51,215	44,400	311,842
Cllr Thovhakale MS	210,737	51,215	44,400	306,352
Cllr Ngobeni	210,738	51,215	44,400	306,353
Cllr Muavha S	209,898	51,215	44,400	305,513
Cllr Maswanganyi TC	45,246	13,098	38,300	96,644
Cllr Bila TJ	488,493	26,027	44,400	558,920
	18,548,009	4,287,162	3,235,100	26,070,271

2018

Name	Basic salary	Car allowance	Telephone allowance	Total
TJ Bila (Mayor)	795,913	-	45,900	841,813
ME Lebea (Speaker)	509,285	127,346	45,661	682,292
MG Chauke (Chief Whip)	477,549	119,392	45,661	642,602
SG Maluleke	477,549	121,282	45,661	644,492
FP Mashimbye	473,285	121,282	45,900	640,467
TM Mutele	265,157	66,289	45,900	377,346
SX Mavkane	473,285	121,282	48,300	642,867
AJ Mukhaha	266,141	66,604	45,661	378,406
HG Chauke	266,141	66,604	45,661	378,406
MC Fungeni	266,414	66,604	45,661	378,679
DL Baloyi	266,414	66,601	45,661	378,676
MP Mazibuko	260,200	66,601	45,661	372,462
S Shivambu	201,503	50,375	45,661	297,539
D Mabasa	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

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

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Figures in Rand

34. Related parties (continued)

ClIr Maluleke ET	201,503	50,375	45,661	297,539
ClIr Simango MR	201,503	50,375	45,661	297,539
ClIr Mauleke LR	215,776	50,375	45,661	311,812
ClIr Hlongwani SG	258,594	64,649	45,661	368,904
ClIr Makhubela HT	201,503	50,375	45,661	297,539
ClIr Ndove HD	258,594	64,649	45,661	368,904
ClIr Mudau TS	258,594	64,649	45,661	368,904
ClIr Mabasa KK	201,503	50,375	45,661	297,539
ClIr Ngobeni MR	201,503	50,375	45,661	297,539
ClIr Mabasa J	258,595	64,649	45,661	368,905
ClIr Baloyi HR	201,503	50,375	45,661	297,539
ClIr Rivombo KE	201,503	50,375	45,661	297,539
ClIr Sunduza ZW	201,503	50,375	45,661	297,539
ClIr Chabang TC	201,503	50,375	45,661	297,539
ClIr Khosa HJ	201,503	50,375	45,661	297,539
ClIr Mabunda MC	201,503	50,375	45,661	297,539
ClIr Chauke NS	201,503	50,375	45,661	297,539
ClIr Munyai N	201,503	50,375	45,661	297,539
ClIr Mukhomi VN	201,503	50,375	45,661	297,539
ClIr Maluleke MP	201,503	50,375	45,661	297,539
ClIr Ngobeni NE	201,503	50,375	45,661	297,539
ClIr Mahlale S	201,503	50,375	45,661	297,539
ClIr Moyo MT	258,594	64,649	45,661	368,904
ClIr Mathonsi NP	201,503	50,375	45,661	297,539
ClIr Sambo TM	201,503	50,375	45,661	297,539
ClIr Sithole MW	201,503	50,375	45,661	297,539
ClIr Shanduk MJ	258,594	64,649	45,661	368,904
ClIr Chavani PJ	201,503	50,375	45,661	297,539
ClIr Mashake KE	201,503	50,375	45,661	297,539
ClIr Mulaudzi TN	258,594	64,649	45,661	368,904
ClIr Mudau RP	258,594	64,649	45,661	368,904
ClIr Madavhu FF	201,503	50,375	45,661	297,539
ClIr Nzovela NG	201,503	64,649	45,661	311,813
ClIr Rekhotshe SM	258,594	64,649	45,661	368,904
ClIr Nkuna DT	201,503	50,375	45,661	297,539
ClIr Miyambo ZQ	216,386	50,375	45,661	312,422

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

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34. Related parties (continued)

Cllr Baloyi MJ	201,503	50,375	45,661	297,539
Cllr Baloyi NL	201,503	50,375	45,661	297,539
Cllr Mhlangu D	258,594	64,649	45,661	368,904
Cllr Mabasa RC	258,808	64,649	45,661	369,118
Cllr Baloyi OC	201,503	50,375	45,661	297,539
Cllr Vukeya TE	200,552	50,137	45,661	296,350
Cllr Chauke HM	201,503	50,375	45,661	297,539
Cllr Machova RG	201,503	50,375	45,661	297,539
Cllr Tshired CE	201,503	50,375	45,661	297,539
Cllr Hlabangwani TL	201,503	50,375	45,661	297,539
Cllr Radzivho CM	201,503	50,375	45,661	297,539
Cllr Masia TM	201,503	50,375	45,661	297,539
Cllr Mathoma MP	201,503	50,375	45,661	297,539
Cllr Rikhotso GM	201,503	50,375	45,661	297,539
Cllr Thovhaka MS	201,503	50,375	45,661	297,539
Cllr Ngobeni NL	201,503	50,375	45,661	297,539
	17,644,981	4,210,841	3,301,780	25,157,603

Refer to the general information for a full list of councillors

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

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2019

2018

35. 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:

2018:

Receivables from exchange transaction

Receivables from exchange transactions was misstated by R283 882 as at 30 June 2018. The error was corrected in current year by restating the opening balances.

Receivables from non-exchange transaction

Receivables from non-exchange transactions was misstated by R5 776 111 as at 30 June 2018. The error was corrected in current year by restating the opening balance

Consumer receivables from exchange transaction

Consumer receivables from exchange transactions was misstated by R2 984 483 as at 30 June 2018. The error was corrected in current year by restating the opening balance

VAT Receivables

VAT Receivables was misstated by R89 755 as at 30 June 2018. The error was corrected in current year by restating the opening balance

Property plant and equipment

Property, Plant and Equipment, cost and accumulated depreciation was misstated by R1 580 640 as at 30 June 2018. The error was corrected in current year by restating the opening balance

Other financial assets

Other financial assets was misstated by R122 410 519 as at 30 June 2018 due to failure to impair VBS investment. The error was corrected in current year by restating the opening balance

Trade and other payables form exchange transactions

Trade and other payables from non-exchange transactions was misstated by R10 773 748 as at 30 June 2018. The error was corrected in current year by restating the opening balance

Finance lease liabilities - Current portion

Finance lease liabilities - current portion was misstated by R215 070 as at 30 June 2018. The error was corrected in current year by restating the opening balance

Finance lease liabilities - Long-term portion

Finance lease liabilities - current portion was misstated by R387 755 as at 30 June 2018. The error was corrected in current year by restating the opening balance

Irregular expenditure

Irregular expenditure was misstated by R51 589 064 as at 30 June 2018. The error was corrected in current year by restating the opening balance

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure was misstated by as at 30 June 2018. The error was corrected in current year by restating the opening balance

Commitment disclosure

Commitments disclosure was misstated as at 30 June 2018. The error was corrected in current year by restating the opening balance

2017:

