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## CHAPTER 1

### MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

#### COMPONENT A

## Foreword

### BY THE HONOURABLE MAYOR

The Mandate given by society to us is to improve the quality of their lives. These ideals are captured in the IDP that we adopted at the beginning of the Financial year.

This 2012/13 Annual report of the Phokwane Local Municipality, which in many ways reflect our service delivery and developmental achievements and challenges, is presented in recognition of our legislative obligation to be an accountable and transparent organisation. This annual report which also outlines the implementation and achievement of these objectives conform to the various pieces of legislation such as the section 46 of the Local Government: Municipal Systems Act No.32 of 2000 and sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No.56 of 2003. The Municipality progressed significantly in achieving objectives with regard to the five key performance areas applicable to local government and which is outlined in this Annual



#### REPORT:

1. Basic Service delivery and infrastructure development
2. Municipal transformation and development
3. Local Economic Development
4. Municipal Financial viability and management
5. Good Governance and Public Participation

This Annual Report outlines in detail the achievements in the various deliverables of which the following are but a few examples:

1. Refurbishment of Pampierstad internal water phase 1.
2. Bulk sewer main connector line for 2350 stands.
3. Upgrading of streets and storm water at 900 houses phase 2
4. Electrification of Bonita park 127 stands phase 2
5. Upgrading of internal water and sanitation in Kingston
6. Pampierstad internal water reticulation for 1450
7. Upgrading bulk water supply in pampierstad, 1,5 km from lower majakgoro to sakhile
8. Upgrading of Jankempdorj waste water treatment plant.



It is a lawmaking authorization that as a Local Municipality, we are obligated to prepare an Annual report which its main objective is to reflect on the performance of the Municipality for each financial year. This report is prepared in terms of the provisions of section 121(1) of the Municipal Finance Management Act as well as section 46(1) of the Municipal Systems Act of 2000.

Although we got a Disclaimer in the last financial year, we made a commitment that things will slowly change for the better. These changes are as a result of the appointment of the Audit Committee to assist in advising Council on audit matters. We have also developed an Action Plan which its objective is to detect and address any shortfall regarding the finances of our Municipality. This plan will enable us to identify all the risks so as to deal with them head-on and so that we are in a better position to improve and become a Municipality who is financially viable and to keep up with the deadline of Clean Audit by the year 2014.

We will continue to work closely with our communities so that they know exactly what is happening within their elected Council. This will also provide us with an opportunity to know their daily challenges and be in a position to make the necessary planning to overcome those challenges timeously.

## ‘UNITY CONQUERS’

### a. Vision

To be a developmental municipality in the creation and maintenance of sustainable human settlement that result in social and economic development for all citizens.

### b. Key Policy Developments

Policy formulation in Phokwane should be more collaborative and inclusive and involve all key stakeholders in a transparent manner. The policy focus should be more reflective of contemporary good practice and in particular for diversification.

In terms of the Municipal Systems section 25 (1) each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which—

- (a) links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- (b) aligns the resources and capacity of the municipality with the implementation of the plan;

The Municipal System Act further indicate in section 28 (1) Each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan.

### c. Key Service Delivery Improvements

The Service Delivery Budget Implementation Plan (SDBIP) of the Municipality is the cornerstone to determine the key Service Delivery objectives and targets of the Municipality based on the Integrated Development Plan (IDP). The SDBIP directly informs the Annual Budget of the Municipality and the Performance Agreements and Performance Plans of the Municipal Manager and Section 57 Managers. The Performance Plans of the Section 57 Managers at the same time informs the Performance Scorecards of the various operating sections within each department. Reporting should therefore escalate from the bottom (Sections) to the top (Departments) to enable to compilation of Quarter- and Annual Performance Reports.

### d. Public Participation

Section 24 of the Municipal Systems Act(1) states that the planning undertaken by a municipality must be aligned with, and complement the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of co-operative government contained in section 41 of the Constitution. The IDP Steering Committee Meetings were held to comply with the above act whereby sector departments were invited to form part of some of IDP/Budget meetings.



## e. Future Actions

The performance report for the Municipality reflects a stable financial institution despite a low payment rate for services, albeit a relative good collection rate compared to other municipalities. The financial position of the municipality can be vastly improved if the payment rate improves with 10%+ as it will allow the municipality to fill all their staff vacancies, increase spending on the maintenance of infrastructure and to improve the condition of their vehicle fleet and equipment. At operational level the municipality is able to maintain the level of services but more attention is required to improve the customer care focus and to increase the general standard of service delivery. Procedures are implemented to ensure that information is recorded and reviewed on a more frequent basis to measure the attainment of targets as set in the IDP, SDBIP and Performance Plans of the senior managers.

## f. Agreements / Partnerships

Phokwane Municipality have an agreement with Sedibeng Water in order to provide for the rendering of the water services in an efficient, equitable, cost effective and sustainable manner which encompasses the need to ensure access of all domestic consumers to at least basic services.

## g. Conclusion

It is our responsibility as politicians, to ensure that our Municipality does indeed perform to the best of its ability in addressing the backlogs of all services. We will do this because this is a mandate as enshrined in our Constitution. We are compelled to do the above irrespective of the limited resources at our disposal.



MAYOR



## COMPONENT B

# *Executive Summary*

## 1.1 MUNICIPAL MANAGER'S OVERVIEW

The year under review was not different from the other previous except for the fact that challenges and achievements were not the same. Therefore in this annual report a record of achievements and shortfalls will be showcased. It is important to state upfront that the report shows dramatic improvement in service delivery compared to the previous years. The backlogs are narrowing however, there are people moving from other surrounding municipalities to Phokwane Local Municipality. As a result of this the informal settlement in Phokwane Local Municipality is growing again.

On the other hand Phokwane Local Municipality did not improve their audit outcome. This can be alluded to historical issues and assets. The municipality developed an action plan to address audit findings. Most of the affected departments are doing their best to address those findings. Council set clear objectives during the IDP approval that must be achieved in the year under review. This report will touch on municipal performance against the targets set.



### POLICIES

Part of Council work is to develop and approve policies to make the institution effective and efficient. Council approved policies that will regulate finances, human resources and others. In this report policies approved will be flagged..

### GOVERNANCE

The governance structure of the municipality starts with Council, Executive and Portfolio committees. In order to perform its oversight role properly effectively, Council established Audit and Risk Committee and the Municipal Public Accounts Committee. The Audit and Risk Committee was functional already in the financial year under review.

### ADMINISTRATION

The administration was almost crippled in the year under review, where the Senior Management consisted of only the Municipal Manager and the Director Finance. All other Director positions were vacant and this posed a serious risk for the municipality because all the responsibilities were done by the two senior managers who were there.

However, the municipality was able to review the Integrated Development Plan, Developed the budget for 2012/2013. After the approval of the budget and IDP, administration developed and implemented the SDBIP.

The organizational structure of the municipality was reviewed during the financial year. Some new positions were included and some were removed from the structure.

### SERVICE DELIVERY

The municipality continued to provide services such as water, sanitation, refuse removal, housing, roads and storm water and other services. Council approved infrastructure projects to render improved services to the communities which are part of the report. The municipality implemented poverty alleviation projects such as Food for Waste Project and EPWP labour



intensive project.

## PUBLIC PARTICIPATION

The municipality implemented various public participation projects ranging from public consultations, public meetings, stakeholders meetings and ward meetings. The municipality consulted communities on IDP reviews, Proposed Budget, Policies and Project Implementation. Ward Councillors are holding their ward meetings in different wards every month. Those communities who cannot read and understand the technical documents of the municipality are benefiting from those meetings.

For those who cannot or unable to attend meetings they are given an opportunity to respond or react to our published documents. The documents are put in different offices and libraries for communities to access and to make comments. The municipality have 9 municipal wards; all those wards have ward committees established. The ward committees are functional; they were trained on roles and responsibilities. The ward committees are paid a stipend and they report monthly to the Speaker's office and their reports are consolidated and submitted to Council.

## YOUTH DEVELOPMENT

The municipality has a youth unit established in the political office of the Mayor. The staff is appointed, and has started to perform their work. In consultation with other sector departments they have developed some programmes for the youth, like bursaries etc.

## ANTI-CORRUPTION AND FRAUD PREVENTION

The municipality reviewed its supply chain management office in order to avoid and reduce fraud. The staff in supply chain attended the CPMD course to capacitate them to deal effectively and efficiently with their responsibilities. The municipality developed a policy and a plan in this regard. The internal controls in this section were also improved

## CONCLUSION

The annual report for 2012/2013 outlines the activities of the year under review. The report reflects departmental achievements and challenges. Some of the departments did not have head of departments; therefore their performance did not reach the expected targets. Other than that, the municipality is on the right track in achieving the target set for the 5 years of Council and local government in general.

I would like to thank the Mayor, Speaker, Councillors, Colleagues, Staff and the community for their support and patience and believing that we shall overcome.

I thank you.



## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Phokwane Local Municipality is made up of four built up areas, i.e Hartswater, Jan Kempdorp, Ganspan, Pampierstad and the surrounding farming areas. This municipality is rural in nature with large scale of agriculture commercialized farming.

The population size is about 61 321 people, with the following gender composition 29 827 males and 32 497 females. The unemployment rate in the area is very high, it is estimated to be 43% while agriculture and government sector are the main employers in the local economy.

The labour force is relatively unskilled and poorly educated, 21% of them have grade 12 or higher education, while 32% have no schooling at all. In total 67% of the population have some form of schooling and can be regarded as literate.

Phokwane Local Municipality is second biggest local municipality in the Frances Baard District Municipality. It is an executive type of a municipality, where the Executive Committee is chaired by the Mayor who is a Member of that committee. In this arrangement the executive powers are vested in the committee.

The head office of the municipality is in Hartswater, where Council, Committees, and Senior Managers operate from. The Council Chambers and Senior staff offices are.

## 1.3 SERVICE DELIVERY OVERVIEW

Since inception in 2000, Phokwane local Municipality has been able to provide the following services to the communities;

- Water
- Electricity
- Sanitation
- Roads
- Storm water
- Cemeteries
- Sports and recreational facilities
- Environmental management
- Libraries
- Solid waste
- Traffic services
- Land use

Some of these services are provided at a higher level and some at an RDP standard. On the other hand some of these services are provided to communities on a daily basis and some as once off service. However, the details on service delivery will be reported under performance highlights.





## 1.4 FINANCIAL HEALTH OVERVIEW

The financial administration of the municipality has improved considerably during the year with the implementation systems of key controls such as the reconciliation of key controls accounts on a monthly basis. This enabled monthly and quarterly reporting to both management, Council and external stakeholders whilst ensuring that information reported is accurate, valid and complete. The arrival of the internal audit committee has further added value to the aforementioned. Independent audit checks was conducted throughout the year within departments to improve in particularly financial controls and procedures within departments and operating sections.

### FINANCIAL OVERVIEW – YEAR 2012/13

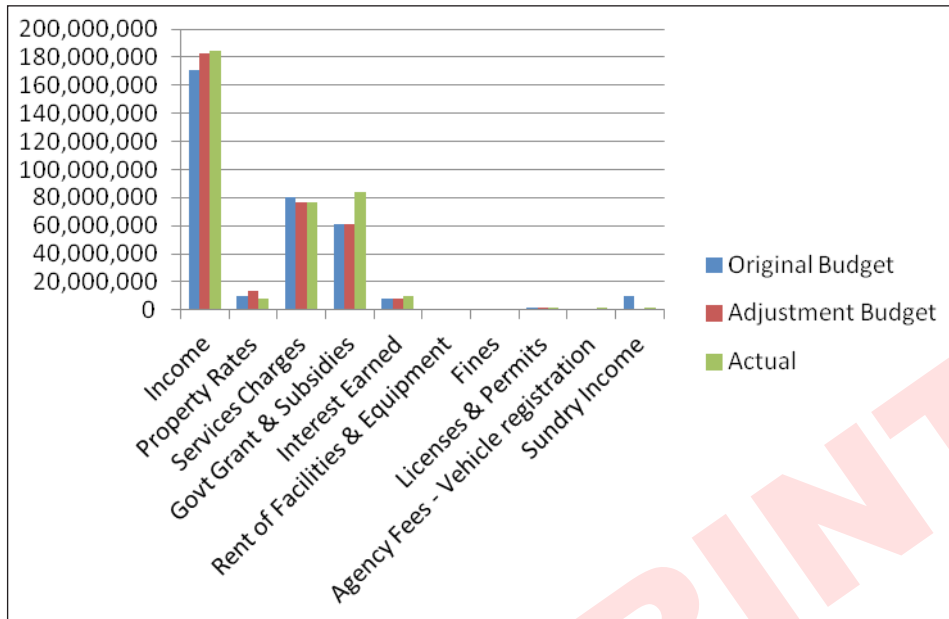
R'000

DETAILS	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL
<b>Income</b>	<b>175 520 054,00</b>	<b>178 867 360,00</b>	<b>235 278 495,00</b>
Property Rates	10 038 400,00	9 776 071,00	7 776 461,00
Services Charges	86 588 484,00	86 183 548,00	83 071 710,00
Government Grant & Subsidies	66 931 000,00	68 920 000,00	126 405 295,00
Interest Earned	8 493 286,00	10 051 721,00	2 334 902,00
Rent of Facilities and Equipment	79 955,00	302 017,00	293 611,00
Fines	147 083,00	76 029,00	74 036,00
Licenses & Permits	1 859 988,00	1 540 579,00	1 488 452,00
Agency Fees – Vehicle registration	748 930,00	1 109 577,00	1 134 175,00
Sundry Income	632 928,00	907 818,00	12 699 853,00
<b>Less Expenditure</b>	<b>184 787 338,00</b>	<b>178 001 136,00</b>	<b>171 181 907,00</b>
Employee related Cost	58 566 655,00	41 530 767,00	42 642 387,00
Remuneration of Councilors	5 031 389,00	4 026 821,00	4 814 039,00
Debt Impairment	9 388 199,00	29 446 949,00	16 180 126,00
Depreciation & Amortisation	5 304 294,00	6 908 076,00	7 379 306,00
Impairments	-	-	-
Repairs & Maintenance	4 841 850,00	3 890 062,00	14 881 998,00
Finance Charges	133 583,00	-1,00	1 243 549,00
Actuarial Losses	-	-	-
Bulk Purchases	49 106 583,00	52 083 469,00	53 243 000,00
Contracted Services	8 658 924,00	7 610 741,00	1 759 587,00
Grants & Subsidies Paid	-	-	-
General Expenses	48 597 711,00	36 394 314,00	43 919 913,00
<b>Net Total</b>	<b>-9 267 284,00</b>	<b>866 224,00</b>	<b>64 096 588,00</b>

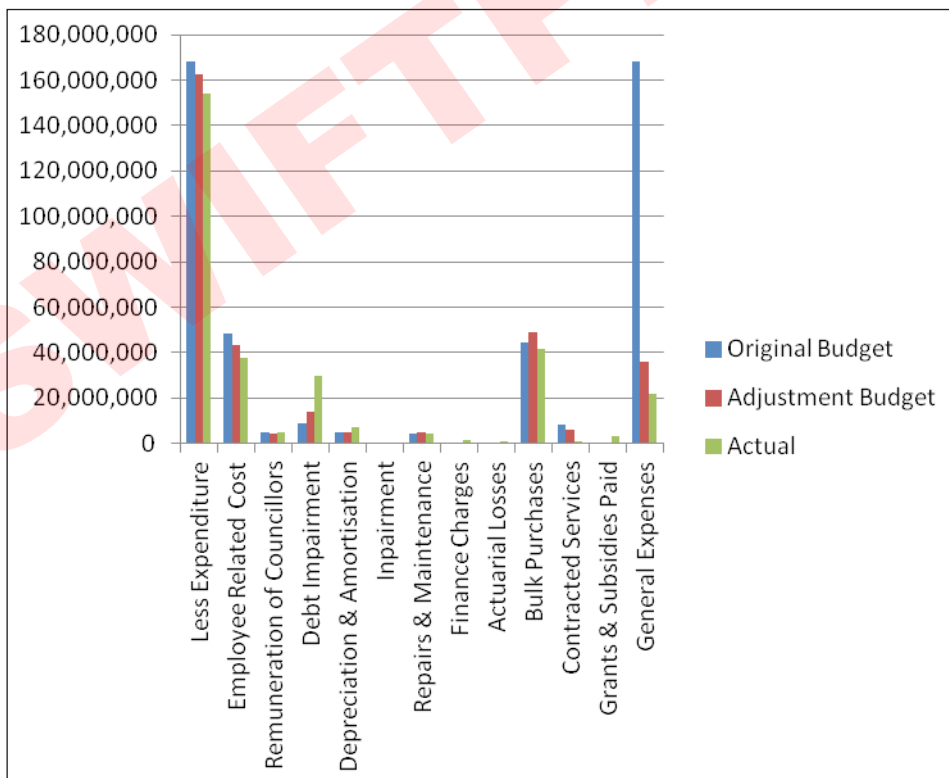


FINANCIAL OVERVIEW – YEAR 2012/2013

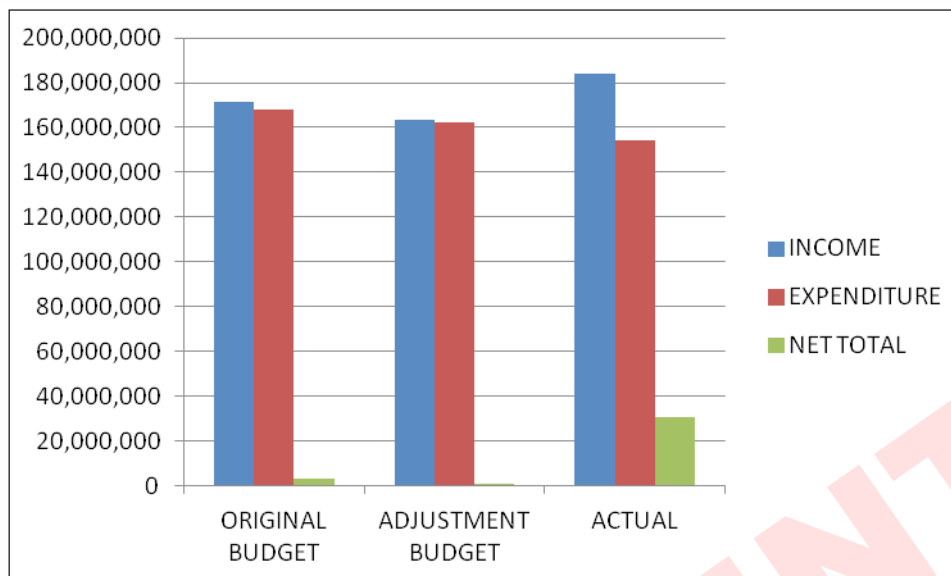
INCOME



EXPENDITURE



## NET TOTAL



## OPERATING RATIOS

DETAIL	%
Employee Cost (Councillors Remuneration)	27,72
Repairs & Maintenance	
Finance Charges & Impairment	0,73
Depreciation & Amortisation	4,31
Debt impairment	9,45
Actuarial losses	
Bulk Purchases	31,10
Contracted Services	1,03
Grant & Subsidies Paid	
General Expenses	25,66

### COMMENT ON OPERATING RATIOS

Councillors and employee related costs makes up the largest component of expenditure costs, constituting 27.7 percent of the total actual operating expenditure. This is followed by bulk purchases such as electricity and water costs constituting 31.10 percent. The municipality's budget for non-cash expenditure items such as debt impairment, depreciation and amortization charges and actuarial losses and these constitutes 9.45 percent, 4.31 percent and 0. percent respectively of the actual operating expenditure of 2012/2013.

The overall financial administration and MFMA compliance improved systematically during the year and the financial statements for the financial year was completed and handed to the Auditor General on time. The stable financial position of the municipality over the past years continued with a positive monthly cash flow with no overdraft facilities being used. The Municipality recorded cash receipts of R 212,7 million from rates, services charges, government grants and interest and this has resulted in net cash from operating activities to the amount of R 61,1 million. The cash equivalents of the municipality decreased by R 9,5 million from R37 million from the previous year to R46,6 million this year.



## REVENUE

Total revenue of the municipality has increased to R 235, 3 million compared to the R184, 3 million from the previous financial year and represents an increase of 21.64 percent. This can be attributed to the fact that the services charges has increased from R77, 1 million to R83, 07 million. The revenue from government grants and subsidies has however increased from R84,2 million to R126, 4 million, the increase can further be ascribed to the increase of Equitable Share. The municipality performed generally well with regard to generating revenue such as service charges and rental facilities. The challenges however, remain that of collecting revenue earned.

## EXPENDITURE

The expenditure of the municipality has increased from R151, 6 million the previous year to R171, 2 million for this year and this represents an increase of 12.9%. The Bulk purchases represent 31,10% of the total cost and expenditure increased by 27.09% compare to the previous financial year. The salaries increased by 10.99% whilst the general expenses decreased by 38, 9%. Though tight controls have been implemented to ensure that the budget is not overspend, unauthorized, fruitless, wasteful and irregular expenditure continued to be incurred and has been reported to Council.

## LIABILITIES

The current liabilities of the municipality increased from R22,8 million to R38,2 million this represents a 67.51% as a result of an drastic increase in payables from exchange transactions and short-term provisions, whilst the non-current liabilities increased from R15,6 million to R16,8 mainly due to a significant increase in long-term provisions. The trade creditors increased from R856 thousand to R 4, 6 million whilst the other creditors also increased from R491 thousand to R 839 thousand. Trade creditors are normally paid within 30 days and trade payables as at 30 June 2012 amounts to R4, 6 million. The municipality has not operated an overdraft facility during the year.

## TRADE AND OTHER RECEIVABLES

Trade receivables from exchange transactions increased from R 13.6 million in the previous year to R 28, 5 million and other receivables from non-exchange transactions increased from R 6, 1 million to R 10, 7 million, net of provision for debt impairment. The municipality's accounting policies dictates that provision for debt impairment is considered on accounts older than ninety days. Therefore, the provision for debt impairment considered for 2011/2012 accounts receivables from exchange transactions amounted to R 120 million and for 2012/2013 amounted to R 133,3 million. Provision for debt impairment on accounts receivables from non-exchange transactions amounted to R 13.3 million in the previous year and R 16,2 million for the current year.

## TOTAL CAPITAL EXPENDITURE

The municipality's capital budget increased over the past three years from R 34.6 million in 2010/2011 to R 45,8 million in 2011/2012 and R 56.1 in 2012/2013 respectively. This increase can mainly be attributed to the fact the municipality has gradually enhanced its administrative capacity to deliver on its infrastructure programmes and this has got a positive impact on service delivery. It should however be mentioned that the municipality is predominantly depending on conditional grant funding to deliver on its infrastructure programmes and objectives.

The municipality exceeded its capital expenditure appropriated with R 12.3 million or 35.82% in 2010/2011 and with a under spending of R 34.7, million or 61.8% in 2011/2012. These over expenditure in 2010/11 can be attributed to improper planning and inadequate budgetary controls in place. The municipality however exceeded spending on its capital budget in the 2012/2013 financial year of about R 3,9 million or 7.8%.



## TOTAL CAPITAL EXPENDITURE: YEAR 2010/2011 TO YEAR 2012/2013

DETAIL	R'000		
	YEAR 2010/2011	YEAR 2011/2012	YEAR 2012/2013
Original Budget	34 580	56 187	56 188
Adjustment Budget	34 580	45 798	51 026
Actual	46 968	21 463	55 006

## TOTAL CAPITAL EXPENDITURE

### CREDIT CONTROL

The average percentage payment level for the municipality at the end of the financial year is 61.88 % and the table below provides a summary of the overall payment levels for the main areas of the municipality;

FY 2012/13	CHARGES	RECEIPTS	% PAYMENT
	RAISED		
July	9,626,836	3,965,695	41.19%
Aug	8,554,169	4,719,892	55.18%
Sep	8,470,211	5,182,502	61.19%
Oct	8,675,428	6,883,278	79.34%
Nov	8,744,082	4,576,591	52.34%
Dec	8,436,966	4,413,172	52.31%
Jan	10,029,161	5,334,666	53.19%
Feb	8,135,386	5,941,484	73.03%
March	9,689,475	7,997,341	82.54%
April	9,328,885	5,363,076	57.49%
May	7,846,068	4,992,356	63.63%
June	10,035,342	7,190,596	71.65%
<b>TOTAL 12/13</b>			
<b>MONTHLY AVERAGE</b>			

The payment levels for the individual areas are as follows:

MONTHS	HARTSWATER	JAN KEMPDORP	PAMPIERSTAD	GANSPAN	FARMS
<b>YTD AVE</b>	<b>65.53</b>	<b>29.89</b>	<b>5.67</b>	<b>40.09</b>	<b>13.71</b>
<b>July</b>	65.53	29.9	5.67	40.09	13.71
<b>Aug</b>	72.2	51.1	8.71	12.84	38.89
<b>Sept</b>	76.73	59.4	4.61	12.43	11.33
<b>Oct</b>	88.46	82.4	10.45	7.20	20.11
<b>Nov</b>	68.94	49.8	8.05	8.44	20.30



<b>Dec</b>	70.07	42.4	10.42	25.88	8.09
<b>Jan</b>	68.94	49.8	8.05	8.44	20.30
<b>Feb</b>	106.95	59.7	9.19	7.92	17.68
<b>Mar</b>	94.78	72.1	7.04	7.10	23.67
<b>Apr</b>	83.39	43.7	16.60	4.39	27.86
<b>May</b>	96.56	40.1	19.52	16.46	20.26
<b>June</b>	69.24	82.2	6.27	21.97	26.59

Measures needs to be implemented to increase payment levels in township areas, such as Pampierstad and Ganspan, in order to improve the overall payment rate. The shortage of resources such as staff and vehicles impeded immensely on the debt collection section's ability to discharge its responsibilities fully. This section continued to operate with limited resources throughout the year particularly as far as human capacity and vehicles are concern and the effect of this can be clearly seen in the results depicted in the table below;

MONTH	NR OF CUTT -OFF'S	NR ACCOUNTS REINSTATED	NR OF DEMAND LETTERS SENT	AMOUNT ARREARS COLLECTED	NR PAYMENT ARRANGEMENTS MADE	AMOUNT ARRANGEMENTS PAID	NR OF ILLEGAL CONNECTIONS
July 2012	9	8	0	0	6	R 62 107.29	1
Aug 2012	84	23	0	R202 628.90	4	R189 493.50	1
Sep 2012	85	34	0	R953 630.60	7	R65 436.39	1
Oct 2012	43	18	0	R63 355.95	28	R1 541 929	0
Nov 2012	0	514	122	R1,721,182	27	R329,807	1
Dec 2012	0	0	0	0	0	0	0
Jan 2013	0	0	474	R1 309 409	0	0	1
Feb 2013	704	706	736	R1 589 932	140	0	1
Mar 2013	545	245	522	R1 005 407	26	0	0
Apr 2013	992	415	0	R514 734.80	0	0	0
May 2013	1217	438	390	R424346.80	40	R78349	0
Jun 2013	488	138	0	R295 606.00	31	R52 554	0

The above shows that there were no major credit control and debt collection activities during the months of July, December 2012 and January 2013. For July 2012 the credit control and debt collection unit was tremendously under resourced by not having enough vehicles and staff to perform the work. During the December 2013 most of the personnel took leave and thus left the unit dormant.



## INDIGENTS

The registration of indigents are hampered by a number of factors that include a lack of adequate resources such as human resources and vehicles as most of the indigents lives in the outlining areas. The involvement of ward councilors and ward committees must also improve to identify and register indigents. For the 2012/13 financial year only 3107 indigents were registered. The target for the 2013/14 is to double the number of registered indigents in particular by holding awareness campaigns with the assistance of new ward councilors, in all the areas of the municipality

## COMPLIANCE

The process of MFMA compliance and submitting the required reports has improved dramatically over the past year and as an example the following reports was submitted according to the scheduled requirements:

- Sec71(1) - Monthly report on actual revenue and expenditure
- Sec71(5) - Allocations received
- Sec72 - Mid-year Budget Adjustment and Performance report
- Sec75(1) – Placement on website of key municipal documents
- Sec52(d) - Quarterly report on implementation of budget and financial state of affairs
- Minimum Competency Level – Bi annual report of competency level of senior managers



## 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality has various measures and strategies in trying to improve and address skill development and institutional transformation is concerned, i.e Basic Services, Governance, financial viability and other key areas. Staff members who qualify are provided with assistance to pursue career relevant to organizational development.

Other key aspect which is crucial for organizational development is the formulation of key important policies.

## 1.6 AUDITOR GENERAL REPORT – YEAR 1

(REFER TO APPENDIX G FOR AUDITOR GENERAL'S REPORT)

SWIFTPRINT





## 1.7 SCHEDULE OF KEY BUDGET DEADLINES IN TERMS OF SECTION 21 (1)(B) OF THE MFMA (MUNICIPAL FINANCE MANAGEMENT ACT)

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor therefore needs to table a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP before Council no later than 31 August 2011.

The proposed schedule is set out below:

	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
1	July 2012	<u>MTREF AND EVALUATION CHECKLIST</u> Planning for next three-year budget in accordance with co-ordinated role of budget process (included is previous year review of budget process and the budget, and completion of budget evaluation checklist)	MFMA 21 (1)	EXECUTIVE MAYOR	1-Jul-12
2		<u>PLANNING</u> Planning for next three-year budget; Establishment of internal and external budget consultation forums; and Establish processes and identify strategies for IDP and Budget Development.	MFMA GUIDANCE	MUNICIPAL MANAGER	1-Jul-12
3		<u>SDBIPS &amp; SECTION 57 CONTRACTS</u> Signing of performance contracts for service delivery.	MFMA 53 (1) c (iii) MSA (S 57)	EXECUTIVE MAYOR	1-Jul-12
4		<u>MFMA REPORTING</u> Place approved annual budget and policies on the municipal website	MFMA 75(1)(a) & (b)	CHIEF FINANCE OFFICER	5-Jul-12
5		<u>MFMA QUARTERLY SCM REPORTING</u> Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	10-Jul-12
6		<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Jul-12
7		<u>MFMA REPORTING</u> Submit monthly statement to the provincial or national organ of state or municipality on allocations received within 10 working days of start of month	MFMA 71 (5)	CHIEF FINANCE OFFICER	12-Jul-12
8		<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council 10 working days of start of month	MFMA 66	CHIEF FINANCE OFFICER	12-Jul-12



PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
9	<u>MFMA SCM REPORTING</u> Submit monthly reports for period ending 30 June for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Jul-12
10	<u>MFMA QUARTERLY BUDGET REPORTING</u> Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Jul-12
11	<u>MFMA ANNUAL SCM REPORTING</u> Submit annual report on implementation of the supply chain management policy to the mayor and make the report public.	SCM Reg 6 (2)	CHIEF FINANCE OFFICER	30-Jul-12
12	<u>MFMA IMPLEMENTATION PRIORITIES</u> Complete Quarterly MFMA Implementation Priorities Checklist and submit to National Treasury.	NT Circular 38	CFO	30-Jul-12
13	<u>MFMA REPORTING</u> Print and distribute final approved budget, SDBIP and IDP	MFMA GUIDANCE	CHIEF FINANCE OFFICER	30-Jul-12
14	August 2012 <u>SDBIP</u> Make public the service delivery and budget implementation plan	MFMA 53 (3) (a)	CHIEF FINANCE OFFICER	11-Aug-12
15	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Aug-12
16	<u>MFMA REPORTING</u> Submit monthly statement tot the provincial or national organ of state or municipality on allocations received - within 10 working days of start of month	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Aug-12
17	<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council - within 10 working days of start of month	MFMA 66	MUNICIPAL-MANAGER	12-Aug-12
18	<u>MFMA SCM REPORTING</u> Submit monthly reports for the period ending 31 July for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Aug-12
19	<u>PREPARATION SCHEDULE OF KEY DEADLINES</u> Preparation of time schedule outlining key deadlines for preparing, tabling and approval of the budget and the review of the IDP.	MFMA 21 (1) (b) & 53 (1) (b) MSA (S 34)	MUNICIPAL MANAGER	31-Aug-12



PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
20	TABLING KEY DEADLINES Tabling of time schedule outlining key deadlines for preparing, tabling and approval of the budget and the review of the IDP.	MFMA (S 21) MSA (S 34)	EXECUTIVE MAYOR AND COUNCIL	31-Aug-12
21	IDP REVIEW Processes are reviewed to determine strategic objectives for service delivery and development for next three year budgets, including review of Provincial and National government sector and sector strategic plans.	MFMA GUIDANCE MSA (S 34 & 77)	EXECUTIVE MAJOR	31-Aug-12
22	AFS Submission of AFS to Auditor-General for the year ended 30 June 2012.	MFMA (S 122 & 126)	MUNICIPAL MANAGER	31-Aug-12
23	September 2012 MFMA REPORTING Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Sep-12
24	MFMA REPORTING Submit monthly statement to the provincial or national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Sep-12
25	MFMA REPORTING Submit monthly report on salaries and wages expenditure to council	MFMA (66)	CHIEF FINANCE OFFICER	12-Sep-12
26	MFMA SCM REPORTING Submit monthly reports for the period ending 31 August for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Sep-12
27	IMPLEMENTATION Implement budget and IDP time schedule of key deadlines	MFMA GUIDANCE	CHIEF FINANCE OFFICER	30-Sep-12
28	DETERMINATION OF REVENUE PROJECTIONS Revenue projections of proposed rates, service charges and draft the initial allocations to functions and departments for the next financial year after taking into account strategic objectives.	MFMA GUIDANCE	CFO	30-Sep-12



PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
29	<p>ENGAGEMENT OF NATIONAL AND PROVINCIAL TREASURIES</p> <p>Consultations with sector departments on sector specific programmes for alignment with municipalities plans (i.e. schools, libraries, clinics, water, electricity, roads etc)</p>	MFMA GUIDANCE	CFO	30-Sep-12
30	<p><u>ENGAGEMENT OF MUNICIPAL DEPARTMENTS</u></p> <p>Initial review of national policies and budget plans and potential increases of bulk resources with functional and departmental officials.</p>	MFMA (S 35,36 & 42)	MUNICIPAL MANAGER	30-Sep-12
31	<p><u>ADJUSTMENT BUDGET GUIDELINES</u></p> <p>Issue guidelines to various departments for the preparation of the 2012/2013 adjusted budget .</p>	MFMA (S 28)	CFO	30-Sep-12
32	<p>October 2012</p> <p><u>BUDGET AND IDP STEERING COMMITTEE MEETING</u></p> <p>Executive Mayor establishes committees and consultation forums for the budget process.</p>	GUIDE TO CLLRS PAGE 62 & 63	EXECUTIVE MAYOR	1-Oct-12
33	<p><u>MFMA QUARTERLY SCM REPORTING</u></p> <p>Submit quarterly report on Implementation of Supply Chain Management Policy.</p>	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	10-Oct-12
34	<p><u>MFMA REPORTING</u></p> <p>Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury</p>	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Oct-12
35	<p><u>MFMA REPORTING</u></p> <p>Submit monthly statement to the provincial or national organ of state or municipality on allocations received</p>	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Oct-12
36	<p><u>MFMA REPORTING</u></p> <p>Submit monthly report on salaries and wages expenditure to council</p>	MFMA 66	CHIEF FINANCE OFFICER	12-Oct-12
37	<p><u>MFMA SCM REPORTING</u></p> <p>Submit monthly reports for period ending 30 September for each contract awarded and signed above the prescribed amount</p>	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Oct-12
38	<p><u>MFMA QUARTERLY BUDGET REPORTING</u></p> <p>Submit quarterly report for service delivery and budget implementation.</p>	MFMA (S 52)	EXECUTIVE MAYOR	30-Oct-12
39	<p><u>PRIMARY BANK ACCOUNT</u></p> <p>Table before Council quarterly report of all withdrawals from primary bank account.</p>	MFMA (S11 4(a) (b) )	MUNICIPAL MANAGER	30-Oct-12



PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
40	<u>MFMA PRIORITIES</u> Quarterly completion and submission of MFMA implementation priorities.	Circular 38 and MFMA (S 52(d) )	MUNICIPAL MANAGER	30-Oct-12
41	<u>POLICIES AND CONSULTATIONS</u> Review of budget related policies and consultation process.	MFMA (S 21,22 & 23)	EXECUTIVE MAYOR AND COUNCIL	30-Oct-12
42	<u>ADJUSTMENT BUDGET INPUTS</u> The budget office receive the inputs from various departments for the 2012/2013 adjustment budget.	MFMA (S 28)	VARIOUS HEADS OF DEPARTMENTS	30-Oct-12
43	November 2012 <u>GUIDELINES FOR 2012/2013 BUDGET</u> Budget guidelines are issued to various departments for the preparation of 2012/2013 budget.	MFMA (S 21)	MUNICIPAL MANAGER	1-Nov-12
44	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Nov-12
45	<u>MFMA REPORTING</u> Submit monthly statement to the provincial or national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Nov-12
46	<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA (66)	CHIEF FINANCE OFFICER	12-Nov-12
47	<u>MFMA SCM REPORTING</u> Submit monthly reports for the period ending 31 October for each contrat awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Nov-12
48	<u>IMBIZO MONTH</u> Consultation meetings with communities and sector departments regarding the budget and IDP for the 2012/2013 financial year.	MFMA (S 23) MSA (CHAP 4)	EXECUTIVE MAYOR	15-19 Nov-12
49	<u>FINANCIAL STATEMENTS</u> Receive audit report on previous years financial statements form the Auditor-General	MFMA 126 (3)	MUNICIPAL MANAGER	30-Nov-12
50	<u>FINANCIAL STATEMENTS</u> Ensure the AO addresses any issues raised by the Auditor-General in the audit report - prepare action/audit plans to address and incorporate into the annual report	MFMA 131 (1)	MUNICIPAL MANAGER	30-Nov-12



PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
51	<u>REVIEW DRAFT IDP</u> Review and draft initial changes to the IDP	MSA (S 34)	MUNICIPAL MANAGER	30-Nov-12
52	<u>IDP ASSESSMENT (PHASE 1)</u> Assess the extend of the previous year IDP implementation processes and implement corrective measures.	MSA (CHAP 5)	MUNICIPAL MANAGER	30-Nov-12
53	December 2012 <u>MTREF 2012/2013 INPUTS</u> Finalist inputs from bulk resource providers (and NERSA) and agree on proposed price increase)	MFMA GUIDANCE	MUNICIPAL MANAGE	1-Dec-12
54	<u>MTREF 2013/2014 INPUTS</u> Budget office receive 2013/2014 budget inputs from various directorates. Inputs are considered and to seek clarities.	MFMA (S 21)	VARIOUS HEADS OF DEPARTMENTS	10-Dec-12
55	<u>BUDGET PLANS</u> Preparation of proposed budget and plans for 2013/2014 taking into consideration the previous 2012/2013 performance as per Audited Financial Statements and comments from National and Provincial Treasuries.	MFMA (S 21)	MUNICIPAL MANAGER AND VARIOUS HEADS OF DEPARTMENTS	10-Dec-12
56	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Dec-12
57	<u>MFMA REPORTING</u> Submit monthly statement to the provincial or national organ of state of municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Dec-12
58	<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA (66)	CHIEF FINANCE OFFICER	12-Dec-12
59	<u>MFMA SCM REPORTING</u> Submit monthly reports for period endng 30 November for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Dec-12
60	January 2013 <u>MFMA QUARTERLY SCM REPORTING</u> Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	15-Dec-12
61	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Jan-13



PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
62	<u>MFMA REPORTING</u> Submit monthly statement to the provincial or national organ of state of municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Jan-13
63	<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA 66	CHIEF FINANCE OFFICER	12-Jan-13
64	<u>MFMA SCM REPORTING</u> Submit monthly reports for period endng 31 December for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Jan-13
65	<u>MID YEAR BUDGET ASSESSMENT 2012/2013</u> Assessment is made for half year (the first six months) regarding the performance of the municipality.	MFMA (S 72(1) (b) )	MUNICIPAL MANAGER AND CFO	21-Jan-13
66	<u>PERFORMANCE ASSESSMENT</u> Tabling of mid-year performance assessment before Council for consideration.	MFMA (S 72)	EXECUTIVE MAYOR	25-Jan-13
67	<u>MFMA QUARTERLY BUDGET REPORTING</u> Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Jan-13
68	<u>TABLING ANNUAL REPORT</u> Tabling of 2011/2012 Annual Report before Council.	MFMA (S 127(2))	EXECUTIVE MAYOR	31-Jan-13
69	<u>PRIMARY BANK ACCOUNT</u> Table before Council quarterly report of all withdrawals from primary bank account.	MFMA (S11 4(a) (b) )	MUNICIPAL MANAGER	31-Jan-13
70	<u>MFMA PRIORITIES</u> Quarterly completion and submission of MFMA implementation priorities.	Circular 38 and MFMA (S 52(d) )	MUNICIPAL MANAGER	31-Jan-13
71	<u>MTREF ALLOCATIONS</u> Allocations from National and Provincial Governments and District Municipality are reviewed for incorporation into the 2013/2014 draft budget for tabling.	MFMA (S 36)	MUNICIPAL MANAGER AND CFO	31-Jan-13
72	<u>SUBMISSION OF ANNUAL REPORT</u> Submission of Annual Report to Auditor-General (AG), Provincial and National Treasuries (PT & NT) as well as the Department of Housing and Local Government (DHLG)	MFMA (S 127(5))	MUNICIPAL MANAGER	31-Jan-13
73	<u>PUBLICATION OF ANNUAL REPORT</u> Annual Report is published for public comments and representations.	MFMA (S 127(5))	MUNICIPAL MANAGER	31-Jan-13



PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
74 February 2013	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Feb-13
75	<u>MFMA REPORTING</u> Submit monthly statement to the provincial or national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Feb-13
76	<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA (66)	CHIEF FINANCE OFFICER	12-Feb-13
77	<u>MFMA SCM REPORTING</u> Submit monthly reports for the period ending 31 January for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Feb-13
78	<u>ADJUSTMENT BUDGET</u> Tabling of adjustment budget and considering half yearly actual and projections.	MFMA (S 28)	EXECUTIVE MAYOR	28-Feb-13
79	<u>TARIFFS</u> Finalization of tariffs (rates and service charges) policies for the 2012/2013 financial year.	MSA (S 74 & 75)	COUNCIL	28-Feb-13
80	<u>NATIONAL AND PROVINCIAL CONSULTATIONS</u> Consult with National & Provincial Treasuries, District Council, DWAF and Eskom to finalize plans for water, sanitation and electricity etc. (Sector Plans).	MFMA (S 21(2) )	EXECUTIVE MAYOR	28-Feb-13
81 March 2013	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Mar-13
82	<u>MFMA REPORTING</u> Submit monthly statement to the provincial and national organ of the state or municipality on allocations received	MFMA (S 71) ( )	CHIEF FINANCE OFFICER	12-Mar-13
83	<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA 66	CHIEF FINANCE OFFICER	
84	<u>MFMA SCM REPORTING</u> Submit monthly reports for period ending 28 February for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Mar-13
85	<u>TARIFFS</u> Receive bulk resource providers price increase as tabled in Paliament or the provincial legislature	MFMA 42	MUNICIPAL MANAGER	15-Mar-13





PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
86	<u>MTREF TABLING</u> The Draft Annual Budget for 2013/2014 to 2015/2016 for revenue and expenditure, Budget plans from directors, Table A1 to A10, and all supporting documentation as required by Gazette 32141 are tabled to council for noting. This includes the budget resolution and the proposed revisions to the IDP.	MFMA (S 16,22 & 23) MSA (CHAP 4)	EXECUTIVE MAYOR	31-Mar-13
87	<u>OVERSIGHT REPORT</u> Adoption of oversight report and comments on 2011/2012 Annual Report. Publication of oversight report.	MFMA (129) AND MSA (21)	COUNCIL	31-Mar-13
88	April 2013 <u>PUBLICATION AND SUBMISSIONS</u> Publications of tabled Budgets, Resolutions, Plans and proposed revisions to IDP and invite local community to comment, and submission to National and Provincial Treasuries and other forums to submit comments (21 days for inputs).	MFMA (S 22 & 27) MSA (CHAP 4)	MUNICIPAL MANAGER	1-Apr-13
89	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Apr-13
90	<u>MFMA REPORTING</u> Submit monthly statement to the provincial and national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Apr-13
91	<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA (66)	CHIEF FINANCE OFFICER	12-Apr-13
92	<u>MFMA SCM REPORTING</u> Submit monthly reports for the period ending 31 March for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Apr-13
93	<u>IMBIZO MONTH</u> Series of consultations in various wards through IMBIZOS to inform constituents of the 2012/2013 Budget and IDP.	MFMA (S 23) MSA (CHAP 4)	EXECUTIVE MAYOR	12 - 15 Apr-13
94	<u>REVISING BUDGET DOCUMENTS</u> Revision of budget documents in accordance with consultative processes and taking into account the results from National and Provincial Treasuries, public comments as well as the third quarterly review of current year.	MFMA (S 21)	MUNICIPAL MANAGER	30-Apr-13
95	<u>MFMA QUARTERLY SCM REPORTING</u> Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	30-Apr-13



PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
96	<u>MFMA QUARTERLY BUDGET REPORTING</u> Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Apr-13
97	<u>PRIMARY BANK ACCOUNT</u> Table before Council quarterly report of all withdrawals from primary bank account.	MFMA (S11 4(a) (b) )	MUNICIPAL MANAGER	30-Apr-13
98	<u>MFMA PRIORITIES</u> Quarterly completion and submission of MFMA implementation priorities.	Circular 38 and MFMA (S 52(d) )	MUNICIPAL MANAGER	30-Apr-13
99	May 2013 <u>CONSOLIDATION OF INPUTS FROM STAKEHOLDERS</u> The final views of public, National & Provincial Treasuries and other organs of state are consolidated. The Mayor is provided the opportunity to respond to submissions from consultations and to table amendments to council for consideration.	MFMA (S 23 & 24) MSA (CHAP 4)	EXECUTIVE MAYOR	6-May-13
100	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-May-13
101	<u>MFMA REPORTING</u> Submit monthly statement to the provincial and national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-May-13
102	<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA 66	CHIEF FINANCE OFFICER	12-May-13
103	<u>MFMA SCM REPORTING</u> Submit monthly reports for the period ending 30 April for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-May-13
104	<u>FINAL MTREF</u> Preparation of the final budget documentation for consideration for approval at least 30 days before the start of the budget year (1 July 2013 - 30 June 2014) taking into other new information of material nature.	MFMA (S 23)	MUNICIPAL MANAGER	17-May-13
105	<u>APPROVAL OF THE BUDGET AND IDP</u> Council approves annual budget, resolutions, setting of taxes and tariffs. Council approves changes to IDP and measurement of performance objectives for revenues by source and expenditure by vote.	MFMA (S 16,24,26 AND 53 )	COUNCIL	31-May-13
106	June 2013 <u>PUBLICATION OF BUDGET AND IDP</u> The adopted budget, IDP and plans are published.	MFMA (S 75 & 87)	MUNICIPAL MANAGER	1-Jun-13



PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
107	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Jun-13
108	<u>MFMA REPORTING</u> Submit monthly statement to the provincial and national organ of state or municipality on allocations received	MFMA (S 71) (5)	CHIEF FINANCE OFFICER	12-Jun-13
109	<u>MFMA REPORTING</u> Submit monthly report on salaries and wages expenditure to council	MFMA 66	CHIEF FINANCE OFFICER	12-Jun-13
110	<u>MFMA SCM REPORTING</u> Submit monthly reports for the period ending 31 May for each contract awarded and signed above the prescribed amount	MFMA GUIDANCE	CHIEF FINANCE OFFICER	15-Jun-13
111	<u>SDBIP</u> Submission to the mayor no later than 14 days after the approval of the budget a draft of the SDBIP'S and annual performance agreements required by sections 57 (1)(b) of MSA.	MFMA (S 69) MSA (S 57(1) )	MUNICIPAL MANAGER	16-Jun-13
112	<u>APPROVAL OF THE SDBIP'S</u> Approval of SDBIP's 28 days after final approval of the budget and to ascertain that annual performance contracts are concluded in accordance of section 57(2) of MSA. It must be ensured that annual performance agreements are linked to measurable performance objectives approved with the budget.	MFMA (S 53) MSA (S 38 - 45 & 57(2) )	EXECUTIVE MAYOR	30-Jun-13
113	<u>DELEGATIONS</u> System of delegation is reviewed and any changes are approved by council.	MFMA (S 59,79 & 72) MSA (S 59 - 65)	EXECUTIVE MAYOR	30-Jun-13
114	<u>SUBMISSION OF SDBIP'S</u> The approved SDBIP's and performance agreements are submitted to MEC for Local government and are published within 14 days after approval.	MFMA (S 53) MSA (S 38 - 45 & 57(2) )	MUNICIPAL MANAGER	30-Jun-13

LEGEND : MFMA : Municipal Finance Management Act (56 of 2003)

MSA : Municipal Systems Act (32 of 2000)

SCM Reg : Supply Chain Management Regulations (Gazette 27636: May 2005)

## COMMENT ON THE ANNUAL REPORT PROCESS

It was so challenging to adjust to the utilization of the new annual report template that was introduced by the National Treasury to be used by municipalities for their reporting.



## CHAPTER 2

### GOVERNANCE

#### COMPONENT A

## POLITICAL AND ADMINISTRATIVE *Governance*

### 2.1 POLITICAL GOVERNANCE

Phokwane municipality has eighteen (18) Councillors, i.e. 1 for COPE, 1 for AZAPO, 3 for DA and 13 for ANC.

#### THE EXECUTIVE COMMITTEE (EXCO):

Clr Vuyisile Khen (Chairperson – Mayor)  
Clr Flora Pitso  
Clr Horatious Modiakgotla  
Clr Sinah Lewis

#### SOCIAL & COMMUNITY SERVICES SUB-COMMITTEE

Clr Flora Pitso (Chairperson)  
Clr Sandy Mokoena  
Clr Samuel Nkomo  
Clr Sinah Lewis

#### PORTFOLIO COMMITTEES:

##### CORPORATE SERVICES SUB-COMMITTEE

Clr Molifi Chakane (Chairperson)  
Clr Anna Moremong  
Clr Dawie Meyer  
Clr Crocket Adams

##### FINANCE SUB-COMMITTEE

Clr Horatious Modiakgotla (Chairperson)  
Clr Daphney Mashorie  
Clr Freddy Mojapele  
Clr Gaopalelwe Motebe

##### TECHNICAL SERVICES SUB-COMMITTEE

Clr Pasma Mona (Chairperson)  
Clr Dibung Meza  
Clr Stoffel Mokale  
Clr Petro Nel



POLITICAL STRUCTURE



**MAYOR**  
Vuyisile Khen



**SPEAKER**  
Dieketseng Moeketsi



**Exco**

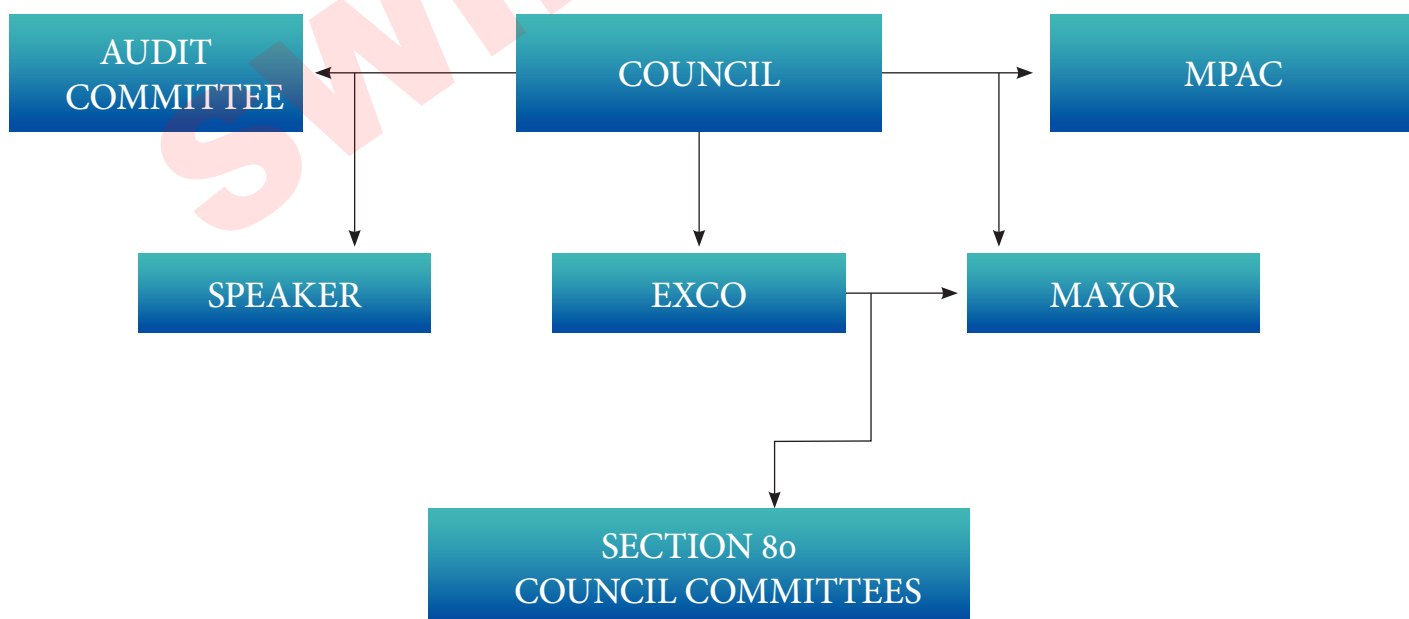
From Left: Moeketsi Dichaba (Municipal Manager), Clr Horatious Modiakgotla,  
Clr Flora Pitso, Clr Sinah Lewis, Clr Vuyisile Khen (Mayor – Chairperson)



COUNCILLORS

	SURNAME	NAME	GENDER	POSITION / WARD	PARTY
1.	Khen	Vuyisile	M	PR 1	ANC
2.	Moeketsi	Dieketseng	F	PR 2	ANC
3.	Maria	F	PR 2	ANC	ANC
4.	Mona	Pasna	M	PR 3	ANC
5.	Mashorie	Kerileng Daphney	F	PR 4	ANC
6.	Moremong	Omphentse	F	PR 5	ANC
7.	Modiakgotla	Horatius Moatlhodiemang	M	Ward 8	ANC
8.	Pitso	Flora Ontsheketse	F	Ward 3	ANC
9.	Chakane	Molifi	M	Ward 9	ANC
10.	Mokale	Kgomotsang	M	Ward 1	ANC
11.	Meza	Dibueng	F	Ward 5	ANC
12.	Mojapele	Mongale Freddy	M	Ward 2	ANC
13.	Mokoena	Andrew Sandy	M	Ward 4	ANC
14.	Adams	Crockette Johannes Shimane	M	Ward 7	ANC
15.	Nel	Petro Johan	M	Ward 6	DA
16.	Meyer	Dawie	M	PR	DA
17.	Lewis	Sinah	F	PR	DA
18.	Motebe	Gaopalelwe Morwa	M	PR	AZAPO
	Nkomo	Samuel	M	PR	COPE

POLITICAL DECISION TAKING



## 2.2 ADMINISTRATIVE GOVERNANCE

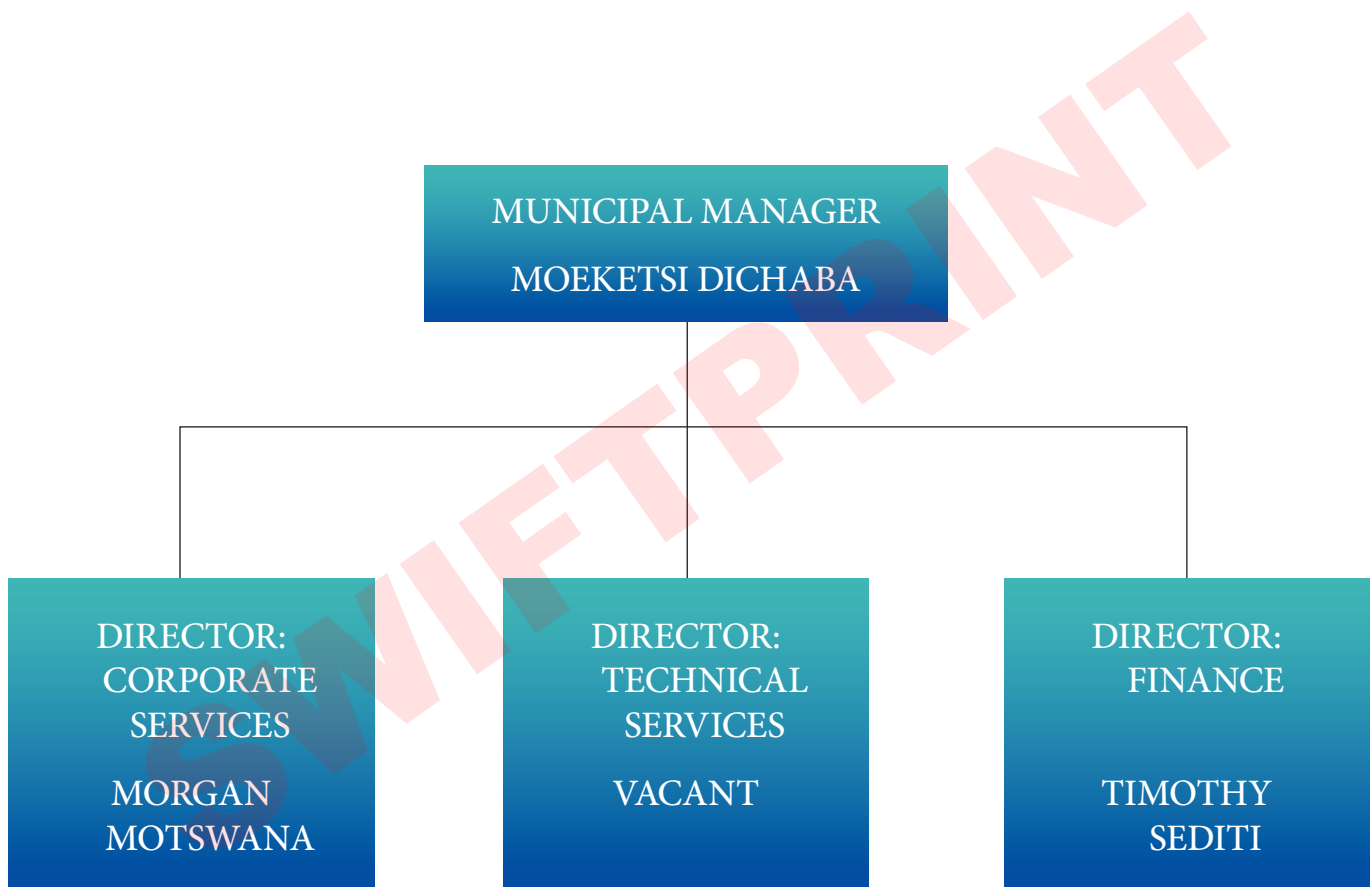
### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager of Phokwane Municipality is Mr Moeketsi Dichaba. There are 3 Directorate, i.e Corporate Services, Finance, and Technical Services.

Director for Corporate Services – Mr Morgan Motswana

Director for Finance (CFO) – Mr Timothy Peter Sediti

Director for Technical Services – The post is vacant.



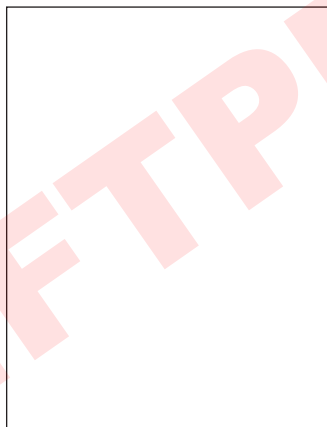
**TOP ADMINISTRATIVE STRUCTURE**



**MUNICIPAL MANAGER**  
Moeketsi Dichaba



**DIRECTOR:  
CORPORATE SERVICES  
& DEV. PLANNING**  
Morgan Motswana



**DIRECTOR:  
TECHNICAL  
SERVICES**  
Vacant



**DIRECTOR:  
FINANCE**  
Timothy Sediti





## COMPONENT B

# INTERGOVERNMENTAL *Relations*

## 2.3 INTERGOVERNMENTAL RELATION

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Phokwane Local Municipality is a non-delegated municipality and reports monthly and quarterly to National Treasury. During the year, there are various meetings attended with National Treasury and in the main, the following engagements are highlighted

1. National Treasury's mid-term visit to the municipality
2. Budget Benchmark Exercise – review of the budget prior to the approval by Council
3. Financial Statements Compliance Checklist – for GRAP compliance

Some municipal officials serve in the Institute of Municipal Finance Officers at National level, thus giving the municipality to be early awareness of new developments in the accounting and reporting framework.

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality is a full-time member of the Provincial Intergovernmental Relations Committee which is chaired by the Premier of the Province and it seats on a quarterly basis. There are various other meetings where the municipality is being represented such as SALGAs working Committees of Finance, Local Economic Development etc.

### DISTRICT INTERGOVERNMENTAL STRUCTURES

#### PROVINCIAL AND DISTRICT STRUCTURE

The District Intergovernmental Forum is a legislative structure constituted to ensure that the three spheres of government operate smoothly. The District Technical IGR therefore was put together to render technical support to the political IGR. The technical committee's responsibility is to plan for the District IGR. The committee addresses issues that sector departments and municipalities are confronted with. These issues will then form the Agenda of the District IGR; and may be submitted further to the Provincial IGR.

Service deliveries by individual municipalities as well as the municipalities on district level enjoy the advantages of regular contact between professional peers, a sense of co-ordination and aid in problem solving. Regular communication and planned meetings enhance co-operation on local government level as well as different spheres of government.

Phokwane Local Municipality is forming part of the Frances Baard District Steering Committee its responsibility is to align its IDP with those of the Local Municipalities in the District and to monitor its performance.



## COMPONENT C

# *Public* ACCOUNTABILITY & PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Phokwane Local municipality embarks on public participation on various service delivery, budget and policy related matters as well as for the Annual Report.

The principle formal structures for public participation are the formal and the legally elected Ward Committees. The Ward Committee and Ward Councillor is the formal link between the municipal government and the public in terms of IDP and budgeting processes. The public is represented by councillors, representatives of legally elected ward committees as well as key community and stakeholder groupings and the business community.

In order to enhance the public participation process, opportunity will also be given during the IDP and Budgeting processes for “open ward” meetings in order to ensure that public involvement in these processes is maximized.

Various mediums of communication are used including radio announcements/adverts, local newspaper (free and sold), distribution of notices door to door ( previously disadvantaged areas), through ward meetings and ward committees and street laud hailing.

All these methodologies were used at the same time with Councillors best combination based on the location and economic situation of each Ward. The turnout on all public participation significantly improved and for the budget process and related policies, a mark above 1 500 compared to almost 500 in prior years; and the same interest was seen during public meetings on Annual Report.



## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

#### WARD COMMITTEES

#### PUBLIC MEETINGS

NATURE AND PURPOSE OF MEETING	DATE OF EVENTS	NUMBER OF PARTICIPATING MUNICIPAL COUNCILLORS	NUMBER OF PARTICIPATING MUNICIPAL ADMINISTRATORS	NUMBER OF COMMUNITY MEMBERS	DATES AND MANNER OF FEEDBACK GIVEN TO THE COMMUNITY	
					DATES	FEEDBACK
IDP Meeting (Ward 1)	06 November 2012	2 Councillors	13 Officials	200	7 Jan 2013	<ul style="list-style-type: none"> <li>- Electricity High Mats</li> <li>- Roads (Paving or Tarred roads)</li> <li>- Land and Housing .</li> <li>- Health (clinic in the area)</li> </ul>
IDP Meeting ( Ward 3)	08 November 2012	4 Councillors	fficials	91	08 Jan 2013	<ul style="list-style-type: none"> <li>- Maintenance of municipal buildings</li> <li>- Roads (paving of roads, speed humps and maintenance)</li> <li>- Electricity (high mast lights)</li> <li>- Storm water drainage</li> <li>- Housing</li> <li>- Unemployment</li> <li>- Youth Development</li> <li>- Waste Management (illegal dumping)</li> <li>- Health (clinic under staffed)</li> <li>- Old age center</li> </ul>
IDP Meeting ( ward 4)	11 November 2012	3 Councillors	10 Officials	70	18 Jan 2013	<ul style="list-style-type: none"> <li>- Land &amp; Housing (speed up housing project and request transfer of land from departments)</li> </ul>
IDP Meeting ( Ward 4)	18 November 2012	3 Councillors	12 Officials	100	18 Jan 2013	<ul style="list-style-type: none"> <li>- There is insufficient land but the Unemployment (for youth)</li> <li>- Education (new schools)</li> <li>- Transport (from farming areas to Magogong)</li> <li>- Unemployment (for youth)</li> </ul>



NATURE AND PURPOSE OF MEETING	DATE OF EVENTS	NUMBER OF PARTICIPATING MUNICIPAL COUNCILLORS	NUMBER OF PARTICIPATING MUNICIPAL ADMINISTRATORS	NUMBER OF COMMUNITY MEMBERS	DATES AND MANNER OF FEEDBACK GIVEN TO THE COMMUNITY	
					DATES	FEEDBACK
IDP Meeting (Ward 5)	14 November 2012	2 Councillors	13 Officials	200	20 Jan 2013	<ul style="list-style-type: none"> <li>- Land &amp; Housing (speed up housing project and need land for middle income people)</li> <li>- Electricity</li> <li>- Roads (paving of roads)</li> <li>- Unemployment</li> <li>- Municipal Services (upgrade informal settlement next to old landfill site)</li> </ul>
IDP Meeting (Ward 6)	15 November 2012	4 Councillors	15 Officials	40	22 Jan 2013	<ul style="list-style-type: none"> <li>- Water (water supply to Ganspan, water pressure to Kingston from Jan Kempdorp and water meters for Kingston)</li> <li>- Fencing of cemetery</li> <li>- Waste management (use of the new landfill site)</li> <li>- Fencing of cemetery</li> </ul>
IDP Meeting (Ward 6)	22 November 2012	4 Councillors	15 Officials	86		
IDP Meeting (Ward 7+8+9)	19 November 2012	4 Councillors	15 Officials	40	20 Jan 2013	<ul style="list-style-type: none"> <li>- Recreational Facilities (new parks)</li> </ul>
IDP Meeting (Ward 8)	25 November 2012	4 Councillors	15 Officials	110	24 Jan 2013	<ul style="list-style-type: none"> <li>- Land &amp; Housing</li> </ul>
IDP Meeting (Ward 9)	18 November 2012	4 Councillors	15 Officials	78	24 Jan 2013	<ul style="list-style-type: none"> <li>- Roads (paving in Masakeng and Kingston)</li> </ul>
					25 Jan 2013	<ul style="list-style-type: none"> <li>- Unemployment</li> <li>- Maintenance (renovate community hall)</li> <li>- Electricity (street lights in Masakeng)</li> <li>- Education (a local library in the area)</li> <li>- Water (communal taps for Masakeng area)</li> </ul>
IDP Meeting (Ward 7+9)	26 November 2012	4 Councillors	15 Officials	31	25 Jan 2013	<ul style="list-style-type: none"> <li>- Land &amp; Housing (Water, Sanitation, Electricity and Roads)</li> </ul>
IDP Meeting (Ward 8) Proofplaas.	27 November 2012	4 Councillors	15 Officials	86		<ul style="list-style-type: none"> <li>- Electricity</li> <li>- Municipal Building Renovation</li> <li>- Fencing and Equipment's</li> </ul>

NATURE AND PURPOSE OF MEETING	DATE OF EVENTS	NUMBER OF PARTICIPATING MUNICIPAL COUNCILLORS	NUMBER OF PARTICIPATING MUNICIPAL ADMINISTRATORS	NUMBER OF COMMUNITY MEMBERS	DATES AND MANNER OF FEEDBACK GIVEN TO THE COMMUNITY	
					DATES	FEEDBACK
IDP Meeting (Ward 1+2) Kgono Primary School and Pampierstad High School	10 April 2013	2 Councillors	10 Officials	240	20 Jan 2013	<ul style="list-style-type: none"> <li>- Electricity High Mats</li> <li>- Roads (Paving or Tarred roads)</li> <li>- Land and Housing .</li> <li>- Health (clinic in the area)</li> <li>- Youth Development</li> <li>- Housing (Speed up</li> <li>- The department should interv219</li> <li>- Housing project Road (paving of roads and speed humps)</li> <li>- Multipurpose center (youth)</li> <li>- Maintenance (stadium renovations</li> </ul>
IDP Meeting ( Ward 3)	10 April 2013	3 Councillors	13 Officials	70	15 Jan 2013	<ul style="list-style-type: none"> <li>- Maintenance of municipal buildings</li> <li>- Roads (paving of roads, speed humps and maintenance)</li> <li>- Electricity (high mast lights)</li> <li>- Storm water drainage</li> <li>- Housing</li> <li>- Unemployment</li> <li>- Youth Development</li> <li>- Waste Management (illegal dumping)</li> <li>- Health (clinic under staffed)</li> <li>- Old age center</li> </ul>
IDP Meeting ( Ward 4) Motswedithuto Primary School and Gaoshupi Primary School	14 April 2013	4 Councillors	13 Officials	30	16 Jan 2013	<ul style="list-style-type: none"> <li>- Land &amp; Housing (speed up housing project and request transfer of land from departments)</li> <li>- There is insufficient land but the Unemployment (for youth)</li> <li>- Education (new schools)</li> <li>- Transport (from farming areas to Magogong)</li> <li>- Unemployment (for youth)</li> </ul>



NATURE AND PURPOSE OF MEETING	DATE OF EVENTS	NUMBER OF PARTICIPATING MUNICIPAL COUNCILLORS	NUMBER OF PARTICIPATING MUNICIPAL ADMINISTRATORS	NUMBER OF COMMUNITY MEMBERS	DATES AND MANNER OF FEEDBACK GIVEN TO THE COMMUNITY	
					DATES	FEEDBACK
IDP Meeting ( Ward 5)	16 April 2013	3 Councillors	10 Officials	80	30 May 2013	<ul style="list-style-type: none"> <li>- Land &amp; Housing (speed up housing project and need land for middle income people)</li> <li>- Electricity</li> <li>- Roads (paving of roads)</li> <li>- Unemployment</li> <li>- Municipal Services (upgrade informal settlement next to old landfill site)</li> </ul>
IDP Meeting ( ward 6)	17 April 2013	2 Councillors	10 Officials	120	30 May 2013	<ul style="list-style-type: none"> <li>- Water (water supply to Ganspan, water pressure to Kingston from Jan Kempdorp and water meters for Kingston)</li> <li>- Fencing of cemetery</li> <li>- Waste management (use of the new landfill site)</li> <li>- Fencing of cemetery</li> </ul>
IDP Meeting ( Ward 7+8+9)	18 April 2013	3 Councillors	10 Officials	95	30 May 2013	
IDP Meeting (Ward 9+3)	21 April 2013	3 Councillors	13 Officials	260	30 May 2013	<ul style="list-style-type: none"> <li>- Water (water supply to Ganspan, water pressure to Kingston from Jan Kempdorp and water meters for Kingston)</li> <li>- Fencing of cemetery</li> <li>- Waste management (use of the new landfill site)</li> <li>- Fencing of cemetery</li> </ul>

IDP Meeting (ward 8) Ganspan	22 April 2013			60			<ul style="list-style-type: none"> <li>- Roads</li> <li>- Youth Centre</li> <li>- Library and Unemployment</li> </ul>
IDP Meeting (Ward 6)	23 April 2013	3 Councillors	10 Officials	40	20 May 2013		<ul style="list-style-type: none"> <li>- Water (water supply to Ganspan, water pressure to Kingston from Jan Kempdorp and water meters for Kingston)</li> </ul>
IDP Meeting (Ward 8)	24 April 2013	3 Councillors	10 Officials	90			<ul style="list-style-type: none"> <li>- Roads</li> <li>- Youth Centre</li> <li>- Library and Unemployment</li> </ul>

### COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD.

Public meetings are very effective as they involve face to face encounters with the community at large, and sometimes they are used as platforms to raise social and service delivery issues. Many IDP and Budget inputs are picked up from meetings. Policy debates enjoy preference at these public meetings whilst budgeting is sometimes complex though presented simplistically and in languages spoken in communities (Xhosa, Tswana, Afrikaans and English).

These must be complemented by appearance of councillors and administrators at Ward meetings for continuous debates and healthy debate

## 2.5 IDP PARTICIPATION AND ALIGNMENT

### IDP PARTICIPATION AN ALIGNMENT CRITERIA

Yes / No

IDP PARTICIPATION AN ALIGNMENT CRITERIA	Yes / No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPI's, developmental strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPI's in the strategic plan?	Yes
Do the IDP KPI's align to the Section 57 Managers?	Yes
Do the IDP KPI's lead to functional area KPI's as per the SDBIP?	Yes
Do the IDP KPI's align the provincial KPI's on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	
* Section 26 Municipal Systems Act 2000	
T2.5.1	



## COMPONENT D

# *Corporate* GOVERNANCE

## 2.6 RISK MANAGEMENT

On yearly basis, the Internal Audit and Risk Management Unit facilitate the risk assessment workshop with various departments of municipality to identify and measure the risks that impede municipality in achieving its strategic and operational objectives. Municipality risk register is update on quarterly basis to ensure that management address the relevant issues.

### RISK ANALYSIS

Top strategic and operational risks

- Inability to provide basic services
- Unavailability of land that threaten the investment opportunities
- Loss of municipal assets
- Ageing infrastructure
- Negative payment behaviour or culture of non-payment
- Weak governance
- Failure of IT facilities affecting business processes
- Failure to address the customer needs (as results of poor service delivery, quality, etc.) resulting in poor image, complaints, services delivery protest and refusal to pay bills or breakdown in relationship with stakeholders
- Complete breakdown of value of chain (buyers vs. provider, RDP house not transferred to rightful owners, etc.) resulting inefficient billing and collection processes
- Inadequate human resource management processes
- Inefficient financial management processes
- Damage, theft or loss of municipal documents

## 2.7 ANTI-CORRUPTION AND FRAUD

Phokwane Municipality subscribes to the principles of good corporate governance, which requires the conducting business in an honest and transparent fashion. Phokwane has developed the fraud prevention plan and this plan defines and regulated adequate measures to address corruption, fraud and theft.





The objective of anti-corruption and fraud plan is to:

- Encourage the employees and public to disclose any corrupt practices and / or reporting any irregular or corrupt through using a national anti-corruption hotline
- Provide a protection for whistle-blowers
- Ensure that appropriate measures are taken to recover all financial losses suffered through range of legal instruments.

In addition to promoting ethical conduct within Phokwane, following measures to prevent and detect any fraud and corruption activities by:

- Delegations of authority
- Approved policies and procedures
- Segregation of duties on critical positions
- Code on conduct
- Clause of confidentiality
- Annual declarations of interest by staff and councilors

## 2.8 SUPPLY CHAIN MANAGEMENT

SCM is an integral part of financial management that seeks to introduce the internationally accepted best practice. It bridges the gap between traditional methods of procuring goods and services and the balance of the supply chain whilst addressing procurement related matters that are of strategic importance for both service delivery purposes and compliance. Supply Chain management Section in the Financial Department is handling the procurement of services and goods on a centralized basis for the municipality. This section used to be very understaffed and that created problems as the level of risk was very high due to not applying the segregation of duties as a tool of risk management. Phokwane Local Municipality is one of the municipalities that are growing fast with both its economy and population. The operational and service delivery needs are also growing and therefore the section needs skill dedicated full people that will ensure that service delivery is not compromised and also that all transaction are compliant according to the municipal to the SCM policy and MFMA. The main advantages brought by the SCM Section are the following;

- Centralized purchases has minimized the duplication of purchases and being able to monitor budget availability and reduce the possibility of irregular and unnecessary fruitless and wasteful that could not be accounted for in the past.
- Rotation of suppliers whereby more equal opportunities are provided to all service providers and offer opportunities to SMME suppliers.
- Keeping a data base of suppliers has improved the process to obtain quotations from relevant suppliers that has the relevant know how of the service or goods needed by the municipality
- Establishment of different offices with clear segregation of duties for accountability and risk management purposes on Supply Chain Management practitioners. i.e:
  - a. Demand Officer – Responsible for planning, market analysis and specifications
  - b. Acquisition Officer – Responsible for sourcing quotations and producing purchase orders and appointment letters after the Bid Adjudication committee has recommended the appointment of a successful bidder.
  - c. Bidding Officer – Implement the bidding process and assist Bid committees with necessary information for decision making process.
  - d. Asset officer – Responsible for the management of assets and inventory of the municipality.



e. Stores Officer – Responsible for managing the stock levels, issuing items to the different departments on daily basis.

### SCM SECTION PERFORMANCE IN ATTEMPTING TO MEET THE CHALLENGE

- The section is trying its utmost best to meet the challenges coursed by the rapidly growing number of requests due to growth experienced by the municipality.
- To plan together with the department on services that can only be obtained from suppliers that are from outside the province as this is always time consuming due to distance.
- The section has undertaken to follow and make accountable all officials that are involved in the unauthorized transactions on behalf of the municipality, such officials are charged and necessary procedures are followed to recover the expenses the municipality incurred due to their ignorance of SCM procedures.
- The section is striving for the GRAP 17 compliant asset register of the municipality, the process to complete this task rely on getting the competent reputable service provider for the unbundling of the municipal infrastructure as they form a huge amount on the municipal Annual Financial Statement (AFS) and need to be verified in a manner that is acceptable and recognized by the standards set nationally.
- Keep records that can justify the use of stock and fuel throughout the year including both raw and purified water.
- Ensure proper management by keeping suppliers and providers responsible with their part of providing professional service and goods that are not sub-standard meeting the requirement of value for money

According to quarterly and monthly supply chain reports the deviation from procedures reflects the following purchases that are submitted to Council for condonation:

PERIOD	VALUE OF PURCHASES / ORDERS PER QUARTER (EXCLUDING TENDERS) / YEAR	NR OF ORDERS PER QUARTER / YEAR	AVERAGE AMOUNT OF PURCHASES / ORDERS PER QUARTER (EXCLUDING TENDERS)	AMOUNT ORDERS ABOVE R100,000 (INCLUDING TENDERS) PER QUARTER / YEAR	NR OF ORDERS ABOVE R100 000 (INCLUDING TENDERS) PER QUARTER / YEAR	AVERAGE AMOUNT OF ORDERS ABOVE R100 000 (INCLUDING TENDERS) PER QUARTER / YEAR
Jul – Sep 2012	R25,166,212.22	373	R22,075,711.08	28	1	R118,942
Oct – Dec 2012	R23,677,891.87	437	R20,410,917.19	43	5	R13,820,362
Jan - Mar 2013	R22,399,031.68	458	R18,833,540.95	31	6	R768,013
Apr – Jun 2013	R21,448,437.17	453	R24,472,802.15	47	10	R714,960
<b>Total</b>	<b>R92,691,572.94</b>	<b>1721</b>	<b>R85,792,971.37</b>	<b>149</b>	<b>22</b>	<b>R6,748,203</b>
Ave per month	R7,724,297.76	143	R7,149,414.28	12.42%	1.8	R3,749,003

The total value of procurement reported during the last financial year 2011/2012 amounted to R2,818,352. An increase of 3,189% when compared total value of procurement for 2012/2013. The sharp increase is as result of the inclusion of bulk purchases in the procurement figure for 2012/2013 financial year, of which the latter was excluded in the previous year.



PERIOD	VALUE OF PURCHASES / ORDERS PER QUARTER / YEAR (EXCLUDING TENDERS)	NR OF ORDERS PER QUARTER / YEAR	AVERAGE AMOUNT OF PURCHASES / ORDERS PER QUARTER (EXCLUDING TENDERS)	AMOUNT ORDERS ABOVE R100,000 (INCLUDING TENDERS) PER QUARTER / YEAR	NR OF ORDERS ABOVE R100 000 (INCLUDING TENDERS) PER QUARTER / YEAR	AVERAGE AMOUNT OF ORDERS ABOVE R100 000 (INCLUDING TENDERS) PER QUARTER / YEAR
Jul – Sep 2011	R523,114	27	R19,375	R118,942	1	R118,942
Oct – Dec 2011	R970,098	41	R23,661	R69,101,809	5	R13,820,362
Jan - Mar 2012	R608,315	29	R20,976	R4,608,079	6	R768,013
Apr – Jun 2012	R716,825	32	R22,401	R7,149,604	10	R714,960
<b>Total</b>	<b>R2'818'352</b>	<b>129</b>	<b>R21'848</b>	<b>R80,978,434</b>	<b>22</b>	<b>R6,748,203</b>
Ave per month	R234,863	10.75	R21'848	R6,748,203	1.8	R3,749,003

The main reasons for the deviation from the Supply Chain Policy can be attributed to the following factor:

- Only one quotation obtained,
  - Urgent and emergency purchases,
  - Sole supplier of the service or goods.
- ♦ The municipal inventory value of R1'523'202.06 as at the 31 June 2012.
  - ♦ In ensuring compliance the municipality used MFMA - 2003 section 110-119, SCM regulations of 2005, BBBEE Act No.53 of 2003, treasury guidelines and the SCM Policy approved by the council.
    - Processes to ensure that the SCM policy is reviewed and updated before the next financial year was done with the intension to provide clarity on the following aspects:
      - Delegations
      - Functioning of Committees
      - Authorization procedures
      - Procurement procedures
      - Fixed supply and term contracts
      - Deviation
      - Reporting
      - Service Level Agreements / contract management
      - Inclusion of newly ammended regulations and guidelines
      - Newly approved regulations
      - Maintaining discipline and accountability
      - Continua's training for SCM Practitioners



### BIDDING PROCESS

- The primary committee of Bid Specification is the starting point for all service and goods that are needed by the municipality for service delivery purposes.
- That the internal controls informing procedures and systems is developed and implemented to improve the entire competitive bidding process to be policy compliant
- That a standard documentation pack is designed to enable the quick pre-qualification of tenders and reduce the lead time of preparation for evaluation and adjudication
- That pre-qualification is done in line with PPPFA No. 5 of 2000 guided by the five pillars of procurement (Value for money, Open and effective competition, ethics and fair dealing, accounting and reporting as well as equity) and CIDB are taken into account when evaluating different kinds of bid.
- That the functionality of the Committee system is reviewed and procedures developed and implemented to ensure the quick turnaround time of committees and be compliant to SCM

### CONTRACT MANAGEMENT AND TENDER ADMINISTRATION

- That a standard Service Level Agreement (SLA) template is developed to regulate all approved tenders
- Implement a single file system for each tender containing minutes of different bid committees, (Specification, Evaluation and Adjudication) the advert and information submitted by the bidders to allow the proper archiving of all tender documents and provide a auditable paper trail
- The internal procurement procedures of goods and services, especially regular items is done on a fixed term basis i.e. stationery, fuel, repairs, chemicals, standard stock items and other services such as security, communication systems and equipments like photocopy machines.