Inventory

Inventory was misstated by R13 related to land inventory as at 30 June 2017. The error was corrected in 2018 financial year by

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand 2019 2018

35. Prior-year adjustments (continued)

restating the opening balance

Sundry receivables

Sundry receivables was misstated by R5 926 991 as at 30 June 2017. The error was corrected in 2018 financial year by restating the opening balance

Property, Plant and equipment

Property, plant and equipment was misstated by R35 861 187 as at 30 June 2017. The error was corrected in 2018 financial year by restating the opening balance

Trade and other payables from exchange

Trade and other payables from non-exchange transactions was misstated by R684 217 as at 30 June 2017. The error was corrected in 2018 financial year by restating the opening balance

Statement of financial position

2017

	As previously reported	Correction of error	Restated
Inventories	737,959	13	737,972
Sundry receivables	6,442,113	(5,926,991)	515,122
Property Plant and Equipments	372,704,361	(35,861,187)	336,843,174
Trade and other payables	(10,813,052)	(684,217)	(11,497,269)
Accumulated Surplus	(532,448,830)	42,472,382	(489,976,434)
	(163,377,449)	-	(163,377,435)

2018

	As previously reported	Correction of error	Re-classification	Restated
Receivable from exchange transactions	-	382,882	10,085,316	10,468,198
Receivables from non exchange transactions	6,843,376	5,776,111	(2,402,998)	10,216,489
Consumer debtors from exchange transaction	4,367,761	(2,984,483)	(1,312,634)	79,644
VAT Receivables	4,503,179	(89,755)	(1,569,834)	2,843,590
Property Plant and Equipment	458,478,694	1,580,640	898,651	460,957,985
Other financial assets	122,410,521	(122,410,519)	-	2
Trade and other payables from exchange transaction	(29,877,511)	10,773,748	(5,916,365)	25,010,128
Current portion of finance lease liabilities	(537,979)	(215,070)	-	(753,049)
Finance lease liabilities - long term	-	(387,755)	-	(387,756)
Accumulated surplus (SCE)	(791,150,356)	107,574,201	798,267	682,777,888
	(224,962,315)	-	580,403	1,191,213,119

36. Comparative figures

Item in the annual financial statements are presented with their corresponding comparative figures for the previous financial year period.

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

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37. 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	2019	2018
Other receivables from exchange transactions	9,174,304	10,468,198
Receivables from non-exchange transactions	24,404,250	10,216,489
Consumer debtors from exchange transactions	1,032,783	70,644
Cash and cash equivalents	330,956,279	248,119,468
	365,567,616	268,874,799

Credit risk

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

	2019	2018
Financial instrument		
Finance lease obligation	387,756	1,140,805
Payable from exchange transaction	61,776,308	25,020,128
Employee benefits	8,977,788	6,828,118

38. Going concern

We draw attention to the fact that at June 30, 2019, the municipality had accumulated surplus of R 913,597,752 and that the municipality's total assets exceed its liabilities by R 913,597,752.

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

39. Events after the reporting date

Adjusting event

On 30 August 2019 the council approved the write off of Two (2) vehicles which were taken back to Makhado Local Municipality in previous year. The Council also approved the disposal of assets not found or in bad condition, these assets were properly accounted for at year end.

40. Unauthorised expenditure

Unauthorised expenditure	12,035,928	-
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Unauthorised expenditure of R 2018: R0 was caused by transfer of electrification projects to Eskom, depreciation and impairment of property, plant and equipment.

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

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Figures in Rand	2019	2018
41. Fruitless and wasteful expenditure		
Opening balance	740,286	1,125,367
Add: current year	488,660	203,098
Recovered	(590,507)	(588,179)
Written-off	(498,766)	-
	139,673	740,286

The fruitless expenditure incurred was investigated and the Council on a meeting held on 31 May 2019 approves for the write-off amounting to R498 766 (Council Resolution no. A04/31/05/2019). Controls are put in place to mitigate the incurrence of expenditure in future.

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

The amount recovered consist of the repayment of amounts owed by the Councillors on the usage of cellphone and data on overpayment of cellphone allowances.

42. Irregular expenditure

Opening balance	104,944,111	7,926,426
Add: Irregular Expenditure - current year	53,329,694	45,428,621
Less: Written-off	(29,127,821)	-
Add: Irregular expenditure - Incurred prior year Adjustment	-	51,589,064
	129,145,984	104,944,111

The above amount was incurred as a result of not following the proper tender and quotation processes and procedures.

The matters above have been submitted to council for investigation and the council approved for a write-off of Irregular expenditure amounting to R29 127 821 on a meeting held on 31 May 2019 (Council Resolution no. A04/31/05/2019).

43. Additional disclosure in terms of Municipal Finance Management Act

VAT

VAT receivable	11,848,968	2,843,590
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Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2019:

June 30, 2019	Outstanding more than 90 days R		Total R
Cllr Chauke MG	13,305	-	13,305
Cllr FP Mashimbye	12,497	-	12,497
Cllr Fungeni	6,256	-	6,256
Cllr Baloyi DL	3,803	-	3,803
Cllr Mabasa D	11,689	-	11,689
Cllr Munyai N	5,063	-	5,063
	52,613	-	52,613

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

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44. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. Total deviation for current year was R3 150 032 2018: R3 879 544

45. Budget differences

Material differences between budget and actual amounts

The municipality explains all excess of actual expenditure over the final budget of 10% over approved budget.

A. Explanation of variances for statement of financial position

Assets

Receivables from non exchange transaction- The variance was due to impairment assessment of receivables.

Property Plant and equipment - The budget was due to increase in estimation for capital projects. There was a delay in finalisation of other projects.

Consumer debtors - The variance was as a result of low collection rate and high debt impairment

Current Liabilities

Payable from exchange transactions - The variance was due to high amount of accrued invoices at year end and the growth of the municipality.

B. Explanation of variances for statement of financial performance

Revenue:

Property rates - The variance was due to improved controls over billing of customers.

Gain on assets - Variance was due to fair valuation of investment properties performed at year end

Depreciation and amortisation - The variance was caused by an increase in capital projects completed and capitalised during the year

General expenditure - The variance was linked to the growth of the municipality in line with new appointments and implementation of projects

CHAPTER 6: AUDITOR - GENERAL FINDINGS



AUDITOR - GENERAL
SOUTH AFRICA

The Acting Municipal Manager
Collins Chabane Local Municipality
Private Bag X 9271
Malamulele
0982

04 December 2019

Reference: 62012REG2018/19

Dear Mr Shilenge

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Collins Chabane Local Municipality for the year ended 30 June 2019

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA)
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
4. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
5. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

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6. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed



Senior Manager: Limpopo Business unit

Enquiries: Marcia Matabane
Telephone: (015) 283 9300
Fax: (015) 283 9400

Report of the auditor-general to Limpopo Provincial Legislature and council on Collins Chabane Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Collins Chabane Local Municipality set out on pages ... to ..., which comprise statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of my report the financial statements present fairly, in all material respects, the financial position of the Collins Chabane Local Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA) and the Division of Revenue Act, 2018 (Act No 1 of 2018) (DoRA)

Basis for qualified opinion

Employee benefit obligation

3. The municipality did not have an adequate system in place to maintain records of leave transactions. I identified a significant number of approved leave days that were not recorded in the accounting records. These leave days were included in the leave transaction report which was used to estimate employee benefit obligation for unused leave days. As the municipality did not have an adequate systems to maintain records of leave transactions, I was unable to determine the full extent of overstatement of employee benefit obligation and leave pay provision charge stated at R5 398 115 and R4 079 039 in notes 7.2 and 23 to the financial statements respectively, as it was impractical to do so.

Irregular expenditure

4. The municipality did not record all instances of irregular expenditure as required by section 125(2)(d) of the MFMA. I identified a number of payments made in contravention of the supply chain management requirements (SCM) that were not disclosed in the accounting records. As the municipality did not have adequate systems and controls in place to ensure that all irregular expenditures are disclosed, I was unable to determine the full extent of the understatement of irregular expenditure stated at R129 145 983 (2018: R104 944 111) in note 42 to the financial statements as it was impractical to do so.

Context for the opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
6. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as 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 codes.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Restatement of corresponding figures

9. As disclosed in note 35 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Material losses/impairment

10. As disclosed in notes 6, 10 and 11 to the financial statements, material losses to the amount of R122 410 523, R28 114 284 and R36 765 276 respectively, were incurred as a result of impairment of other financial assets due to irrecoverability of debt and trade debtors due to inadequate debt collection processes.
11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

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

Unaudited supplementary schedules

13. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP, the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development priorities	Pages in the annual performance report
KPA 3 – Basic service delivery and infrastructure development	x – x

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. I did not raise any material findings on the usefulness and reliability of the reported performance information for this development priority.

Other matter

23. I draw attention to the matter below.

Achievement of planned targets

24. Refer to the annual performance report on [page(s) x to x; x to x] for information on the achievement of planned targets for the year.

Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of 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.

Report on the audit of compliance with legislation

Introduction and scope

26. 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.
27. The material findings on compliance with specific matters in key legislations are as follows:

Financial statements, performance and annual reports

28. 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.

29. Material misstatements of revenue, expenditure and disclosures identified by the auditors in the submitted financial statements were subsequently corrected but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.
30. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

Expenditure management

31. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
32. 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 of the SCM regulations.
33. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R139 673 000, as disclosed in note 41 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.
34. Expenditure was incurred in excess of the approved budget, in contravention of section 87(8) of the MFMA.
35. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R12 035 928, as disclosed in note 40 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on implementation of projects.

Asset management

36. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

Procurement and contract management

37. Some of the 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). Similar non-compliance was also reported in the prior year.
38. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Similar non-compliance was also reported in the prior year.
39. Some of the contracts were awarded to 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).
40. The preference point system was not applied on some of the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000).

41. Awards were made to providers who were in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the provider failed to declare that he/ she was in the service of the municipality, as required by SCM regulation 13(c).
42. Awards were made to providers who 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).
43. Persons in the service of the municipality who 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

44. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
45. 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.
46. 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

47. 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 qualified opinion and the findings on compliance with legislation included in this report.
48. 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 all applicable financial reporting requirements.
49. The action plan was not adequately implemented and monitored.
50. The financial statements were not reconciled to the underlying records to ensure the accuracy, completeness and reliability of the reported financial results.
51. 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.

Auditor-General

Polokwane

04 December 2019



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.

I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

APPENDICES

APPENDIX A: MPAC OVERSIGHT REPORT ON ANNUAL REPORT :2018/19 FINANCIAL YEAR

NB: THE OVERSIGHT REPORT WILL ONLY BE AVAILABLE ONCE MPAC FINALIZED ALL THE PROCESS OF ASSESSMENT OF THE ANNUAL REPORT .

APPENDIX B: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

AUDIT COMMITTEE REPORT TO COUNCIL FOR THE 2018/19 FINANCIAL YEAR



COLLINS CHABANE LOCAL MUNICIPALITY

ANNUAL REPORT OF THE AUDIT & PERFORMANCE COMMITTEE "AUDIT COMMITTEE"

REPORT OF THE AUDIT & PERFORMANCE COMMITTEE FOR THE PERIOD FROM 21
AUGUST TO 30 JUNE 2019

1. INTRODUCTION

The committee is pleased to present its annual report for the period 21 August 2018 to 30 June 2019 as recommended by the King IV Report's principles of Good Corporate Governance and in line with the Municipal Finance Management Act no 56, 2003 (Chapter 14, Section 166), s 79 of LG: Municipal Structures Act and par 14 (2) of the LG: Planning and Performance Management Regulations, 2001.

2. THE AUDIT & PERFORMANCE COMMITTEE AND ITS COMPOSITION

2.1. Audit & Performance Committee

(a) This Audit & Performance Committee was appointed by the Municipal Council with effect from 21 August 2018 to August 2021. It comprised the following independent non-executive members who have the requisite and relevant skills and experience to fulfil audit committee's duties. The current Audit Committee members are:

Mrs Mudau FJ - Chairperson

Mr. Nevhotalu TG (CA) - Member

Mr. Hlomane H.G – Member (Deceased)

Adv Phaleng-Podile M.H – Member

Ms. Nchabeleng M.F – Member

Mr. Baloyi N.T - Member

The committee sadly lost one of the members, Mr. Hlomane H.G due to car accident in November 2018. The member was an IT specialist. The member was then replaced by Mr. Baloyi N.T who is also an IT specialist. His term of office is aligned to the term of office for the committee as indicated in paragraph (a) above

(b) The Audit Committee has terms of reference in place, which covers both its statutory duties and those assigned to it by the Municipal Council. The principal role of the Audit Committee is to assist the Municipal Council in fulfilling its responsibility for oversight of the quality and integrity of the accounting, performance, auditing, and reporting practices of the Municipality, and such other duties as directed by the Municipal Council.

2.2. Key Responsibilities of the Audit Committee

(a) The audit committee plays a key role in ensuring that the Municipality's internal audit function is independent and has the necessary resources, budget, standing and authority within the Municipality to enable it to discharge its functions.

(b) Its main function is overseeing internal audit, including the approval of internal audit plan and overseeing the staffing and objectives of the internal audit function; ensuring that the internal audit function is subject to an independent quality review to ensure that internal audit is fulfilling its responsibility to assist and advise the Audit & Performance Committee and the Municipal Council; and ensuring that the internal audit function is appropriately resourced.

(c) Its further responsibility is to report to the Municipal Council weaknesses in financial control that are considered material and that may result financial loss, fraud or material errors on regular basis or as and when need arises.

(d) The Audit Committee has a duty of evaluating the effectiveness of risk management and make recommendations.