### REPORTING

- Packs of Management reports and all other issues that need to be reported at the council is a standard and practice of both SCM practitioners and senior management as regulated.
- Implement regular management review / oversight process
- Monthly and quarterly performance management system PMS reports are developed and submitted on regular basis.

### CAPACITY BUILDING

- Two SCM practitioners have completed the MFMA training at NQF level 6, and the three and an intern are in a process of attending the prescribed by the National treasury to ensure compliance and level of understanding by officials working financial department of the municipality



## RISK AND FRAUD MANAGEMENT IN SCM CONTEXT

### RED FLAG      MITIGATION

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>a. Higher prices low</li> <li>b. Consistent shortages</li> <li>c. Regular deviations</li> <li>d. Poor record keeping</li> <li>e. Inexperienced buyers dealing with over bearing suppliers</li> <li>f. Excessive entertainment of SCM staff by suppliers</li> <li>g. No segregation of duties, one person attending all business</li> <li>h. Informal communication methods</li> </ul> | <ul style="list-style-type: none"> <li>a. Data base of approved suppliers</li> <li>b. Secure storage / access points</li> <li>c. Tight enforcement of procedure</li> <li>d. Training of staff</li> <li>e. Expose “bull-dog” tactics that are at times linked to superiors</li> <li>f. Segregation of duties and control system</li> <li>g. Clear lines of protocol and procedures</li> <li>h. Clear lines of protocol and procedures</li> </ul> |
|--|---|

## 2.9 BY- LAWS

### BY-LAWS INTRODUCED DURING YEAR 1

Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
NONE	NONE	N/A	N/A	N/A	N/A

### COMMENTS ON BY-LAWS:

No By-laws were developed or revised during the 2012/2013 financial year.



## 2.10 WEBSITES

### MUNICIPAL WEBSITES: CONTENT AND CURRENCY OF MATERIAL

Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget related documents	Yes	09/07/2013
All current budget-related policies	No	
The previous annual report (Year 0)	Yes	20/06/2011
The annual report (Year 1) published / to be published	Yes	10/10/2012
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 1) and resulting scorecards.	Yes	20/06/2011
All service delivery agreements (Year 1)	No	
All long-term borrowing contracts (Year 1)	No	
All supply chain management contracts above a prescribed value (give value) for Year 1	Yes	07/07/2011
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 Year 1.	No	
Contracts agreed in Year 1 to which subsection (1) of section 33 apply, subject to subsection (3) of that section.	No	
Public-private partnership agreements referred to in section 120 made in Year 1	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 1.	No	
<p><i>Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep this community and stakeholders abreast of service delivery arrangements and municipal developments.</i></p>		

### COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

- Effort is to ensure that required information is put on the site for the development of our IT system.
- The website administrator will be appointed to assist with our IT system.
- The municipal website is accessible by logging into [www.phokwane.gov.za](http://www.phokwane.gov.za)
- Lack of submission of documents

## 2.11 PUBLIC SATISFACTION LEVELS

### COMMENTS ON SATISFACTION LEVELS:

No survey was done but will be considered in future.



## CHAPTER 3

### SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

#### COMPONENT A

## Basic SERVICES

### 3.1 WATER PROVISION

#### TOTAL USE OF WATER BY SECTOR (CUBIC METERS)

	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year 2012-2013	-	-	386	3141	-
T3.1.2					

#### WATER SERVICE DELIVERY LEVELS

##### HOUSEHOLDS

Description	2009/2010	2010/2011	2011/2012	2012/2013
	Actual No.	Actual No.	Actual No.	Actual No.
<b>Water:</b> (above min level)				
Piped water inside dwelling	5205	-5206	-6656	-6772
Piped water inside yard (but not in dwelling)	4026	4026	7033	7080
Using Public tap (within 200m for dwelling)	2284	2284	2171	2380
Other water supply (within 200m)	1274	-	-	-
Minimum Service Level and Above Percentage	90%	90%	90%	90%
<b>Water:</b> (below min level)	562	562	562	951
Using public tap (more than 200m from dwelling)	1684	1684	1684	1780
No water supply	10.9%	9.6%	9.6%	9.8%
Below Minimum Service Level sub-total	15 453	17 544	17 544	17 580
Below Minimum Service Level Percentage				
<b>Total number of households*</b>				
* To include informal settlements				T3.1.3



**HOUSEHOLDS – WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM**

HOUSEHOLDS

Description	2009/2010	2010/2011	2011/2012	2012/2013		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>FORMAL SETTLEMENTS</b>						
Total households	15 453	17 544	17 544	17 544	17 544	17 600
Households below minimum service level	1 684	1 684	1 684	1 684	1 684	1 700
Proportion of households below minimum service level	10.9%	9.6%	9.6%	9.6%	9.6%	9.6%
<b>INFORMAL SETTLEMENTS</b>						
Total households						
Households is below minimum service level						
Proportion of households is below minimum service level						

**WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP**

<p><b>Water and sanitation</b></p>	<p>-To establish, procure, operate, manage or regulate a potable water system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution.</p> <p>-To establish, procure where appropriate, provide, operate, manage, maintain or regulate of a system - including infrastructure for the collection, removal, disposal or purification of human excreta and domestic waste water.</p>	<p>To provide water &amp; sanitation to all households within built areas by 2016</p>	<ul style="list-style-type: none"> <li>• To promote economic use of water</li> <li>• Provide internal water and sanitation reticulation to all communities</li> <li>• Upgrade bulk water and sanitation infrastructure (refer to infrastructure projects Chapter 9)</li> <li>• Develop a Storm-water and Water Demand Management Plan and, a Water and Conservation Demand Management Plan to assist with the Green Drop and Blue Drop ratings of the municipality</li> </ul>
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## EMPLOYEES: WATER SERVICES

TASK GRADES	No of Employees	No of Posts	No of Vacancies
T3 (General Workers)	8	9	1
T6 (Plant Operators)	7	9	2
T9 (Team Leaders)	1	2	1

## FINANCIAL PERFORMANCE YEAR 1: WATER SERVICES

R'000

Details	2011/2012	2012/2013			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	31 699 543	23 583 866	29 179 510	25 052 865	1 468 999
Expenditure:					
Employees	3 698 280	5 437 251	4 441 059	4 353 862	1 083 389
Repairs and Maintenance	774 043	393 744	414 495	656 193	(262 449)
Other	26 950 848	23 340 168	25 837 469	28 534 930	(5 194 762)
<b>Total Operational Expenditure</b>	31 423 171	29 171 163	26 247 522	33 544 985	(4 373 822)
<b>Net Operational Expenditure</b>	276 372	(5 587 297)	2 931 988	(8 492 120)	

## CAPITAL EXPENDITURE - YEAR 1: WATER SERVICES

R'000

Details	Year 2012/2013				
	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	32 155 190	30 556 202	30 052 263	-6.54%	39 687 289
Project A – Upgrading of Bulk Water Supply: Pampierstad	9 335 375	7 736 467	7 834 762	-16.07%	7 736 467
Project B – Ganspan Water Supply: Ganspan	6 947 815	6 947 815	5 927 576	-14.68%	6 947 815
Project C – PPE:	20 000	20 000	29 612	48.06%	20 000
Project D: PPE: Water Purification	852 000	852 000	292 995	-65.61%	852 000
Project E – Internal Reticulation Pampierstad	15 000 000	15 000 000	12 990 121	-13.39%	15 000 000

## COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The municipality succeeded in achieving most of its performance targets set for water services for the 2012/2013 financial year by implementing and completing the following projects:

- The upgrading of bulk water supply in Pampierstad at a total cost of R 7 834 762 million initially estimated at about R 7 736 467 million.
- The Ganspan water supply at a total cost of R 5 927 576 million initially estimated at R 6 947 815 million.
- The PPE water purification at a total cost of R 259 995 thousand, initially estimated at R 852 000 thousand



- The internal water reticulation in Pampierstad at a total cost of R 12 990 121 million, initially estimated at R 15 000 000. The municipality has performed to the best of its ability in terms of water services projects for 2012/2013 financial year.

### COMMENT ON WATER SERVICES AND BLUE DROP QUALITY

The Blue Drop Certification is an incentive based regulation of drinking water quality management that was initiated by DWA to introduce key requirements for effective and efficient management of drinking water by water service providers.

Phokwane Municipality has been taking part in the Blue Drop Certification programme since 2009. Averages of 16 compliance water samples are taken every month in municipal area where PLM is a water service provider in Hartswater, Jan Kempdorp, Ganspan and Magogong. These samples are taken to accredited laboratory for analysis at Sedibeng Water head office and the results are compared with SANS 241. All samples undergo Microbiological, Chemical, Physical & Organoleptic analysis. The sampling points are divided into 2 and 8 samples for each unit for Hartswater and Jan Kempdorp units including both Ganspan and Magogong station.

Drinking water quality performance is established on an annual basis indicating compliance (as a percentage) to each requirement listed in the Drinking Water Standard SANS 241. E.coli is indicator of faecal pollution. The presence of E.coli indicates unacceptable bacteriological quality. As the deterioration of water quality can occur in any water distribution network, compliance at the plant does not necessarily result in compliance within the network.

In terms of Blue Drop requirements, it is required that on an annual basis:  
95 % compliance to the specification of SANS 241: 2011 is achieved for each for each determinant listed in the standard.  
No E.coli is detected in 99.0 % of the final water samples.

The quality of the final water is indicated below on the table attached. During the period January 2013 to December 2013 the quality of final water from both Works (Jan Kempdorp & Hartswater) was good even though the turbidity failures were experienced because of aging infrastructure at both plants. The filtration systems at both plants were under duress of handling high water demand during the months of November and December 2013 and the filter media will be replaced in this current financial year to address turbidity failures. Bacteriological failures also occurred in the distribution network and hence monitoring and sampling frequency was increased. Investigations were done and corrective and preventative measures were implemented like post chlorination was applied at the reservoirs.

The overall compliance of Phokwane Municipality was as follows:

Microbiological :

#### HARTSWATER WATER PLANT

- Microbiological : 89%
- Chemeical :99.9%
- Physical : 95.2%

#### JAN KEMPDORP WATER PLANT

- Microbiological :95.8%
- Chemical :99.9%
- Physical & Organoleptic :99.1%



## 3.2 WASTE WATER (SANITATION) PROVISION

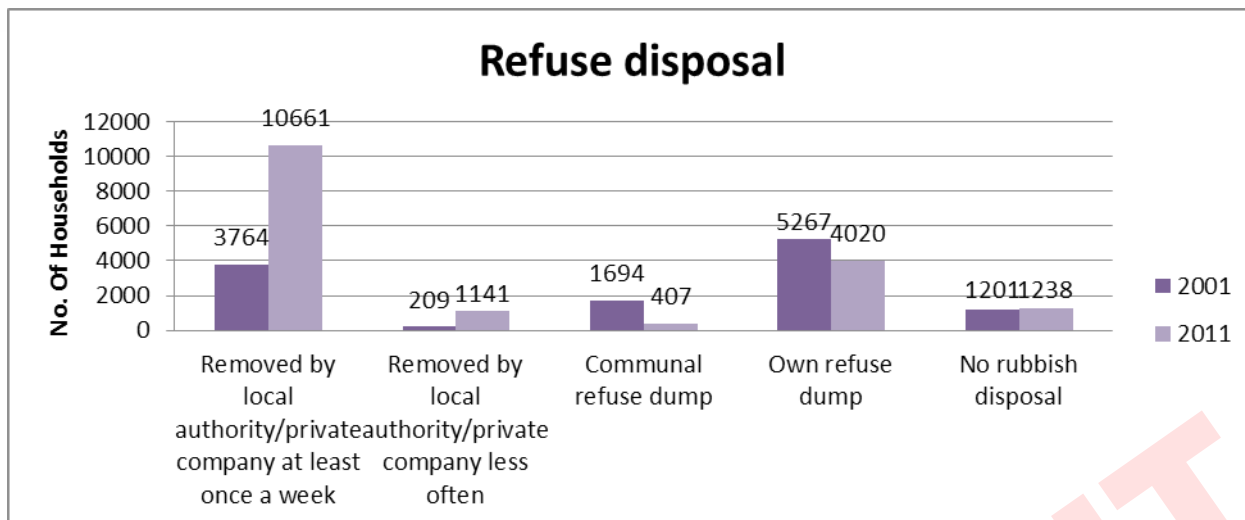
### SANITATION SERVICE DELIVERY LEVELS

#### HOUSEHOLDS

Description	2009/2010	2010/2011	2011/2012	2012/2013
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<b>SANITATION / SEWERAGE (ABOVE MINIMUM LEVEL)</b>				
Flush toilet (connected to sewerage)	9 018	9 018	11 964	11 964
Flush toilet (with septic tank)	1 018	1 018	308	308
Chemical toilet	-	-	33	33
Pit toilet (ventilated)	891	891	853	853
Other toilet provisions (above min service level)	10 927	10 927	13 158	13 158
Minimum Service Level and above				
Sub-total				
Minimum Service Level and above				
Percentage				
<b>SANITATION / SEWERAGE: (BELOW MINIMUM LEVEL)</b>				
Bucket toilet	184	184	323	323
Other toilet provisions (below min.service level)	1 331	1 331	2 428	2 428
No toilet provisions	1 329	1 329	1 637	1 637
Below Minimum Service Level sub-total	2 844	2 844	4 388	4 388
Below Minimum Service Level	9 018	9 018	11 964	11 457
Percentage				
Total households				



WASTE MANAGEMENT AND RECYCLING POLICY TAKEN FROM IDP



Graph 7: Refuse disposal per household distribution. Source Census 2001 and 2011

Graph 7 above indicates that the local authority removes refuse for the majority of the households in the municipal area. The communal and own dumping refuse dumps amounts have decreased over the past 10 years. There are three landfill sites located within this municipality at the following locations Hartswater, Pampierstad and Jan Kempdorp. Of all three landfill sites the new Hartswater Landfill site has been licensed while the Pampierstad and Jan Kempdorp site are still yet to be licensed. The old Hartswater landfill site in Thagadiapelajang is not ideally situated as it is in very close proximity to residents based on that it is currently in the process of being closed so as to rehabilitate the site. No management is being practiced on these sites and burning of waste is a frequent occurrence due to waste not being covered. Residential areas are serviced by municipal collectors. Hazardous waste is collected only from Hospitals by the Health Collector. Illegal dumping in the municipality is also currently a challenge. Waste disposal that is not dealt with in a controlled environment offers many threats to sustainable living. The municipality will look into formalising the unlicensed dumping sites in the area and better measures in waste disposal. (FBDM EMF, 2010)

EMPLOYEES: SOLID & WASTE MANAGEMENT SERVICES

Task Grades	No of Employees	No of Posts	No of Vacancies
T2 (G – W)	13	15	2
T5 (Trackor Driver)	2	2	2
T6 (Truck Driver)	3	3	1
T11 ( Team Leader)	0	2	2

EMPLOYEE: WASTE DISPOSAL AND OTHER SERVICES

Task Grades	No of Employees	No of Posts	No of Vacancies
Not Evaluated	1	2	1



## FINANCIAL PERFORMANCE YEAR 1: SOLID WASTE MANAGEMENT SERVICES

R'000

Details	2011/2012	2012/2013			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	6 660 72	9 175 935	9 579 040	7 348 389	-20%
Expenditure:					
Employees	1 399 784	3 734 786	1 441 861	1 410 365	-62%
Repairs and Maintenance	336 314	640 552	243 072	11 718 757	1729%
Other	3 649 146	4 897 921	2 329 769	3 919 036	-20%
<b>Total Operational Expenditure</b>	5 385 244	9 273 259	4 014 702	17 048 158	84%
<b>Net Operational Expenditure</b>	1 275 478	97 324	5 564 338	(9 699 769)	

## CAPITAL EXPENDITURE YEAR 1: WASTE MANAGEMENT SERVICES

R'000

Capital Projects	Year 1					Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

### COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

The savings on employee related costs can largely be ascribed to the high vacancy rate that existed throughout 2012/2013. Most of these positions are expected to be filled during the course of 2013/2014. The municipality realized a 1729% over expenditure on its repairs and maintenance budget for 2012/2013 as result of an increase in the rehabilitation of landfill site expense estimated at 30 June 2013. The process of developing a GRAP compliant asset register started in 2010/2011. This asset register together with credible and realistic operations and maintenance strategy to be developed, will serve as a tool to ensure that performance on set repairs and maintenance objective and targets are achieved.

No major capital programmes were identified and approved by Council during the 2012/2013 financial year under review.



### 3.3 ELECTRICITY

TASK GRADES	NUMBER OF EMPLOYEES	NUMBER OF POSTS	NUMBER OF VACANCIES
T4 (General Worker)	4	4	0
T6 (Truck Driver)	2	2	0
T13 (General Superintendent)	1	1	0
T11 (Senior Electrician)	0	1	1
T10 (Electrician)	0	1	1

#### COMMENT ON ELECTRICITY SERVICES

The municipality is experiencing high turnover in so far this service is concerned, despite our efforts of building capacity by recruiting unemployed qualifying individuals and training them to acquire the necessary skills. The high turnover is caused by competition with private sector, which at times pay more.

Despite the challenge of high turnover, we continue to render services for our communities with very less skilled personnel. It is the municipality commitment to continue to recruit young qualifying graduates as part of learnership and internship program. Also partnership has been formed with certain accredited training institute to skill these learners and interns, e.g. De Beers Training Institute.

### 3.4 HOUSING

#### PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING

Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year 2012/2013	Formal – 3068 Informal – 835 Total - 3903	Formal- 3068	23.5%

#### EMPLOYEE: HOUSING SERVICES

Task Grades	No of Employees	No of Posts	No of Vacancies
T15 – T17	4	4	0



## FINANCIAL PERFORMANCE YEAR 1: HOUSING SERVICES

R'000

Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		191 180	372 017	293 611	54%
Expenditure:					
Employees		54 548	93 874	87 560	61%
Repairs and Maintenance		240 460	112 493	215 589	-10%
Other	10 878	2 602 998	3 052 177	3 058 935	-28%
Total Operational Expenditure		2 898 006	3 258 544	3 362 084	16%
Net Operational Expenditure		(2 706 826)	(2 886 527)	(3 068 473)	13%

### COMMENT ON HOUSING SERVICES SERVICE PERFORMANCE OVERALL

Housing services consist mainly out of municipal buildings, estate, semi detached houses and staff accommodation. Revenue is derived from rental of halls and public facilities and staff housing. The cost of maintaining these properties surpass the proceeds derived here from. The municipality will have to consider applying market related price adjustment in future to recoup costs.

## 3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

### FREE BASIC SERVICES TO LOW INCOME HOUSEHOLDS

	Number of households									
	Total	Households earning less than R1,100 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Access	%	Access	%	Access	%	Access	%	
2010/11	1167	1167	523	44.82%	1167	100	673	57.67%	1167	100%
2011/12	1808	1808	1605	88.77%	1808	100%	1111	61.45%	1808	100%
2012/13										

### FINANCIAL PERFORMANCE YEAR 1:

#### COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED

Services Delivered	2011/12	2012/2013			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	566 073	1 594 346	1 594 346	2 997 022	88%
Waste Water (Sanitation)	566 073	4 114 759	2 712 165	795 621	-81%
Electricity	566 073	2 993 045	2 993 045	2 56 5018	-14%
Waste Management (Solid Waste)	566 073	2 264 909	2 264 909	442 960	-80%



<b>Total</b>	<b>1 521 700</b>	<b>10 356 052</b>	<b>5 513 886</b>	<b>2 264 292</b>	<b>21.86%</b>
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## BASIC SERVICES

### Service Delivery Agreement: Outcome 9

Outcome 9 is one of 12 Outcomes which have been formulated by government in focusing its work between now and 2014. The vision behind Outcome 9 is the development of a “responsive, accountable, effective and efficient local government system” in order to restore the confidence of the people in the local sphere as the primary machine of the development state.

The first priority of Outcome 9 relates to ensuring that “municipalities meet the basic service needs of communities”. Output 2 specifically talks to the improvement of access to basic services and outlines 3 sub-outputs pertaining to the following:

- a) Improve universal access to basic services by 2014
  - Water – from 92% to 100%
  - Sanitation – from 69 % to 100%
  - Refuse removal – from 64 % to 75%
  - Electricity – from 81% to 92%
- b) Consider the establishment of a Bulk Infrastructure Fund to:
  - Unlock delivery of reticulation services
  - Fund bulk infrastructure
  - Procure well located land
  - Align provincial infrastructure grants with Housing projects and grants
  - Upgrade and rehabilitate bulk infrastructure (such as Water Treatment Works)
- c) Establish a Special Purpose Vehicle for municipal infrastructure in collaboration with other departments to assist in:
  - Mobilizing private sector infrastructure funding for municipalities
  - Support planning and expenditure of CAPEX and OPEX in targeted municipalities

Outcome 9 draws from lessons of previous support initiatives such as Project Consolidate and the Five Year Local Government Strategic Agenda.

The aim is to make a greater and sustainable impact. This Outcome represents government’s intent to do things differently and make local government work for the benefit of the citizen.





COMPONENT B

Road  
TRANSPORT

3.6 ROADS

INTRODUCTION TO ROADS

GRAVEL ROAD INFRASTRUCTURE				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -1	-	-	-	-
Year 0	-	-	-	-
Year 1	-	-	-	-

TARRED ROAD INFRASTRUCTURE				Kilometers
	Total tarred roads	New tarred roads	Existing tar roads re-tarred	Tar roads maintained
Year -1	5 065 km	4 064 km	19 090 km	
Year 0		3 667 km	13 304	
Year 1	-	-	-	-

COST OF CONSTRUCTION / MAINTENANCE						R'000
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -1	17 000	-	-	17 000	-	-
Year 0	-	-	-	-	-	-
Year 1	-	-	-	-	-	-



**ROAD SERVICE POLICY OBJECTIVES TAKEN FROM ID**

<p><b>Roads and Stormwater</b></p>	<p>-To construct, maintain and control roads used by the public, including streets in built-up areas.</p> <p>-To manage systems that deal with storm water in built-up areas.</p>	<p>To ensure proper maintenance and development of roads and stormwater infrastructure by 2016.</p>	<ul style="list-style-type: none"> <li>• Develop an implementable operations and maintenance plan</li> <li>• To ensure proper maintenance plans are in place and development of road infrastructure</li> <li>• Upgrade and repair of existing infrastructure (refer to infrastructure projects Chapter 9)</li> <li>• Prioritize access roads particularly in townships</li> <li>• Apply for funds for the construction of access roads</li> </ul>
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**EMPLOYEES: ROADS SERVICES**

Task Grades	No Employees	No of posts	No of vacancies
T3 (General Worker)	4	8	4
T6 (Grade Operator)	3	3	6
T10 (Team Leader)	2	2	0

**FINANCIAL PERFORMANCE YEAR 1: ROADS SERVICES**

R'000

Details	Year 0	Year 1			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	3 093 653	8 531	0	0	0
Expenditure:					
Employees	4 105 334	1 644 915	4 522 556	4 703 936	185%
Repairs and Maintenance	851 547	959 199	755 638	696	-39%
Other	2 790 410	3 245 964	3 380 748	4 457 303	37%
Total Operational Expenditure	7 747 291	5 850 078	8 568 952	9 750 935	67%
Net Operational Expenditure	(4 653 638)	(5 841 547)	(8 568 952)	(9 750 935)	67%



CAPITAL EXPENDITURE YEAR 1: ROAD SERVICES					R'000
Capital Projects	Year 1				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	12 130 000	7 200 000	6 403 765	8.52%	12 130 000
Project A – Street & Stormwater Pampierstad	7 000 000	7 000 000	6 403 765	8.52%	7 000 000
Project B – Street & Stormwater Jan Kemp Dorp	200 000	200 000	-	-	200 000
Project C – Ganspan Access Road	4 930 000	-	-	-	4 930 000
Project D – EPWP	1 000 000	1 000 000	1 007 537	0.75%	1 000 000

## PERFORMANCE OF ROADS OVERALL:

Phokwane municipality's vote structure provides for the clustering of Roads Street and storm water into single programme or cost center. It is therefore important to note stormwater projects will not be separately discussed below but are already included under roads. The roads, street and stormwater for Pampierstad shows and under expenditure of about R 596 thousand or 8.52% and no movement for in respect of the Jan Kempdorp project for the financial year 2012/2013. Provision was made for a replacement compactor to the value of R 200 000 for the Jan Kempdorp unit, but this was not acquired during the year. Employee related costs were grossly under provided for in the past due to the incorrect allocation of employee related cost to other cost centers. This was corrected through the adjusted budget mentioned in the above. Repairs and maintenance and other expenditure show variances of -39% and 37% respectively.

## TRANSPORT SERVICE POLICY OBJECTIVES TAKEN FROM IDP

### TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

The District Integrated Transport Plan addressed the mode, status and challenges of rail, road and freight and non-motorized transport in the District. Amongst other transport related matter addressed where the implementation of Local Integrated Transport Plans (LITP) for the 3 local municipalities namely Dikgatlong, Magareng and Phokwane local municipalities and the rationalization of bus and taxi services.

#### Road Transport

The road infrastructure of Frances Baard District Municipality is anchored by three national roads that are; N12 running south to north, N18 that running east to west in the north and N8 running east to west in the south. Also there are other provincial roads that act as major corridors. The whole road network for Frances Baard District Municipality is 1 851.92 km. This road infrastructure supports a high percentage of freight in the District as well as private and public transport. The rail infrastructure for the district consists of three corridors that primarily serve freight. In these corridors, there are 32 stations. Two are utilized for passengers and freight and eight (8) are utilized only for freight.

#### Rail Transport

Even though the rail infrastructure is well spread out in the District, there is one rail passenger services called transit inter-city service between Cape Town and Pretoria and it is available thrice a week. This service uses Kimberley Station and Warrenton station in the District. Another mode that is extensively used in the district is walking and cycling. The municipalities have reasonably provided for this service around the district though that provision is biased towards walking



than cycling.

### Freight Transport

Kimberley has an airport that has two terminals that provide air passenger travel. Passengers using the airport are limited to private vehicles usage and metered taxis when coming into or leaving the airport. There's also a small operation of metered taxis and tram services that cater for mainly tourist in the city of Kimberley.

The DITP expresses vision for a better transportation system for the District in the future, and provides a transitional plan to achieve the desired objectives by that dates as provided for in the programme. With the help of a partnership between the three spheres of government, the private sector and civil society, this vision and programme for a safe, well-regulated, accessible and affordable integrated transport system that serves the needs of both users and operators can become a reality in Frances Baard District Municipality.

The plans, projects and programmes outlined in the DITP document for 2011 to 2016 planning period are comprehensive and far-reaching, requiring commitment and vision. The upgrading of all forms of transport and particularly the transformation of the public transport system in Frances Baard District Municipality is the key to delivery in a series of other important areas of the District's development and economy according to the vision of the District's Integrated Development Plan.

### EMPLOYEES: TRANSPORT SERVICES

Task Grades	No of Empolyees	No of posts	No of vacancies
T10 Administration	1	1	0

### FINANCIAL PERFORMANCE YEAR 1: TRANSPORT SERVICES

R'000

Details	Year 0	Year 1			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	-	-	-	-	-
Expenditure:	-	-	-	-	-
Employees	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Operational Expenditure</b>					
Net Operational Expenditure					

### CAPITAL EXPENDITURE YEAR 1: TRANSPORT SERVICES

R'000

Capital Projects	Year 1					Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All						
Project A	-	-	-	-	-	-
Project B	-	-	-	-	-	-
Project C	-	-	-	-	-	-
Project D	-	-	-	-	-	-



## COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

Phokwane Local Municipality does not have transport services despite the public transport, the municipality have only internal fleet management services.

## 3.9 WASTE WATER (STORM WATER DRAINAGE)

STORMWATER INFRASTRUCTURE				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgrades	Stormwater measures maintained
Year -1	-	-	-	-
Year 0	-	-	-	-
Year 1	-	-	-	-

### COST OF CONSTRUCTION / MAINTENANCE

	Stormwater Measures		
	New	Upgraded	Maintained
Year -1	-	-	-
Year 0	-	-	-
Year 1	-	-	-

### STORM WATER , OTHER POLICY OBJECTIVES TAKEN FROM IDP

#### Priority Issue: Storm Water

Project Name	Broad Objectives	Measurable Objectives	Estimated Costs	Funding Agency	2014/2015	2015/2016
<b>Pampierstad</b>						
Construction of stormwater channel ±1.2 km Phase 3{New Project}		The construction of a trapezium stormwater channel to cut off surface runoff water from flooding houses in Pampierstad (2015/16)	R7,5m	MIG-waiting for registration(Prov.No.1242)		R7,5m

### EMPLOYEES: STORMWATER SERVICES

Task Grades	No of Employees	No of posts	No of vacancies
T3 (General Worker)	4	8	4
T6 (Grade Operator)	3	3	6
T10 (Team Leader)	2	2	0



**FINANCIAL PERFORMANCE YEAR 1: STORMWATER SERVICES**

R'000

Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:	-	-	-	-	-
Employees	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Total Operational Expenditure	-	-	-	-	-
Net Operational Expenditure	-	-	-	-	-

**CAPITAL EXPENDITURE YEAR 1: STORMWATER SERVICES**

R'000

Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 000 000	2 000 000	3 191 284		
Project A	2 000 000	2 000 000	3 191 284	191 335	

SWIFTPRINT



COMPONENT C

*Planning*  
& DEVELOPMENT

3.10 PLANNING

INTRODUCTION TO PLANNING

FINANCIAL YEAR	2012/2013
Number of Applications Received	9
Number of Applications for Township establishment	1
Number of Applications for Rezoning	2
Number of Applications for Subdivision	5
Number of Applications Approved	9
Number of Applications not yet approved	0
Number of Applications withdrawn	0

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL



### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

#### ECONOMIC ACTIVITY BY SECTOR

R'000

Sector	Year -1	Year 0	Year 1
Agric, forestry and fishing	0	0	0
Mining and quarrying	0	0	0
Manufacturing	0	0	0
Wholesale and retail trade	0	0	0
Finance, property, etc.	0	0	0
Govt, community and social services	0	0	0
Infrastructure services	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### ECONOMIC EMPLOYMENT BY SECTOR

##### JOBS

Sector	Year -1 No.	Year 0 No.	Year 1 No.
Agric, forestry and fishing	0	0	0
Mining and quarrying	0	0	0
Manufacturing	0	0	0
Wholesale and retail trade	0	0	0
Finance, property, etc.	0	0	0
Govt, community and social services	0	0	0
Infrastructure services	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### COMMENT ON LOCAL JOB OPPORTUNITIES

There was a project that was initiated by the Municipality and then it collapsed, there was a conflict amongst its beneficiaries, (Nametshegang Paving, Brick making and Construction), 2012-2013 financial year it was revived for its operations. The EPWP created 100 jobs for youth sector. Bokamoso Glass Recycling, has also created 28 for young people funded by Vaalharts Water, and Phokwane Municipality has assisted with logistics and office space.





## JOBS CREATED DURING YEAR 1 BY LED INITIATIVES (Excluding EPWP projects)

Total jobs created / Top 3 initiatives	Jobs created	Jobs lost / displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created / lost
Total (all initiatives)	100	0	100	

## JOB CREATION THROUGH EPWP\* PROJECTS

Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -1	1	100
Year 0	1	100
Year 1	1	100

## LED SERVICES

Task Grades	Number of Employees	Number of Posts	Number of Vacancies
T11 – T15	2	3	1

## FINANCIAL PERFORMANCE YEAR 1: LOCAL ECONOMIC DEVELOPMENT SERVICES

R'000

Details	Year 0	Year 1			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	
Employees	-	-			
Repairs and Maintenance	-	-			
Other	250 785	313 691	353 502	175 588	-44%
Total Operational Expenditure	250 785	313 691	353 502	175 588	-44%
Net Operational Expenditure	250 785	313 691	353 502	175 588	-44%



**CAPITAL EXPENDITURE YEAR 1: LOCAL ECONOMIC DEVELOPMENT SERVICES**

R'000

Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	-
Project A	-	-	-	-	-
Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-

**COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:**

LED had three individual projects that are operating and not funded by Phokwane Local Municipality, Vukani Bafazi Farming, Kgololosego Farming and Nametsegang project Construction. The unit intend to have internal budget for capital projects for financial of 2013/2014.

This unit was fully functional during the 2012/2013 financial year. Spending on this programme was confined to expenditure relating to general expenses and license fees paid to the amount of R250 785 2012/2013 respectively. General expenses includes costs such advertising, printing, stationery, training, telephone, subsistence and traveling.

SWIFTPRINT



COMPONENT D

*Communication*  
& SOCIAL SERVICES

3.12 LIBRARIES, ARCHIVES, MUSEUM, GALLERIES, COMMUNITY FACILITIES, OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES

SERVICES STATISTICS FOR LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

KEY INDICATOR	Jul 12	Aug 12	Sept 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	March 13	Apr 13	May 13	June 13	Ave 12 months	Comments/ Statements
Nr of new library memberships	34	27	17	16	22	11	39	26	16	21	16	9	254	
Hartswater	3	0	0	9	5	3	10	11	16	14	16	2	78	
Bonita Park	22	14	22	16	17	9	24	18	14	16	14	21	210	
Pampierstad	16	0	0	19	74	18	26	73	32	36	32	38	377	
Jan Kempdorpp	7	8	0	3	3	0	0	3	2	3	2	6	43	
Ganspan														
Nr of Library Development Programs Introduced														
Hartswater	1	0	1	0	0	0	0	1	1	1	0	0	5	
Bonita Park	2	2	2	1	1	0	2	2	2	2	1	2	19	
Pampierstad	1	0	1	0	0	0	0	0	1	1	1	0	5	
Jan Kempdorpp	1	0	1	1	0	0	0	1	1	2	0	1	8	
Ganspan	1	0	1	0	0	0	0	2	1	1	0	1	7	
Amount of book losses per area														
Hartswater	R6922.00	0	0	0	0	0	0	0	0	0	0	0	R6922.00	
Bonita Park	R337.00	0	0	0	0	0	0	0	0	0	0	0	R337.00	
Pampierstad	R1568.32	0	0	0	0	0	0	0	0	0	0	0	R1568.32	
Jan Kempdorpp	R3029.80	0	0	0	0	0	0	0	0	0	0	0	R3029.80	
Ganspan	R0.00	0	0	0	0	0	0	0	0	0	0	0	R0.00	
Amount of books recovered														
Hartswater	R0.00	0	0	0	0	0	0	0	0	0	0	0	0	



## KEY INDICATOR

	Jul 12	Aug 12	Sept 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	March 13	Apr 13	May 13	June 13	Ave 12 months	Comments/ Statements
Bonita Park	R0.00	0	0	0	0	0	0	0	0	0	0	0	0	
Pampierstad	R0.00	0	0	0	0	0	0	0	0	0	0	0	0	
Jan Kempdorp	R0.00	0	0	0	0	0	0	0	0	0	0	0	0	
Ganspan	R0.00	0	0	0	0	0	0	0	0	0	0	0	0	
Nr of books lost recovered														
Hartswater	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bonita Park	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pampierstad	0	0	0	0	0	0	0	0	0	0	0	0	0	
Jan Kempdorp	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ganspan	0	0	0	0	0	0	0	0	0	0	0	0	0	
Nr of Visits by Library Transformation Officer														
Hartswater	Based	Based	Based	Based	Based	Based	Based	Based	Based	Based	Based	Based	Based	
Bonita Park	1	12	6	0	14	7	14	20	20	21	17	12	144	
Pampierstad	1	0	1	0	0	1	0	0	1	1	1	0	6	
Jan Kempdorp	1	1	1	0	0	1	0	2	1	2	0	1	10	
Ganspan	1	1	1	0	0	1	0	2	1	1	0	1	9	
Nr of new books /library items introduced/ purchased														
Hartswater	0	149	0	177	0	0	432	0	0	0	0	0	758	
Bonita Park	0	88	0	76	0	0	32	0	0	0	0	0	196	
Pampierstad	0	56	0	69	0	0	29	0	0	0	0	0	154	
Jan Kempdopr	0	105	0	48	0	0	32	0	0	0	0	0	185	
Ganspan	0	81	0	25	0	0	20	0	0	0	0	0	126	
Nr of Internet & e-mail users														
Hartswater	250	220	205	301	180	607	201	1294	937	810	1200	1150	7355	
Bonita Park	40	40	30	40	21	20	95	30	40	20	40	0	416	
Pampierstad	80	110	67	70	52	30	120	60	80	50	60	30	809	
Jan Kempdorp	60	50	40	40	30	20	40	50	40	50	80	40	540	
Ganspan	10	10	20	20	10	10	16	15	10	20	20	20	181	
Nr of books circulated per month														
Hartswater	2118	2045	1845	2061	1621	1358	1792	1792	1910	1811	1632	1535	21520	
Bonita park	1472	1059	405	406	371	204	312	228	166	268	233	213	5337	
Pampierstad	1022	1099	934	1113	924	583	1096	964	1004	1078	1007	20	10844	
Jan Kempdorp	2781	2530	2781	1980	1858	1450	1843	1843	1720	1734	1879	1600	23999	
Ganspan	543	682	281	282	190	30	59	59	138	102	106	27	2499	
Nr of customer complaint received														
Hartswater	0	0	1	0	0	0	0	0	0	0	0	0	1	Scanning Services

KEY INDICATOR	Jul 12	Aug 12	Sept 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	March 13	Apr 13	May 13	June 13	Ave 12 months	Comments/ Statements
Bonita Park	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pampierstad	0	0	0	0	0	0	0	0	0	0	0	0	0	
Jan Kmepondorp	0	0	0	0	0	0	0	0	0	0	2	0	2	
Ganspan	0	0	0	0	0	0	0	0	0	0	0	0	0	
Nr of complaints resolved														
Hartswater	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bonita Park	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pampierstad	0	0	0	0	0	0	0	0	0	0	0	0	0	
Jan kempdorp	0	0	0	0	0	0	0	0	0	0	2	0	2	
Ganspan	0	0	0	0	0	0	0	0	0	0	0	0	0	
Nr of compliments received														
Hartswater	0	0	0	0	0	0	0	1	0	1	2	0	4	Good Service
Bonita Park	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pampierstad	0	0	0	0	0	0	0	0	0	0	0	0	0	
Jan Kempdorp	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ganspan	0	0	0	0	0	0	0	0	0	0	0	0	0	
Nr of literacy learning programmes														
Hartswater	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bonita Park	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pampierstad	0	0	0	0	0	0	0	0	0	0	0	0	0	
Jan Kempdorp	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ganspan	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sundry income received for copies														
Hartswater	R22.50	R23.10	R0.00	R60.00	R91.30	R59.00	R20.00	R106.00	R10.50	R72.60	R72.00	R0.00	R537.00	
Bonita Park	R0.00	R100.10	R0.00	R180.	R229.40	R56.20	R156.00	R0.00	R95.30	R522.10	R244.60	R200.00	R1783.70	
Pampierstad	R310.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R310.00	
Jan Kempdorp	R158.00	R304.00	R110.00	R203.	R74.90	R0.00	R220.00	R168.	R304.90	R875.80	R196.00	R0.00	R2614.60	
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Sundry income received for printing														
Hartswater	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R120.00	R0.00	R0.00	R0.00	R0.00	R120.00	
Bonita park	R0.00	R60.00	R0.00	R80.00	R85.00	R101.00	R5.00	R0.00	R10.00	R60.00	R285.00	R361.30	R1047.30	
Pampierstad	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Jan kempdorp	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Sundry income received for DVD's & CD's														
Hartswater	R40.00	R8.00	R36.00	R0.00	R0.00	R40.00	R0.00	R8.00	R0.00	R0.00	R0.00	R0.00	R132.00	
Bonita Park	R0.00	R16.00	R0.00	R48.00	R32.00	R0.00	R8.00	R0.00	R0.00	R0.00	R0.00	R0.00	R104.00	
Pampierstad	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R16.00	R0.00	R0.00	R0.00	R0.00	R0.00	R16.00	
Jan Kempdorp	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	