(e) The Audit Committee has a duty to review Performance Management as well as IT Governance of the municipality and any other duties as indicated in Section 166 of the Municipal Finance Management Act

3. MEETINGS HELD DURING THE PERIOD.

3.1. Frequency and Attendance

(a) The attendance of meetings held during the period under review is presented in the table hereunder:

Table 1

No	Member	Position in Committee	25 August 2018	08 September 2018	26 November 2018	01 February 2019	18 April 2019	25 June 2019
1	Mudau FJ	Chairperson	✓	✓	*	✓	✓	✓
2	Nevhutalu TG	Member	✓	✓	✓	✓	✓	✓
3	Nchabeleng MF	Member	✓	✓	✓	✓		✓
4	Phaleng-Podile MH	Member	✓	✓	✓	✓	✓	✓
5	Hlomane HG – Deceased	Member	✓	✓				
6	Baloyi NT	Member						✓

✓ Indicates present

* Indicates absent with apology

(b) In addition to the committee members, the Municipal Manager, Section 56 managers, and head of internal audit, Manager: IT, Manager: PMS, Chief Risk officer and Manager: Legal attend the meetings of the committee by invitation. Invitations are also extended to AGSA, SALGA, Provincial Treasury and CoGHSTA.

4. MATTERS AND ISSUES ATTENDED TO DURING THE PERIOD

4.1 Draft Annual Financial Statements

The draft Annual Financial Statement were reviewed and members observed that there was room for improvement in the quality of the set of draft AFS presented. The following were noted in the draft AFS:

The opening balances were not aligned

Quality reviews by Internal Audit and External Quality reviewer was not done

Fixed asset register schedules were not part of the draft Annual Financial Statements

Budget variance explanations were not part of the draft AFS

There were no explanations abbreviations

Figures relating to deviations were not updated

Venda Building Society – The amount was disclosed as an investment but it was to be impaired as per advice from Treasury and AG(SA)

Reconciliations of inter-municipal accounts from Makhado and Thulamela Municipality were not finalised

Prior Period Errors were not properly accounted for

Fruitless and wasteful expenditure as a result of late payments to SARS that was not finalised, with the possibility of the money being refunded to the municipality by SARS.

The inventory method used was not indicated

Correct grammar was not used

Recommendations

All corrections should be done prior to draft AFS being submitted to the AG(SA)

Draft Annual Financial Statements to be submitted to Internal Audit for quality review prior to submission to the AG(SA)

Draft Annual Financial Statements to be submitted to the External Quality reviewer prior to submission to AG(SA)

4.2. Internal Audit

Three year rolling internal audit plan was approved

Annual Internal Audit plan was approved

Internal Audit methodology was approved

Internal Audit Charter was approved

Audit Committee charter was reviewed and recommended to Council.

Internal Audit reports

The annual internal audit plan was not achieved.

Recommendations

The municipality must capacitate the Internal Audit Unit office as there is the Head of Internal Audit and an Intern only

It was recommended that management should take accountability to resolve and address all the issues raised by the internal Audit within the agreed timeframe.

4.3 Management letter and Audit report

Members reviewed and discussed the management letter and report. The municipality regressed from a qualified audit opinion to a disclaimer. Members were concerned that the AFS submitted to the AG(SA) were not the same with the ones that were reviewed by the Audit Committee on 25 August 2018. The municipality was not mSCOA compliant. Various challenges were encountered as a result of mSCOA implementation as well as system vendor challenges. Opening balances were not aligned to the Trial Balances

Recommendations:

The municipality should develop an audit action plan

The municipality should invite financial system vendor and the service provider responsible for preparation of AFS to discuss the challenges encountered by the municipality

The municipality should invite Treasury and internal Audit when meeting Munsoft

Budget and Treasury Office officials should be trained

The SLA for Munsoft should be reviewed and include consequence management

The Acting MM should come up with mechanism to reduce UIFW

SCM unit should be capacitated

SLA's and contracts should be submitted to Legal services prior to finalization

Consequence management should be implemented when UIFW is identified

mSCOA steering committee should be established

ICT manager should form part of MSCOA steering committee

There should be gap analysis to ensure skills transfer between the consultant and municipal employees

4.4 Action Plan to address AG audit findings

The Action Plan on Auditor General Findings was reviewed and inputs were provided by members.

The Audit Action plan had 67 findings raised by the Auditor General. Out of 67 findings, 22 findings were resolved and 45 were not resolved resulting in 32% resolved and 68% not resolved

The audit committee held 6 meetings where the audit action plan was a standing agenda item and the Auditor General were represented in all the meetings.

4.5 Mid-Year budget performance report (Section 71 Report) for 2018/19 Financial year

(a) The Mid-Year budget performance report was reviewed and found to be accurate and complete

(b) The municipality performance in relation to revenue and expenditure was not satisfactory and variances were not appropriately explained.

4.6 Budget adjustments for 2018/19 Financial year

(a) The mid-year budget adjustment was reviewed and the budget increased

(b) The committee was satisfied with the proposed adjusted budget subject to the correction made and recommended it for the Council approval.

Performance report

The audit committee is satisfied with the performance of the municipality as Auditor-General did not raise any findings in the year under review. Management is urged to improve on contract management and on issues of revenue collection.

4.8 Draft Annual Report

(a) The committee reviewed and recommended the draft annual report for the Council approval with the following inputs:

All components that are supposed to be in the report must be included.

The information in the annual report must be checked for consistency with other reports.

4.9 Risk management

The committee reviewed and recommended to Council the following policies:

Risk Management policy

Risk Management Strategy

Risk Management Charter

Nine risks were identified at strategic level. One risk was addressed. Eight risks were not addressed. The unit did not have a Risk Management Committee chairperson. The Chairperson was only appointed in April 2019. The Committee had one meeting in May 2019.

The office has only one official

Recommendation:

The municipality should develop risk management implementation plan

Fraud risk register should be developed

mSCOA risk register should be developed

Project risk register should be developed

The unit need to be capacitated

The municipality must fast track the process of proclamation to increase revenue collection

The municipality should transfer the risk of vandalism of property at Vuwani to SAPS

4.10 Legal services

(a) The litigation and claim register was reviewed and the committee recommended that the register should include the following information:

Case number

Defendant and Opponent name

Description

Estimated amount

Progress on the case

The contract register was reviewed and it was recommended that the register should include all the contracts the Municipality has entered into including the technical and road services contracts. It was further recommended that the contract register should include the following information:

Description of services

Date of appointment

Date of commencement

Contract amount

Name of contractor

Amount

Date of termination

Cost to date

Labour relations reports were reviewed and noted by the committee

4.11 ICT

The committee reviewed ICT reports and noted with concern that the municipality does not have an ICT steering committee. The ICT manager was not involved in mSCOA issues

Recommendations:

-ICT steering committee should be established

ICT steering committee report should be presented to the Audit Committee by the ICT steering committee chairperson

ICT manager should work closely with BTO to ensure that the municipality is mSCOA compliant

5. AUDIT COMMITTEE'S COMMENTS

5.1. Management is responsible for ensuring that financial statements are complete, accurate, and in accordance with Generally Recognised Accounting Principles ("GRAP") and establishing satisfactory internal control over financial reporting. The Audit & Performance Committee's main function is to oversee the accounting, financial and performance reporting processes, the audits of the Municipality's financial statements, the internal control over financial reporting, and the performance of the Municipality's internal audit function. The Audit Committee plays an oversight and advisory role in ensuring continuous improvement on all these matters.