KEY INDICATOR	Jul 12	Aug 12	Sept 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	March 13	Apr 13	May 13	June 13	Ave 12 months	Comments/ Statements
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Sundry income received for Fines														
Hartswater	R963.00	R381.00	R418.00	R337.	R233.00	R473.00	R520.00	R525.00	R419.00	R235.00	R410.00	R333.00	R5147.00	
Bonita Park	R0.00	R16.00	R0.00	R51.00	R34.00	R60.00	R28.00	R22.00	R12.00	R41.00	R27.00	R0.00	R291.00	
Pampierstad	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Jan Kempdorp	R360.00	R180.00	R106.00	R312.	R59.00	R291.00	R250.00	R514.00	R252.00	R162.00	R159.00	R0.00	R2645.00	
Ganspan	R0.00	R0.00	R0.00	R0.00	R35.00	R6.00	R49.00	R68.00	R78.00	R8.00	R14.00	R0.00	R258.00	
Sundry income received for														
Lost/Damage books														
Hartswater	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R60.00	R0.00	R0.00	R0.00	R0.00	R60.00	
Bonita Park	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Pampierstad	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Jan kempdorp	R4.83	R88.41	R58.36	R59.95	R209.91	R0.00	R44.95	R34.00	R0.00	R0.00	R0.00	R0.00	R500.41	
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Sundry income received for internet usage														
Hartswater	R291.00	R413.00	R131.00	R295.	R160.00	R0.00	R20.00	R130.00	R45.00	R120.00	R120.00	R0.00	R1725.00	
Bonita Park	R0.00	R231.00	R231.00	R15.00	R80.00	R0.00	R190.00	R0.00	R10.00	R10.00	R195.00	R208.00	R939.00	
Pampierstad	R540.00	340.00	R340.00	R250.	R0.00	R0.00	R300.00	R210.00	R160.00	R0.00	R0.00	R0.00	R1935.00	
Jan kempdorp	R0.00	R0.00	R0.00	R0.00	R30.00	R0.00	R80.00	R0.00	R0.00	R0.00	R0.00	R0.00	R110.00	
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	

PRINT



## DEVELOPMENT PROGRAMMES

KEY INDICATOR	NR. OF PEOPLE	DESCRIPTION OF PROGRAMS
July/ 12	30	Girls Club- Bonita Park library
	30	Mandela Day Celebrations -Ganspan
		Old age Home( Staff assist with peeling of vegetables) Jan Kempdorp
August/12	30	Women's day Celebrations –Bonita Park
	30	Girls Club-Bonita Park
September/12	30	Disabled day Celebrations –Jan Kempdorp
	6 venue's	Arbor day Celebrations (Ganspan, P/stad,)
	19	Heritage day Celebrations-Bonita Park
October/12	26	Mina Moe crèche visits/Educational toys
	52	Kriewel Kousies crèche visits/Educational toys
November /12	30	Girls Club Bonita Park Library
December/12	58	Block Loans: Jan Kempdorp & Bonita Park Libraries
	20	Story reading Pampierstad Library
January/13	30	Girls Club/ Bonita Park
	40	Mina Moe crèche visits library-B/park (Story reading)
February/13	30	Girls Club/Bonita Park
		Valentine's day display
		Grade 12 Career Guidance
		Block-Loans B/Park & JKD
		Old age visits/ JKD
March/13	339	Library week Celebrations(All libraries)
	30	Girls Club
	25	Block-loan B/park Mina Moe crèche
	25	Block Loan G/pan Laer skool Hartsvaal
	16	Block Loan JKD Old age Home
	4	Block Loan(Teachers from Crèches)
April/13	11	Old age visits Jan Kempdorp.
	120	Block-Loans (Crèches in Jan Kempdorp)
	40	Block-Loan (Learskool Hartsvaal) Ganspan
May/13	25	Old age visits/Book deliveries Jan Kempdorp
	150	Block-Loans (Crèches Jan Kempdorp)
	30	Block –Loan (Mina Moe crèche Bonita Park)
	30	Block-Loan (Laerskool Hartsvaal Ganspan)



KEY INDICATOR	NR. OF PEOPLE	DESCRIPTION OF PROGRAMS
June/13	30	Book Deliveries Old age Home Jan Kempdorp
	50	Block –Loans Crèches Jan Kempdorp
	25	Block-Loan Laerskool Hartsvaal Ganspan
	20	Block-Loan Mina Moe Crèche Bonita Park

BASELINE		
Nr of Library members		
Hartswater	1836	Electronic System
Bonita Park	265	
Pampierstad	1333	Manual System
Jan Kempdorp	910	Electronic System
Ganspan	497	Manual System
<b>TOTAL</b>	<b>4841</b>	
<b>Nr of books/reading items</b>		
Hartswater	19315	
Bonita Park	9789	
Pampierstad	4162	
Jan Kempdorp	21027	
Ganspan	3025	
<b>TOTAL</b>	<b>57318</b>	

### LIBRARY TRANSFORMATION OFFICER VISITS/PROGRAM

AREA & PURPOSE	NR OF PEOPLE REACHED	TOPIC/PURPOSE
Jul 2012		
Bonita Park	30	Girls Club
Ganspan	30	Mandela day Celebrations/Painting of Retsweletse Crèche
Jan Kempdorp		Staff assist with Peeling of vegetables at Old Age Home
August 2012		
Bonita park	30	Women's Day Celebrations
Bonita Park	30	Girls Club





September 2012	30 6 Venues 19	Disabled day celebrations Arbor Day Celebrations Heritage day celebrations
October 2012	None	None
November 2012	30	Girls Club
December 2012	405	Crèche Week
January 2013		
Bonita park	30 40	Girls Club Story reading/Mina Moe Crèche.
February 2013		
Bonita Park	30	Girls Club
March 2013		
All Libraries	339	Library week celebrations
April 2013		
Jan Kempdorp	45	World book day program
All Libraries		World book day Competition
May 2013		
Pampierstad	50	Disabled Program
Bonita Park	30	Girls Club.
June 2013		
Ganspan	30	Old age Pampering
Jan Kemdorp	27	Old age Pampering
Bonita Park	30	Old age Pampering

## ACHIEVEMENT/S

Provision of a free equitable and assessable Library and information services to the communities of Phokwane Municipality

## CONDITIONAL GRANT: PROJECTS IMPLEMENTED

### 1. APPOINTMENT OF LIBRARY STAFF:

- 3 Full time Library Assistants appointed
- 2 Cleaners Appointed

### 2. TRAINING OF STAFF

- 4 Staff members attend the LIASA Conference- in Durban
- 6 Staff members attend the 5th Northern cape Library Services Symposium-Kimberley
- 5 Staff members attend SLIMS Training-at the Hartswater Library



**3. INFORMATION COMMUNICATION TECNOLOGY**

Maintenance of Photo-Copy Machines

Maintenance of alarms

Purchased color Photocopy machine for Hartswater Library

Purchased 2 black and white Photocopy machines for Ganspan & Pampierstad Libraries

Purchased 3 fax machines for Pampiersad, Ganspan & Jan Kempdorp Libraries

Purchased Laptop for LTO

**4. CONSUMABLE ITEMS**

Purchased 3M book Security strips

**5. LIBRARY MATERIAL**

Purchased Tertiary books

**6. CURRENT AWARENESS**

Purchased Newspapers and Periodicals

**7. RENOVATIONS**

Interior & Exterior painting.

Erection of a ramp

Replacement of broken windows

Replacement of front door

Security door installed

Fixing of roof & ceiling

Replacement of old carpets for ceramic tiles.

**8. MAINTENANCE OF BUILDINGS**

Fixing of roofs at Bonita Park Library

Fixing of roof & ceiling at Jan Kempdorp Library

Interior Painting at Jan Kempdorp Library

Fixing of toilets at Bonita park Library

**9. FURNITURE**

Purchased Computer Cubicles for Pampierstad, Ganspan,& Jan Kempdorp Libraries

Purchased Shelves & Counter for Ganspan Library

Purchased Filling cabinets for Ganspan & Bonita Park Libraries

Purchased chairs and tables for Jan Kempdorp & Ganspan Libraries

Purchased Office desks for Jan Kempdorp & Pampierstad Libraries

**10. INFRASTRUCTURE DEVELOPMENT**

Office for Librarian Jan Kempdorp Library



## LIBRARY SERVICES

Task Grades	Number of Employees	Number of Posts	Number of Vacancies
T3 – T11 (Administration)	14	17	3

## FINANCIAL PERFORMANCE YEAR 1:

LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER SERVICES R'000

Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	622 417	621 319	630 854	688 792	10.9%
Expenditure:					
Employees	1 304 532	1 888 163	1 694 163	1 679 625	-11%
Repairs and Maintenance	0	0	2 412	3 089	-
Other	450 695	377 611	207 855	472 172	25%
<b>Total Operational Expenditure</b>	1 755 227	2 265 774	1 904 430	2 154 886	-4.9%
<b>Net Operational Expenditure</b>	(1 132 810)	(1 644 455)	(1 273 576)	(1 466 094)	10.9%

## CAPITAL EXPENDITURE YEAR 1:

LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER SERVICES R'000

Capital Projects	2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	366 000	366 000	239 049	-34.7%	366 000
Project A: Office Furniture & Equipment	366 000	366 000	239 049	-34.7%	366 000

## COMMENT ON THE PERFORMANCE OF LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER (THEATRES, ZOOS, ETC) OVERALL:

- The municipality has taken the responsibility of generally performing Library Services on behalf of the department of Sports, Arts and Culture. An amount of R978 000 was received as a provincial allocation to fund both operation activities and capital projects for the benefit of the Library services in the 2012/2013 financial period. The total cost of rendering this service to the municipality amounted to R2 154 886 for the financial period of 2012/2013. This expenditure includes financial support from the municipality as part of its commitment to the community.



### 3.13 CEMETRIES AND CREMATORIUMS

#### INTRODUCTION TO CEMETRIES AND CREMATORIUMS

#### SERVICE STATISTICS FOR CEMETORIES & CREMATORIUMS

##### PARK & CEMETRIES

Task Grade	Number of Employees	Number of Posts	Number of Vacancies
T2 (General Worker)	12	20	8
T6 (Tractor Driver)	1	2	1
T9 (Team Leader)	1	2	1

#### FINANCIAL PERFORMANCE YEAR 1: CEMETORIES AND CREMATORIUMS SERVICES

R'000

Details	2011/2012	2012/2013			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	79 273	52 950	66 855	68 082	28.6%
Expenditure:					
Employees	228 284	8 244 984	1 639 016	1 645 637	-80%
Repairs and Maintenance	17 520	236 359	236 134	265 966	12.5%
Other	69 107	417 410	90 589	197 897	-52.6%
<b>Total Operational Expenditure</b>	314 911	8 898 753	1 965 739	2 109 590	-76.3%
<b>Net Operational Expenditure</b>	(235 638)	(8 845 803)	(1 898 884)	(2 041 508)	-76.9%

#### CEMETERIES AND CREMATORIUMS SERVICES

R'000

Capital Projects	2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A: PPE	47 000	47 000	45 791	-2.5%	45 791

#### COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

Revenue derived from burial fees were 59.1% more than the R 50 thousand rand that were anticipated in the beginning of the budget year. The municipality exceeded its approved budgeted expenditure with 78.33% as a result of an over expenditure on employee related cost. Employee related cost were considerably under estimated by 455.13% with originally budget for the 2012/2013. This can be ascribed to an incorrect classification of employees to incorrect cost centers during the compilation of the annual budget.

Other operational activities such as repairs and maintenance shows an under spending of 64.29% followed by general expenses with almost 45%.



COMPONENT E

*Environmental*  
PROTECTION

3.14 BIO-DIVERSITY, LANDSCAPE AND OTHER

INTRODUCTION TO BIO-DIVERSITY AND LANDSCAPE

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

3.14. 1 FIRE

INTRODUCTION TO FIRE SERVICES

FINANCIAL PERFORMANCE YEAR 1: FIRE SERVICES

R'000

Details	2011/2012	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Fire fighters	-	-	-	-	-
Other employees	-	-	-	-	-
Repairs and Maintenance		32 289	2 000	258	-99.2%
Other		111 259	23 413	21 975	-80.3%
Total Operational Expenditure		143 548	25 413	22 233	-84.5%
Net Operational Expenditure		(143 548)	(25 413)	(22 233)	-84.5%

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

Fire services and disaster management does not form part of the core programmes of the municipality at this stage this function is coordinated at a district level where the district is rendering this service as shared service to the local municipalities. Phokwane Local Municipality has only policy on disaster management services on its IDP.



## 3.15 OTHER

(DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES AND OTHER)

### INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES, ETC

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES, ETC

#### TAKEN FROM IDP

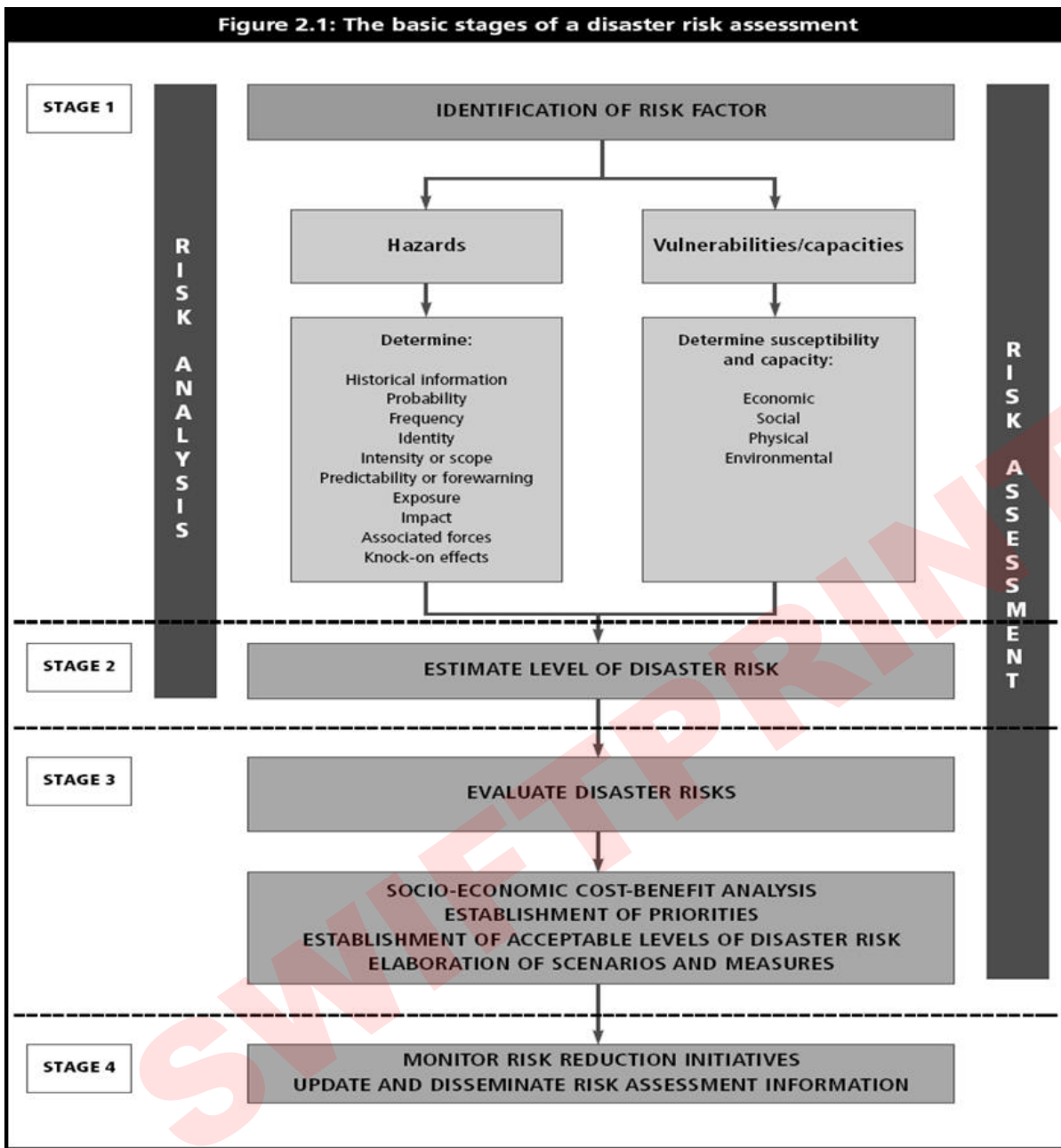
#### DISASTER MANAGEMENT PLAN

According to the Disaster Management Act (Act 57 of 2002), Section 42(1-2); “each district municipality must establish and implement a framework for disaster management in the municipality aimed at ensuring an integrated and uniform approach to disaster management in its area with the inclusion of the amongst others the local municipalities, non-governmental institutions involved in disaster management and the private sector”. The main purpose of the Disaster Management Plan (DMP) is to implement appropriate disaster risk reduction measures to reduce the vulnerability of communities and infrastructure at risk. The DMP was prepared in 2006 and the review of the document was prepared in 2012.

In order to align with the National Disaster Management Framework and to achieve an integrated, holistic and cost effective approach in disaster management; the DMP developed **4 Key Performance Areas** which form the bases of the review, as follows:

- a) **Institutional Capacity** for the Disaster Risk Management: Establishes the requirements which will ensure the establishment of effective institutional arrangements in the provincial sphere for the integrated and coordinated implementation of disaster (risk) management policy and legislation. It addresses the principles of cooperative governance and places emphasis on the involvement of all stakeholders in disaster (risk) management in order to strengthening the capabilities of provincial and municipal organs of state.
- b) **Disaster Risk Reduction**: Addresses the need for disaster risk assessment and monitoring to set priorities, guide risk reduction action and monitor the effectiveness of our efforts. In addition the key performance area outlines the requirements for implementing disaster risk assessment and monitoring by organs of state within all spheres of government. A critical facilities risk analysis was conducted to determine the vulnerability of key individual facilities or resources within the community such as schools, clinics, shelters. **Figure 2.1** illustrates the disaster risk assessment process.





- c) Disaster Management Planning and Implementation: This key performance area addresses requirements for disaster management planning within provincial and municipal spheres of government. It gives particular attention to the planning for and integration of the core risk reduction principles of prevention and mitigation into on-going programmes and initiatives.
- d) Disaster Response and Recovery: The Key Performance Area focuses on preparedness of an area for disasters, rapid and effective response to disasters and post-disaster recovery and rehabilitation. When a significant event or disaster occurs or is threatening to occur, it is imperative that there should be no confusion as to roles, responsibilities, funding arrangements and the procedures to be followed.



To facilitate the implementation of the objectives of the four KPAs mentioned above, three enablers were identified as per the National Disaster Management Framework. The enablers are as follows:

**a) Information and Communication**

Disaster risk management is a collaborative process that involves all spheres of government, as well as NGOs, the private sector, a wide range of capacity-building partners and communities. It also requires effective preparation for, and response to a diverse range of natural and other threats. It requires systems and processes that enable timely and appropriate decision making in not only in times of emergency but also to inform development planning on the part of government officials, other role players as well as at-risk communities and households.

**b) Education, Training, Public Awareness and Research**

Sections 20(2) and 15 of the Disaster Management Act specify the encouragement of a broad-based culture of risk avoidance, the promotion of education and training throughout the Republic, and the promotion of research into all aspects of disaster risk management. This key performance area addresses the development of education and training for disaster risk management and associated professions and the incorporation of disaster risk management in school curricula.

**c) Funding**

The provision of funding for disaster risk management is likely to constitute the single most important factor contributing to the successful implementation of the Act by provincial and municipal spheres of government. The Act, with the exception of Chapter 6 on funding of post-disaster recovery and rehabilitation, does not provide clear guidelines for the provision of funding for disaster risk management. Nevertheless funding from a range of sources will be required to deal with disaster management.

**COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL**

Phokwane local Municipality does not have its own Disaster Management Services it's a shared service from Frances Baard District Municipality





COMPONENT F

*Sport*  
AND RECREATION

3.16 SPORT AND RECREATION

INTRODUCTION OF SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT, PARKS AND RECREATION

PARKS & CEMETRIES

Task Grade	Number of Employees	Number of Posts	Number of Vacancies
T2 (General Worker)	12	20	8
T6 (Tractor Driver)	1	2	1
T9 (Team Leader)	1	2	1

SPORTS AND RECREATION POLICY OBJECTIVES TAKEN FROM IDP SERVICE OBJECTIVE xxx			
Sports and Recreational Facilities	-To maintain sports and recreational facilities	To facilitate the provision of recreational and sports facilities in the municipal areas by 2016.	<ul style="list-style-type: none"> <li>To apply for funding from relevant institutions e.g. sports trust, lottery, Department of Sports Arts and Culture etc.</li> <li>Ensure community participation in establishment and maintains of sports and recreational facilities</li> <li>Promote cultural activities through sports &amp; recreational facilities</li> <li>Formation of Phokwane Sports forum to ensure ownership of facilities by community</li> </ul>



**FINANCIAL PERFORMANCE YEAR 1: SPORTS, PARKS AND RECREATION**

R'000

Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>25 601</b>	-	-	-	-
Expenditure:					
Employees	1 243 672	-	-	-	-
Repairs and Maintenance	212 127	64 577	135 865	76 816	18.9%
Other	312 523	469 899	175 099	1 535 743	226.8%
<b>Total Operational Expenditure</b>	<b>3 820 500</b>	<b>534 476</b>	<b>310 964</b>	<b>1 612 559</b>	<b>201.7</b>
<b>Net Operational Expenditure</b>	<b>3 820 500</b>	<b>534 476</b>	<b>310 964</b>	<b>1 612 559</b>	<b>201.7</b>

**CAPITAL EXPENDITURE YEAR 1: SPORTS AND RECREATION**

R'000

Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	-	-	-	-	-
Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-

**COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:**

This municipal vote structure provides for Ganspan Waterbirds Sanctuary, Caravan and Sports Grounds as single programme. The expenditure incurred under this vote relates to repairs and maintenance on fixed structures, insurance, depreciation and motor vehicle fuel classified as other expenses in the table above. Depreciation expense amounting to R 1,4 million, makes up a huge component of other expenditure of R 1.5 million. There has been a significant decline in employee related cost under this function when compared to the previous financial year. The employee cost last year amounted to R 1.2 million and was reduced to zero in the current year due to the reallocation of this cost to parks and recreation.



COMPONENT G

Corporate Policy Offices  
AND OTHER SERVICES

3.17 EXECUTIVE AND COUNCIL

INTRODUCTION TO CORPORATE POLICY OFFICES, ETC

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

POLITICAL OFFICE

Task Grades	Number of Employees	Number of Posts	Number of Vacancies
T7 – T15	7	7	0

FINANCIAL PERFORMANCE YEAR 1: THE EXECUTIVE AND COUNCIL					R'000
Details	Year 0	Year 1			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	58 052 984	48 266 628	48 700 665	64 809 551	34.3%
Expenditure:					
Employees	5 517 186	6 590 939	5 803 215	5 667 015	-14%
Repairs and Maintenance	46 680	79 762	50 618	36 689	-54%
Other	4 461 172	8 236 095	8 357 046	9 997 341	21.4%
<b>Total Operational Expenditure</b>	8 455 070	11 515 161	10 812 944	10 025 038	787 906
<b>Net Operational Expenditure</b>		33 359 832	34 489 776	49 108 506	47.2%

CAPITAL EXPENDITURE YEAR 1: THE EXECUTIVE AND COUNCIL R'000

Capital Projects	Year 1				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All					
Project A: PPE	43 500	43 500	18 595	24 905	43 500
Project B					
Project C					
Project D					



### COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

The available revenue sources for the operating activities of Council and Executive can be described as the equitable share, municipal systems improvement grant, sale of ervens as well as revenue derived from building plans. Revenue raised under Council and Executive is R 16, 5 million or 34.3% above the anticipated revenue expected to be derived from the equitable share allocation.

The actual expenditure against capital amounted to R18,6 million an under expenditure of R 24.9 million when compared to the R 43.5 million initially budgeted for 2012/2013.

However, the overall operational expenditure for the year amounted to R 15,7 million which is 5.4% less than the R 14.9 million that was appropriate through the original budget for 2012/2013.

### 3.18 FINANCIAL SERVICES

Details of the types of account raised and recovered	Year 0		Year 1		Year 2		R'000
	Actual for accounts billed in year	Proportion of accounts billed that were collected in the year %	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in year	
<b>Property Rates</b>	6132459		16913485			10402600	
<b>Electricity – B</b>			4819103.98			2607236	
<b>Electricity – C</b>	29957870		32631591.70			35280379	
<b>Water – B</b>			2328870.16			2704219	
<b>Water – C</b>	30674917.82		16958859.10			20935977	
<b>Sanitation</b>	7771900.40		8528517.68			9074293	
<b>Refuse</b>	8428802.26		9475316.18			5852647	
<b>Other</b>	216601.59		217107.12			462482.60	
		53.69%			57.7%		

## EMPLOYEES: FINANCIAL SERVICES

Task Grades	No of Employees	No of posts	No of vacancies
T5 – T15 Administration	56	59	3

FINANCIAL PERFORMANCE YEAR 1: FINANCIAL SERVICES						R'000
Details	Year 0	Year 1			Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
<b>Total Operational Revenue</b>	13 081 867	14 556 567	15 624 644	17 291 488	18.8%	
Expenditure:						
Employees	7 540 948	10 206 528	7 560 933	8 625 222	-15.5%	
Repairs and Maintenance	52 515	33 137	32 378	28 022	-15.4%	
Other	9 999 844	5 577 087	30 782 524	8 155 260	46.2%	
<b>Total Operational Expenditure</b>	17 593 307	15 716 752	38 375 835	16 808 504	6.9%	
<b>Net Operational Expenditure</b>	(4 511 440)	(1 980 544)	(22 751 191)	482 984		

CAPITAL EXPENDITURE YEAR 1: FINANCIAL SERVICES						R'000
Capital Projects	Year 1					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	76 000	76 000	92 730	16 730	76 000	
Project A: PPE	76 000	76 000	92 730	16 730	76 000	
Project B: VEHICLE & EQUIPMENT	300 132	300 132	230 000	70 132	300 132	
Project C: PPE: WATER/ELECTRICITY METERS		338 650	130 000	208 650	338 650	
Project D: PPE IT		305 000	383 875	78 875	305 000	

## COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The finance department under spent on its employee related budget by 15.5% as result of staff vacancies which were not filled by the 30 June 2013. Repairs and maintenance was 15.4% less than the planned R 33 thousand and amounted to R 28 thousand for current year. The main increase in the other expenditure is as result of an increase in actual expenses such as dent impairment and depreciation expenses.

Capital as approved by Council amounted to R 376 132 and the actual against the latter amounted to R 322 730 which is 14.2% less than planned. However, there was a need for meters to be connected in areas where meters did not exist, A amount of R 305 thousand was than allocated through the adjustment for such purposes and expenditure as 30 June amounted to R 383 875 which resulted in a 25.8% over expenditure than appropriated. A further amount of R 300 182 thousand were set aside for two vehicles to be bought. All two vehicles were acquired at total cost of R 208 650 saving Council R 70 132.



## 3.19 HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

#### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

#### HUMAN RESOURCES SERVICES POLICY OBJECTIVES TAKEN FROM IDP

##### Priority issue: Institutional Transformation

Project Name	Broad Objectives	Measurable Objectives	Estimated Costs	Funding Agency	2012/2013	2013/2014	2014/2015
Performance Management System		To purchase a PMS system (software)		MSIG		R300 000	
Revamp of Service Point in Ganspan	To revamp the Service Point in Ganspan by 2014	To ensure the revamping of Ganspan Service Point by 2014		Phokwane L.M			
Filling of Critical Posts	To fill all critical posts in order to ensure an effective institution that respond to the needs of the community.	To ensure that all critical posts are filled by 2013		Phokwane L.M			

#### EMPLOYEES: HUMAN RESOURCES

Task Grades	Number of Employees	Number of Posts	Number of Vacancies
T8 – T15 (Administration)	4	5	1

#### FINANCIAL PERFORMANCE 2011/12: HUMAN RESOURCES SERVICES

R'000

Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	1 771 954	248 908	17 455	2 614	-98.95%
Expenditure:					
Employees	3 797 996	4 779 978	3 445 804	3 509 049	-26.58%
Repairs and Maintenance	146 995	33 766	23 664	16 946	-49.81%
Other	4 021 077	2 209 960	1 631 569	1 503 351	-31.97%
<b>Total Operational Expenditure</b>	7 966 028	7 023 704	5 101 037	5 029 346	-28.39%
<b>Net Operational Expenditure</b>	-6 194 074	-6 774 796	-5 083 582	-5 026 732	-25.08%

CAPITAL EXPENDITURE 2011/12: HUMAN RESOURCES SERVICES					R'000
Capital Projects	2012/2013				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	280 000	810 000	354 900	26.75%	
Project A: PPE	90 000	150 000	119 610	32.9%	
Project B: JKD FENCING	190 000	190 000	159 910	-15.84%	
Project C: RENOVATIONS REGISTRY	0	470 000	75 380	-83.96%	
Project D: PPE					

## COMMENT ON PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

- The total operating expenditure amount to R3 509 049 of the R3 445 804 budgeted for employee related cost. The budget was over spent as a result of inadequate information during the budget preparation.

## 3.20 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

### INTRODUCTION TO COMMUNICATION TECHNOLOGY (ICT) SERVICES

#### SERVICE STATISTICS FOR ICT SERVICES

Employees: ICT Services

Task Grades	No of Employees	No of posts	No of vacancies
T11 Administration	2	2	0

FINANCIAL PERFORMANCE YEAR 1: ICT SERVICES					R'000
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		0	0	0	0
Expenditure:					
Employees		415 460	-	-	-
Repairs and Maintenance		138 324	240 125	49 624	-64.1%
Other		1 219 666	929 942	833 540	-31.7%
Total Operational Expenditure		1 773 450	1 170 067	883 163	-50.2%
Net Operational Expenditure		(1 773 450)	( 1 170 067)	(883 163)	-50.2%



**CAPITAL EXPENDITURE YEAR 1: ICT SERVICES**

R'000

Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A – IT Equipment	-	R 305 000	R 383 875	25.9%	305 000

**COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:**

Municipality managed to install various ICT services in the workplace to make easy friendly users, there are still various systems that have to be put on place in the next financial year of 2013/2014.

SWIFTPRINT





## COMPONENT H

### Organisational PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

#### ANNUAL PERFORMANCE SCORECARD REPORT FOR CURRENT YEAR

Vote/Indicator	Unit of measurement	Annual Target	Qtr Ending 30 Sept 2012		Qtr Ending 31 Dec 2012		Qtr Ending 31 March 2013		Qtr Ending 30 June 2013	
			Proj	Actual	Proj	Actual	Proj	Actual	Proj	Actual
Effectively Support political Interface.	Nr of schedule council meetings taking place.	4	1		1		1		1	
	Nr of Exco meetings taking place.	4	1		1		1		1	
	Supporting visits of the Cabinet, NCOP, District Municipality and other structures.	100%	100%		100%		100%		100%	
Ensure effective public participation.	Nr of IDP Representative Forum's meetings taking place.	4	1		1		1		1	
	Nr of budget consultation meetings taking place.	3			1		1		1	
	Nr of Council Imbizo's held.	2	1				1			
Ensure good and effective	Nr of customer satisfaction surveys conducted.	1							1	
governance.	Nr of senior mngt meetings held	8	2		2		2		2	
	Nr of general staff meetings	2	1		1					
	Annual reports submitted as prescribed i.t.o MFMA	1					1			
	Nr of performance reports submitted by HoD's	16	4		4		4		4	
	% implementation of council resolutions	80%	20%		20%		20%		20%	
	Nr of newsletters distributed.	4	1		1		1		1	
	Nr of radio talk shows conducted.	6	2		1		2		1	



**ANNUAL PERFORMANCE SCORECARD REPORT FOR CURRENT YEAR**

Vote/Indicator	Unit of measurement	Annual Target	Qtr Ending 30 Sept 2012		Qtr Ending 31 Dec 2012		Qtr Ending 31 March 2013		Qtr Ending 30 June 2013	
			Proj	Actual	Proj	Actual	Proj	Actual	Proj	Actual
Implement an effective Performance Management System.	Nr of performance management reports submitted to council.	4	1		1		1		1	
	% of performance contracts signed by HoD's.	100%	100%							
	Nr of performance reviews with sections conducted.	16	4		4		4		4	
	Nr of performance reviews with direct reports.	16	4		4		4		4	
Formulation and implementation of a credible IDP	Approval of 2012/2013 IDP review by council.	1							1	
	% Spending of IDP projects	100%	25%		25%		25%		25%	
	% of IDP priority/funded projects implemented	100%	25%		25%		25%		25%	
Formulation and implementation of effective policies and by-laws	% Spending of MIG Grants	100%	25%		25%		25%		25%	
	% of existing policies reviewed	20%					20%			
	Nr of new by-laws approved in accordance council resolution.	100%					100%			
	Nr of by-laws reviewed as specified by council.	3	1		1		1			
Effective organizational development	Review, update and approval of organizational structure	100%	100%							
	Strategic plan formulated and approved	100%	100%							
Ensure effective financial mngt	% Payment level	80%	20%		20%		20%		20%	
	% Attainment of revenue budget	95%	20%		50%		20%		5%	
	% Spending of all grants	100%	25%		25%		25%		25%	
	Nr of internal audits conducted	4	1		1		1		1	
Effective supply chain mngt	Nr of reviews conducted on tender committee	1			1					
Effective supply chain management	Nr of reports submitted on the implementation of SCM policy.	4	1		1		1		1	



## ANNUAL PERFORMANCE SCORECARD REPORT FOR CURRENT YEAR

Vote/Indicator	Unit of measurement	Annual Target	Qtr Ending 30 Sept 2012		Qtr Ending 31 Dec 2012		Qtr Ending 31 March 2013		Qtr Ending 30 June 2013	
			Proj	Actual	Proj	Actual	Proj	Actual	Proj	Actual
Financial Management	Annual Financial Statements completed i.t.o MFMA	1	1		1		1		1	
	Nr of section 71 reports submitted to Mayor & Treasury	12	3		3		3		3	
	Reduce audit queries by at least 20%.	20%	5%		5%		5%		5%	
	Proper valuation roll completed	100%	100%							
	Nr of financial reports submitted to council.	4	1		1		1		1	
Provision of basic services	% Water losses	5%			2%		2%		1%	
	% Electricity Losses	5%			2%		2%		1%	
	Nr of houses provided with new sewerage connections	500	100		200		100		100	
Bulk Services	Update of all infrastructure master plans	100%	100%							
	% Spending of maintenance of infrastructure	100%	25%		25%		25%		25%	
Ensure the implementation of Local Economic Development Plan	Nr of LED summits held	1					1			



## CHAPTER 4

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

#### PERFORMANCE REPORT

#### COMPONENT A

### *Introduction*

### TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

##### EMPLOYEES

Description	Year 1		
	Approved Posts No.	Employees No.	Vacancies No.
Housing	6	4	2
Traffic	18	12	6
Environmental Health	3	2	1
Library	17	13	4
Transport	6	3	3
Electricity	16	9	7
Roads & Stormwater	31	28	3
Solid Waste	35	30	5
Parks & Cemeteries	44	39	5
Cleansing	32	25	7
Refuse Removal	34	26	8
Water Supply	38	32	6
Sewerage Plant & Water Plant	25	21	4
<b>Totals</b>	<b>305</b>	<b>287</b>	<b>18</b>



## VACANCY RATE 2012/13

Designation	Total Approved posts No.	*Vacancies (total time that vacancies exist using full time equivalent No.)	*Vacancies ( as a proportion of total posts in each category) No.
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding finance posts)	2	1	1
Other S57 Managers (Finance posts)	1	0	0
Police Officer	N/A	N/A	N/A
Fire Fighters	N/A	N/A	N/A
Senior Management: Level 13-15 (excluding Finance posts)			
Senior Management: Level 13-15 ( Finance posts)			
Highly skilled supervision: levels 9-17 (excluding finance posts)			
Highly Skilled supervision: Levels 9-17 ( Finance posts)			
Total			

## TURN-OVER RATE

Details	Total Appointments as of beginning of Financial Year No	Termination during the Financial Year No.	Turn-over Rate*
2012/2013	30	N/A	

## COMMENT ON VACANCIES AND TURNOVER

Municipal Organogram approved for 2012/13 with its budgeted posts are filled at 75% and vacancy rate is at 25%.



## COMPONENT B

# *Managing* THE MUNICIPAL WORKFORCE

## INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

### 4.2 POLICIES

#### VACANCY RATE: YEAR 1

Designation	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalent No.)	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	1
CFO	1	0	1
Other S57 Managers (excluding Finance Posts)	4	3	3
Other S57 Managers (Finance posts)	0	0	0
Police officer	N/A	N/A	N/A
Fire fighters	N/A		
Senior management: Level 13-15 (excluding Finance posts)	7	1	7
Senior management: Level 13-15 (Finance posts)			
Highly skilled supervision: levels 9-17 (excluding Finance posts)			
Highly skilled supervision: levels 9-17 (Finance posts)			
<b>Total</b>			

	Name of Policy	Date adopted by council or comment on failure to adopt
1	Affirmative Action	15 October 2009
2	Attraction and Retention	15 October 2009
3	Code of Conduct for employees	15 October 2009
4	Delegations, Authorisation & Responsibility	15 October 2009
5	Disciplinary Code and Procedures	15 October 2009

6	Essential Services	15 October 2009
7	Employee Assistance / Wellness	15 October 2009
8	Employment Equity	15 October 2009
9	Exit Management	15 October 2009
10	Grievance Procedures	15 October 2009
11	HIV / Aids	15 October 2009
12	Human Resource and Development	15 October 2009
13	Information Technology	15 October 2009
14	Job Evaluation	15 October 2009
15	Leave	15 October 2009
16	Occupational Health and Safety	15 October 2009
17	Official Housing	15 October 2009
18	Official Journeys	15 October 2009
19	Official transport to attend funerals	15 October 2009
20	Official Working Hours and Overtime	15 October 2009
21	Organisational Rights	15 October 2009
22	Payroll Deductions	15 October 2009
23	Performance Management and Development	15 October 2009
24	Recruitment, Selection and Appointment	15 October 2009
25	Remuneration Scales and Allowances	15 October 2009
26	Resettlement	15 October 2009
27	Sexual Harassment	15 October 2009
28	Skills Development	15 October 2009
29	Smoking	15 October 2009
30	Special Skills	15 October 2009
31	Work Organisation	15 October 2009
32	Uniform and Protective Clothing	24 October 2014
33	IT Change Control Policy and Procedures	24 October 2014
34	Dress Code Policy	24 October 2014
36	Record Management Policy	26 March 2013
37	User Account Management Policy	26 March 2013
38	Back-up and Restoration Policy	26 March 2013
39	IT Change Control Policy and Procedures	24 October 2013
40	Ward Committee Policy	24 October 2013
41	Municipal Facility Rental/Booking Policy	24 October 2013
42	Study Assistance Policy	24 October 2013
43	S & T Policy	29 May 2013
44	Rates Policy	29 May 2013
45	Investment and Cash Management Policy	29 May 2013
46	Indigent Support	29 May 2013
47	Credit Control and Dept Collection	29 May 2013
48	Assets Management	29 May 2013
49	Tariff Policy	29 May 2013



## COMMENT ON WORKFORCE POLICY DEVELOPMENT

There are some of the policies that still have to go to council for review and approval for 2013/2013 FY.

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

#### NUMBER AND COST OF INJURIES ON DUTY

Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average injury leave per employee Days	Total Estimate Cost R'000
Required basic medical attention only	11	3			
Temporary total disablement	20	2			
Permanent disablement	0	0			
Fatal	0	0			
Total	31	5	20%	20 Days	n/a

#### COMMENTS:

Total estimate for injuries costs are incurred by the Compensation Fund through the Department of Labour, there was no major injuries during 2012-2013 FY and also leaves regarding injuries were not high.

#### NUMBER AND COT OF INJURIES OF DUTY

Type of Injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average injury leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	N/A	N/A	N/A	N/A	R'00
Temporary total disablement	N/A	N/A	N/A	N/A	R'00
Permanent disablement	N/A	N/A	N/A	N/A	R'00
Total	0	0	0	0	R'00
Total	0	0	0	0	R'00





## NUMBER AND PERIOD OF SUSPENSION

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not finalised	Date Finalised
N/A	N/A	N/A	N/A	N/A

## DISCIPLINARY ACTION TAKEN ON CASES OF MISCONDUCT

Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
TL. Domingo	<ol style="list-style-type: none"> <li>1. Accepting employment outside of normal working hours without the permission of the Municipal Manager</li> <li>2. Taking municipal cable without authority to perform a private job</li> <li>3. Taking the municipal step ladder without authority to perform a private job.</li> </ol>	<ol style="list-style-type: none"> <li>1. Final Written Warning</li> <li>2. Suspension for 10 days without pay spread over 3 months</li> <li>3. Not guilty</li> <li>4. Costs of the step ladder to be recouped from employee.</li> </ol>	Domingo 23 September 2013
F. Molola	Absent form duty without leave or permission	Final Written Warning	F. Molola 8/10/2013
G. Williams	Theft of petrol	Dismissal-reinstated by the SALGBC	G. Williams 08/01/2013

## COMMENT ON SUSPENSION AND CASES OF FINANCIAL MISCONDUCT

It is indeed so that instilling discipline in the workplace remains the duty of the employer.

In instilling discipline the employer has to ensure that there are sound labour relations as well as ensuring that the disciplinary measures are in compliance with the Collective Agreement on Disciplinary Procedure & Code Collective Agreement.

The disciplinary processes are used to act as deterrence of the individual self and fellow employees as well as a rehabilitation of the transgressing employee with the ultimate benefit for the employer having a disciplined workforce.

Finally, a disciplined workforce ensures that there is efficient and effective service delivery in accordance with the municipality's overall mandate.



## 4.4 PERFORMANCE REWARDS

### PERFORMANCE REWARDS BY GENDER

Designations	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R'000	Proportion of beneficiaries within group %
Lower skilled (Level1-2)		None	None	None	None
Skilled (Level 3-5)		None	None	None	None
Highly skilled supervision (Levels 9-12)		None	None	None	None
Senior management (Levels 13-15)		None	None	None	None
MM and S57		None	None	None	None
Total		None	None	None	None

### COMMENT ON PERFORMANCE REWARDS:

No performance reward was awarded during the 2012/2013 financial year. Our performance management system is not fully functional to can grant the performance rewards.