5.2. In its drive to pursue the idea of improving the audit opinion, the Audit & Performance Committee intends to put more emphasis on the following:

- (a) Evaluated whether management exhibits and fosters a culture and environment that promotes good governance, appropriate risk management, and adequate, effective, and efficient internal control systems.
- (b) Reviewing the adequacy, reliability, and accuracy of information provided to management, Council and other stakeholders who may use such information.
- (c) Determining if sufficient information to evaluate the municipality's internal control, risk management, and governance systems is made readily available for effective review of any accounting and or auditing concerns identified as a result of internal and external audit.
- (d) Reviewing Municipality's compliance with relevant legal and regulatory requirements.
- (e) Assisting to establish the right "tone at the top," embodying perseverance on integrity and accuracy in financial reporting.
- (f) Setting a clear expectation and providing feedback concerning the competency of the Municipality's Chief Financial Officer and senior financial management staff.
- (g) Reporting to the Municipality Council on quarterly basis or when the need arises to report urgent matters.
- (h) Ensuring that the Financial Disciplinary Board commence with work as per the Regulations and deals with areas of Financial Misconduct.
- (i) Work closely with Municipal Public Accounts Committee in so far as addressing the issues of Unauthorised, Irregular, Fruitless and Wasteful expenditures as disclosed.

6. AUDIT COMMITTEE EVALUATION

6.1. The Audit & Performance Committee members have no personal financial interests in the Municipality and has been operating with a high level of independence.

6.2. The Audit & Performance Committee members will continuously examine its performance and its effectiveness to ensure that its tasks and processes remain appropriate and relevant.

6.3 The attendance of meetings and deliberations during meetings are satisfactory.

7. CONCLUSION

7.1. Audit & Performance Committee is concerned that the internal audit unit is not being utilized to its maximum capacity as it is understaffed. The unit can assist in reducing findings prior to the external audit.

7.2. Audit & Performance Committee urge management to continuously improve on issues of internal controls, financial discipline, revenue collection and expenditure management.

7.3. The Audit Committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the period under review.

7.4 The Audit Committee appreciates the support of Internal Audit Unit, Management and Council in the pursuit of clean governance.

Mudau FJ

Chairperson

Audit and Performance Committee

Date:25 June 2019

APPENDIX C: REVENUE COLLECTION PERFORMANCE BY VOTE

VOTE DESCRIPTION	REF		2017/18		CURRENT YEAR 2018/19	
	AUDITED OUTCOME R,000	ORIGINAL BUDGET R,000	ADJUSTED BUDGET R,000	ACTUAL R,000	VARIANCE ORIGINAL BUDGET R,000	VARIANCE ADJUSTMENT BUDGET R,000
<u>Revenue by Vote</u>						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 – Community Services	R 79	R 13,442	R 13,442	R 6,149	(R7,293)	(R7,293)
Vote 3 – Spatial Planning Development	R -	R 1,234	R 1,234	R 124	(R1,110)	(R1,110)
Vote 4 – Budget & Treasury	R 416,683	R 352,450	R 358,101	R 385,321	(R32,871)	(R 27,220)
Vote 5 – Technical Services	R 85,480	R 101,484	R 119,984	R 119,984	R 18,500	R -
Totals	R 502,242	R 468,610	R 492,761	R 511,578	R 42,968	R 18,817

GRANTS - EXCLUDING MIG

DESCRIPTION	BUDGET	ACTUAL	VARIANCE

	R,000	ADJUSTMENT BUDGET R,000	R,000	BUDGET R,000	ADJUSTMENT BUDGET R,000	MAJOR CONDITIONS APPLIED BY THE DONOR (CONTINUE BELOW IF NECESSARY)
FMG	R 2,345	R 2,345	R 2,345	R-	R-	Interns Stipends, Competency Training
INEG	R 17,000	R 17,000	R 17,000	R -	R -	Electrification of Manele ,Mavambe,Nzhezimani and Nghomunghomu
MSIG	R -	R 1,061	R 1,061	R 1,061	R -	Competency, Data cleansing
Expanded Public Works Programme (EPWP)	R1,134	R1,134	R1,134	R -	R -	Epwp Stipends
Municipal Water Infrastructure Grant (MWIG)	R -	R -	R-	R-	R-	
Water Services Infrastructure Grant (WSIG)	R-	R-	R-	R -	R-	Additional grant received from Treasury.
Department of Public Service & Administration (DPSA)	R-	R -	R-	R-	R-	

APPENDIX D: LONG TERM CONTRACT AND PUBLIC PRIVATE PARTNERSHIP

- The municipality does not have any long-term contract and public private partnership.

APPENDIX E: AUDIT ACTION PLAN 2018/19

FINANCIAL YEAR 2018/19

Municipality Name: Collins Chabane Local Municipality

Audit Opinion: Qualified

Reporting Period											
Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Position	Progress	Narrative to Progress	
1	Procurement	Matters affecting the auditor's report	ISS.45-COMAF 20: Prior year irregular expenditure adjustment not complete	Recurring	1. Lack of technical knowledge within the SCM unit to identify and report on the irregular expenditure as per section 32 of MFMA	1. Conducting workshop on bid committees and circular 68 dealing with unauthorized, irregular, fruitless and or wasteful expenditure	30-Nov-19	31-Mar-20	CFO		
						2. Revisit the whole population of similar nature and disclose as irregular in the annual financial statements	30-Nov-19	31-Mar-20			

2	Human Resources	Administrative matters	ISS.82-COMAF 20: Employee related costs - Supporting documents for overtime payment not appropriate	New	1. Use of incorrect claim forms at Vuwani regional offices (Overtime instead of S&T)	1.Memo to be circulated to all employees informing them about the usage of both overtime application forms and S&T forms.	30-Nov-19	31-Mar-20	Manager: HR		
						2. Continuous induction of employees on HR and financial Policies					
3	Human Resources	Other important matters	ISS.81-COMAF 20: Employee related costs - Medical aid deducted for employees not yet appointed	Recurring	1.Challenges with programming of payroll system. 2.Lack of training on the payday payroll system. 3. Duties were not segregated as one person was working in the unit.	1. Engaging the service provider to assist with audit trail.	30-Nov-19	31-Mar-20	Manager: HR		
4	Human Resources	Matters affecting the auditor's report	ISS.6-COMAF 21: Employee related cost - Leave forms	New	1. No proper filing system	1. Implementation of record management system.	30-Nov-19	31-Mar-20	Manager: HR		
					2. No dedicated official assigned to administer leave	2. Assigning an official specifically to administer leave.	30-Nov-19	31-Mar-20	Manager: HR		

			could not be traced to the leave transactions report		3. Use of manual leave forms	3. Implementation of electronic leave application system	30-Nov-19	31-Mar-20	Manager: HR		
					4. No review of leave captured in the leave module	4. Reviewing/Reconciliation of leave taken with the leave report from the payday system	30-Nov-19	31-Mar-20	Manager: HR		
5	Human Resources	Other important matters	ISS.83-COMAF 21: Employee related costs - Limitation of scope of leave forms	New	1.No proper filing system	1. Implementation of record management system.	30-Nov-19	31-Mar-20	Manager: HR		
					2. No dedicated assigned to administer leave	2.Assigning an official specifically to administer leave.	30-Nov-19	31-Mar-20	Manager: HR		
					3. There was backlog in the capturing of the leave taken in the payroll system	3. Daily capturing of leave days taken in the payroll system	30-Nov-19	31-Mar-20	Manager: HR		
					4. No review of leave captured in the leave module	4. Reconciliation of the leave taken with the leave report from the payroll system	30-Nov-19	31-Mar-20	Manager: HR		
						5. Submission of the revised leave balances to actuaries for calculation of the employee costs	30-Nov-19	31-Mar-20	CFO		
						6. Correction of the prior year employee costs in the General ledger system	30-Nov-19	31-Mar-20	CFO		