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COMPONENT C

*Capacitating*

THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX

Management level	Gender	Employees in post as at 20 June Year 1	Number of skilled employees required and actual as at 30 June Year 1						Total		
			Learnerships		Skills programmes & other short courses		Other forms of training		Actual: End of Year 0	Actual: End of Year 1	Target
		No.	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target
MM and S57	Female			5	10						
	Male			6	10						
Councilors, senior officials and managers	Female			13	15						
	Male			14	15						
Technicians and associate professionals	Female			5	8						
	Male			4	7						
Clerks & Admin	Female			9	10						
	Male			5	8						
Labourers	Female			1							
	Male			1	3						
Total	Female			26							
	Male			13	18						
Sub Total	Female			3		8	4		49	32	
	Male			4		7	15		34	10	



SKILLS DEVELOPMENT EXPENDITURE													
Original Budget and Actual Expenditure on skills development Year 1													
Management level	Gender	Employees in post as at 20 June Year 1	Learnerships			Skills programmes & other short courses			Other forms of training			Total	
			Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target		
MM and s57	Female	No.											
	Male												
Councillors, senior officials and managers	Female												
	Male												
Technicians and associate professionals	Female												
	Male												
Sub Total	Female												
	Male												
Total	R 1222												
	691. 81												
Male													

**COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:**

Section 57, Middle Managers and staff in general have been trained in various skills and the expenditure is averagely spent in 2012/2013 FY.

COMPONENT D

*Managing*  
THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED

Beneficiaries	Gender	Total
Lower skilled (Level 1-2)	Female	None
	Male	None
Skilled (Level 3-5)	Female	None
	Male	None
Highly skilled production (Level 6-8)	Female	None
	Male	None
Highly skilled supervision (Level 9-12)	Female	None
	Male	None
Senior management (Levels 13-16)	Female	None
	Male	None
MM and S57	Female	None
	Male	None
Total		None



**EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None

**EMPLOYEES APPOINTED TO POSTS NOT APPROVED**

Department	Level	Date of appointment	No. appointment	Reason for appointment when no established post exist
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None

**COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:**

2012/2013 financial year there was no posts or salaries that where upgraded due to any circumstances.

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## CHAPTER 5

### FINANCIAL PERFORMANCE

#### INTRODUCTION TO FINANCIAL STATEMENTS

#### COMPONENT A

### *Statements*

### OF FINANCIAL PERFORMANCE

**NB: FINANCIAL STATEMENTS**

(Refer to the Appendix H)

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**FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES**

Description	Year 0	Year 1			Year 1 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
<b>Operating Cost</b>						
Water	31 423 171	29 171 163	26 247 522	33 544 985	14,99%	27,80%
Waste Water Management	11 867 911	17 895 107	12 660 978	12 583 991	29,68%	0,61%
Electricity	35 593 500	50 000 667	45 826 282	44 183 251	11,63%	3,58%
Waste Management	5 385 244	9 273 259	4 014 701	17 048 158	-83,84%	324,64%
Housing	10 878	2 898 001	3 258 544	3 365 195	16,12%	3,27%
<b>Component A: sub-total</b>	<b>84 280 704</b>	<b>109 238 197</b>	<b>92 008 027</b>	<b>110 725 580</b>	<b>14,53%</b>	<b>20,34%</b>
Waste Water (Stormwater Drainage)						
Roads	7 779 680	5 850 076	8 568 952	7 047 170	20,46%	-17,76%
Transport		1 507 791	1 146 103	2 703 765	79,32%	135,90%
<b>Component B: sub-total</b>	<b>7 779 680</b>	<b>7 357 867</b>	<b>9 715 055</b>	<b>9 750 935</b>	<b>32,52%</b>	<b>0,37%</b>
Planning						
Local Economic Development	250 785	313 691	353 502	175 588	44,03%	50,32%
<b>Component B: sub-total</b>						
<b>Planning (Strategic &amp; Regulatory)</b>						
Local Economic Development						
Component C: sub-total	61 672 086	15 700 625	7 694 432	9 215 872	-41,30%	19,77%
Community & Social Services	5 184 660	2 219 213	3 304 657	2 983 814	34,45%	-9,71%
Environmental Protection	2 274	0	0	0	0	0
Health		0	0	0	0	0
Security and Safety	4 208 833	4 195 902	2 548 563	2 815 719	-32,89%	10,48%
Sport and Recreation	1 835 604	9 285 510	1 841 212	3 416 339	- 63,21%	85,55%
Corporate Policy Offices and Other	7 966 028					
<b>Total Expenditure</b>	<b>111 508 568</b>	<b>132 610 380</b>	<b>109 771 016</b>	<b>129 867 975</b>	<b>-2,07%</b>	<b>18,31%</b>

**COMMENT ON FINANCIAL PERFORMANCE**

The above table depicts the financial performance of the municipal in accordance various operational services and per general finance statistic classification. Total expenditure when compared against the original budget and adjusted budget can be describe as 21.25% and 17.71% below the approved budget.





## 5.2 GRANTS

### GRANT PERFORMANCE

R'000

Description	Year 0	Year 1			Year 1 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustment Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>						
Equitable Share	56 299 000	63 719 000	63 719 000	63 719 000	100%	100%
Municipal Systems Improvement	943 152	800 000	800 000	558 852	30.14%	30.14%
Department of Water Affairs	1 507 676	16 357 000	16 357 000	16 165 738	15.34%	15.34%
Levy replacement						
Other transfers/grant	1 137 706	29 366 000	29 366 000	34 109 951	17.35%	17.35%
<b>Provincial Government:</b>						
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation	599 879	978 000	978 000	666 289	31.87%	31.87%
Other transfers/grants		1 000 000	1 000 000	1 007 537	0.75%	0.75%
<b>District Municipality:</b>						
[Insert description]						
<b>Other grant providers:</b>						
[Insert description]						
<b>Total Operating Transfers and Grants</b>	<b>53 984 133</b>	<b>112 220 000</b>	<b>112 220 000</b>	<b>116 227 366</b>	<b>98.96%</b>	<b>98.70%</b>

### OPERATING TRANSFERS AND GRANTS:

The municipal equitable share allocation for 2012/2013 constitute R63 719 000 of this year's operating grant transfers from both national and provincial government. The anticipated amount as per DoRA was R63 719 000 and the total amount was received and accounted for in respect of 2012/2013 financial year. The municipality had no funds withheld by the National Treasury relating to 2012/2013 financial year as opposed to the previous year.

The municipality anticipated an amount of R 800 000 to be utilized within the scope of the Municipal System Improvement Grant for the 2012/2013 financial period. The actual expenditure amounted to R558 852 at the end of the financial year.

An amount of R1 357 000 was anticipated from the Department of Water Affairs to subsidized the operating and maintenance for services rendered by Sedibeng Water Services Provider. The actual expenditure at the end of the financial period amounted to R1 357 000.

**Municipal Infrastructure Grant** anticipated for 2012/2013 financial year was R26 366 000 to address the infrastructure backlogs. The total MIG expenditure amount of R31 234 543 was incurred above the budgeted amount.



Other transfer represent the **Financial Management Grant** for which an amount of R1 500 000 was anticipated for 2012/2013. The municipality further requested roll-over that was approved by National Treasury for an amount of R366 000.

## COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The Municipality did not receive any Conditional Grants from other sources except for those as per Dora and gazette on Provincial Allocation for 2012/2013.

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The Asset management office was established on May 2013 under the SCM unit. According to the Audit findings and our municipal records our Asset Register need to be updated in accordance with the relevant Generally Recognized Accounting Practice to enable compliance as required by Section 63 (2) (a) of the MFMA.

#### REPAIR AND MAINTENANCE EXPENDITURE: YEAR 1

R'000

	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4 841 850	3 890 602	14 881 998	-10 040 148

### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

The municipality spent R 14 million or 1.3% of its actual operating expenditure or repairs and maintenance during the 2012/2013 financial year, which is below the 10% norm set by National Treasury. Actual expenditure incurred represents 68.17% of the adjusted budgeted amount of R3,8 million. The expenditure incurred are with regard to repairs and maintenance on municipal buildings, roads, computer network, electrical networks, motor vehicles, plant.

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### CHART 1: LIQUIDITY RATIO

#### FINANCIAL YEAR 2012/2013

Current Assets/current liabilities= R 100 389 024 / R38 211 276 = 2.62:1

#### FINANCIAL YEAR 2011/2012

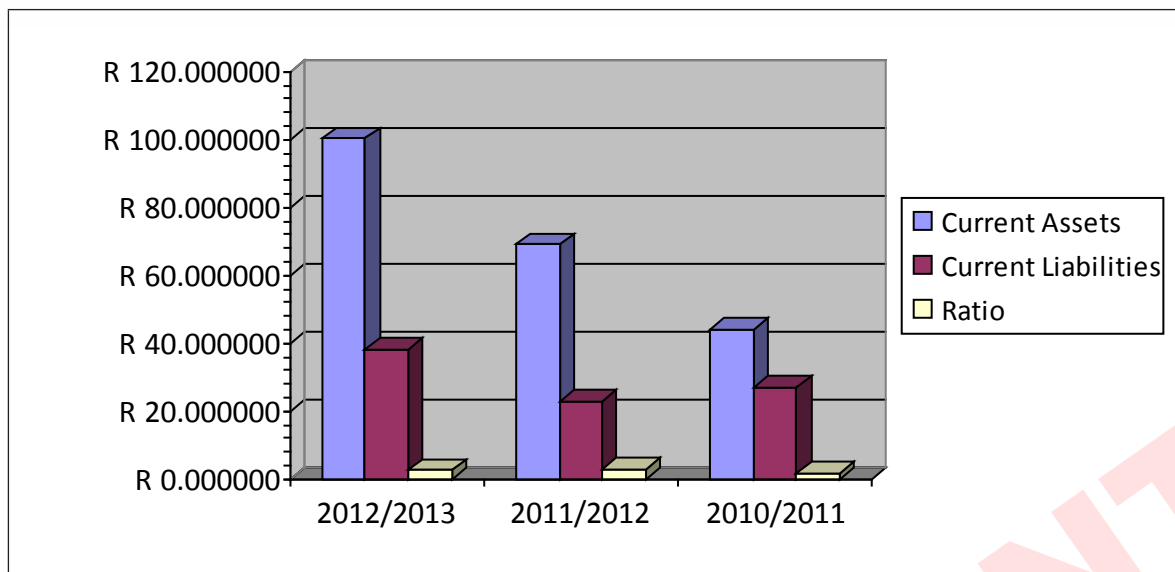
Current Assets/current liabilities= R 69 112 539 / R 22 811 356 = 3:1

#### FINANCIAL YEAR 2010/2011

Current Assets/current liabilities= R 44 300 662 / R 27 004 704 = 1.64:1



## LIQUIDITY RATIO



## CHART 2: COST COVERAGE

### FINANCIAL YEAR 2012/2013

(Available cash + Investments)/monthly fixed operational expenditure = R 46 587 538/R125 502 407 = 0.3:1

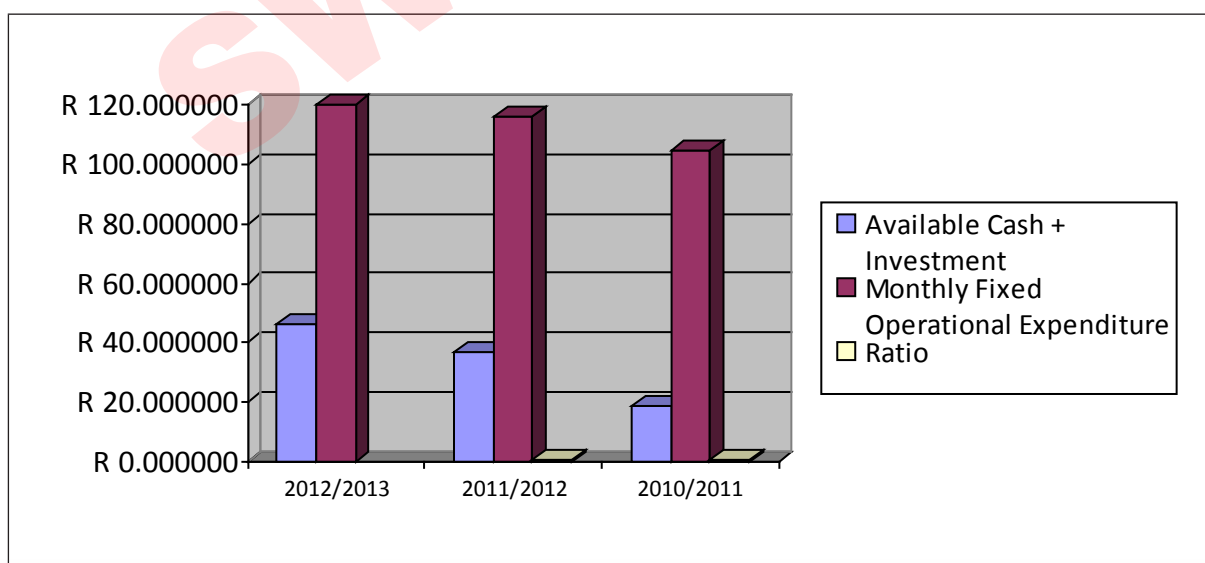
### FINANCIAL YEAR 2011/2012

(Available cash + Investments)/monthly fixed operational expenditure = R 37 024 469 / R 116 500 580 = 0.3:1

### FINANCIAL YEAR 2010/2011

(Available cash + Investments)/monthly fixed operational expenditure = R 18 859 607 / R 105 998 721 = 0.18:1

## COST COVERAGE



**CHART 3: CAPITAL CHARGES TO OPERATING EXPENDITURE**

FINANCIAL YEAR 2012/2013

Interest & Principal Paid / Operating Expenditure = R 1 243 549 / R167 077 933 = 0.74%

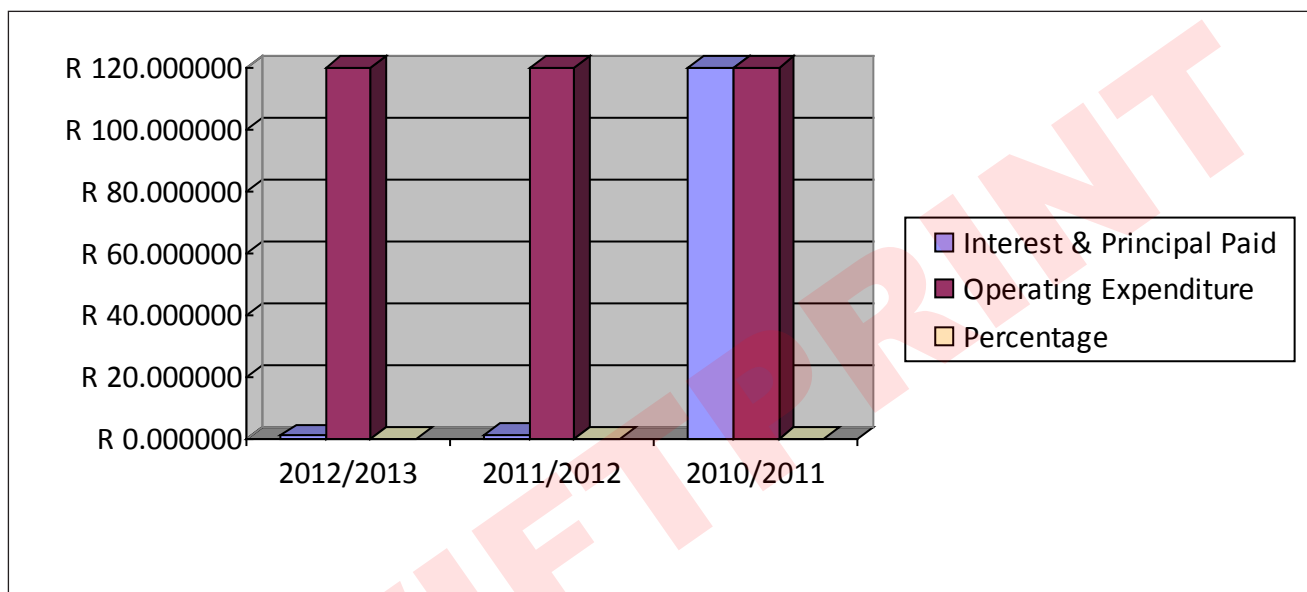
FINANCIAL YEAR 2011/2012

Interest & Principal Paid / Operating Expenditure = R 1 364 436 / R 153 983 256 = 1%

FINANCIAL YEAR 2010/2011

Interest & Principal Paid / Operating Expenditure = R 923 890 / R145 345 056 = 0.94%

**CAPITAL CHARGES TO OPERATING EXPENDITURE**



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## CHART 4: EMPLOYEE COSTS

FINANCIAL YEAR 2012/2013

Employee costs / (Total Revenue – capital revenue) = R 42 642 387 / R112 961 326 = 37.75%

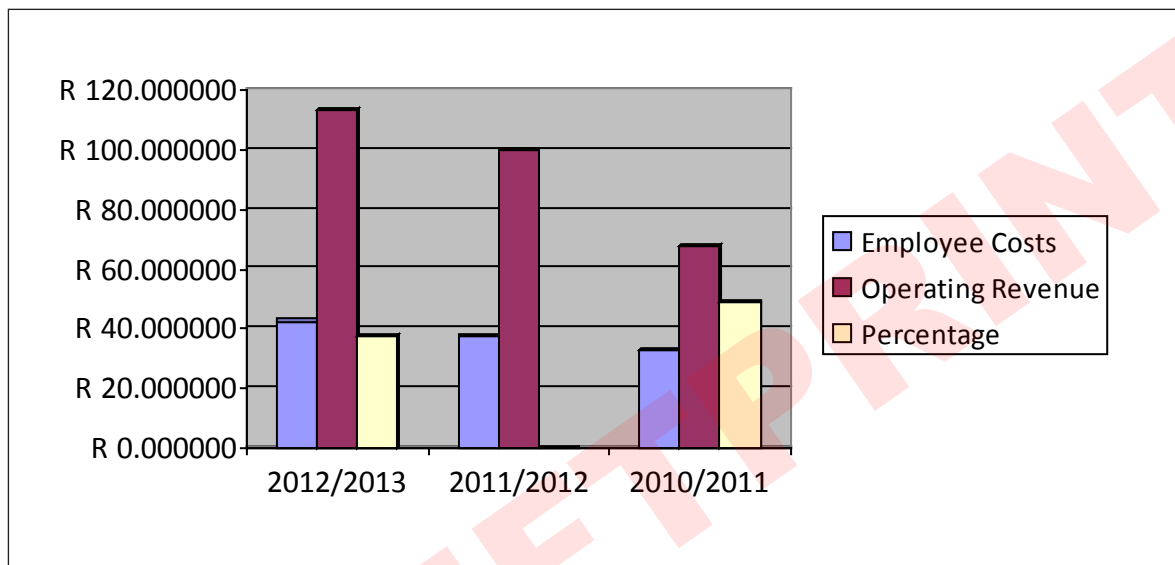
FINANCIAL YEAR 2011/2011

Employee costs / (Total Revenue – capital revenue) = R 37 845 924 / R 100 066 533 = 37.82%

FINANCIAL YEAR 2010/2011

Employee costs / (Total Revenue – capital revenue) = R 33 095 297 / R 67 541 856 = 49%

## EMPLOYEE COSTS



## CHART 5: REPAIRS & MAINTENANCE

FINANCIAL YEAR 2012/2013

R&M / (Total Revenue excluding capital revenue) = R 14 881 998 / 112 961 326 = 13.17%

FINANCIAL YEAR 2011/2012

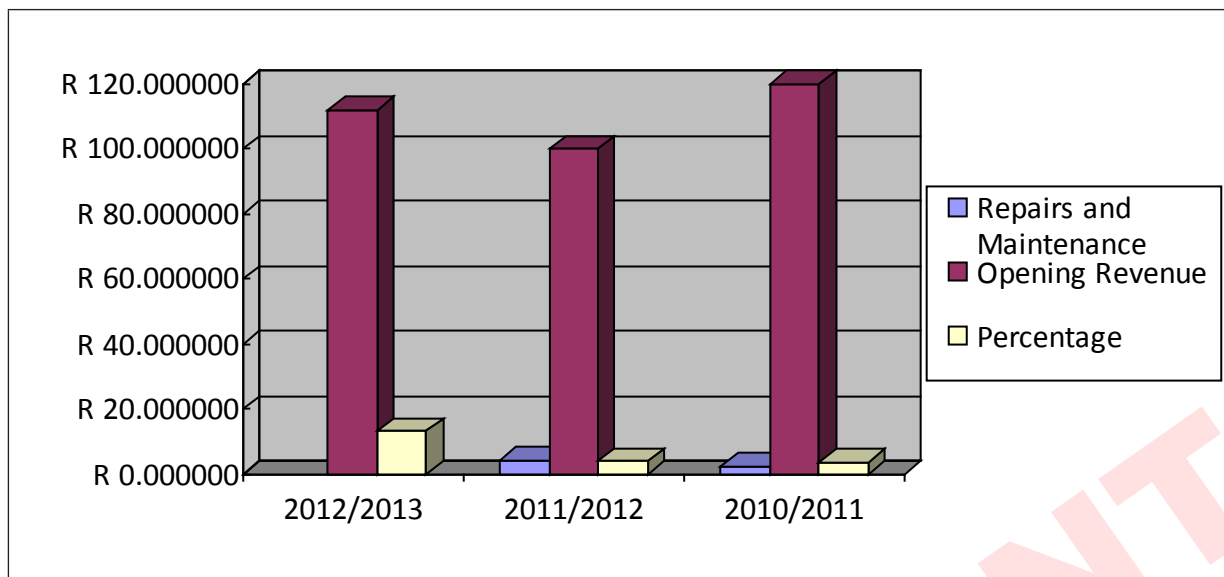
R&M / (Total Revenue excluding capital revenue) = R 4 412 493 / R 100 066 533 = 4%

FINANCIAL YEAR 2010/2011

R&M / (Total Revenue excluding capital revenue) = R 2 582 447 / R 541 856 = 3.8%



REPAIRS AND MAINTENANCE



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COMPONENT B

*Spending*  
AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

CAPITAL EXPENDITURE – FUNDING SOURCES YEAR 0 TO YEAR 1

R'000

Details	Year 0	Year 1				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>						
External loans						
Public contributions and donations						
Grants and subsidies	53 984 133	112 220 000	112 220 000	116 227 366	98.96%	98.70%
Other		5 017 632	3 472 632	2 174 238	-56.67%	-37.39%
<b>Total</b>		<b>117 237 632</b>	<b>115 692 632</b>	<b>118 401 604</b>	<b>-89.90%</b>	<b>2.34%</b>
<b>Percentage of finance</b>						
External loans						
Public contributions and donations						
Grants and subsidies	53 984 133	111 920 000	111 920 000	116 227 366	3.84	3.84
Other						
<b>Capital Expenditure</b>						
Water and sanitation	653 487	32 422 322	32 863 631	33 985 078	4.82%	3.41%
Electricity	2 184 000	1 200 000	1 200 000	1 158 382	3.47	3.47
Housing	0	0				
Roads and storm water	0	7 000 000	7 000 000	6 403 765	-8.52%	-8.52%
Other	2 678 637	8 730 000	0	0	0%	0%
<b>Total</b>	<b>5 516 124</b>	<b>49 352 322</b>	<b>41 063 631</b>	<b>41 547 225</b>	<b>-115.82%</b>	<b>1.17%</b>
<b>Percentage of expenditure</b>						
Water and sanitation						
Electricity						
Housing						
Roads and storm water						
Other						



## 5.6 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION OT BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

#### SERVICE BACKLOGS AT YEAR 1

	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	%HHs	No. HHs	% HHs
Water	1200	50	200	150
Sanitation	1500	300	200	65
Electricity	700	30	45	50
Waste management				
Housing	1600	500	120	100

#### MUNICIPAL INFRASTRUCTURE GRANT (MIG)\* EXPENDITURE YEAR 1 ON SERVICE BACKLOGS

R'000

Details	Budget	Adjust-ments Budget	Actual	Variance	Major conditions applied by donor (continue below if necessary)
			Budget	Adjustments Budget	
Infrastructure – Road transport					
Roads, Pavements & Bridges					
Storm water	7 000 000	7 000 000	6 403 765	-8.52%	
Infrastructure - Electricity					
Generation					
Transmission & Reticulation					
Street Lighting					
Infrastructure - Water					
Dams & Reservoirs					
Water purification					
Reticulation	16 283 190	14 684 462	13 762 337	-6.28%	
Infrastructure - Sanitation					
Reticulation	600 000	4 681 718	2 977 198	-36.41%	
Sewerage purification					
Infrastructure - Other					
Waste management					
Transportation					
Gas					
Other Specify:					
Total	23 883 190	26 366 180	23 143 300	-12.23%	





COMPONENT C

*Cash Flow*  
MANAGEMENT AND INVESTMENTS

5.7 CASH FLOW

CASH FLOW OUTCOMES

R'000

Description	Year 0	Current Year 1		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW OPERATING ACTIVITIES</b>				
<b>Receipts</b>	<b>145 176 743</b>	<b>212 763 285</b>	<b>221 982 487</b>	<b>212 763 285</b>
Ratepayers and other	53 629 942	84 023 088	107 899 231	84 023 088
Government – operating	61 273 723	68 476 577	68 920 000	81 944 085
Government – capital	28 557 949	57 928 718	43 115 127	44 461 210
Interest	1 715 129	2 334 902	2 048 129	2 334 902
Dividends	0			
<b>Payments</b>	<b>(104 534 692)</b>	<b>(157 219 919)</b>	<b>(141 646 592)</b>	<b>151 621 262</b>
Suppliers and employees	(99 949 923)	(157 085 919)	(141 646 592)	(147 199 847)
Finance charges	(1 327 110)	(134 000)	0	(1 232 718)
Transfers and Grants	(3 257 659)	0	0	(3 188 697)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>41 042 104</b>	<b>55 543 366</b>	<b>80 335 895</b>	<b>61 142 023</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	(21 483 852)	(45 798 477)	(51 026 630)	(55 006 170)
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets				
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>				
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				



<b>Receipts</b>			
Short term loans			
Borrowing long term/refinancing	(1 378 634)		3 426 916
Increase (decrease) in consumer deposits		197 285	
<b>Payments</b>			
Repayment of borrowing			
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 378 634)</b>		
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>18 179 618</b>		<b>9 562 769</b>
Cash /cash equivalents at the year begin:	18 845 151		37 024 769
Cash/cash equivalents at the year end:	37 024 769		46 587 538

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## CHAPTER 6

### AUDITOR GENERAL AUDIT FINDINGS

(Refer to Appendix G)

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APPENDICES

- APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE
- APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES
- APPENDIX C – WARD REPORTING
- APPENDIX D – WARD INFORMATION
- APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1
- APPENDIX F – DISCLOSURE OF FINANCIAL INTERESTS
- APPENDIX G – AUDITOR GENERAL REPORT
- APPENDIX H – FINANCIAL STATEMENTS

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APPENDIX A

COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committee Allocated and Council Attendance				
Council Members	Committees Allocated	Ward and / or Party Representatives	No. of Council Meetings held	Council Meeting Attendance
	FT / PT			
V Khen	FT	PR	12	12
DM Moeketsi	FT	PR	12	12
P Mona	PT	PR	12	12
KD Mashorie	PT	PR	12	12
AO Moremong	PT	PR	12	12
HM Modiakgotla	PT	Ward 7	12	12
FO Pitso	PT	Ward 3	12	12
M Chakane	PT	Ward 8	12	12
Clr Riet	PT	Ward 1	12	12
D Meza	PT	Ward 5	12	12
MF Mojapele	PT	Ward 2	12	12
AS Mokoena	PT	Ward 4	12	12
CJS Adams	PT	Ward 9	12	8
PJ Nel	PT	Ward 6	12	12
D Meyer	PT	PR	12	10
S Lewis	PT	PR	12	12
GM Motebe	PT	PR	12	12
S Nkomo	PT	PR	12	8



**APPENDIX B**  
**COMMITTEES AND COMMITTEE PURPOSES**

COMMITTEE	COMMITTEE PURPOSES
Corporate Services Sub-Committee Clr Molifi Chakane (Chairperson) Clr Anna Moremong Clr Dawie Meyer Clr Crocket Adams	To deal with corporate matters such as HR and ICT.
Technical Services Sub-Committee Clr Pasma Mona (Chairperson) Clr Dibung Meza Clr Stoffel Mokale Clr Petro Nel	To deal with infrastructure matters, both new and maintenance of existing infrastructure.
Social & Community Services Sub-Committee Clr Flora Pitso (Chairperson) Clr Sandy Mokoena Clr Samuel Nkomo Clr Sinah Lewis	To deal with social matters and consider reports on environmental health and housing.
Finance Sub-Committee Clr Horatious Modiakgotla (Chairperson) Clr Daphney Mashorie Clr Freddy Mojapele Clr Gaopalelwe Motebe	To deal with all financial matters



## APPENDIX C WARD REPORTING

Ward No.	Ward Councilor	Reported (Yes / No)	Date
1	Ishmael Riet	Yes	16/03/2013
2	Freddy Mojapele	Yes	16/03/2013
3	Florah Pitso	Yes	16/03/2013
4	Sandile Mokoena	Yes	16/03/2013
5	Dibueng Meza	Yes	16/03/2013
6	Petro Nel	Yes	16/03/2013
7	Crocket Adams	Yes	16/03/2013
8	Horatious Modiakgotla	Yes	16/03/2013
9	Molifi Chakane	Yes	16/03/2013

## APPENDIX D WARD INFORMATION

WARD	HOUSEHOLDS	POPULATION	COUNCILLOR
Ward 1	2435	8253	Clr Stoffel Mokale
Ward 2	1417	5285	Clr Freddy Mojapele
Ward 3	1389	4595	Clr Flora Pitso
Ward 4	1956	5898	Clr Sandy Mokoena
Ward 5	2453	9421	Clr Dibueng Meza
Ward 6	1130	3314	Clr Petro Nel
Ward 7	2400	9392	Clr Crocket Adams
Ward 8	2310	9293	Clr Horatious Modiakgotla
Ward 9	2054	7886	Clr Molifi Chakane



## APPENDIX E

### RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1

#### REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

We are pleased to present our report for the financial year ended 30 June 2012.

#### 1. AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS AND ATTENDANCE:

The audit and risk management committee attended to their work during the 2012-13 financial year by sitting for four (4) scheduled meetings and one (1) special meeting. The committee consists of the following member

Name of Member	Number of meetings attended	Notes
Mr WMS Calitz	5 of 5	3 year term appointed as Chairperson
Mr A Bhayt	5 of 5	3 year term appointed as member
Mr T Khumisi	5 of 5	3 year term appointed as member
Mr M Mogale	1 of 5	Mr Mogale attended 1 meeting, 3 meetings without an apology recorded and 1 meeting with an apology recorded. Mr Mogale indicated to the Accounting Officer of his intention to resign and the Accounting Officer to action on the vacancy

The Audit Committee charter was amended during the financial year to allow for termination of a member if he/she is absent from 3 consecutive meetings without an official apology submitted in writing.

#### 2. AUDIT AND RISK COMMITTEE RESPONSIBILITY

The audit and risk committee reports that it has performed its functions in all material respects in terms of section 166 of the MFMA and the adopted Audit Committee Charter as detailed below:

The committee has performed the following key responsibilities:

- Adopted the audit and risk management charter and proposed approval to council;
- Reconfirm the appropriateness of the internal audit charter and methodology;
- Recommended the risk management strategy and policy to council, due to the slow implementation thereof alternative mechanisms were followed by the internal audit manager and a risk register was considered and recommended for approval to council;
- Approved the internal audit plan for the financial year and monitored to the implementation of the plan;
- Evaluated the findings raised by internal and external audit and made recommendations on addressing those matters;
- Performed a review of financial information submitted to the committee and commented specifically on concerns raised based on year-to-date information and accuracy of projections;
- Requested management to report on pending litigation, possible contingent liabilities and significant risks;
- Requested management to address the perceived lack of discipline and called specific officials to account for the progress on the audit action plan;
- Liaised with the Auditor-General on matters relating to communication with those charged with governance;





### 3. THE EFFECTIVENESS OF INTERNAL CONTROL

The system of controls should be designed to provide cost-effective assurance that assets are safeguarded, liabilities and working capital are efficiently managed and compliance with appropriate laws and regulations achieved. The committee accepted a combined assurance model where the internal and external auditors provide the committee with an indication of the level of assurance that can be derived from a system of internal controls that are appropriate and effective. Recommendations that a combined assurance is achieved by means of a risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes were made by the committee.

From the various reports of the internal and external auditors it was noted that material matters were reported indicating material deficiencies in the system of internal control and non-compliance with laws and regulations. Accordingly, we can report that the system of internal control for the period under review was not efficient and effective. The committee is however of the view that progress has been made since the previous report, but much needs to be done to improve the system design, implementation and monitoring thereof. The lack of vacancies at departmental head level is a major concern to the committee and the accounting officer and council is urged to ensure that these positions are filled by persons meeting the employment criteria set out for those positions.

### 4. THE EFFECTIVENESS OF RISK MANAGEMENT

The committee is responsible for providing risk management oversight, including monitoring the effectiveness of risk management framework. The committee reviews risk management policy and framework and reports back to council.

Management are accountable to council for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of municipality. Management are also accountable for building competencies and capacity required for a sustainable business.

During the year the Committee have reviewed risks identified by management and assess risk mitigation plan and recommend .

### 5. THE QUALITY OF IN-YEAR MANAGEMENT AND MONTHLY / QUARTERLY REPORTS SUBMITTED IN TERMS OF THE MFMA

The committee is not satisfied with the content and quality of the monthly and quarterly reports prepared and submitted to those charged with governance for the year under review.

### 6. EVALUATION OF FINANCIAL STATEMENTS

The committee was afforded an opportunity to review the financial statements before 31 August 2013 and could make a contribution on the appropriateness of these financial statements submitted to the Auditor-General.

The committee has established a working relationship with the Auditor-General of South Africa to perform the functions listed below during an official meeting of the Audit and Risk management committee:

- Review the Auditor-General's management report and management's response thereto;
- Review changes in accounting policies and practices;
- Review the council's compliance with legal and regulatory provisions;
- Review significant adjustments resulting from the audit.

The role and relationship between the Audit Committee and the Auditor-General still needs attention. Although the Auditor-General liaised at district level with all municipalities where the engagement letters and audit strategy documents were tabled and discussed, the audit committee of Phokwane municipality were not in attendance.



The Committee concurs and accepts the Auditors-General's conclusion on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of Auditor-General

#### 7. INTERNAL AUDIT

The internal audit function is performed by municipal officials and the committee is not satisfied that all the responsibilities as defined in the MFMA was executed by the internal audit unit.

WMS CALITZ

CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

19 APRIL 2013

DATE

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**APPENDIX F**  
**DISCLOSURE OF FINANCIAL INTERESTS**

**Disclosure of Financial Interests**

<b>Position</b>	<b>Name</b>	<b>Description of Financial Interests (Nil / Or details)</b>
Mayor	VD Khen	None
Members of EXCO	H.Modiakgotla	None
	F. Pitso	None
	S. Lewis	None
Councillors	D. Moeketsi	None
	F. Mojapele	None
	S. Mokoena	Lenoma Marketing (Shareholder)
	D. Meza	None
	D. Mashorie	None
	P. Mona	Molathegi Prorerty (Owner )
	M. Chakane	None
	G. Motebe	General Practitioner
	C. Adams	None
	K. Mokale	None
	P. Nel	Business Manager
	A. Moremong	None
	S. Nkomo	None
D. Meyer	Business Man	
Municipal Manager	M Dichaba	Tlo Re Tshele Trading (Shareholder)
Chief Financial Officer	TP Sediti	None
Other S57 Officials	MA Motswana	Iteka-Teko Cc Sivukile M&M Municipal Electoral Officer



**APPENDIX G**  
**AUDITOR GENERAL REPORT**

**REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE PHOKWANE LOCAL MUNICIPALITY**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I was engaged to audit the financial statements of the Phokwane Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statements of financial performance, changes in net assets, the statement of comparison of budget and actual amounts and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor-General's responsibility**

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

**Basis for disclaimer of opinion**

**Property, plant and equipment**

4. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for all property, plant and equipment for the current and prior year due to the status of the accounting records. Assets were not individually identifiable and could not be traced to and from the asset register. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment to property, plant and equipment stated at R284 210 737 (2012: R184 628 534) in the financial statements was necessary. (Ex. 58, Ex. 64, Ex.99, Ex.113, Ex.123, Ex.129, Ex.147, Ex.150, Ex. 180, Ex. 153, Ex. 152, Ex. 154, Ex. 132, Ex. 131, Ex.149, Ex.179) (Ex.2)
5. The municipality did not classify completed work-in-progress as infrastructure. In addition to this they also misclassified operational expenditure as work-in-progress. This is not in accordance with the Standards of GRAP, GRAP 17, Property, plant and equipment. Consequently property, plant and equipment has been understated by R1 258 220 and operating expenditure by R475 110 respectively. Work in progress is overstated by the amount of R1 733 330. Consequently, I was unable to determine whether adjustments to the financial statements were necessary. (Ex.151), (Ex.148)



## Other operational expenditure

6. I was also unable to obtain sufficient appropriate audit evidence to confirm the amount stated as other operational expenditure of R116 346 175 (2012: R101 887 542) as disclosed in the financial statements due to the status of the accounting records. I was unable to confirm the amounts disclosed by alternative means. Consequently, I was unable to determine whether adjustments to the financial statements were necessary. (Ex.142, Ex.125, Ex.98, Ex.38, Ex.29,Ex.166) (Ex.6)
7. The municipality incorrectly classified grants and subsidies expenditure as a separate line item in the statement of financial performance. This is not in accordance with GRAP 1, *Presentation of financial statements* which requires that expenditure is classified either according to the nature of the expense or the function. Consequently grants and subsidies paid is overstated by R3 188 697. Training expenditure is understated by R409 382, contracted services by R660 380, employee-related cost by R254 158, general expenses by R143 575, chemicals by R1 534 521 and property, plant and equipment by R186 681 respectively. (Ex. 63)

## Investment property

8. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for investment property due to the status of the accounting records. I was unable to confirm the investment property by alternative means. Consequently, I was unable to determine whether any adjustment to the investment property stated at R17 185 852 (2012: R3 536 463) in the financial statements was necessary. (Ex. 162, Ex. 161,Ex.126) (Ex.13)

## Revenue

9. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for revenue for the current and prior year. This was mainly due to the status of the accounting records that did not allow us to obtain sufficient appropriate audit evidence to confirm government grants and subsidies, income from agency services, property rates, service charges, other income, and licences and permits. I was unable to obtain sufficient appropriate audit evidence that all revenue was accounted for as consumers were not always billed for services rendered. In addition to this, indigent subsidies were not separately accounted for as revenue and expenditure as required by GRAP 9, *Revenue from exchange transactions*. I was unable to confirm the revenue by alternative means. Consequently, I was unable to determine whether any adjustments to the revenue stated at R235 278 495 (2012: R184 272 231) were necessary. (Ex.49, Ex.129, Ex. 133, Ex.134, Ex.166, Ex. 167, Ex. 168, Ex. 170, Ex. 196, Ex. 198, Ex. 208, Ex. 188) (Ex.1)

## Receivables from exchange and non-exchange transactions

10. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for receivables for the current and prior year due to the status of the accounting records. Suspense accounts were not cleared at year-end. Some service charges, property rates and interest were not levied. The total extent of these errors could not be determined. I was unable to confirm receivables by alternative means. Consequently, I was unable to determine whether any adjustment to receivables stated at R39 309 593 (2012: R19 811 306) in the financial statements was necessary. (Ex. 93, Ex 160, Ex165, Ex. 187, Ex. 186) (Ex.4) (Ex.8)
11. The municipality did not classify suspense accounts as revenue and unspent conditional grants. This is not in accordance with GRAP 1, *Presentation of financial statements*. In addition to this the municipality classified long-term receivables as current receivables. Consequently, receivables are overstated by R1 317 067, revenue by R7 239, unspent conditional grants by R1 000 000 and long-term receivables by R309 828. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus. (Ex. 93, Ex.102)
12. The municipality incorrectly recognised receivables in contravention of GRAP 1, *Presentation of financial statements*. Consequently, receivables and revenue are overstated by R3 515 212. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus. (Ex.184)
13. The recoverability of debtors was not evaluated for impairment per financial asset or group of financial assets as required by GRAP 104, *Financial Instruments*. Consequently receivables are overstated and expenditure understated by R953 633.



Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus. (Ex. 172, Ex.183)

14. The municipality did not disclose receivables per category and amounts owed by other spheres of government as required by GRAP 1.88, Presentation of financial statements. (Ex.128)

#### **Employee-related cost**

15. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for all employee-related cost for the current and prior year due to the status of the accounting records. I was unable to confirm the employee-related cost by alternative means. Consequently, I was unable to determine whether any adjustment to employee-related cost stated at R47 456 426 (2012: R42 757 378) as disclosed in the statement of financial performance was necessary. (Ex.104, Ex. 55, Ex. 50, Ex. 46, Ex. 44, Ex. 26, Ex.206) (Ex.5)
16. The municipality incorrectly recognised employee-related cost in contravention of GRAP 1, *Presentation of financial statements*. The municipality incorrectly calculated and paid overtime to employees in the municipality. Receivables were not raised to recover these amounts. Consequently, receivables is understated and employee-related cost overstated by R102 272. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus. (Ex. 56)

#### **Depreciation, amortisation and impairments**

17. I was unable to obtain sufficient appropriate audit evidence that management had properly charged and accounted for depreciation for the current and prior year due to the limitations of the fixed asset register. I was unable to confirm the depreciation by alternative means. Consequently, I was unable to determine whether any adjustment to depreciation stated at R7 379 306 (2012: R6 917 701) in the financial statements was necessary. (Ex. 58, Ex. 123, Ex.117)
18. The municipality did not recognise depreciation as per GRAP 1, *Presentation of financial statements*. The municipality depreciated inventory that was incorrectly classified as investment property. Consequently depreciation was overstated and property, plant and equipment understated by R397 447. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus. (Ex.100)

#### **Payables from exchange transactions**

19. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for payables for the current and prior year due to the status of the accounting records. I was unable to confirm the payables by alternative means. Consequently, I was unable to determine whether any adjustment to the payables stated at R11 022 257 (2012: R5 497 495) in the financial statements was necessary. Additionally, there is a consequential impact on the value added tax for the current year. (Ex. 130, Ex. 139, Ex. 129,206) (Ex.11)

#### **Unspent conditional grants and receipts**

20. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for unspent conditional grants and receipts for the current and prior year as sufficient appropriate audit evidence to substantiate grant expenditure could not be submitted. I was unable to confirm the unspent conditional grants by alternative means. Consequently, I was unable to determine whether any adjustment to the unspent conditional grants stated at R7 337 556 (2012: R7 009 260) in the financial statements was necessary. (Ex. 188) (Ex.16)

#### **Inventory**

21. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for inventory for the current and prior year as water inventory in the water network was not disclosed in the financial statements. I was unable to confirm the inventory by alternative means. Consequently, I was unable to determine whether any adjustment to the inventory stated at R1 909 437 (2012: R1 283 041) in the financial statements was necessary. (Ex.148, Ex. 100, Ex. 176, Ex. 88) (Ex.14)
22. The municipality incorrectly classified non-current assets held for sale as investment property and property, plant and equipment. This is not in accordance with GRAP 100, Non-current assets held for sale. Consequently, inventory is



understated by R11 943 836. Investment property is overstated by R11 923 416 and property, plant and equipment by R20 419 respectively. (Ex.100, Ex138)

## Provisions

23. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for the provision for landfill sites for the current and prior year because the detailed assumptions and supporting documentation used by the expert to value the landfill sites were not submitted. I was unable to confirm the provision for landfill sites by alternative means. Consequently, I was unable to determine whether any adjustment to the provision stated at R15 849 997 (2012: R4 429 126) in the statement of financial position was necessary. This also had an effect on the decommissioning cost of capital that was not recognised. (Ex. 191, Ex. 163) (Ex.15)
24. All landfill sites and refuse dumping sites that should be provided for for future rehabilitation as required by GRAP 19 *Provisions*, were not identified and included in the financial statements. I was unable to determine the correct value of provisions to be separately disclosed in the current year as it was impracticable to do so. (Ex.15)

## Irregular expenditure

25. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for all irregular expenditure for the current and prior year due to the status of the accounting records. I was unable to confirm the irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to irregular expenditure stated at R8 832 749 (2012: R8 651 655) in the financial statements was necessary. (Ex.68, Ex.124) (Ex.9)
26. Some instances of non-compliance with laws and regulations were not identified and disclosed by the municipality. It was impracticable to determine the total extent of the error. (Ex.37, Ex.60, Ex.67, Ex.72, Ex.73, Ex.74, Ex.76, Ex.122)

## Commitments

27. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for commitments for the current and prior year due to the status of the accounting records and the fact that adequate systems to identify all commitments were not in place. The full extent of this error could not be determined. I was unable to confirm the commitments by alternative means. Consequently, I was unable to determine whether any adjustment to the commitments stated at R81 474 053 (2012: R60 457 510) in the financial statements was necessary. (Ex. 174, Ex. 119, Ex.177) (Ex.19)

## Intangible assets

28. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for all intangible assets for the current and prior year due to the status of the accounting records. I was unable to confirm the intangible assets by alternative means. Consequently, I was unable to determine whether any adjustment to the intangible assets disclosed at R9 678 (2012: R15 492) in the financial statements was necessary. (Ex.101) (Ex. 18)

## Cash flow statement

29. I was unable to confirm that the current and comparative cash flow statements were correct due to the limitations experienced as included under the Basis of disclaimer paragraphs. I was not able to perform alternative procedures. Consequently, I was unable to determine whether any adjustment relating to the cash flow statement in the financial statements was necessary. (Ex.178)

## Budget disclosure

30. The approved adjustment budget as stipulated in GRAP 24, *Presentation of budget information* in the AFS was not properly disclosed in the financial statements, as the structure of the budget comparison is not aligned to the financial statements. No reasons for variances are disclosed and no accounting policy for the budget is disclosed. (Ex.182)



#### **Cash and cash equivalents**

31. During 2011 I was unable to obtain sufficient appropriate audit evidence for journal entries amounting to R49 643 976 and unreconciled bank reconciliations as disclosed in the financial statements to the amount of R10 541 706. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustments to the current and prior year were necessary. (Ex. 3)

#### **Retirement benefit obligation**

32. I was unable to obtain sufficient appropriate audit evidence that management had properly classified and accounted for all employee benefits for the current and prior year due to the status of the accounting records. I was unable to confirm the employee benefits by alternative means. Consequently, I was unable to determine whether any adjustment to the employee benefit obligation disclosed at R18 153 983 (2012: R19 261 675) in the financial statements was necessary. (Ex. 190, Ex. 12)

#### **Contingent liabilities**

33. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for all contingent liabilities relating to the prior year as some legal representation letters could not be submitted. I was unable to confirm the prior-year contingent liabilities by alternative means. Consequently, I was unable to determine whether any adjustment to the prior-year figure stated at R22 128 275 in the financial statements was necessary. (Ex. 21, Ex.185)

#### **Value-added tax**

34. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for the value-added tax relating to the prior year. I was unable to confirm the prior year's value-added tax by alternative means. Consequently, I was unable to determine whether any adjustment to the prior-year figure stated at R10 933 425 in the financial statements was necessary. (Ex. 10)

#### **Fruitless and wasteful expenditure**

35. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for the fruitless and wasteful expenditure relating to the prior year. I was unable to confirm the prior year's fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to the prior-year figure stated at R263 491 in the financial statements was necessary. (Ex. 20)

#### **Material losses**

36. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for the material losses relating to the prior year. I was unable to confirm the prior-year material losses by alternative means. Consequently, I was unable to determine whether any adjustment to the prior-year figure stated at R18 389 262 in the financial statements was necessary. (Ex. 22)

#### **Disclaimer of opinion**

37. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

#### **Emphasis of matters**

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

#### **Significant uncertainties**

39. With reference to note 36 to the financial statements, the municipality is the defendant in a number of possible claims. The ultimate outcome of these matters cannot be determined at present and no provision for any liability that may result has been made in the financial statements.





## Restatement of corresponding figures

40. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during 2012-13 in the financial statements of the Phokwane Local Municipality at, and for the year ended, 30 June 2012.

## Material losses/impairments

41. As disclosed in note 46.2 to the financial statements, material losses were incurred as a result of units lost during the distribution of electricity and water.

Type of material misstatement	Percentage of units lost
Electricity units (KWh)	22.01%
Electricity units (kVA)	59.93%
Water distribution losses (mega-litres)	39.89%

## Material underspending of the budget

42. As disclosed in the appropriation statement, the municipality has materially underspent the budget by R15 997 894. It was not possible to determine the effect on service delivery of the underspending of the budget.

## Additional matter

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

## Material inconsistencies in other information included in the annual report

44. The annual report had not been received at the date of this report; as a result, a conclusion could not be drawn on the consistency of the financial statements and the audit report with other information included in the annual report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

### Predetermined objectives

45. The annual performance report was not presented for audit and consequently my findings below are limited to the procedures performed on the strategic planning and performance management documents.

46. The information was assessed to determine whether performance indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information* (FMPPPI).

### Usefulness of information

47. The framework for managing programme performance information requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 49% of the targets were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the framework for managing programme performance information but chose not to apply the principles contained in the framework for managing programme performance information.

48. The framework for managing programme performance information requires that performance targets be measurable. The required performance could not be measured for a total of 49% of the targets. This was due to the fact that management did not implement a sufficient process for reporting on predetermined objectives.



49. The framework for managing programme performance information requires that indicators/measures should have clear, unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 100% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the framework for managing programme performance information but chose not to apply the principles contained in the framework for managing programme performance information.
50. The framework for managing programme performance information requires that it must be possible to validate the processes and systems that produce the indicator. A total of 100% of the indicators were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the fact that management was aware of the requirements of the framework for managing programme performance information, but chose not to apply the principles contained in the framework for managing programme performance information. (Ex.36, Ex.78, Ex.92, Ex.106)

#### **Compliance with laws and regulations**

51. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the Public Audit Act are as follows:

#### **Strategic planning and performance management**

52. The municipality did not establish a sufficient performance management system, as required by section 38(a) of the Municipal Systems Act, 2000 (Act No. 32 of 2000). Ex.78
53. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the Municipal Systems Act. Ex.78
54. The performance management system framework of the municipality does not include the specific priorities, objectives, indicators and targets as contained in the integrated development plan. Ex. 78
55. The municipality's performance management system does not include policies and procedures to improve performance as required by section 41(1)(d) of the Municipal Systems Act. Ex. 78

#### **Budgets**

56. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the Municipal Finance Management Act. Ex. 63, Ex. 120
57. Quarterly reports were not submitted to the council on the implementation of the budget and financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the Municipal Finance Management Act. Ex. 207

#### **Annual financial statements, performance and annual reports**

58. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act.
29. Material misstatements of non-current assets, current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided afterwards, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of audit opinion.
60. The annual report had not been received at the date of this report, with the result that a conclusion could not be drawn on the consistency of the financial statements and the audit report with other information included in the annual report. Ex. 106



## Supply chain management

61. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the Municipal Finance Management Act. Ex. 69
62. Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the Municipal Finance Management Act. Ex. 67
63. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Ex. 67
64. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM Regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations. Ex. 74
65. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5) and its regulations. Ex. 74
66. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM Regulation 17(a) & (c). Ex.60
67. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the Municipal Finance Management Act. Ex. 69
68. Contracts and quotations 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). Ex. 37
69. Awards were made to providers who are in the service of other state institutions or whose directors/ principal shareholders are in the service of other state institutions, in contravention of Municipal Finance Management Act 112(j) and SCM Regulation 44. Ex. 71
70. Sufficient appropriate audit evidence could not be obtained that all contracts and/or quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive. Ex. 68

## Human resource management

### 71. Appointments

- Job descriptions were not established for certain posts in which appointments were made in the current year, in contravention of section 66(1)(b) of the Municipal Systems Act. Ex.54

### 72. Performance management

- The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor, measure and evaluate performance of staff in contravention of section 67(d) of the Municipal Systems Act. Ex.59
- The municipal manager and senior managers directly accountable to the municipal manager did not sign performance agreements, as required by section 57(2)(a) of the Municipal Systems Act. Ex. 59

## Expenditure management

73. Money owed by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the Municipal Finance Management Act. Ex.53
73. Payments were made without the approval of the accounting officer or a properly authorised official as required by section 11(1) of the Municipal Finance Management Act. Ex. 83



75. An effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, was not in place, as required by section 65(2)(a) of the Municipal Finance Management Act. Ex.53
76. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors and accounted for payments made, as required by section 65(2)(b) of the Municipal Finance Management Act. Ex.53
77. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the Municipal Finance Management Act. Ex. 120

#### **Conditional grants received**

78. The municipality did not submit project implementation plans to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Government Gazette No. 35399.Ex. 96
79. The municipality did not register its master plans for bulk infrastructure with the Integrated National Electrification Programme, as required by the Division of Revenue Grant Framework, Government Gazette No. 35399. Ex. 205
80. Sufficient appropriate audit evidence could not be obtained that the allocation for the Municipal Infrastructure Grant was utilised for purposes other than those stipulated in the grant framework, in contravention of section 16(1) of Division of Revenue Act. (Ex.188)

#### **Revenue management**

81. An adequate management, accounting and information system which accounts for debtors and receipts of revenue was not in place, as required by section 64(2)(e) of the Municipal Finance Management Act. Ex. 165, Ex. 166, Ex. 167, Ex. 168, Ex. 198, Ex. 199, Ex. 197
82. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the Municipal Finance Management Act. Ex. 165, Ex. 166, Ex. 167, Ex. 168, Ex. 198, Ex. 199, Ex. 197, Ex. 170

#### **Asset management**

83. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2) (a) of the Municipal Finance Management Act. Ex. 113
84. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the Municipal Finance Management Act. Ex. 58

#### **Liability management**

85. An effective system of internal control for liabilities was not in place, as required by section 63(2)(c) of the Municipal Finance Management Act. Ex. 139, Ex. 11

#### **Internal control**

86. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

#### **Leadership**

87. The following challenges were experienced that contributed to the weaknesses in the financial environment and the ultimate audit outcome:
- The leadership did not effectively review the financial statements and reporting on predetermined objectives to ensure that it was free from material misstatement.



- The leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management directorates, resulting in non-compliance with applicable legislation and inadequate budget control measures. This, in turn, resulted in irregular, fruitless and wasteful as well as unauthorised expenditure.
- Leadership did not regularly monitor management's compliance with laws, regulations and internally designed policies and procedures. As a result, significant non-compliance issues were noted.

## Financial and performance management

88. The municipality did not have individuals who sufficiently understood the financial reporting framework and performance and financial management requirements, with the result that the municipality engaged a consultant to assist in the compilation of the fixed asset register and financial statements.
89. The underlying accounting records of the municipality did not facilitate the preparation of the financial statements to comply with the accounting framework.
90. Manual or automated controls were not designed to ensure that the transactions had occurred, were authorised, and were completely and accurately processed. Documentation supporting amounts disclosed in the financial statements was not always available due to the lack of an adequate filing system.
91. Management did not document and approve internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting on predetermined objectives. This was due to a lack of understanding of the processes that should be performed to prepare a complete and valid report on predetermined objectives. Consequently, performance systems, processes and procedures had not been designed and implemented.

## Governance

92. The risk of material misstatement due to fraud was not considered due to a formal fraud prevention and detection unit not being established. Sufficient controls and segregation of duties to prevent or detect fraudulent data and asset misappropriation were not implemented and maintained. The municipality did not respond to the assessed risks by implementing a risk strategy and action plan to manage identified risks. Consequently, internal controls were not selected and developed to prevent, detect and correct material misstatements in financial reporting and reporting on predetermined objectives.
93. The financial statements were subject to material corrections resulting from the audit, which can be attributed to the lack of implementation of risk assessments, weaknesses in the design and implementation of internal control in respect of financial management and financial reporting, and weaknesses in the information systems.

Kimberley

30 November 2013



A U D I T O R - G E N E R A L  
S O U T H A F R I C A  
*Auditing to build public confidence*



APPENDIX H  
FINANCIAL STATEMENTS



Phokwane Municipality  
(Registration number NC094)  
Financial statements  
for the year ended 30 June 2013  
Auditor General South Africa  
Registered Auditors



## **Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### **General Information**

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**Nature of business and principal activities**

Phokwane Municipality is a local municipality performing the functions as set out in the Constitution (Act 108 of 1996).

**Members of Council**

Mayor

Councillors

V Khen

I Riet (Ward 1)

MF Mojapele (Ward 2)

FO Pitso (Ward 3)

AS Mokoena (Ward 4)

D Meza (Ward 5)

PJ Nel (Ward 6)

CJS Adams (Ward 7)

HM Modiakgotla (Ward 8)

M Chakane (Ward 9)

DM Moeketsi (Proportional)

P Mona (Proportional)

KD Mashorie (Proportional)

AO Moremong (Proportional)

D Meyer (Proportional)

S Lewis (Proportional)

GM Motebe (Proportional)

S Nkomo (Proportional)

**Grading of local authority**

2

**Chief Finance Officer (CFO)**

TP Sediti

**Accounting Officer**

MP Dichaba

**Registered office**

24 Hertzog Street  
Hartswater  
8570

**Postal address**

Private Bag X3  
Hartswater  
8570

**Bankers**

The Standard Bank of South Africa  
ABSA Bank Limited

**Auditors**

Auditor General South Africa  
Registered Auditors

**Attorneys**

On assignment appointments



**Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

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Abbreviations	
GRAP Generally Recognised Accounting Practice	
GAMAP Generally Accepted Municipal Accounting Practice	
IAS International Accounting Standards	
IPSAS International Public Sector Accounting Standards	
MEC Member of the Executive Council	
MFMA Municipal Finance Management Act	
MIG Municipal Infrastructure Grant (Previously CMIP)	





## Phokwane Municipality

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer certifies that the remuneration of Councillors and in-kind benefits, as disclosed in the notes to these financial statements, 28 are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The financial statements set out on pages 6 to 73, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2013 and were signed on its behalf by:



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Accounting Officer  
MP Dichaba



## Phokwane Municipality

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2013.

#### 1. Audit and Risk Management Committee Members and Attendance

The audit and risk management committee attended to their work during the 2012-13 financial year by sitting for four (4) scheduled meetings and one (1) special meeting. The committee consists of the following members:

Name of Member	Number of meetings attended	Notes
1. Mr WMS Calitz	5 of 5	3 year term appointed as Chairperson
2. Mr A Bhayt	5 of 5	3 year term appointed as member
3. Mr T Khumisi	5 of 5	3 year term appointed as member
4. Mr M Mogale	1 of 5	Mr Mogale attended 1 meeting, 3 meetings without an apology recorded and 1 meeting with an apology recorded. Mr Mogale indicated to the Accounting Officer of his intention to resign and the Accounting Officer to action on the vacancy.

The Audit Committee charter was amended during the financial year to allow for termination of a member if he/she is absent from 3 consecutive meetings without an official apology submitted in writing.

#### 2. Audit Committee Responsibility

The audit and risk committee reports that it has performed its functions in all material respects in terms of section 166 of the MFMA and the adopted Audit Committee Charter as detailed below:

The committee has performed the following key responsibilities:

- Adopted the audit and risk management charter and proposed approval to council;
- Reconfirm the appropriateness of the internal audit charter and methodology;
- Recommended the risk management strategy and policy to council, due to the slow implementation thereof alternative mechanisms were followed by the internal audit manager and a risk register was considered and recommended for approval to council;
- Approved the internal audit plan for the financial year and monitored to the implementation of the plan;
- Evaluated the findings raised by internal and external audit and made recommendations on addressing those matters;
- Performed a review of financial information submitted to the committee and commented specifically on concerns raised based on year-to-date information and accuracy of projections;
- Requested management to report on pending litigation, possible contingent liabilities and significant risks;
- Requested management to address the perceived lack of discipline and called specific officials to account for the progress on the audit action plan;
- Liaised with the Auditor-General on matters relating to communication with those charged with governance;

#### 3. The Effectiveness of Internal Control

The system of controls should be designed to provide cost-effective assurance that assets are safeguarded, liabilities and working capital are efficiently managed and compliance with appropriate laws and regulations achieved.

The committee accepted a combined assurance model where the internal and external auditors provide the committee with an indication of the level of assurance that can be derived from a system of internal controls that are appropriate and effective. Recommendations that the a combined assurance is achieved by means of a risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes were made by the committee.

From the various reports of the internal and external auditors it was noted that material matters were reported indicating material deficiencies in the system of internal control and non-compliance with laws and regulations. Accordingly, we can report that the system of internal control for the period under review was not efficient and effective. The committee is however of the view that progress have been made since the previous report, but much needs to be done to improve the system design, implementation and monitoring thereof. The lack of vacancies at departmental head level is a major concern to the committee and the accounting officer and council is urged to ensure that these positions are filled by persons meeting the employment criteria set out for those positions.

#### 4. The Quality of In-Year Management and Monthly/Quarterly Reports Submitted in terms of the MFMA

The committee is not satisfied with the content and quality of the monthly and quarterly reports prepared and submitted to those charged with governance for the year under review.



**Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

**Audit Committee Report**

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**5. Evaluation of Financial Statements**

The committee was afforded an opportunity to review the financial statements before 31 August 2013 and could make a contribution on the appropriateness of these financial statements submitted to the Auditor-General.

The committee has established a working relationship with the Auditor-General of South Africa to perform the functions listed below during an official meeting of the audit and risk management committee:

- Review the Auditor-General's management report and management's response thereto;
- Review changes in accounting policies and practices;
- Review the council's compliance with legal and regulatory provisions;
- Review significant adjustments resulting from the audit.

The role and relationship between the Audit Committee and the Auditor-General still needs attention. Although the Auditor-General liaised at district level with all municipalities where the engagement letters and audit strategy documents were tabled and discussed the audit committee of Phokwane municipality were not in attendance.

**6. Internal Audit**

The internal audit function is performed by municipal officials and the committee is not satisfied that all the responsibilities as defined in the MFMA was executed by the internal audit unit.

Chairperson of the Audit Committee

31 July 2013  
Date

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**Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

**Accounting Officer's Report**

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The accounting officer submits his report for the year ended 30 June 2013.

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## Phokwane Municipality

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### Statement of Financial Position as at 30 June 2013

Figures in Rand	Notes	2013	Restated 2012
<b>Assets</b>			
Current Assets			
Inventories	3	1,909,437	1,283,041
Operating lease asset	4	10,326	-
Receivables from exchange transactions	5	28,527,252	13,670,937
Receivables from non-exchange transactions	6	10,782,341	6,140,369
VAT receivable	7	12,572,130	10,993,425
Cash and cash equivalents	9	46,587,538	37,024,769
		<b>100,389,024</b>	<b>69,112,541</b>
Non-Current Assets			
Investment property	10	17,185,852	3,536,463
Property, plant and equipment	11	284,210,737	184,628,534
Intangible assets	12	9,678	15,492
Operating lease asset	4	19,440	-
		<b>301,425,707</b>	<b>188,180,489</b>
<b>Total Assets</b>		<b>401,814,731</b>	<b>257,293,030</b>
<b>Liabilities</b>			
Current Liabilities			
Finance lease obligation	13	56,718	123,649
Payables from exchange transactions	14	11,022,257	5,497,495
Consumer deposits	15	2,504,377	2,132,122
Retirement benefit obligation	16	5,026,085	4,473,133
Unspent conditional grants and receipts	17	7,337,556	7,009,260
Provisions	18	12,264,283	3,575,698
		<b>38,211,276</b>	<b>22,811,357</b>
Non-Current Liabilities			
Finance lease obligation	13	115,502	-
Retirement benefit obligation	16	13,127,898	14,788,543
Provisions	18	3,585,714	853,428
		<b>16,829,114</b>	<b>15,641,971</b>
<b>Total Liabilities</b>		<b>55,040,390</b>	<b>38,453,328</b>
<b>Net Assets</b>		<b>346,774,341</b>	<b>218,839,702</b>
Accumulated surplus		346,774,341	218,839,702



**Phokwane Municipality**

(Registration number NC094)  
Financial Statements for the year ended 30 June 2013

**Statement of Changes in Net Assets**

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2011</b>	<b>188,550,726</b>	<b>188,550,726</b>
Changes in net assets		
Surplus for the year	30,288,976	30,288,976
Total changes	30,288,976	30,288,976
Opening balance as previously reported	218,839,703	218,839,703
Adjustments		
Prior year adjustments	65,081,599	65,081,599
<b>Balance at 01 July 2012 as restated</b>	<b>283,921,302</b>	<b>283,921,302</b>
Changes in net assets		
Surplus for the year	62,853,039	62,853,039
Total changes	62,853,039	62,853,039
<b>Balance at 30 June 2013</b>	<b>346,774,341</b>	<b>346,774,341</b>

TRANSVERSAL ISSUES

**IDP IMPLEMENTATION**

Has the IDP been reviewed

- The IDP is being reviewed.

number of stakeholders who participated in the review

- Stakeholders 30

**COMMENTS AND CHALLENGES**

Stakeholders that attend in most cases they send junior staff that can't take decisions so we have raised that concern, at least if seniors managers can begin to attend the IDP reviews commit and take decisions.

**SDF IMPLEMENTATION**

Approval of the SDF

- Is being approved by October 2008 and is still under the review process.

**SUBMISSION OF THE SDF**

- It will be submitted by March 2014 .

**IMPLEMENTATION OF THE SDF**

It will be implemented after the final approval by Council.



## COMMENTS AND CHALLENGES.

The SDF is still under the process of reviews and soon after the process is done it will be implemented.

## STATE OF READINESS ON DISASTER MANAGEMENT

Functional Disaster Management Centre

Has the disaster management centre head been appointed

Has disaster management forum been established

Does the municipality have a disaster management plan

- All the services above they are shared services from the District Municipality.

## COMMENTS AND CHALLENGES

- The Disaster Management services in Phokwane Local Municipality is a shared service from the Frances Baard District

## FUNCTIONALITY OF NATIONAL DISASTER

Disaster management centre established and fully functional

Is the disaster management framework in place

Are the disaster management plans finalized

## COMMENTS AND CHALLENGES

Disaster Management in Phokwane Local Municipality is a shared service. But the Municipality is in the process to establish its Disaster Management Service.

## REALIGNMENT OF MUNICIPALITIES

Has the municipality been affected by realignment

- Phokwane did not experience any challenges on the, municipal alignment.

## COMMENTS AND CHALLENGES

No challenges that were experienced by the Municipality on alignment.

## FUNCTIONALITY OF URBAN RURAL NODES

Has the municipality been identified as an Urban rural node

- Phokwane Local Municipality does not fall under Urban rural node.

## COMMENTS AND CHALLENGES

- Phokwane Local Municipality is not applicable to the feature.

## PERFORMANCE HIGHLIGHTS PER THE 5 KPA

1. Basic Service delivery and infrastructure development

- Output 75%

2. Municipal transformation and development



- Output 65%
- 3. Local Economic Development
  - Output 55%
- 4. Municipal Financial viability and management
  - Output 70%
- 5. Good Governance and Public Participation
  - Output 75%

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**Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

**Statement of Financial Performance**

Figures in Rand	Notes	2013	Restated 2012
<b>Revenue</b>	20	<b>220,243,740</b>	<b>172,664,450</b>
<b>Other income</b>			
Commissions received		64,572	59,372
Other income		9,246,105	9,833,279
Interest received	21	2,334,902	1,715,129
Actuarial gains		3,389,176	-
		<b>15,034,755</b>	<b>11,607,780</b>
<b>Expenses (Refer to page 10)</b>		<b>(171,181,907)</b>	<b>(151,562,621)</b>
<b>Operating surplus</b>		<b>64,096,588</b>	<b>32,709,609</b>
Finance costs	22	(1,243,549)	(1,364,436)
Actuarial losses		-	(1,056,197)
		<b>(1,243,549)</b>	<b>(2,420,633)</b>
<b>Surplus for the year</b>		<b>62,853,039</b>	<b>30,288,976</b>



**Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

**Statement of Financial Performance**

Figures in Rand	Note(s)	2013	Restated 2012
<b>Operating expenses</b>			
Advertising		2,543	50,574
Assets expensed		30,778	25
Auditors remuneration	23	2,225,951	1,964,181
Bad debts		16,180,126	29,508,778
Bank charges		250,789	469,954
Bulk purchases		53,243,000	41,890,993
Chemicals		2,195,378	1,228,673
Cleaning		68,165	65,263
Conferences and seminars		31,600	-
Contracted services		1,759,587	714,110
Depreciation, amortisation and impairments		7,379,306	6,917,701
Employee costs		47,456,426	42,757,378
Entertainment		162,732	190,071
Fines and penalties		103,557	44,815
General Expenses	33	3,484,517	5,711,871
Grants and subsidies paid		3,188,697	3,257,659
Insurance		447,530	491,408
Lease rentals on finance lease		357,084	439,373
Legal expenses		235,191	672,335
Magazines, books and periodicals		15,160	15,308
Motor vehicle expenses		771,987	543,485
Petrol and oil		1,114,944	1,370,513
Postage		336,445	250,350
Printing and stationery		844,366	763,661
Protective clothing		42,483	30,550
Refuse		12,930	(4,615)
Repairs and maintenance		14,881,998	4,412,493
Security		1,469,103	1,134,292
Sedibeng O&M contribution		3,839,982	2,743,818
Subscriptions		997,184	394,287
Telephone and fax		1,121,939	1,114,477
Training		90,483	186,194
Utilities		1,905,149	1,330,200
Valuation Costs		4,934,797	902,446
		<b>171,181,907</b>	<b>151,562,621</b>



**Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

**Cash Flow Statement**

Figures in Rand	Notes	2013	Restated 2012
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		83,650,833	54,038,836
Government		126,405,295	89,831,672
Interest income		2,334,902	1,510,682
Consumer Deposits		372,255	195,606
		<u>212,763,285</u>	<u>145,576,796</u>
<b>Payments</b>			
Suppliers and Employee costs		(147,199,847)	(99,949,923)
Finance costs		(1,232,718)	(1,327,110)
Grants and subsidies paid		(3,188,697)	(3,257,659)
		<u>(151,621,262)</u>	<u>(104,534,692)</u>
<b>Net cash flows from operating activities</b>	<b>34</b>	<b><u>61,142,023</u></b>	<b><u>41,042,104</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(55,006,170)	(21,483,852)
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		3,389,176	(1,378,634)
Finance lease payments		37,740	-
<b>Net cash flows from financing activities</b>		<b><u>3,426,916</u></b>	<b><u>(1,378,634)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>9,562,769</u></b>	<b><u>18,179,618</u></b>
Cash and cash equivalents at the beginning of the year		37,024,769	18,845,151
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b><u>46,587,538</u></b>	<b><u>37,024,769</u></b>



**Phokwane Municipality**

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**Appropriation Statement**

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2013</b>											
<b>Financial Performance</b>											
Property rates	10,038,400	(262,329)	9,776,071	-		9,776,071	7,776,461		(1,999,610)	80 %	77 %
Service charges	86,588,484	(404,936)	86,183,548	-		86,183,548	83,071,710		(3,111,838)	96 %	96 %
Investment revenue	403,395	1,644,734	2,048,129	-		2,048,129	2,334,902		286,773	114 %	579 %
Transfers recognised - operational	66,931,000	1,989,000	68,920,000	-		68,920,000	81,944,085		13,024,085	119 %	122 %
Other own revenue	11,558,775	380,837	11,939,612	-		11,939,612	15,690,127		3,750,515	131 %	136 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>175,520,054</b>	<b>3,347,306</b>	<b>178,867,360</b>	-		<b>178,867,360</b>	<b>190,817,285</b>		<b>11,949,925</b>	<b>107 %</b>	<b>109 %</b>
Employee costs	(58,566,655)	17,035,888	(41,530,767)	-		(41,530,767)	(42,642,387)		(1,111,620)	103 %	73 %
Remuneration of councillors	(5,031,389)	1,004,568	(4,026,821)	-		(4,026,821)	(4,814,039)		(787,218)	120 %	96 %
Debt impairment	(9,388,199)	(20,058,750)	(29,446,949)			(29,446,949)	(16,180,126)		13,266,823	55 %	172 %
Depreciation and asset impairment	(5,304,294)	(1,603,782)	(6,908,076)			(6,908,076)	(7,379,306)		(471,230)	107 %	139 %
Finance charges	(133,584)	133,584	-	-		-	(1,243,549)		(1,243,549)	DIV/0 %	931 %
Bulk purchases	(53,948,433)	(2,025,638)	(55,974,071)	-		(55,974,071)	(53,243,000)		2,731,071	95 %	99 %
Other expenditure	(52,414,785)	12,300,331	(40,114,454)	-		(40,114,454)	(45,679,500)		(5,565,046)	114 %	87 %
<b>Total expenditure</b>	<b>(184,787,339)</b>	<b>6,786,201</b>	<b>(178,001,138)</b>	-		<b>(178,001,138)</b>	<b>(171,181,907)</b>		<b>6,819,231</b>	<b>96 %</b>	<b>93 %</b>
<b>Surplus/(Deficit)</b>	<b>(9,267,285)</b>	<b>10,133,507</b>	<b>866,222</b>	-		<b>866,222</b>	<b>19,635,378</b>		<b>18,769,156</b>	<b>2,267 %</b>	<b>(212)%</b>
<b>Surplus/(Deficit) for the year</b>	<b>(9,267,285)</b>	<b>10,133,507</b>	<b>866,222</b>	-		<b>866,222</b>	<b>19,635,378</b>		<b>18,769,156</b>	<b>2,267 %</b>	<b>(212)%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	56,187,822	(5,161,191)	51,026,631	-		51,026,631	55,006,170		3,979,539	108 %	98 %

## Phokwane Municipality

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### Accounting Policies

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#### 1. Presentation of Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

##### 1.1 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

##### 1.2 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure.

##### 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.

##### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.



## Phokwane Municipality

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### Accounting Policies

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#### 1.4 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.

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

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

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

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

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

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

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

Item	Average useful life
Land	Indefinite
Buildings	5 - 30 years
Infrastructure	
• Roads and Paving	10 - 80 years
• Electricity	15 - 50 years
• Water	20 - 100 years
• Sewerage	25 - 60 years
• Public Parking	30 years
• Taxi Ranks and Bus Shelters	15 years



## Phokwane Municipality

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Financial Statements for the year ended 30 June 2013

### Accounting Policies

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#### 1.4 Property, plant and equipment (continued)

##### Community

• Buildings	30 years
• Pre-Schools	30 years
• Recreational Grounds	30 years
• Cemetary	30 years
• Libraries	30 years

##### Other property, plant and equipment

• Buildings	5 - 30 years
• Vehicles and Plant	7 - 15 years
• Office equipment	7 - 8 years
• Furniture and fittings	7 - 8 years
• Communication Equipment	7 - 8 years
• Landfill sites	7 - 36 years
• Other	4 - 15 years
• Safety Equipment	5 years
• Computer equipment	5 - 6 years

##### Heritage

• Paintings and Art	5 - 10 years
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#### 1.5 Intangible assets

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

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.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

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

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

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

Item	Useful life
Computer software and licenses	5 years

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.



## **Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### **Accounting Policies**

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#### **1.6 Financial instruments**

##### **Classification**

The municipality classifies financial assets and financial liabilities into the following categories:

- Trade and other receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

##### **Initial recognition and measurement**

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

##### **Subsequent measurement**

Trade and other receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

##### **Fair value determination**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.





## Phokwane Municipality

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Financial Statements for the year ended 30 June 2013

### Accounting Policies

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#### 1.6 Financial instruments (continued)

##### Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

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

##### Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

##### Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded and subsequently recorded at amortised cost.



## **Phokwane Municipality**

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Financial Statements for the year ended 30 June 2013

### **Accounting Policies**

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#### **1.6 Financial instruments (continued)**

##### **Bank overdraft and borrowings**

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

##### **Held to maturity**

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

##### **Financial liabilities and equity instruments**

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

##### **Gains and losses**

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.



## Phokwane Municipality

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Financial Statements for the year ended 30 June 2013

### Accounting Policies

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#### 1.6 Financial instruments (continued)

##### Derecognition

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

##### Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

#### 1.7 Leases

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

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



## **Phokwane Municipality**

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Financial Statements for the year ended 30 June 2013

### **Accounting Policies**

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#### **1.7 Leases (continued)**

##### **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.

##### **Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

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

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

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

#### **1.8 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 first-in, first-out (FIFO) 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.



## Phokwane Municipality

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Financial Statements for the year ended 30 June 2013

### Accounting Policies

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#### 1.9 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

#### 1.10 Impairment of cash-generating assets

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

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 held with the primary 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.

#### Identification

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

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

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



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#### **1.10 Impairment of cash-generating assets (continued)**

##### **Recognition and measurement (individual asset)**

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

##### **Cash-generating units**

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

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

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

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

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

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

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

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

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

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



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#### 1.10 Impairment of cash-generating assets (continued)

##### Reversal of impairment loss

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

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

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

#### 1.11 Impairment of non-cash-generating assets

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

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

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 held with the primary 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.



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#### **1.11 Impairment of non-cash-generating assets (continued)**

Recoverable service amount is the higher of a non-cash-generating asset's 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.

#### **Identification**

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

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

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

#### **Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

#### **Recognition and measurement**

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

#### **Reversal of an impairment loss**

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

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

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

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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





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#### 1.12 Employee benefits

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

##### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

##### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

##### Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.



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#### 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.

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 36.



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#### 1.13 Provisions and contingencies (continued)

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

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

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

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

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

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

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

#### 1.14 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.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



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#### **1.14 Revenue from exchange transactions (continued)**

##### **Rendering of services**

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

##### **Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

#### **1.15 Revenue from non-exchange transactions**

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

##### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

##### **Rates, including collection charges and penalties interest**

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.



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#### 1.15 Revenue from non-exchange transactions (continued)

##### Fines

Revenue from the issuing of fines is recognised when:

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

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

##### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

##### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

#### 1.16 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

#### 1.17 Comparative figures

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



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#### 1.18 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.

#### 1.19 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.

#### 1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

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

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.



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#### 1.21 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

#### 1.22 Presentation of currency

These financial statements are presented in South African Rand.  
Financial values are rounded to the nearest one Rand

#### 1.23 Unspent conditional grants and receipts

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

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### 1.24 Unpaid conditional grants and receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

#### 1.25 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.



## **Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### **Accounting Policies**

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#### **1.26 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 covers the fiscal period from 01/07/2012 to 30/06/2013.

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

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

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

#### **1.27 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 considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

#### **1.28 Capital commitments**

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

#### **1.29 Value Added Tax**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.





## **Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### **Accounting Policies**

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#### **1.30 Short and Long term receivables**

Short and Long term Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes 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). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.



**Phokwane Municipality**

(Registration number NC094)  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand	2013	2012
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**2. New standards and interpretations**

**2.1 Standards and interpretations effective and adopted in the current year**

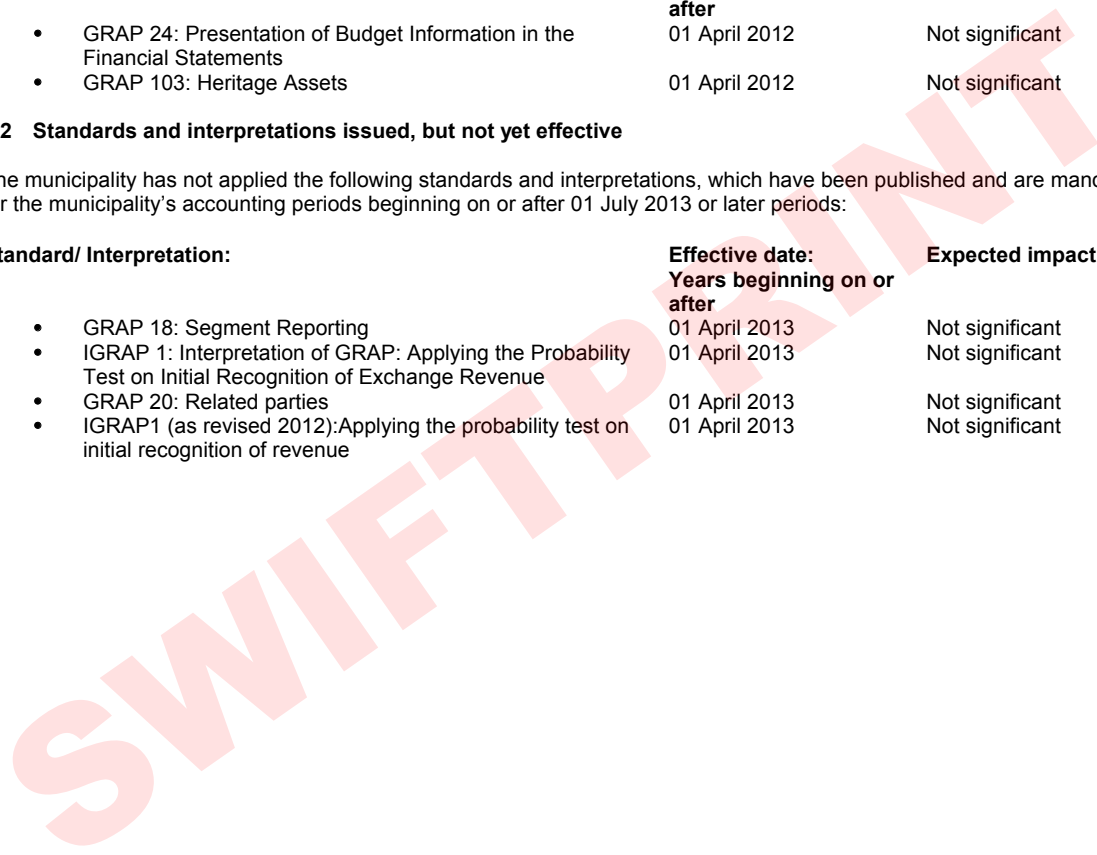
In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>GRAP 24: Presentation of Budget Information in the Financial Statements</li> </ul>	01 April 2012	Not significant
<ul style="list-style-type: none"> <li>GRAP 103: Heritage Assets</li> </ul>	01 April 2012	Not significant

**2.2 Standards and interpretations issued, but not yet effective**

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>GRAP 18: Segment Reporting</li> </ul>	01 April 2013	Not significant
<ul style="list-style-type: none"> <li>IGRAP 1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue</li> </ul>	01 April 2013	Not significant
<ul style="list-style-type: none"> <li>GRAP 20: Related parties</li> </ul>	01 April 2013	Not significant
<ul style="list-style-type: none"> <li>IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue</li> </ul>	01 April 2013	Not significant



## Phokwane Municipality

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### Notes to the Financial Statements

Figures in Rand	2013	2012
<b>3. Inventories</b>		
Consumable stores	1,523,202	912,493
Water – at cost	386,235	370,548
	<u>386,235</u>	<u>370,548</u>
	<b>1,909,437</b>	<b>1,283,041</b>

No inventory assets were pledged as security for liabilities.