6	Payments	Other important matters	ISS.84-COMAF 21: Expenditure - VAT incorrectly classified to general expenditure.	Recurring	1. No adjustments done in the GL after the service provider's tax status changed between the time of purchase and the actual payment.	1. Ensure that adjustments are done in the system as and when the status of the vendor changes.	30-Nov-19	31-Mar-20	Manager: Expenditure		
					2. Wrong selection of Vat categories in the system (vatable/exempted/zero-rated)	2. Workshop personnel in terms of the requirement of Valid Tax Invoice as per VAT Act	30-Nov-19	31-Mar-20	Manager: Expenditure		
					3. Lack of sufficient review of work done	3. Sufficient review of work done	30-Nov-19	31-Mar-20	Manager: Expenditure		
					4. Insufficient knowledge of the Vat Act.						
7	Procurement	Matters affecting the auditor's report	ISS.24-COMAF 18: Expenditure management - Non-	Recurring	1. There was no proper guidelines on the implementation of SCM regulation 32	1. Conduct workshop on the requirements of SCM regulation 32 in terms of MFMA circular 96	30-Nov-19	31-Mar-20	Senior Manager: Corporate Services		

			compliance with Municipal SCM regulation 32		2. No contract management in place	2. Review of the SCM policy to incorporate the requirements of MFMA circular 96	30-Nov-19	31-Mar-20	Acting CFO		
						3. Implementation of the policy	30-Nov-19	31-Mar-20			
8	Procurement	Matters affecting the auditor's report	ISS.71-COMAF 22: Expenditure - Competitive bidding not done on the procurement of legal services	Recurring	1. The municipality sought services outside the pool as the matter to be dealt with was concerning the CFO and MM (possible conflict of interest).	1. The transaction will be added in the irregular appointment register	30-Nov-19	31-Mar-20	Senior Manager: Corporate Services		
						2. Use of consultants within the pool with the understanding that there will display professionalism	30-Nov-19	31-Mar-20	Senior Manager: Corporate Services		
									Senior Manager: Corporate Services		
									Senior Manager: Corporate Services		

9	Payments	Other important matters	ISS.13-COMAF 22: Expenditure - Late payments made to suppliers	Recurring	1. Lack of capacity within the SCM unit	1. Enforce adherence to internal controls and legislation.	30-Nov-19	31-Mar-20	Manager: Supply Chain Management		
					2. Perceived emergency purchases that are done without complete proper documentation.	2. Implementation of invoice tracking system	30-Nov-19	31-Mar-20	Manager: Expenditure		
					3. Late submission of invoices by user departments.	3. Limit the use of manual orders to year end only when system is closed.					
					4. The use of manual orders.						
10	Payments	Other important matters	ISS.70-COMAF 22: Expenditure - Prices charged by the supplier not in terms of the service level	New	1. No contract management	1. Implementation of contract management policy	30-Nov-19	31-Mar-20	Manager: Supply Chain Management		
					2. Insufficient review of work done	2. Sufficient review of work done	30-Nov-19	31-Mar-20	Manager: Supply Chain Management		

			agreement.			3. Account for overpayments as receivable and recover the money from the service providers concerned	30-Nov-19	31-Mar-20	Manager: Supply Chain Management		
11	Receivables	Other important matters	ISS.28-COMAF 22- VAT Receivable- Vat returns	New	1. Insufficient review of work done.	1. Review of AFS prior finalisation.	30-Nov-19	31-Mar-20	CFO		
						2. Adjustments of the AFS to re-state the correct opening balance (comparative figures).	30-Nov-19	31-Mar-20	CFO		
						3. Preparation of supporting documents for all errors corrected in the AFS.	30-Nov-19	31-Mar-20	CFO		
						4. Controls will be improved to ensure that VAT recons are submitted before the due date of 25th every month	30-Nov-19	31-Mar-20	Manager: Expenditure		
12	Payments	Other important matters	ISS.89-COMAF 22: Trade payables - Requested information not submitted for audit (limitation of scope)	New	1. Misfiling	1. Management will put controls in place to ensure that monthly reconciliations of payables are performed.	30-Nov-19	31-Mar-20	Manager: Expenditure		
13	Human Resources	Matters affecting	ISS.85-COMAF	Recurring	The difference between the	1. Development of leave roster	30-Nov-19	31-Mar-20	Manager: HR		

		the auditor's report	22: Employee related costs - Differences between leave balance report and the leave register		payroll system leave report and the report that was sent to the actuaries was cause by leave days adjusted on the actuaries report which was not captured on payroll system	2. Review of leave captured vs leave books					
						3. Engage the service provider for automatic forfeiture of leave days above 48					
						4. Induction on leave policy					
						5. Assigning an official to administer leave					
14	Procurement	Matters affecting the auditor's report	ISS.30-COMAF 19: Winning bidder false declaration	New	Lack of capacity of SCM practioners.	1. Workshop on Bid Committees.	30-Nov-19	31-Mar-20	Acting MM		
						2. Obtain guidance from National Treasury on how to proceed based on the recommendations of the AGSA.			CFO		
15	Procurement	Matters affecting the auditor's report	ISS.41-COMAF 26: Declaration of interest not in place	Recurring	Declaration form was detached due to poor filing system	Transaction will be included in the irregular expenditure register	30-Nov-19	31-Mar-20	Manager: Supply Chain Management		
						Implementation of record management system.	30-Nov-19	31-Mar-20	Manager: Auxillia ry Services		
16	Payments		ISS.88-COMAF	New		Management will investigate the GL to correct the error.	30-Nov-19	31-Mar-20	CFO		