Consumable stores materials losses/(gains) identified during stock counts amounted to R331,663 for the current year (R264,671 in 2011/12 year).

The water at cost balance for both financial years does not include water in pipes within the municipality's water reticulation network. The water inventory balance was taken from the water inventory levels in all the feeder reservoirs at around 12pm on 30 June each year. It is noted that the consumers would have use all the water that was in the pipes by 12pm and the storage reservoir would have replaced the water in the pipes without getting additional water from the purification plant. Accordingly, the water in the pipes was not taken into account, as it was already accounted for as part of the inventory in the storage reservoir.

#### 4. Operating lease asset

Non-current assets	19,440	-
Current assets	10,326	-
	<u>29,766</u>	<u>-</u>

The municipality has properties under operating leases. Property rental income earned during the year was R128,594 (2012: R122,189).

No investment properties have been disposed of since the statement of financial performance date.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been a decrease in current year income of R1,481.

At the Statement of Financial Position date, where the municipality acts as a lessor under non-cancellable operating leases, it will receive operating lease income as follows:

- within one year	151,728	-
- in two to five years	141,870	-
	<u>293,598</u>	<u>-</u>

#### 5. Receivables from exchange transactions

Consumer debtors	27,310,130	12,624,302
Other Recoverable Arrears	1,217,122	1,046,633
	<u>28,527,252</u>	<u>13,670,935</u>

The above other recoverables are a result of debtors suspense accounts

Refer to note 8 Consumer Debtors for the detail on the above mentioned Consumer debtors line item.



**Phokwane Municipality**

(Registration number NC094)  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand	2013	2012
<b>6. Receivables from non-exchange transactions</b>		
Government grants and subsidies	9,553,402	4,917,740
Property rates	17,409,066	14,520,121
Provision for Impairment	(16,180,127)	(13,297,492)
	<b>10,782,341</b>	<b>6,140,369</b>

**Receivables from non-exchange transactions past due but not impaired**

Property rates which are less than 3 months past due are not considered to be impaired. At 30 June 2013, R 1,011,365 (2012: R 1,222,629) were past due but not impaired.

The variance of R217,574 between the R1,228,939 and the R1,011,365 relating to the property rates, is as a result of the current portion of debtors which are not past due.

Furthermore the receivable relating to the Grants & Subsidies is not impaired, due to the nature of the non-exchange receivable.

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

1 month past due	360,606	592,804
2 months past due	338,834	335,582
3 months past due	311,925	294,243

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

Opening balance	13,297,492	11,269,307
Provision for impairment	2,882,635	2,028,185
	<b>16,180,127</b>	<b>13,297,492</b>

**7. VAT receivable**

VAT	12,572,130	10,993,425
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The Municipality is registered for VAT on the cash basis.  
The VAT asset was increased as a result of an impairment against debtors.



## Phokwane Municipality

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### Notes to the Financial Statements

Figures in Rand	2013	2012
<b>8. Consumer debtors</b>		
<b>Gross balances</b>		
Electricity	10,340,722	8,992,646
Water	39,748,302	31,014,938
Sewerage	32,265,658	27,177,375
Refuse	20,808,033	17,399,937
Other consumer debtors	57,452,086	48,046,586
	<b>160,614,801</b>	<b>132,631,482</b>
<b>Less: Allowance for impairment</b>		
Provision for impairment	(133,304,671)	(120,007,180)
<b>Details of net balance</b>		
Electricity	10,340,722	8,992,646
Water	39,748,302	31,014,938
Sewerage	32,265,658	27,177,375
Refuse	20,808,033	17,399,937
Provision for impairment	(133,304,671)	(120,007,180)
Other consumer debtors	57,452,086	48,046,586
	<b>27,310,130</b>	<b>12,624,302</b>
<b>Included in above is receivables from exchange transactions</b>		
Electricity	10,340,722	8,992,646
Water	39,748,302	31,014,938
Sewerage	32,265,658	27,177,375
Refuse	20,808,033	17,399,937
Other consumer debtors	57,452,086	48,046,586
	<b>160,614,801</b>	<b>132,631,482</b>
<b>Net balance</b>	<b>160,614,801</b>	<b>132,631,482</b>
<b>Electricity</b>		
Current (0 -30 days)	4,172,688	2,947,450
31 - 60 days	1,423,337	965,171
61 - 90 days	868,194	875,123
+ 90 Days	3,876,503	4,204,902
	<b>10,340,722</b>	<b>8,992,646</b>
<b>Water</b>		
Current (0 -30 days)	1,882,239	1,321,705
31 - 60 days	2,248,246	901,511
61 - 90 days	2,136,511	990,323
+ 90 Days	33,481,306	27,801,399
	<b>39,748,302</b>	<b>31,014,938</b>
<b>Sewerage</b>		
Current (0 -30 days)	573,424	625,059
31 - 60 days	1,028,881	514,800
61 - 90 days	969,758	503,770
+ 90 Days	29,693,595	25,533,746
	<b>32,265,658</b>	<b>27,177,375</b>



**Phokwane Municipality**

(Registration number NC094)  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand	2013	2012
<b>8. Consumer debtors (continued)</b>		
<b>Refuse</b>		
Current (0 -30 days)	363,752	386,700
31 - 60 days	657,442	332,749
61 - 90 days	643,266	325,789
+ 90 Days	19,143,573	16,354,699
	<b>20,808,033</b>	<b>17,399,937</b>
<b>Provision for impairment</b>		
+120 days	(133,304,671)	(120,007,180)
<b>Other consumer debtors</b>		
Current (0 -30 days)	712,039	1,464,880
31 - 60 days	792,284	1,145,050
61 - 90 days	702,686	1,115,052
+ 90 Days	55,245,077	44,321,604
	<b>57,452,086</b>	<b>48,046,586</b>
<b>Other consumer debtors above include the following categories:</b>		
Interest incurred on overdue debtors	34,516,280	27,302,865
VAT on debtors	14,962,846	12,356,311
Sundry debtors	7,734,158	8,146,221
Special readings	234,291	236,677
Debt-pack	3,894	3,894
Sitehire	617	617
	<b>57,452,086</b>	<b>48,046,585</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(120,007,180)	(81,406,411)
Contributions to allowance	(13,297,491)	(38,600,769)
	<b>(133,304,671)</b>	<b>(120,007,180)</b>



## Phokwane Municipality

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### Notes to the Financial Statements

Figures in Rand 2013      2012

#### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,395	1,395
Bank balances	41,533,643	10,581,556
Short-term deposits	5,052,500	26,441,818
	<b>46,587,538</b>	<b>37,024,769</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
ABSA Bank - Hartswater Branch - Account Number 1930000309	9,634,519	9,637,485	1,126,869	9,634,519	9,637,785	1,140,765
ABSA Bank - Hartswater Branch - Account Number 1930000317	-	943,770	943,771	11	943,770	943,771
Standard Bank - Hartswater Branch - Account Number 042608643000	32,333,100	-	-	31,899,112	-	-
Leave Investment - Standard Bank - 048559032-001	-	1,834,015	-	-	1,834,015	-
Fixed Deposit - Standard Bank - 048559032-005	-	7,539,453	-	-	7,539,453	-
General Call - Projects ABSA Bank - 911851699	5,052,499	4,893,587	3,704,307	5,052,499	4,893,587	3,704,307
Investment Projects - ABSA Bank - 2062421535	-	-	2,766,392	-	-	2,766,392
General Replacement Reserve - ABSA Bank - 2057015909	-	1,626,266	1,542,805	-	1,626,266	1,542,805
32 Day Notice Deposit - Standard Bank - 048559032 - 009	-	1,043	-	-	1,043	-
Fixed Deposit - Standard Bank - 048559032-006	-	5,273,727	-	-	5,273,727	-
Fixed Deposit - Standard Bank - 048559032-007	-	5,273,727	-	-	5,273,727	-
Petty Cash	-	-	-	1,395	-	-
<b>Total</b>	<b>47,020,118</b>	<b>37,023,073</b>	<b>10,084,144</b>	<b>46,587,536</b>	<b>37,023,373</b>	<b>10,098,040</b>

The Municipality does not owe or hold the cash reserves as a result of unspent conditional grants, but they are reserves from previous years and grant funding.



**Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand

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**10. Investment property**

	2013			2012		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	17,980,746	(794,894)	17,185,852	3,536,463	-	3,536,463

**Reconciliation of investment property - 2013**

	Opening balance	Depreciation	Total
Investment property	17,583,299	(397,447)	17,185,852

**Reconciliation of investment property - 2012**

	Opening balance	Total
Investment property	3,536,463	3,536,463

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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## Phokwane Municipality

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

### Notes to the Financial Statements

Figures in Rand

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#### 11. Property, plant and equipment

	2013			2012		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land and Buildings	35,037,272	(3,739,709)	31,297,563	15,670,162	(4,811,105)	10,859,057
Community	9,241,122	(2,134,139)	7,106,983	9,187,889	(4,606,637)	4,581,252
Heritage	158,380	(956)	157,424	158,380	(807)	157,573
Infrastructure	173,276,601	(27,057,318)	146,219,283	213,303,318	(49,888,090)	163,415,228
Leased office equipment	185,455	-	185,455	-	-	-
Other property, plant and equipment	19,295,774	(11,675,275)	7,620,499	15,768,220	(10,152,796)	5,615,424
Work in progress	91,623,530	-	91,623,530	-	-	-
<b>Total</b>	<b>328,818,134</b>	<b>(44,607,397)</b>	<b>284,210,737</b>	<b>254,087,969</b>	<b>(69,459,435)</b>	<b>184,628,534</b>

#### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Correction of error in opening balances	Depreciation	Total
Land and Buildings	10,859,057	271,670	20,622,325	(455,489)	31,297,563
Community	4,581,252	53,233	2,779,205	(306,707)	7,106,983
Heritage	157,573	-	-	(149)	157,424
Infrastructure	163,415,228	17,978,444	(31,095,311)	(4,079,078)	146,219,283
Leased office equipment	-	185,455	-	-	185,455
Other property, plant and equipment	5,615,424	1,186,725	2,953,040	(2,134,690)	7,620,499
Work in Progress	-	35,330,643	56,292,887	-	91,623,530
	<b>184,628,534</b>	<b>55,006,170</b>	<b>51,552,146</b>	<b>(6,976,113)</b>	<b>284,210,737</b>



**Phokwane Municipality**

(Registration number NC094)  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand 2013 2012

**11. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2012**

	Opening balance	Additions	Depreciation	Total
Land and Buildings	11,339,147	-	(480,090)	10,859,057
Community	4,887,515	-	(306,263)	4,581,252
Heritage	157,722	-	(149)	157,573
Infrastructure	146,066,413	21,053,576	(3,704,761)	163,415,228
Other property, plant and equipment	7,260,914	430,276	(2,075,766)	5,615,424
	<b>169,711,711</b>	<b>21,483,852</b>	<b>(6,567,029)</b>	<b>184,628,534</b>

Included in PPE are 23 land assets, each of which had a value of R1 at year end. These assets were not revalued as required by GRAP 17. The municipality has undertaken to revalue all such land during the 2013/14 financial year and the procurement of the services of a property expert is underway. Any adjustments to the PPE balance as at 30 June 2013 will be effected after such a valuation has been completed.

Included in PPE are 49 assets with a value of R1,931,810.02 at year end, whose land ownership is currently under investigation. The assets have been included in the asset register from previous financial years. However, the current title deed registration documents for each of these assets reflect changes of ownership. The municipality has undertaken to investigate all land issues during the 2013/14 financial year and the procurement of the services of a property expert is underway. Any adjustments to the PPE balance as at 30 June 2013 will be effected after such an investigation has been completed.

Included in PPE are 26 assets with a value of R1,365,700 at year end, whose land ownership reflects the municipality and have "business" land use, but there are no corresponding rental agreements with the occupants. The municipality has undertaken to investigate all land issues during the 2013/14 financial year and the procurement of the services of a property expert is underway. Any adjustments to the PPE balance as at 30 June 2013 will be effected after such an investigation has been completed.

In terms of GRAP 1, an asset is a resource control by the entity, as a result of a past event from which future economic benefits or service potential will flow to the entity. In relation to the residential properties, the following was determined:

- The construction of the RDP and residential houses is complete and the beneficiaries are occupying the houses, after they were officially handed over to them.
- The house ownership has not been transferred to the beneficiaries and the ownership is still registered in the name of the municipality.

The municipality does not control the RDP and residential houses and will also not receive rental or use the assets to provide housing to a member of the community or municipal official, as it pleases (i.e. service potential). Accordingly, 1856 properties with an approximate value of R79,525,026 (using the 2013/14 valuation roll) were not recognised as assets in the records of the municipality.

**Reconciliation of Work-in-Progress 2013**

	Included within Other PPE	Total
Opening balance	56,292,887	56,292,887
Additions/capital expenditure	25,152,715	25,152,715
	<b>81,445,602</b>	<b>81,445,602</b>

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.



**Phokwane Municipality**

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Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand 2013      2012

**12. Intangible assets**

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software and licenses	28,728	(19,050)	9,678	28,728	(13,236)	15,492

**Reconciliation of intangible assets - 2013**

	Opening balance	Amortisation	Total
Computer software and licenses	15,492	(5,814)	9,678

**Reconciliation of intangible assets - 2012**

	Opening balance	Amortisation	Total
Computer software and licenses	21,238	(5,746)	15,492

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**Phokwane Municipality**

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Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand	2013	2012
<b>13. Finance lease obligation</b>		
The following assets were subject to finance leases at year end, at amortised cost:		
Nashua MP161SPFCH - M0179306908	-	24,471
Thynk Finance Master Rental Agreement	-	32,664
New Olivette D-Copia 18 MF Digital Copier - XMATT15786	-	13,303
New Olivette D-Colour 45 MF Digital Copier - 60605010067	-	19,954
New Olivette D-Copia 800 MF Digital Copier - H3005685	-	33,257
Konica Minolta - Bizhub B751 - 41003745	83,701	-
Konica Minolta - Bizhub C454 - J04100290	72,973	-
Konica Minolta - Bizhub B36 - X041100091	15,546	-
	<b>172,220</b>	<b>123,649</b>
Transferred to current liabilities	(56,718)	(123,649)
Non-current liability	115,502	-
<b>Minimum lease payments due</b>		
- within one year	72,859	129,501
- in two to five years	127,503	-
	200,362	129,501
less: future finance charges	(28,142)	(5,852)
<b>Present value of minimum lease payments</b>	<b>172,220</b>	<b>123,649</b>
<b>Present value of minimum lease payments due</b>		
- within one year	56,718	123,649
- in two to five years	115,502	-
	<b>172,220</b>	<b>123,649</b>
Non-current liabilities	115,502	-
Current liabilities	56,718	123,649
	<b>172,220</b>	<b>123,649</b>

**Market risk**

The carrying amounts of finance lease liabilities are denominated in the following currencies:

Rand	115,502	123,649
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For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note 39.

The fair value of finance lease liabilities approximates their carrying amounts.



**Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand

	2013	2012
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**14. Payables from exchange transactions**

Other creditors (suspense accounts)	839,508	491,927
Payments received in advanced	5,513,600	4,149,235
Trade payables	4,669,149	856,333
	<b>11,022,257</b>	<b>5,497,495</b>

**15. Consumer deposits**

Electricity	2,500,620	2,132,122
Housing rental	3,757	-
	<b>2,504,377</b>	<b>2,132,122</b>

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**Phokwane Municipality**

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**Notes to the Financial Statements**

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**16. Employee benefit obligations**

**Defined benefit plan**

The benefit plan consist of the following two categories: post retirement medical aid benefit plan and long service bonuses.

The benefits are explained below:

**Post retirement medical aid plan**

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

Bonitas;  
Hosmed;  
LA Health;  
Key Health; and  
SAMWU Medical Ad.

**Current Employees**

	Male	Female	Total
Number of active employees	28	40	68
Average age	42	37	79
Average past service	10	10	20.00
Number of spouses	9	7	16
	<b>89</b>	<b>94</b>	<b>183</b>

**The effect of a 1% p.a. change in the medical aid inflation assumption**

	-1% Medical Aid Inflation	Valuation Assumption	+1% Medical Aid Inflation
Total Accrued Liability	9,910,000	11,566,000	13,632,000
Interest Costs	784,000	919,000	1,087,000
Service Cost	409,000	512,000	648,000
	<b>11,103,000</b>	<b>12,997,000</b>	<b>15,367,000</b>

**Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 273 employees were eligible for Long Service Bonuses.

**The effect of a 1% p.a. change in the Normal Salary inflation assumption**

	-1% Normal Salary Inflation	Valuation Assumption	+1% Normal Salary Inflation
Total Accrued Liability	2,175,000	2,315,000	2,470,000
Current Service Cost	251,000	275,000	302,000
Interest Cost	161,000	172,000	185,000
	<b>2,587,000</b>	<b>2,762,000</b>	<b>2,957,000</b>



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#### 16. Employee benefit obligations (continued)

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

##### Carrying value

Non Current portion of Post Retirement Benefits	(11,197,898)	(12,935,534)
Non Current portion of Long Term Services	(1,930,000)	(1,853,009)
Current portion of Post Retirement Benefits	(368,000)	(370,981)
Current portion of Long Term Services	(385,000)	(386,364)
Staff Leave Accrual	(3,256,959)	(2,984,449)
Staff Bonus Provision	(1,016,126)	(731,339)
	<b>(18,153,983)</b>	<b>(19,261,676)</b>
Non-current liabilities	(13,127,898)	(14,788,543)
Current liabilities	(5,026,085)	(4,473,133)
	<b>(18,153,983)</b>	<b>(19,261,676)</b>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	15,545,888	13,066,687
Actuarial (gains)/losses	(3,389,176)	1,056,197
Contribution for the year	2,159,108	1,916,173
Expenditure for the year	(434,922)	(493,169)
	<b>13,880,898</b>	<b>15,545,888</b>

Net expense recognised in the statement of financial performance

Actuarial (gains) losses	3,389,176	(1,056,197)
Current service cost	978,025	824,604
Interest cost	1,181,083	1,091,569
	<b>5,548,284</b>	<b>859,976</b>

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	3,389,176	(1,056,197)
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**16. Employee benefit obligations (continued)**

**Key assumptions used**

Assumptions used at the reporting date:

Retirement Benefit Obligation - discount rates used	7.89 %	8.63 %
Long Service Awards - discount rates used	7.40 %	6.37 %
Expected increase in salaries	6.66 %	5.97 %
Expected increase in healthcare costs	7.14 %	6.82 %
Future changes in maximum state healthcare benefits	0.70 %	1.10 %

**Retirement Benefit Obligation Valuation assumptions**

**Mortality rates**

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment has been based on the PA(90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

**Normal retirement age**

The average retirement age for male employees was assumed to be 63 years and 58 years for female employees. This assumption implicitly allows for early retirements.

**Long Services Awards Valuation assumptions**

The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth.

**Mortality rates**

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

**Normal retirement age**

The normal retirement age for male employees was assumed to be 65 years and for female employees 60 years.

**Defined contribution plan**

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, Cape Joint Retirement Fund which is a Multi-Employer Funds and is a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan as a defined benefit plan. The municipality accounted for this plan as a defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.





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**17. Unspent conditional grants and receipts**

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

**Unspent conditional grants and receipts comprises of:**

**Unspent conditional grants and receipts**

National Government Grants	617,760	593,638
Provincial Government Grants	6,624,278	6,320,104
District Municipality	95,518	95,518
	<b>7,337,556</b>	<b>7,009,260</b>

**Movement during the year**

Balance at the beginning of the year	7,009,260	4,262,637
Additions during the year	5,635,000	9,613,672
Income recognition during the year	(5,306,704)	(6,867,049)
	<b>7,337,556</b>	<b>7,009,260</b>

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 26 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.



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**18. Provisions**

**Reconciliation of provisions - 2013**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Total</b>
Environmental rehabilitation	4,429,126	11,420,871	15,849,997

**Reconciliation of provisions - 2012**

	<b>Opening Balance</b>	<b>Total</b>
Environmental rehabilitation	4,429,126	4,429,126
Non-current liabilities	3,585,714	853,428
Current liabilities	12,264,283	3,575,698
	<b>15,849,997</b>	<b>4,429,126</b>

**Environmental rehabilitation provision**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

<b>Area of the rehabilitation sites</b>	<b>Jan Kempdorp</b>	<b>Hartswater (Old)</b>	<b>Hartswater (New)</b>	<b>Ganspan</b>	<b>Pampierstad</b>
Area (ha)	2.9	2.3	4.8	4.6	1.9

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

<b>Municipal site</b>	<b>Year</b>	<b>2013 Provision</b>
Old Hartswater	2013	2,196,385
New Hartswater	2018	3,585,714
Jan Kempdorp	2013	3,093,960
Ganspan	2013	4,580,011
Pampierstad	2013	2,393,927
		<b>15,849,997</b>

**19. Financial instruments disclosure**

**Categories of financial instruments**

**2013**

**Financial assets**

	<b>At fair value</b>	<b>At amortised cost</b>	<b>Total</b>
Operating Lease Asset	-	29,766	29,766
Trade and other receivables from exchange transactions	28,527,252	-	28,527,252
Other receivables from non-exchange transactions	10,782,340	-	10,782,340
Cash and cash equivalents	-	46,587,538	46,587,538
	<b>39,309,592</b>	<b>46,617,304</b>	<b>85,926,896</b>



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**Financial liabilities**

	At fair value	At amortised cost	Total
Other financial liabilities	-	115,502	115,502
Trade and other payables from exchange transactions	11,022,257	-	11,022,257
Consumer deposits (Water & Electricity)	-	2,504,377	2,504,377
Unspent Conditional Grants	7,337,557	-	7,337,557
Capitalised Lease Liability	-	56,718	56,718
	<b>18,359,814</b>	<b>2,676,597</b>	<b>21,036,411</b>

**2012**

**Financial assets**

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	24,664,360	-	24,664,360
Other receivables from non-exchange transactions	6,140,367	-	6,140,367
Cash and cash equivalents	-	37,024,769	37,024,769
	<b>30,804,727</b>	<b>37,024,769</b>	<b>67,829,496</b>

**Financial liabilities**

	At fair value	At amortised cost	Total
Consumer deposits (Water & Electricity)	-	2,132,122	2,132,122
Trade and other payables from exchange transactions	5,497,493	-	5,497,493
Taxes and transfers payable (non-exchange)	7,009,261	-	7,009,261
Capitalised Lease Liability	-	123,649	123,649
	<b>12,506,754</b>	<b>2,255,771</b>	<b>14,762,525</b>



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Figures in Rand	2013	2012
<b>20. Revenue</b>		
Fines	74,036	190,690
Government grants & subsidies	126,405,295	84,205,700
Income from agency services	1,134,175	1,457,837
Licences and permits	1,488,452	1,692,294
Property rates	7,776,461	7,926,865
Rental of facilities and equipment	293,611	136,095
Service charges	83,071,710	77,054,969
	<b>220,243,740</b>	<b>172,664,450</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Commissions received	64,572	59,372
Income from agency services	1,134,175	1,457,837
Interest received - investment	2,334,902	1,715,129
Licences and permits	1,488,452	1,692,294
Rental of facilities and equipment	293,611	136,095
Service charges	83,071,710	77,054,969
	<b>88,387,422</b>	<b>82,115,696</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	7,776,461	7,926,865
<b>Transfer revenue</b>		
Government grants & subsidies	126,405,295	84,205,700
Fines	74,036	190,690
	<b>134,255,792</b>	<b>92,323,255</b>
<b>21. Investment revenue</b>		
<b>Interest revenue</b>		
Banks	2,334,902	1,715,129
<b>22. Finance costs</b>		
Finance leases	10,831	37,326
Post retirement benefit obligation	1,181,083	1,327,110
Trade and other payables	51,635	-
	<b>1,243,549</b>	<b>1,364,436</b>
<b>23. Auditors' remuneration</b>		
Fees	2,225,951	1,964,181
<b>24. Property rates</b>		
<b>Rates received</b>		
Property rates	7,776,461	7,926,865



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**25. Service charges**

Refuse removal	4,474,902	4,727,398
Sale of electricity	50,318,744	47,649,761
Sale of water	19,923,499	18,566,439
Sewerage and sanitation charges	8,354,565	6,111,371
	<b>83,071,710</b>	<b>77,054,969</b>

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Figures in Rand	2013	2012
<b>26. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	63,719,000	56,299,000
Other Grants	18,225,085	27,906,700
	<b>81,944,085</b>	<b>84,205,700</b>
<b>Capital grants</b>		
Other grants	44,461,210	-
	<b>44,461,210</b>	<b>-</b>
	<b>126,405,295</b>	<b>84,205,700</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	62,686,295	27,906,700
Unconditional grants received	63,719,000	56,299,000
	<b>126,405,295</b>	<b>84,205,700</b>
<b>Conditional Grants</b>		
DWAF Grant	1,357,000	1,507,676
Other Grants	61,329,295	26,399,024
	<b>62,686,295</b>	<b>27,906,700</b>
<b>Unconditional Grants</b>		
Equitable Share	63,719,000	56,299,000
The municipality does not expect any significant changes to the level of grants.		
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Executive & Council	47,872,785	41,751,060
Budget & Treasury	1,717,026	1,137,706
Corporate Services	-	2,563,736
Planning & Development	-	-
Health	-	-
Community & Social Services	666,289	599,878
Housing	-	-
Public Safety	-	-
Sport & Recreation	-	27,770
Street & storm water	12,620,290	-
Waste Management	3,680,865	7,754,449
Waste Water Management	35,578,991	5,615,725
Road Transport	3,905,816	3,638,064
Water	15,668,111	12,702,189
Electricity	4,695,122	30,453,294
	<b>126,405,295</b>	<b>106,243,871</b>
<b>Equitable Share</b>		
Opening Balance	-	-
Grants received	63,719,000	56,299,000
Conditions met - Operating	(63,719,000)	(56,299,000)
Conditions met - Capital	-	-



## Phokwane Municipality

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#### 26. Government grants and subsidies (continued)

##### Closing Balance

-      -

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

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

##### National Government Grants

Balance unspent at beginning of year	593,638	384,496
Current-year receipts	2,300,000	2,290,000
Conditions met - transferred to revenue	(2,275,878)	(2,080,858)
	<b>617,760</b>	<b>593,638</b>

Conditions still to be met - remain liabilities (see note 17).

##### Provincial Government Grants

Balance unspent at beginning of year	6,320,104	3,736,595
Current-year receipts	3,335,000	9,438,799
Conditions met - transferred to revenue	(3,030,826)	(6,855,290)
	<b>6,624,278</b>	<b>6,320,104</b>

Conditions still to be met - remain liabilities (see note 17).

##### District Municipality

Balance unspent at beginning of year	95,518	141,545
Current-year receipts	10,177,928	68,873
Conditions met - transferred to revenue	(10,177,928)	(114,900)
	<b>95,518</b>	<b>95,518</b>

Conditions still to be met - remain liabilities (see note 17).

##### Other Grant Providers

Conditions still to be met - remain liabilities (see note 17).



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**Notes to the Financial Statements**

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**27. Employee related costs**

Acting allowances	171,222	218,945
Basic	29,098,962	25,797,858
Bonus	2,531,240	1,827,146
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	6,913,364	6,318,830
Housing benefits and allowances	177,977	213,188
Leave pay provision charge	701,471	790,139
Long-service awards	210,337	249,737
Other payments (SDL, Bargaining Council, WCA)	388,925	390,778
Overtime payments	968,999	918,059
Post-employment benefits - Pension - Defined contribution plan	638,000	226,956
Travel, motor car, accommodation, subsistence and other allowances	841,890	894,287
	<b>42,642,387</b>	<b>37,845,923</b>

**Remuneration of municipal manager**

Annual Remuneration	576,893	525,321
Car Allowance	107,120	149,272
Cellphone allowance	8,656	7,632
Annual Bonus	47,000	-
Contributions - UIF, Medical, Pension, Bargaining Council Levy	136,425	112,774
	<b>876,094</b>	<b>794,999</b>

**Remuneration of chief finance officer**

Annual Remuneration	436,137	413,400
Car Allowance	85,570	79,500
Housing Allowance	58,432	58,023
Annual Bonus	36,345	34,450
Contributions to UIF, Medical and Pension Funds	116,656	104,036
	<b>733,140</b>	<b>689,409</b>

**Corporate and human resources (corporate services)**

Annual Remuneration	356,680	399,061
Car Allowance	35,545	79,500
Cell phone Allowance	2,796	6,360
Leave Gratuity	35,533	-
Annual Bonus	17,542	33,255
Contributions - UIF, Medical, Pension, Bargaining Council Levy	47,714	96,978
Housing Allowance	32,007	73,846
	<b>527,817</b>	<b>689,000</b>

For the 2012/13 period, the Corporate services manager was only employed for 8 months, which has resulted in the decrease in salary noted above.

**28. Remuneration of councillors**

Mayor	663,581	611,695
Speaker	534,759	488,621
Mayoral Committee Members	836,055	757,221
Councillors	2,252,111	2,560,004
Councillors' pension contribution	529,606	493,914
	<b>4,816,112</b>	<b>4,911,455</b>





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<b>28. Remuneration of councillors (continued)</b>		
<b>Councillors Remuneration</b>		
Included in the remuneration above are two (2) Section 79 Chairpersons who have been paid during the 2012/13 year in excess of the Upper Limits of the Remuneration of Public Officer Bearers Act. The remuneration to these Section 79 Chairpersons was in line with the remuneration paid in the previous 2011/12 year. This excess remuneration is in line with SALGA Circular 40/2012 paragraph 1(g), which allows previously paid salary levels to be maintained until such time as the amount received is less than the upper limits amount.		
<b>In-kind benefits</b>		
The Mayor and Speaker are full-time. Each is provided with an office and shared secretarial support at the cost of the Council.		
The Mayor has use of a Council owned vehicle for official duties.		
<b>29. Debt impairment</b>		
Debt impairment	16,180,126	29,508,778
<b>30. Depreciation and amortisation</b>		
Property, plant and equipment	7,379,306	6,913,821
<b>31. Grants and subsidies paid</b>		
Financial Management Grant	1,454,335	1,064,089
Library Grant	15,816	340,958
Municipal Systems Improvement Grant	528,195	827,326
Sedibeng indigent support paid to external service provider	1,190,351	1,025,286
<b>Total Grants and Subsidies</b>	<b>3,188,697</b>	<b>3,257,659</b>
Budget & Treasury	1,454,335	1,064,089
Community & Social Services	15,816	340,958
Executive & Council	528,195	827,326
<b>Operating Grant expenditure per Vote</b>		
Water	1,190,351	1,025,286
<b>Total Grants and Subsidies</b>	<b>3,188,697</b>	<b>3,257,659</b>
<b>32. Bulk purchases</b>		
Electricity	36,841,551	27,070,672
Water	16,401,449	14,820,321
	<b>53,243,000</b>	<b>41,890,993</b>
<b>33. General Expenses</b>		
<b>The General Expenses consists of the the following significant expenses:</b>		
Land survey costs	340,200	272,152
Subsistence And Travelling Councillors	201,408	157,545
Subsistence And Travelling Officials	738,672	704,345
Ward Committee Expenses	1,051,511	783,836
	<b>2,331,791</b>	<b>1,917,878</b>



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**Notes to the Financial Statements**

Figures in Rand	2013	2012
<b>34. Cash generated from operations</b>		
Surplus	62,853,039	30,288,976
<b>Adjustments for:</b>		
Depreciation and amortisation	7,379,306	6,913,821
Actuarial (gains) losses	(3,389,176)	1,056,197
Finance costs - Finance leases	10,831	37,326
Impairment deficit	-	3,880
Debt impairment	16,180,126	29,508,778
Movements in operating lease assets and accruals	(29,766)	-
Movements in retirement benefit assets and liabilities	(1,107,693)	2,425,936
Movements in provisions	11,420,871	210,911
Interest Income Receivable	-	(204,447)
Capital Movement in Surplus	(517,312)	-
<b>Changes in working capital:</b>		
Inventories	(626,396)	291,203
Receivables from exchange transactions	(170,489)	(449,321)
Other receivables from non-exchange transactions	(4,641,972)	(250,934)
Consumer debtors	(30,865,954)	(41,048,651)
Payables from exchange transactions	5,524,762	(5,970,664)
VAT	(1,578,705)	12,407,416
Unspent conditional grants and receipts	328,296	5,625,971
Consumer deposits	372,255	195,706
	<b>61,142,023</b>	<b>41,042,104</b>

**35. Commitments**

**Authorised capital expenditure**

**Approved and contracted for:**

- Property, plant and equipment (Infrastructure) 81,474,053    39,457,510

**Approved and not contracted for:**

- Property, plant and equipment (Infrastructure) -    21,000,000

This committed expenditure relates to plant and equipment and will be financed by government grants.



## Phokwane Municipality

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### Notes to the Financial Statements

Figures in Rand	2013	2012
<b>36. Contingencies</b>		
The municipality is currently engaged in litigation which could result in damages/costs being awarded against the Municipality if claimants are successful in their actions. The following are the estimates:		
Babereki Consulting Engineers vs Phokwane LM	19,037,583	19,037,583
Komanisi vs Phokwane LM	2,695,000	2,695,000
Ganspan Small Scale Farmers Members vs Phokwane LM	-	-
Bidco Investment / Morula Project vs Phokwane LM	243,553	243,553
Eviction Orders	-	-
M Ndwanaya vs Phokwane LM	-	-
Permit or licence for any of the landfill sites currently in use	-	-
Key management performance contracts	112,646	152,139
	<b>22,088,782</b>	<b>22,128,275</b>

The Babereki Consulting Engineers vs Phokwane LM matter relates to a claim order for specific performance for an amount of R19 037 583. Action against the municipality is pending. The amount was erroneously disclosed in the prior year financial statements as an amount of R35 650, hence the restatement of the comparative figure. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely.

The Komanisi vs Phokwane LM matter relates to damages incurred in participation of a housing construction contract for an amount of R2 695 000. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. The amount was erroneously disclosed in the prior year financial statements as R450 000. The legal costs are estimated at R165 000.

The Ganspan Small Scale Farmers Members vs Phokwane LM matter's contingent amount in the prior year was unknown. The matter is disregarded in the current year as no claims have yet been made. No claims are expected to be made. The legal costs are estimated at R145 000.

The Bidco Investment / Morula Project vs Phokwane LM matter relates to damages for a terminated agreement for an amount of R243 552. The matter is currently in progress. The amount was erroneously disclosed in the prior year financial statements as R180 000. The legal costs are estimated at R80 000.

The Eviction orders matter was closed on 1 March 2012. The amount was erroneously disclosed in the prior year financial statements.

The M Ndwanaya vs Phokwane LM matter relates to labour dispute. The amount disclosed in the prior year was unknown. The amount to be disclosed in the current year remains unknown. The matter is currently in progress.

The municipality does not have a permit or licence for any of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.

As at year-end, certain key management personnel have performance contracts in place that make provision for certain payments to be made as conditions are met. Some of the applicable conditions were met, thus resulting in amounts that may be paid to the parties. The bonus amounts have not been paid in any prior years and payment is not probable.

During the 2010/11 and 2011/12 financial years, the municipality charged electricity tariffs in excess of those approved by NERSA, which was in contravention to section 15(2) of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) (ERA). Section 15(3) of the ERA, however prescribes that the Regulator may, in prescribed circumstances, approve a deviation from set or approved tariffs. The municipality has acknowledged the deviation and has been in discussions with the NERSA and stakeholders to determine means to address the deviation. However the approval for the deviation has not yet been provided by the Regulator. The possible overstatement of revenue and receivables from exchange transactions was calculated as follows, for the respective financial years:

2010/11: R17 901 698

2011/12: R28 195 209



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**37. Related parties**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**Related party transactions**

The rates, service charges and other charges charged to related parties are in accordance with approved tariffs that were advertised to the public. No bad debts expenses have been recognised in respect of amounts owed by related parties.

Furthermore Mr I. Reit, who was a councillor and passed away in the prior financial year, had no related party transactions occurring. Mr D. Meyer has no account with the municipality and as a result no related party transactions.

These two councillors will not be included in the schedule as a result of this.

**Councillors**

	Rates - Levied 1 Jul 12 - 30 Jun 13	Service Charges - Levied 1 Jul 12 - 30 Jun 13	Other - Levied 1 Jul 12 - 30 Jun 13	Outstanding Balances 30 June 2013
Nkomo S	-	3,859	5,067	95,033
Motebe GM	3,170	24,483	88	(2,496)
Lewis S	284	6,355	14	510
Nel PJ	6,203	16,173	88	2,122
Adams J	24	8,675	25	1,041
Mokwena AS	22	1,658	1,232	22,423
Mojapele MF	-	1,658	11	444
Meza D	-	1,658	5	229
Chakane M	-	2,086	309	5,297
Pitso FO	-	1,658	709	11,457
Modiakgotla HM	312	9,711	3,816	65,144
Moremongwe O	-	1,658	7	227
Mashori KD	-	2,664	268	949
Mona P	-	6,458	11	451
Moketsi DM	416	1,658	11	500
	<b>10,431</b>	<b>90,412</b>	<b>11,661</b>	<b>203,331</b>

**Municipal Manager and Section 57 Employees**

	Rates - Levied 1 Jul 12 - 30 Jun 13	Service Charges - Levied 1 Jul 12 - 30 Jun 13	Other - Levied 1 Jul 12 - 30 Jun 13	Outstanding Balances 30 June 2013
Dichaba MP	4,015	28,107	561	5,796
Sediti TP	-	6,968	320	5,417
Motswana M	-	16,334	4,290	15,656
	<b>4,015</b>	<b>51,409</b>	<b>5,171</b>	<b>26,869</b>

**Other related party transactions**

The following purchases were made during the year where Councillors or Sect 57 Managers have an interest:

**Councillor / Sect 57 Manager**

The Supply Chain Manager's (TP Mmusi) husband's business entity (Matsapa Projects) was awarded the contract for the Electrification of Ganspan and Bonita Park which was funded by INEP to the amount of R2 184 000. Furthermore expenditure relating to technical support to the amount of R102 828 was awarded to Matsapa Projects without being advertised and no other quotations were obtained. No amounts were paid to Matsapa Projects during the current year ended 30 June 2013.

- 2,286,828



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**37. Related parties (continued)**

The following person(s) listed below were had transactions with the municipality as service providers, however they were either in service of the state or related to person(s) in service of the state in in the previous 12 months:

1. Mswela Trading provided the Municipality with goods/services worth R 15,898 during the current period. The owner of the entity, Ms LV Moleleki was employed by the Northern Cape Department of Education in the previous 12 months.
2. Thatoyaone Trading provided the Municipality with goods/services worth R 389,400 during the current period. The owner of the entity is a spouse of an employee of the municipality whose details are as follows:  
Name: Ms N. Vinger  
Capacity: Financial Controller: Rates & Valuations

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**38. Prior period errors**

The correction of the error due to the assets not previously recognised during the 1st implementation of GRAP 17 and 16 results in adjustments as follows:

**Statement of financial position**

Property, plant and equipment prior year	-	(184,628,534)
Property, plant and equipment restated comparative	-	236,180,613
Investment property prior year	-	(3,536,463)
Investment property restated comparative	-	17,583,299
Opening Accumulated Surplus or Deficit	-	(65,598,915)

The correction of the error due to the AG recommendations on both Expenditure and Revenue, and clearing of the suspense accounts of Revenue results in total adjustments as follows

**Statement of Financial Performance**

General Expenses	-	(228,902)
Revenue	-	(288,414)
Opening Accumulated Surplus or Deficit	-	517,316

**39. Risk management**

**Financial risk management**

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

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#### 39. Risk management (continued)

##### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the municipal treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality did not default on any of their trade and other payables commitments during the period under review and no terms were re-negotiated.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

##### 2012/13 Analysis

	Less than 1 year R	Between 1 and 5 years R	Between 5 and 10 years R	Over 10 Years
Long Term liabilities - Finance lease liability	72,859	127,503	-	-
Capital Repayments	56,718	115,502	-	-
Interest	16,141	12,001	-	-
Non-Current Provision - Landfill Sites	3,585,714	4,551,808	-	-
Capital Repayments	3,585,714	4,339,726	-	-
Interest	-	966,094	-	-
Consumer Deposits	2,504,377	-	-	-
Trade and Other Payables	11,022,257	-	-	-
Unspent conditional government grants and receipts	7,337,557	-	-	-
	<b>25,292,259</b>	<b>4,679,311</b>	-	-

##### 2011/12 Analysis

	Less than 1 year R	Between 1 and 5 years R	Between 5 and 10 years R	Over 10 Years
Long Term liabilities - Finance lease liability	129,501	-	-	-
Capital Repayments	123,649	-	-	-
Interest	5,852	-	-	-
Non-Current Provision - Landfill Sites	3,618,369	247,576	388,959	2,171,036
Capital Repayments	3,575,698	-	-	2,013,941
Interest	42,671	247,576	388,959	157,095
Consumer Deposits	2,132,122	-	-	-
Trade and Other Payables	5,497,494	-	-	-
Unspent conditional government grants and receipts	7,009,261	-	-	-
	<b>18,386,747</b>	<b>495,152</b>	<b>777,918</b>	<b>4,184,977</b>



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**39. Risk management (continued)**

**Credit risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk consists mainly of cash deposits, cash equivalents, trade and other receivables, long term receivables and unpaid conditional grants and subsidies.