		Other important matters	26: Expenditure - Duplicated transactions identified		No sufficient review processes	Review of transactions captured in GL						
17	Payments	Other important matters	ISS.92-COMAF 26: Expenditure - Misclassification within contracted services	New	1. The use of account numbers on the caseware mapping of the Trial instead the gig numbers	1. Continuous use of gig numbers in caseware mapping of the Trial Balance.	30-Nov-19	31-Mar-20	CFO			
					2. Missallocation of expenditure items in the general ledger	2. The capturing of correct segments as provided by the Budget and Reporting section	30-Nov-19	31-Mar-20				
					3. Insufficient review of the information captured in the general ledger system	3. Sufficient review of work done	30-Nov-19	31-Mar-20				
					4. No standard operating procedures	4. Development of standard operating procedures	30-Nov-19	31-Mar-20				
18	Revenue	Matters affecting the	ISS.38-COF 26-Part B of the	Recurring	1. Information on the exempted rebates not	1. Submission of information on exempted rebates to the valuer for the development of Part B valuation roll	30-Nov-19	31-Mar-20	CFO			

		auditor's report	valuation roll not prepared		submitted by the Revenue unit to the valuer for the development of the Part B valuation roll						
						2. Development of Part B Valuation roll	30-Nov-19	31-Mar-20	CFO		
19	Procurement	Matters affecting the auditor's report	ISS.51-COMAF 27: Irregular appointment of consultants	Recurring	Lack of capacity of SCM practitioners.	1. Workshop on Bid Committees.	30-Nov-19	31-Mar-20	Acting MM		
						2. Include either Chief Risk Officer or the Legal Manager in the Bid Evaluation Committee.	30-Nov-19	31-Mar-20	Acting MM		
						3. Review of the SCM policy to include either the CRO or Legal Manager as standing members of the BEC.	30-Nov-19	31-Mar-20	CFO		
20	Procurement	Other important matters	ISS.39-COMAF 27-Local Content	Recurring	1. Non adherence to directive relating to local content as prescribed in the Preferential Procurement Regulations 2. Lack of knowledge of all legislation relating to procurement	1. Adherence to the directive relating to local content as issued by the Department of Trade and Industry	30-Nov-19	31-Mar-20	CFO		
						2. Conduct workshop to all bid committees members on all legislation relating to procurement	30-Nov-19	31-Mar-20	CFO		
						3. The transaction will be included in the Irregular expenditure register.	30-Nov-19	31-Mar-20	Manager: SCM		

21	Other Disclosure	Other important matters	ISS.1-COMAF 4: Internal audit not effective	Recurring	1. Lack of capacity within Internal Audit Unit. 2. Non adherence to the annual audit plan.	1. Appointment of personnel.	30-Nov-19	31-Mar-20	Senior Manager: Corporate Services		
						2. Inclusion of projects have been included in 2019/20 plan.	30-Nov-19	31-Mar-20	CAE		
						3. Utilisation of consultants for execution of audit projects	30-Nov-19	31-Mar-20	CAE		
22	Procurement	Other important matters	ISS.36-COMAF 4: No strategy in place for gap analysis for use of consultants	Recurring	1. SLA not clear about skills transfer	Review of SLA to include the skills transfer	30-Nov-19	31-Mar-20	CFO		
						Regular monitoring of consultants' delivery against agreement/contract.	30-Nov-19	31-Mar-20	CFO		
						Consultants must produce regular reports to ensure adequate monitoring and delivery of services,	30-Nov-19	31-Mar-20	CFO		
23	Procurement	Other important matters	ISS.35-COMAF 4: SCM policy does not adhere to SCM regulation	Recurring	1. Wrong policy submitted to Auditor General 2. Poor record keeping	1. Management to ensure that correct documents are submitted to Auditors as and when requested	30-Nov-19	31-Mar-20	CFO		
24	Bank	Other important matters	ISS.20-COMAF 15- Cash and cash equivalent	Recurring	Misfiling	1. Controls will be improved to ensure that record keeping is adequate	30-Nov-19	31-Mar-20	CFO		
						2. Implementation of record management system.	30-Nov-19	31-Mar-20	CFO		

			- Non compliance with sec 9 of MFMA								
25	Bank	Other important matters	ISS.79-COMAF 12: Issue 2 - Cash and cash equivalent - Bank reconciliations not reconciled monthly	Recurring	1.Late assignment of perform to perform bank reconciliations	1. Performing weekly bank reconciliations	30-Nov-19	31-Mar-20	Manager: Budget		
					2. No monthly review of the bank reconciliations	2. Monthly review of bank reconciliations					
					3. No monthly clearance of unreconciling items .	3. Monthly clearance of the unreconciling items					
					1. Write-off of assets not done during the year	1.Add disclosure in the AFS relating to to all assets written-off by the council after reporting date.	30-Nov-19	31-Mar-20	Manager: Assets		
					2.Decentralisation of the Fleet Management Section from Assets Management Unit, which leads to lack of monitoring by Assets Management Unit	2.Submission of write-off list to Council before year end to enable Assets Management Unit to update the Assets Register and the General Ledger.	30-Nov-19	31-Mar-20	Manager: Assets		

						3.Review Organizational structure and re-allocate the Fleet Management Functions to Budget and Treasury Office.	30-Nov-19	31-Mar-20	Senior Manager: Corporate Services		
27	Movable Assets	Other important matters	ISS.62-COMAF 12-PPE-Movable assets-opening balance-Completeness-Assets that could not be traced to the asset register	Recurring	1. Write-off of assets not done during the financial year	1.Add disclosure in the AFS relating to all assets written-off by the council after reporting date. 2.Submission of write-off list to Council before year end to enable Assets Management Unit to update the Assets Register and the General Ledger.	01-May-20	30-Jun-20	Manager: Assets		
28	Receivables	Other important matters	ISS.14-COMAF 24: No appropriate evidence - Prior year.	New	1.No reconciliation of the re-classified items in the Annual Financial Statements 2. Insufficient review of the Annual financial statements	1. Reconciliation of all re-classified items with the supporting documents 2. Sufficient review of the Annual Financial Statements	30-Nov-19 30-Nov-19	31-Mar-20 31-Mar-20	Manager: Budget Manager: Budget		

29	Receivables	Other important matters	ISS.26-COMAF 24 : VAT on prior period adjustments not accounted for	Recurring	1.Insufficient review of work done.	1. Sufficient review of work done	30-Nov-18	31-Aug-19	CFO		
30	Human Resources	Other important matters	ISS.86-COMAF 24: Employee related costs - Housing allowance contributed on behalf of employees not yet appointed	Recurring	1.Challenges with programming of payroll system.	1. Engaging the service provider to assist with audit trail.	01-Jan-20	30-Jun-20	CFO		
					2.Lack of training on the payday payroll system.	2. Training on the payroll systems.					
					3. Duties were not segregated as one person was working in the unit.	3. Segregation of duties					
31	Payments	Other important matters	ISS.73-COMAF 25: Expenditure - VAT incorrectly classified to general	New	1. No adjustments done in the system to consider the change in the status of the vendor in terms of VAT	1. Ensure that adjustments are done in the system as when the status of the vendor changes	30-Nov-19	31-Mar-20	Manager: Expenditure		

			expenditure		2. Incorrect selection done in the system to either or not claim VAT due lack of knowledge regarding the Vat Act	2. Workshop personnel in terms of the requirement of Valid Tax Invoice as per VAT Act	30-Nov-19	31-Mar-20	Manager: Expenditure		
					3. Lack of sufficient review of work done	3. Sufficient review of work done	30-Nov-19	31-Mar-20	Manager: Expenditure		
32	Payments	Other important matters	ISS.74-COMAF 25: Expenditure - Misclassification within general expense line items	Recurring	1. The use of account numbers to do the caseware mapping of the Trial instead the gig numbers	1. Continuous use of gig numbers in caseware mapping of the Trial Balance	30-Nov-19	31-Mar-20	CFO		
					2. Missallocation of expenditure items in the general ledger	2. The capturing of correct segments as provided by the Budget and Reporting section	30-Nov-19	31-Mar-20	CFO		
					3. Insufficient review of the information captured in the general ledger system	3. Sufficient review of work done	30-Nov-19	31-Mar-20	All BTO Managers,		

					4. No standard operating procedures	4. Development of standard operating procedures					
33	Receivables	Matters affecting the auditor's report	ISS.48-COMAF 25: Receivables - No debt collection resulting in material losses	Recurring	1. Non-implementation of the credit control and debt collection policy	1. Effective implementation of the credit control and debt collection policy	30-Nov-19	31-Mar-20	Manager: Revenue		
					2. Credit control and debt collection by-laws not gazetted to allow for enforcement	2. Gazetting of the credit control and debt collection by-laws	30-Nov-19	31-Mar-20	Manager: Revenue		
					3. No standard operating procedures	3. Development of credit control and debt collection standard operating procedures	30-Nov-19	31-Mar-20	Manager: Revenue		
					4. Lack of personnel to implement credit control and debt collection policies	4. Data cleansing	30-Nov-19	31-Mar-20	Manager: Revenue		
					5. Unrest in the Vuwani area which impact on the implementation of the policy		30-Nov-19	31-Mar-20			

					6. Debtors' information not accurate in the billing system	5. Appointment of personnel to implement credit control and debt collection policy and by-laws	30-Nov-19	31-Mar-20	Manager: HR		
34	Payments	Other important matters	ISS.87-COMAF 25: Expenditure - Difference noted between support documents and GL Amount	New	1.No segregation of duties	1. Ensure that there are segregation of duties	30-Nov-19	31-Mar-20	CFO		
					2. Insufficient review of work done	2. Sufficient review of work done	30-Nov-19	31-Mar-20	All BTO managers		
					3. No standard operating procedures	3. Development of standard operating procedures	30-Nov-19	31-Mar-20	All BTO managers		
35	Movable Assets	Other important matters	ISS.17-COMAF 10-PPE- Assets not assessed for impairment	Recurring	1. Assets in poor condition were not fully identified and assessed during physical verification.	1. During physical verification ensure that all assets in a poor condition are identified and appropriately flagged as such.	30-Nov-19	31-Mar-20	Manager: Assets		
						2. once physical verification is completed, filter all assets assessed as "poor " and perform an impairment assessment on all such assets . Ensure that no line (no individual asset) is missed during this assessment.	30-Nov-19	31-Mar-20			
						3. prepare appropriate journals to impair these assets in the underlying records (write down the assets to their recoverable value.	30-Nov-19	31-Mar-20			

36	Procurement	Matters affecting the auditor's report	ISS.8-COMAF :14 SCM : Interest not declared.	New	1. The use of the MBD4 and the CSD which are not sufficient enough to can detect instances of false declarations	1. The municipality will further engage also on the data base of all employees of the municipality to confirm before appointment and not rely on the declaration only.	30-Nov-19	31-Mar-20	Manager: SCM		
37	Procurement	Other important matters	ISS.9-COMAF 14 :SCM - Supplier in service of the state not declared	New	1. The use of the MBD4 and the CSD which are not sufficient enough to can detect instances of false declarations	1. The municipality will further engage also on the data base of all employees of the municipality to confirm before appointment and not rely on the declaration only.	30-Nov-19	31-Mar-20	Manager: SCM		
38	Procurement	Matters affecting the auditor's report	ISS.10-COMAF 14 :SCM - No declaration of partnership of person in service of the municipality	Recurring	1. The use of the MBD4 and the CSD which are not sufficient enough to can detect instances of false declarations	1. The municipality will further engage also on the data base of all employees of the municipality to confirm before appointment and not rely on the declaration only.	30-Nov-19	31-Mar-20	Manager: SCM		
39	Procurement						30-Nov-19	31-Mar-20			

		Matters affecting the auditor's report	ISS.31-COMAF 14: Family in member in service of the state	Recurring	1. The use of the MBD4 and the CSD which are not sufficient enough to can detect instances of false declarations	1. The municipality will further engage also on the data base of all employees of the municipality to confirm before appointment and not rely on the declaration only.			Manager: SCM		
40	Payments	Other important matters	ISS.5-COMAF 09 : Issue 1 - Creditor's reconciliation not performed	Recurring	1. Lack of human capacity in expenditure section to do monthly reconciliation 2. Lack of training on the financial system and Mscoa 3. No standard operating procedures	1. Appointment of personnel of personnel in the expenditure section	30-Nov-19	31-Mar-20	Manager: Expenditure		
						2. Continuous training of financial officials on the Munsoft financial system and the Msoca reporting	30-Nov-19	31-Mar-20	Manager: Expenditure		
						3. Perform monthly creditors' reconciliation	30-Nov-19	31-Mar-20	Manager: Expenditure		
						4. Development of standard operating procedures	30-Nov-19	31-Mar-20	Manager: Expenditure		
41	Other Disclosure	Other important matters	ISS.2-COMAF 5:Issue 3 Municipal budget not aligned .	Recurring	1. No reconciliation between the priorities as per Annual budget with the Service Delivery	1. Conducting full asset verification.	30-Nov-19	31-Mar-20	CFO		
						2. Conduct a proper condition assessment on assets for impairment at year end.			FO		
						3. To get a council resolution to dispose the damaged assets.			Senior Manager:		

					Budget Implementation Plan 2. Insufficient review of work done				Corporate Services		
						4. Adequate disclosure in the notes and AFS.			CFO		

APPENDIX F: CAPITAL EXPENDITURE – NEW & UPGRADE / RENEWAL PROGRAMMES: INCLUDING MIG GRANTS:

DETAILS	OPENING BALANCE 01 JULY 2018	DORA ALLOCATION 2018/2019	FUNDS WITHHELD	RECEIVED THIS YEAR	ADDITIONAL FUNDS RECEIVED	EXPENDITURE
Municipal Finance Management Grant (FMG)	R 679,406.81	R 2,345,000	-	R 2,345,000	-	(R3 024 407)
Municipal Infrastructure Grant (MIG)	R 16 ,085, 353.51	R 80 ,350, 000.00	R 16 085 353.51	R 101,850,000	R 21,500,000	(R 101,850,000)
Municipal Demarcation Transitional Grant (MDTG)	R 7 782 548.00	-	R 7 782 548.00		-	-
Integrated National Electricity Programme (INEP)	R 4 991 240.00	-	R 4 991 240.00 -		-	(R 17,000,000)
Extended Public Works Programme (EPWP)	-	R 1,134,000	-	R 1,134,000	-	(R1,134,000)
Municipal System Improvement Grant (MSIG)				R 1,061,000		(R 1,061,000)

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