Trade receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of rate and other services payers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to the applicable note for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

No trade and other receivables are pledged as security for financial liabilities.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents is considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Other Receivables are individually evaluated annually at Balance Sheet date for impairment.

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

<b>Financial instrument</b>	<b>2013</b>	<b>2012</b>
Trade receivables from exchange transactions	27,310,130	12,624,302
Other receivables from non-exchange transactions	1,228,939	1,222,629
Cash and Cash Equivalents	46,587,538	37,024,469
Unpaid conditional grants and subsidies	9,553,401	4,917,738

**Market risk**





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#### 39. Risk management (continued)

##### Interest rate risk

As the entity has no significant interest-bearing assets or liabilities, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

#### 40. Going concern

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

#### 41. Events after the reporting date

The Municipality has no events after reporting date during the financial year ended 2012/2013.

#### 42. Unauthorised expenditure

##### Reconciliation of unauthorised expenditure

Opening balance	109,843,574	87,994,699
Unauthorised capital expenditure current year	7,315,383	8,532,289
Unauthorised operating expenditure current year	13,152,365	13,316,586
	<b>130,311,322</b>	<b>109,843,574</b>

The opening balance has been restated as there was a misstatement in the prior year of R68 672 268, as result of calculation error in the Budget Variances.

##### Incident

Over expenditure of approved budget on votes - prior years	Disciplinary steps/ criminal proceedings
Over expenditure of approved capital budget on votes for capital expenditure amounting to R2 630 241 project Pampierstad 1400 Housing Project.	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R1 141 548 project Sakhile Bulk Waterline.	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R3 177 891 awaiting investigation	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R264 035 project Masakeng Sewer Project.	None
Over expenditure of approved budget on votes - Current year	The overspending is yet to be tabled before the council for consideration

#### 43. Fruitless and wasteful expenditure

Opening balance	263,491	218,676
Fruitless and wasteful expenditure current year	209,741	44,815
	<b>473,232</b>	<b>263,491</b>



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**43. Fruitless and wasteful expenditure (continued)**

Incident	Disciplinary steps/criminal proceedings	2013	2012
Fruitless in in prior years	None	263,491	218,676
Fines	None	103,557	44,815
Interest in 2012/13	None	61,431	-
Penalties paid 2012/13	None	44,753	-
		<b>473,232</b>	<b>263,491</b>

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#### 44. Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	8,651,655	5,171,537
Irregular expenditure current year	181,094	3,480,118
Condoned or written off by Council	-	-

**Irregular expenditure awaiting condonement**

**8,832,749 8,651,655**

#### Irregular expenditure awaiting condonement from National Treasury

Incident	Disciplinary steps/ criminal proceedings	2013	2012
Purchases made without tax clearance certificates	None	-	1,218,917
Preferential point system not applied in tender process.	None	-	3,139,665
Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	None	-	812,955
Repairs to Electrical panel at sewerage pump station- only one quotation obtained	None	-	8,621
lunch for Initiation school meeting- only one quotation obtained	None	-	3,800
Letterheads - only one quotation obtained	None	-	2,570
Repairs of HP 9000 printer- only one quotation obtained	None	-	2,958
171-180 cascade clamp (water pipe)- only one quotation obtained	None	-	3,611
Gorman rupp super T4- Unforeseen & unavoidable -one quotation	None	-	29,885
New Sewer Pump- one quotation - urgent matter	None	-	9,611
Water chemicals- one quotation received urgent	None	-	26,207
TLB Hire- urgent one quotation received	None	-	25,400
clean dumping site- not advertised , only one supplier	None	-	39,900
publication of new council- one quotation received	None	-	16,000
lunch ward committee- one quotation received urgent	None	-	4,000
Office furniture- not advertised, one supplier	None	-	57,877
silica sand- not advertised , only one supplier	None	-	33,958
Tender advert- only one quotation obtained	None	-	4,000
Store requisition book- single supplier one quotation	None	-	2,150
Chlorine gas- two quotation received	None	-	24,277
Transport for ward committee- single supplier one quotation	None	-	3,060
Crusher Sand- single supplier one quotation	None	-	12,749
silica sand- not advertised single supplier one quotation	None	-	33,958
Repair of gormanrupp T4 pump- single supplier one quotation	None	-	20,163
Replace water pump and strip burnt pump- urgent request single supplier, one quotation	None	-	79,308
Cat spray 65 drum, tarr- not advertised single supplier one quotation	None	-	42,887
Public Toilet hire- one quotation obtained	None	-	2,599
Goods received book- single supplier one quotation	None	-	2,100
Crusher Sand- single supplier one quotation	None	-	22,845
Electrical panel new pump- urgent request single supplier, one quotation	None	-	5,584
New gorman pump - only one quotation	None	-	4,617
Repair of electric motor - only one quotation	None	-	4,902
Office furniture - only one quotation	None	-	15,133
Sketch booklets - only one quotation	None	-	2,712
Repair water tanks - only one quotation	None	-	4,845
Breakfast MEC-Energy - only one quotation	None	-	2,234
Councillors photos - only one quotation	None	-	7,500
White envelops - only one quotation	None	-	6,555
Repair to Saer pump and motor - only one quotation	None	-	4,272
sudfloc water chemical - three quotes obtains, not advertised , waiting for finalization of tender	None	-	148,651
lunch for councillors , public protector visit - only one quotation	None	-	2,495



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**44. Irregular expenditure (continued)**

HTH Granular, chlorine gas, water chemicals - direct supplier, waiting for finalization of tender		-	26,207
Bauer motor , model star delta - only one quotation	None	-	4,845
Installation of new network - only one quotation network supplier	None	-	4,868
Water samples - only one supplier	None	-	4,339
Transport for learners to Pretoria - only one supplier	None	-	15,950
Library visit Taung Dam - only one supplier	None	-	2,500
letterheads - one quotation obtained	None	-	2,570
Cleaning dumping site - one quotation obtained, not advertised	None	-	39,900
water chemicals - one quotation, chemical tender not finalized	None	-	35,172
Test system traffic - one quotation, only local supplier	None	-	5,238
Water chemicals - one quotation, chemical tender not finalized	None	-	38,041
water chemicals - one quotation, chemical tender not finalized	None	-	
Transport community for food for waste project - one quotation obtained	None	-	2,700
Transport school children - one quotation obtained	None	-	3,700
Gorman Rupp T4 Assembly - one quotation obtained, urgent requires	None	-	24,977
Borehole pump model m5514 - one quotation obtained single supplier	None	-	16,125
Stroke edge cutters - two quotations obtained	None	-	27,770
Motors DMZA160xZ, repair bauer motor - one quotation, urgent faulty power supply	None	-	11,375
Replace faulty butterfly valves - one quotation obtained	None	-	13,818
Repair gorman rupp T3a3 - one quotation obtained	None	-	18,321
Lunch initiation school meeting - one quotation obtained	None	-	2,752
Accommodation for Mr. marima - one quotation obtained	None	-	12,600
Adjudication report for Tenders - not advertised, urgent request for technical report	None	-	104,880
Petrol and diesel - not advertised, three quotation obtained	None	-	107,129
Year end function - not advertised , three quotations obtained	None	-	49,800
Indigent books - one quotation	None	-	3,930
advert Christmas message - one quotation	None	-	4,000
Advert Municipal Manager post - one quotation	None	-	4,000
Water pipes - one quotation, urgent request, water connection	None	-	26,750
Road works signs - one quotation	None	-	7,216
Diesel - not advertised, two quotation obtained	None	-	83,760
Copy for Councillors Agent - copy machine was not working only one supplier could assist.	None	-	2,208
Test & Calibration of Radar MuniQuip - one quotation, sole supplier	None	-	2,653
Electrical meters for household, gemini wires, PLC - one quotation obtained, from sole supplier	None	-	133,380
Deforest of Korhaan crescent dam - only one supplier assist with the equipment	None	-	3,600
Lunch for meeting with Mayor and Dept. of Education - one quotation obtain	None	-	2,567
Mayor , Councillors, officials, lunch meeting with Dept. of Health - one quotation obtain	None	-	3,014
KVA Meters - one quotation obtain, one supplier could assist	None	-	17,303
Drum Tarr Cat 65, repair pothole - one quotation , sole supplier	None	-	65,390
Repairs of canon copy machine - one quotation , sole supplier	None	-	12,123
GIS software Desktop basic single use - one quotation , sole supplier	None	-	42,864
Indigent application books - only suppliers that print our books, one quotation	None	-	9,800
Summons Books - only suppliers that print our books, one quotation	None	-	8,600
Receipt books - only suppliers that print our books, one quotation	None	-	2,950
Indigent application books - only suppliers that print our books, one quotation	None	-	4,700
repair jyline pump, c/w automatic plant switch - one quotation obtain	None	-	5,044
2 pole foot mounted motor - one quotation obtain	None	-	12,825
Facilitation of a strategic Planning session - advertised for 7days, no respond, was not re-advertised,three quotation obtained	None	-	32,490



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#### 44. Irregular expenditure (continued)

Anti Virus Renewal - one quotation obtain	None	-	13,277
Strip and repair of server room air conditioner - one supplier could assist	None	-	6,050
hire equipment to clean field - one supplier could assist	None	-	7,200
hire equipment to digging graves - one supplier could assist	None	-	3,600
Vehicle Statement Books - only suppliers that print our books, one quotation	None	-	3,700
Trip authority books - only suppliers that print our books, one quotation	None	-	3,920
Repair 11kw siemens motor - one quotation obtain	None	-	3,620
Repair of 15.8kw siemens - one quotation obtain	None	-	5,921
Repairs to siemens motor model 160m - one quotation obtain	None	-	3,621
publishing a notice of subdivision of ERF - two quotation obtained	None	-	4,000
200 copies of annual report - not advertised fro 7days, one supplier could assist	None	-	90,680
Sand crusher, teerklip - not advertised fro 7days, one supplier could assist	None	-	41,103
Maintenance of copy machine 9000 - one quotation obtain	None	-	8,178
100 drums of CAT 65 Tarr - not advertised fro 7days, one supplier could assist	None	-	155,268
Envelopes boxes for accounts - one quotation obtain	None	-	4,446
Land survey erf 1366-1372 vaalharts settlement - one quotation obtain, no contract with supplier	None	-	6,270
Land survey of ERF 259 Hartswater - one quotation obtain, no contract with supplier	None	-	27,142
Land survey of ERF 259 Hartswater - one quotation obtain, no contract with supplier	None	-	19,361
Land survey of ERF 259 Hartswater - one quotation obtain, no contract with supplier	None	-	34,096
land survey erf 774 Jankemp ,erf 2730 p/stad & 28 erf fase 1 JKd - one quotation obtain, no contract with supplier	None	-	147,891
land survey erf 774 Jankemp ,erf 2730 p/stad & 28 erf fase 1 JKd - one quotation obtain, no contract with supplier	None	-	
Land survey of ERF - one quotation obtain, no contract with supplier	None	-	69,437
Contribution funeral arrangement of Late Council Riet - supply chain procedure not followed	None	-	20,000
Financial assistance for prayer day Event - supply chain procedure not followed	None	-	9,800
Accommodation and breakfast for DJ's Workshop - supply chain procedure not followed	None	-	6,498
Tent , toilet service and transport - supply chain procedure not followed	None	-	7,239
Guest entertainment - supply chain procedure not followed	None	-	4,900
HR related appointments no procedure followed - Miss TL Krawe	None	-	77,808
HR related appointments no procedure followed - Miss DM Abrahams	None	-	72,341
HR related appointments no procedure followed - Miss Sethlodi	None	-	82,744
Letterheads - one supplier	None	-	2,720
Cleaning Dumping site - urgent , not advertised one single supplier	None	-	40,281
Repairs of roads, teerklip - one quotation single supplier	None	-	22,391
Lunch for Councillors - one quotation single supplier	None	-	4,502
Jolly tables and cahirs - one quotation single supplier	None	-	2,772
Repair of pedrocco pump - only one service provider	None	-	3,832
Upgrade electrical panel - only one service provider	None	-	9,428
Water chemicals - urgent request one quotation	None	-	34,764
Road works signs - one service provider,one quotation received	None	-	4,302
Electrical network - urgent request one quotation obtain	None	-	2,910
Municipality accounts book - only local supplier	None	-	4,250
Trip authorisation book - only local supplier	None	-	3,100
Solaraine direct 80w solar panel - only one quotation was obtained	None	-	10,602
Water chemicals - tender process was not finalised,buying from direct suppliers,not advertised for 7 days, 3quotation obtained	None	-	162,519



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**44. Irregular expenditure (continued)**

Repair vacuum machine - one service provider, as the machine was brought from them	None	-	3,894
Tarr cleansing roads - only nearest service provider that can assist	None	-	46,580
Supply and install heavy duty steel frame for solarpanels - only local service provider,	None	-	5,800
Repairs to ABS Pump model J24ND - only one supplier	None	-	16,544
Vacuum gas metering system, dosing pump, installation kit - only one supplier	None	-	32,210
Purchase of grave number for graveyard - only one supplier	None	-	19,973
Lunch for councillors nad managers; induction meeting - only one supplier	None	-	3,145
Transport of ward committee members - only one quotation obtained	None	-	6,000
Repair raw water pump , electrical - only one quotation obtained	None	-	11,125
Repair motor at sewerage pump station at sport ground - one quotation obtained	None	-	8,796
Repair to boom vacuum pump - one quotation obtained	None	-	4,170
Repair to Tsurumi pump - one quotation obtained	None	-	3,014
emergency call out sully new 11kW,4 pole motor - one quotation obtained	None	-	15,748
Water chemical chlorine gas - urgent request one quotation direct supplier	None	-	59,381
service calibration ,supply and installation of scuff gauge parts - only one supplier that can service the machine	None	-	23,564
Water installation on 19 Sites - Tender documentation not complete for payments made to Nokuka Trading	None	-	117,954
Car service (NP300) - One quotation obtained	Submitted to council for consideration, awaiting council decision	3,073	-
New server connected - Not advertised	Submitted to council for consideration, awaiting council decision	74,089	-
CPMD Course - Specialised course	Submitted to council for consideration, awaiting council decision	27,500	-
Accounts envelopes - Sole supplier of the specialised cart.	Submitted to council for consideration, awaiting council decision	5,592	-
Water samples - Only one supplier with relevant equip.	Submitted to council for consideration, awaiting council decision	5,027	-
Gift box for minister - Only one supplier of the needed in a short time	Submitted to council for consideration, awaiting council decision	3,720	-





**Phokwane Municipality**

(Registration number NC094)  
Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand	2013	2012
<b>46. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>46.2 Material losses</b>		
<b>Electricity distribution losses (KWh)</b>		
KWh purchased	52,077,634	49,023,156
less: kWh sold	(40,613,559)	(30,633,894)
KWh losses	11,464,075	18,389,262
% losses	22	38
Average cost per kWh unit	0.447	0.396
Loss in Rand value	5,124,442	7,282,148
	-	-
<b>Electricity distribution losses (kVA)</b>		
kVA purchased	118,552	202,957
less: kVA sold	(47,499)	(65,311)
kVA losses	71,053	137,646
% losses	60	68
Average cost per kVA unit	106.572	96.011
Loss in Rand value	7,572,260	13,215,530
	-	-
<b>Water distribution losses (Mega litres)</b>		
Mega litres purified	3,224,337	2,804,559
less: mega litres sold	(1,938,100)	(1,788,339)
Mega litre losses	1,286,237	1,016,220
% losses	40	36
Average cost per unit	2.870	2.870
Loss in Rand value	3,691,500	2,916,551
	-	-
<b>46.3 Audit fees</b>		
Opening balance	-	84,594
Current year audit fees	2,225,951	2,177,194
Amount paid - current year	(2,225,951)	(2,177,194)
Amount paid - previous years	-	(84,594)
	-	-
<b>46.4 PAYE, SDL and UIF</b>		
Opening balance	-	-
Current year payroll deductions and Council contributions	4,813,473	4,352,216
Amount paid - current year	(4,813,473)	(4,352,216)
	-	-





**Phokwane Municipality**

(Registration number NC094)

Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand 2013      2012

**46. Additional disclosure in terms of Municipal Finance Management Act (continued)**

**46.5 Pension and Medical Aid Deductions**

Opening balance	-	-
Current year payroll deductions and Council Contributions	7,473,911	6,825,461
Amount paid - current year	(7,473,911)	(6,825,461)
	<u>-</u>	<u>-</u>

**46.6 VAT**

VAT receivable	12,572,130	10,993,425
----------------	------------	------------

VAT output payables and VAT input receivables are shown in note 7.

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

**46.7 Councillors' arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at year end:

Nkomo S	92,858	91,623
Motebe GM	-	292
Lewis S	55	-
Adams J	516	692
Mokwena AS	21,930	19,037
Mojapele MF	306	360
Meza D	91	170
Chakane M	4,886	2,536
Pitso FO	11,055	8,714
Modiakgotla	62,883	49,250
Moremongwe O	89	89
Mashori KD	1,224	1,071
Moketsi DM	338	468
Riet I	-	1,675
	<u>196,231</u>	<u>175,977</u>



APPENDIX A  
PHOKWANE MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Original Loan Amount	Rate	Redeemable	Balance at	Received during the period	Redeemed written off during the period	Balance at
<b>SKINKING FUND</b>							
Sinking Fund loan from ABSA	1 000 000	12,40%		1 000 000	-	1 000 000	-
<b>Total Annuity Loans</b>	<b>1 000 000</b>			<b>1 000 000</b>		<b>1 000 000</b>	
<b>GOVERNMENT LOANS</b>							
DBSA Loan	1 214 810	14,58%	30/06/2011	33 180	-	33 180	-
DBSA Loan	1 822 284	14,58%	30/06/2011	49 772	-	49 772	-
DBSA Loan	898 472	14,58%	30/06/2011	24 540	-	24 540	-
<b>Total Government Loans</b>	<b>3 935 566</b>			<b>107 493</b>		<b>107 493</b>	
<b>LEASE LIABILITY</b>							
Lease Liability	1 285 662	Varied		394 791	-	271 142	123 649
<b>Total Lease Liability</b>	<b>1 285 662</b>			<b>394 791</b>		<b>271 142</b>	<b>123 649</b>
<b>TOTAL EXTERNAL LOANS</b>	<b>6 221 228</b>			<b>1 502 283</b>		<b>1 378 634</b>	<b>123 649</b>

## APPENDIX B

### PHOKWANE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

	Cost/Revaluation				Accumulated Depreciation				Carrying Value	
	Opening Balance	Correction of error	Additions	Disposals/ Transfers	Closing Balance	Correction of error	Additions	Disposals/ Transfers		Closing Balance
<b>Land and Buildings</b>										
Land	4 790 731	-2 348 318	-	-	2 442 413	-	-	-	-	2 442 413
Buildings	24 855 409	-11 627 660	-	4 331 014	13 227 749	5 765	474 324	-	4 811 104	8 416 645
	<b>29 646 140</b>	<b>-13 975 978</b>	-	<b>4 331 014</b>	<b>15 670 162</b>	<b>5 765</b>	<b>474 324</b>	-	<b>4 811 104</b>	<b>10 859 058</b>
<b>Infrastructure</b>										
Main: Roads and Stormwater	42 619 559	-	3 638 064	6 100 648	46 257 623	-	1 099 268	-	7 199 916	39 057 706
Sewage Mains & Purification	73 814 562	-	13 930 148	19 780 034	87 744 709	-	740 549	-	20 520 582	67 224 127
Main: Electricity	25 135 469	-	2 184 000	9 687 564	27 319 469	-	778 382	-	10 465 946	16 853 523
Main: Water and Purification	44 378 478	-	1 301 364	9 381 173	45 679 842	-	837 763	-	10 218 936	35 460 906
Taxi Ranks & Bus shelters	4 201 967	-	-	1 163 235	4 201 967	-	235 885	-	1 399 120	2 802 847
Public Parking	387 432	-	-	70 675	387 432	-	12 914	-	83 590	303 843
	<b>190 537 467</b>	-	<b>21 053 576</b>	<b>46 183 329</b>	<b>211 591 043</b>	-	<b>3 704 761</b>	-	<b>49 888 090</b>	<b>161 702 952</b>
<b>Community Assets</b>										
Recreation Grounds	973 151	-	-	296 510	973 151	-	32 438	-	328 949	644 203
Civil Buildings	6 779 590	-	-	3 580 011	6 779 590	-	225 986	-	3 805 997	2 973 592
Libraries	768 489	-	-	144 340	768 489	-	25 616	-	169 956	598 533
Pre-schools	662 664	-	-	278 889	662 664	-	22 089	-	300 978	361 686
Cemetery	3 996	-	-	624	3 996	-	133	-	757	3 239
	<b>9 187 889</b>	-	-	<b>4 300 374</b>	<b>9 187 889</b>	-	<b>306 263</b>	-	<b>4 606 637</b>	<b>4 581 252</b>
<b>Heritage Assets</b>										
Historical Buildings	156 892	-	-	-	156 892	-	-	-	-	156 892
Painting & Art Galleries	1 489	-	-	658	1 489	-	149	-	807	682
	158 380	-	-	658	158 380	-	149	-	807	157 574
<b>Total carried forward</b>	<b>229 529 877</b>	<b>-13 975 978</b>	<b>21 053 576</b>	<b>54 815 376</b>	<b>236 607 474</b>	<b>5 765</b>	<b>4 485 498</b>	<b>-</b>	<b>59 306 638</b>	<b>177 300 836</b>



APPENDIX B Cont.

	Cost/Revaluation				Accumulated Depreciation				Carrying Value			
	Opening Balance	Correction of error	Additions	Disposals/ Transfers	Closing Balance	Opening Balance	Correction of error	Additions		Disposals/ Transfers	Closing Balance	Impairment / Revaluation
<b>Total brought forward</b>	229 529 877	-13 975 978	21 053 576	-	236 607 474	54 815 376	5 765	4 485 498	-	59 306 638	-	177 300 836
<b>Other Assets</b>												
Office Equipment	1 135 995	-	16 335	-	1 152 330	513 531	-	163 467	-	676 998	-	475 332
Furniture & Fittings	2 274 996	230	114 239	-	2 389 465	563 121	-	336 291	-	899 412	-	1 490 053
Communication Equipment	52 909	-	-	-	52 909	19 052	-	7 214	-	26 266	-	26 643
Other	4 113 726	-	25 500	-	4 139 226	2 619 116	-1 335 500	542 523	-	1 826 139	-	2 313 088
Safety Equipment	188 652	-	-	-	188 652	8 106	-	37 730	-	45 837	-	142 815
Vehicles & Plant	7 260 247	-	-	-	7 260 247	4 331 296	-	984 968	-	5 316 264	-	1 943 984
Computer Equipment	1 296 371	-	274 203	-	1 570 574	444 673	-	276 227	-	720 900	-	849 673
Landfill Sites	427 789	927 856	-	-	1 355 645	206 690	984 808	74 157	-	1 265 655	3 880	86 110
Non-Capital												
	16 750 686	928 086	430 277	-	18 109 049	8 705 585	-350 692	2 422 578	-	10 777 471	3 880	7 327 698
<b>Total Property, Plant and Equipment</b>	246 280 563	-13 047 892	21 483 852	-	254 716 523	63 520 960	-344 927	6 908 076	-	70 084 109	3 880	184 628 534
<b>Intangible Assets</b>												
Intangible Assets	28 728	-	-	-	28 728	7 490	-	5 746	-	13 236	-	15 492
	28 728	-	-	-	28 728	7 490	-	5 746	-	13 236	-	15 492
<b>Investment Property</b>												
Investment Property	1 188 145	2 348 318	-	-	3 536 463	-	-	-	-	-	-	3 536 463
	1 188 145	2 348 318	-	-	3 536 463	-	-	-	-	-	-	3 536 463
<b>Total</b>	247 497 436	-10 699 574	21 483 852	-	258 281 714	63 528 450	-344 927	6 913 821	-	70 097 345	3 880	188 180 489

## APPENDIX C (1)

### PHOKWANE MUNICIPALITY SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

Cost	Opening Balance				Additions				Disposals				Accumulated Depreciation				Carrying Value	
	Balance	Correction of error	Revaluation	Residual Value	Balance	Correction of error	Disposals	Disposals	Balance	Correction of error	Disposals	Disposals	Balance	Correction of error	Disposals	Disposals	Balance	Impairment
Finance & Administration	16 307 505	230	260 036	-	16 567 771	8 499 820	-1 329 735	2 422 578	-	9 592 664	-	-	9 592 664	-	-	-	6 975 108	-
Council	-	-	131 108	-	131 108	-	-	-	-	-	-	-	-	-	-	-	131 108	-
Executive	-	-	20 888	-	20 888	-	-	-	-	-	-	-	-	-	-	-	20 888	-
Community & Social	18 513 842	-2 348 318	1 530 881	-	17 696 405	9 865 957	-	306 412	-	10 172 368	-	-	10 172 368	-	-	-	7 524 036	-
Housing	21 164 588	-11 627 660	-	-	9 536 928	-	-	474 324	-	474 324	-	-	474 324	-	-	-	9 062 603	-
Waste Management (Sewerage)	49 052 010	927 856	5 229 900	-	55 209 766	19 985 799	984 808	740 549	-	21 711 155	3 880	-	21 711 155	3 880	-	-	33 494 731	-
Road Transport	46 545 269	-	3 255 029	-	49 800 298	6 100 648	-	1 348 068	-	7 448 716	-	-	7 448 716	-	-	-	42 351 582	-
Water	69 561 880	-	9 131 006	-	78 692 886	9 381 173	-	837 763	-	10 218 936	-	-	10 218 936	-	-	-	68 473 950	-
Electricity	25 135 469	-	1 925 005	-	27 060 474	9 687 564	-	778 382	-	10 465 946	-	-	10 465 946	-	-	-	16 594 528	-
	104 586 913	-	4 124 025	1 852 497	121 957	31 305	-	7 185 665,31	1 140 748,14	37 350	-	-	380,41	-	-	-	84 607	-
<b>Total</b>	<b>246 280 563</b>	<b>-13 047 892</b>	<b>21 483 853</b>	<b>-</b>	<b>254 716 524</b>	<b>63 520 961</b>	<b>-344 927</b>	<b>6 908 076</b>	<b>-</b>	<b>70 084 110</b>	<b>3 880</b>	<b>-</b>	<b>70 084 110</b>	<b>3 880</b>	<b>-</b>	<b>-</b>	<b>184 628 534</b>	<b>-</b>

## APPENDIX C (2) GFS

### GENERAL FINANCE STATISTICS CLASSIFICATION

Cost/Revaluation	Opening Balance				Additions				Disposals				Accumulated Depreciation				Carrying Value	
	Balance	Correction of error	Revaluation	Residual Value	Balance	Correction of error	Disposals	Disposals	Balance	Correction of error	Disposals	Disposals	Balance	Correction of error	Disposals	Disposals	Balance	Impairment
Budget & Treasury Office	16 307 505	230	260 036	-	16 567 772	8 499 820	(1 329 735)	2 422 578	-	9 592 664	-	-	9 592 664	-	-	-	6 975 108	-
Community & Social Services	18 513 842	(2 348 318)	1 530 881	-	17 696 405	9 865 957	-	306 412	-	10 172 368	-	-	10 172 368	-	-	-	7 524 036	-
Housing	21 164 588	(11 627 660)	-	-	9 536 928	-	-	474 324	-	474 324	-	-	474 324	-	-	-	9 062 603	-
Waste Management	49 052 010	927 856	5 229 900	-	55 209 766	19 985 799	984 808	740 549	-	21 711 155	3 880	-	21 711 155	3 880	-	-	33 494 731	-
Road Transport	46 545 269	-	3 255 029	-	49 800 298	6 100 648	-	1 348 068	-	7 448 716	-	-	7 448 716	-	-	-	42 351 582	-
Water	69 561 880	-	9 131 006	-	78 692 886	9 381 173	-	837 763	-	10 218 936	-	-	10 218 936	-	-	-	68 473 950	-
Electricity	25 135 469	-	1 925 005	-	27 060 474	9 687 564	-	778 382	-	10 465 946	-	-	10 465 946	-	-	-	16 594 528	-
	104 586 913	-	4 124 025	1 852 497	121 957	31 305	-	7 185 665,31	1 140 748,14	37 350	-	-	380,41	-	-	-	84 607	-
<b>Total</b>	<b>246 280 563</b>	<b>-13 047 892</b>	<b>21 483 853</b>	<b>-</b>	<b>254 716 524</b>	<b>63 520 961</b>	<b>-344 927</b>	<b>6 908 076</b>	<b>-</b>	<b>70 084 110</b>	<b>3 880</b>	<b>-</b>	<b>70 084 110</b>	<b>3 880</b>	<b>-</b>	<b>-</b>	<b>184 628 534</b>	<b>-</b>



APPENDIX D (1)  
MUNICIPAL VOTES CLASSIFICATION

Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R		Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R
37 259 548	(8 701 867)	28 557 681	Council and Executive Administration	58 052 984	(18 379 512)	39 673 472
74 401	(5 104 031)	(5 029 630)	Office of the Municipal Manager	144 623	(5 511 360)	(5 366 737)
3 570 499	(15 737 128)	(12 166 629)	Finance Admin	4 058 463	(15 508 010)	(11 449 547)
(816)	(70 979)	(71 794)	Stores	-	(57 112)	(57 112)
-	(1 079 694)	(1 079 694)	IT	-	(977 994)	(977 994)
8 195 385	(29 063 588)	(20 868 203)	Rates and Taxes	9 023 403	(2 028 185)	6 995 218
374 913	(4 286 076)	(3 911 163)	Corporate Services and Development Admin	2 568 404	(5 106 777)	(2 538 373)
(7 950)	(65 816)	(73 766)	LED	-	(250 785)	(250 785)
(234 884)	(1 227 727)	(1 462 612)	Municipal Buildings	(916 074)	(2 393 422)	(3 309 495)
120 994	(494 586)	(373 592)	Estates	119 624	(465 830)	(346 206)
-	-	-	Ganspan Waterbird Sanctuary	-	(20 451)	(20 451)
-	-	-	Semi-Detached Houses	2 142	(3 858)	(1 716)
-	(1 235)	(1 235)	Staff Housing	-	(7 020)	(7 020)
-	(1 491)	(1 491)	Council Motor Vehicle	-	(12 514)	(12 514)
2 552	(3 096 800)	(3 094 248)	Community Services Admin	4 183	(3 114 522)	(3 110 339)
74 200	(231 524)	(157 323)	Cemetary	79 273	(314 912)	(235 639)
1 353 355	(2 580 944)	(1 227 589)	Traffic	2 515 785	(2 905 936)	(390 151)
-	(1 464 538)	(1 464 538)	Parks and Recreation	27 770	(1 692 598)	(1 664 828)
-	(6 639)	(6 639)	Clinic	(2 553)	(2 274)	(4 827)
1 647	(630)	1 017	Caravan Park	(2 168)	(3 858)	(6 027)
1 572	(213 641)	(212 069)	Sports Grounds	3 349	(118 696)	(115 347)
-	(27 480)	(27 480)	Fire Fighting & Disaster Management	-	(58 999)	(58 999)
989 625	(1 111 811)	(122 186)	Motor Vehicle Registration	844 632	(1 155 362)	(310 730)
813 975	(1 433 018)	(619 042)	Library	622 417	(1 755 226)	(1 132 809)
497 560	(245 264)	252 296	Vehicle Test Station	333 982	(88 537)	245 445
40 842 074	(22 461 001)	18 381 073	Water	31 684 470	(31 454 025)	230 445
55 086	(21 024)	34 062	Water Consumer Connections	15 073	30 855	45 928
17 816 306	(9 449 908)	8 366 398	Waste Water	13 855 923	(11 867 911)	1 988 011
41 457 551	(30 862 328)	10 595 223	Electricity	51 277 495	(35 534 531)	15 742 963
246 387	(455 420)	(209 033)	Electricity Consumer Connections	204 658	(58 969)	145 689
6 791 990	(5 188 041)	1 603 949	Public Works	3 670 186	(7 548 642)	(3 878 456)
(267 015)	(239 739)	(506 755)	Mechanical Workshop	(576 533)	(231 037)	(807 570)
8 466 082	(1 598 396)	6 867 686	Refuse	6 660 722	(5 385 244)	1 275 478
168 495 036	(146 522 363)	21 972 673	Sub Total	184 272 233	(153 983 256)	30 288 977
1 696 966	(1 696 966)	-	Less Inter-Departmental Charges	3 365 957	(3 365 957)	-
<b>170 192 003</b>	<b>(148 219 329)</b>	<b>21 972 673</b>	<b>Total</b>	<b>187 638 190</b>	<b>(157 349 213)</b>	<b>30 288 977</b>

APPENDIX D (2)

GENERAL FINANCE STATISTIC CLASSIFICATIONS

Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R		Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R
37 333 948	(14 887 082)	22 446 866	Executive and council	58 197 607	(24 881 380)	33 316 226
8 282 578	(41 389 205)	(33 106 626)	Budget and treasury office	13 081 867	(17 593 307)	(4 511 440)
261 023	(6 008 389)	(5 747 366)	Corporate Services	1 771 954	(7 966 028)	(6 194 074)
890 727	(4 761 341)	(3 870 613)	Community and social services	705 873	(5 184 660)	(4 478 787)
3 219	(1 678 810)	(1 675 591)	Sport and recreation	28 951	(1 835 604)	(1 806 654)
2 840 540	(3 965 499)	(1 124 959)	Public Safety	3 694 399	(4 208 833)	(514 435)
-	(1 235)	(1 235)	Housing	2 142	(10 878)	(8 736)
-	(6 639)	(6 639)	Health	(2 553)	(2 274)	(4 827)
(7 950)	(65 816)	(73 766)	Planning and development	-	(250 785)	(250 785)
6 524 975	(5 427 780)	1 097 195	Road transport	3 093 653	(7 779 680)	(4 686 026)
41 703 938	(31 317 748)	10 386 190	Electricity	51 482 152	(35 593 500)	15 888 652
40 897 160	(22 482 026)	18 415 135	Water	31 699 543	(31 423 171)	276 373
17 816 306	(9 449 908)	8 366 398	Water waste management	13 855 923	(11 867 911)	1 988 011
8 466 082	(1 598 396)	6 867 686	Waste management	6 660 722	(5 385 244)	1 275 478
						-
165 012 546	(143 039 873)	21 972 673	Sub Total	184 272 233	(153 983 256)	30 288 977
3 239 348	(1 542 382)	1 696 966	Less Inter-Departmental Charges	3 365 957	(3 365 957)	-
<b>168 251 894</b>	<b>(144 582 255)</b>	<b>23 669 639</b>	<b>Total</b>	<b>187 638 190</b>	<b>(157 349 213)</b>	<b>30 288 977</b>



APPENDIX E (1)

REVENUE AND EXPENDITURE

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012

MUNICIPAL VOTES CLASSIFICATION

	Actual (R)	Budget (R)	Variance (R)	Variance (%)
<b>REVENUE</b>				
Property Rates	7 926 865	13 225 415	(5 298 550)	-40,06%
Grants and Subsidies Received - Operating	84 205 700	61 286 000	22 919 700	37,40%
Fines	190 690	389 646	(198 956)	-51,06%
Service Charges	77 054 971	76 466 508	588 463	0,77%
Rental of Facilities and Equipment	136 096	69 477	66 619	95,89%
Interest Earned - Current Account	81 314	84 646	(3 332)	-3,94%
Interest Earned - External Investments	1 633 815	1 024 100	609 715	59,54%
Interest Earned - Outstanding Debtors	7 927 472	7 004 410	923 062	13,18%
Licences and Permits	1 692 295	1 703 603	(11 308)	-0,66%
Agency Services	1 457 837	1 083 483	374 354	34,55%
Other Revenue	1 965 179	806 164	1 159 015	143,77%
<b>Total Revenue</b>	<b>184 272 233</b>	<b>163 143 452</b>	<b>21 128 781</b>	<b>12,95%</b>
<b>EXPENDITURE</b>				
Council and Executive Administration	(18 379 512)	(10 812 671)	(7 566 841)	69,98%
Office of the Municipal Manager	(5 511 360)	(5 458 747)	(52 613)	0,96%
Finance Admin	(18 571 302)	(14 212 575)	(4 358 727)	30,67%
Corporate Services and Development Admin	(5 106 777)	(4 860 521)	(246 256)	5,07%
LED	(250 785)	(308 197)	57 412	-18,63%
Municipal Buildings	(2 621 260)	(2 259 485)	(361 775)	16,01%
Estates	(465 830)	(893 179)	427 349	-47,85%
Ganspan Waterbird Sanctuary	(20 451)	(35 268)	14 817	-42,01%
Semi-Detached Houses	(3 858)	(61 941)	58 083	-93,77%
Staff Housing	(7 020)	(75 881)	68 861	-90,75%
Council Motor Vehicle	(12 514)	(149 911)	137 397	-91,65%
Community Services Admin	(3 114 522)	(3 546 759)	432 237	-12,19%
Cemetery	(314 912)	(198 586)	(116 326)	58,58%
Traffic	(2 905 936)	(3 755 295)	849 359	-22,62%
Parks and Recreation	(1 692 598)	(4 108 143)	2 415 545	-58,80%
Clinic	(4 827)	-	(4 827)	0,00%
Caravan Park	(6 724)	(126 494)	119 770	-94,68%
Sports Grounds	(118 696)	(321 978)	203 282	-63,14%
Fire Fighting and Disaster Management	(58 999)	(123 465)	64 466	-52,21%
Motor Vehicle Registration	(1 155 362)	(1 194 558)	39 196	-3,28%
Library	(1 755 226)	(2 758 056)	1 002 830	-36,36%
Vehicle Test Station	(88 537)	(799 586)	711 049	-88,93%
Water	(43 291 082)	(47 507 578)	4 216 496	-8,88%
Electricity (Street Lighting)	(31 994 285)	(43 975 905)	11 981 620	-27,25%
Public Works	(7 548 642)	(7 378 778)	(169 864)	2,30%
Mechanical Workshop	(231 037)	(1 302 787)	1 071 750	-82,27%
Refuse	(5 385 244)	(6 073 844)	688 600	-11,34%
Less Internal Charges	(3 365 957)	-	(3 365 957)	0,00%
<b>Total Expenditure</b>	<b>(153 983 256)</b>	<b>(162 300 188)</b>	<b>8 316 932</b>	<b>-5,12%</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>30 288 977</b>	<b>843 264</b>	<b>29 445 713</b>	



**APPENDIX E (2)**  
**REVENUE AND EXPENDITURE**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	Actual (R)	Budget (R)	Variance (R)	Variance (%)
<b>REVENUE</b>				
Property Rates	7 926 865	13 225 415	(5 298 550)	-40,06%
Grants and Subsidies Received - Operating	84 205 700	61 286 000	22 919 700	37,40%
Fines	190 690	389 646	(198 956)	-51,06%
Service Charges	77 054 971	76 466 508	588 463	0,77%
Rental of Facilities and Equipment	136 096	69 477	66 619	95,89%
Interest Earned - Current Account	81 314	84 646	(3 332)	-3,94%
Interest Earned - External Investments	1 633 815	1 024 100	609 715	59,54%
Interest Earned - Outstanding Debtors	7 927 472	7 004 410	923 062	13,18%
Licences and Permits	1 692 295	1 703 603	(11 308)	-0,66%
Agency Services	1 457 837	1 083 483	374 354	34,55%
Other Revenue	1 965 179	806 164	1 159 015	143,77%
<b>Total Revenue</b>	<b>184 272 233</b>	<b>163 143 452</b>	<b>21 128 781</b>	<b>12,95%</b>
<b>EXPENDITURE</b>				
Executive and council	(24 881 380)	(17 181 280)	(7 700 100)	44,82%
Budget and treasury office	(17 593 307)	(13 452 624)	(4 140 683)	30,78%
Corporate Services	(8 193 867)	(8 013 185)	(180 682)	2,25%
Community and social services	(5 184 660)	(6 503 401)	1 318 741	-20,28%
Sport and recreation	(1 838 470)	(4 591 883)	2 753 413	-59,96%
Public Safety	(4 208 833)	(5 872 904)	1 664 071	-28,33%
Housing	(10 878)	(137 822)	126 944	-92,11%
Health	(4 827)	-	(4 827)	0,00%
Planning and development	(250 785)	(308 197)	57 412	-18,63%
Road transport	(7 779 680)	(8 681 565)	901 885	-10,39%
Electricity	(31 994 285)	(43 975 905)	11 981 620	-27,25%
Water	(31 423 171)	(33 953 505)	2 530 334	-7,45%
Water waste management	(11 867 911)	(13 554 073)	1 686 162	-12,44%
Waste management	(5 385 244)	(6 073 844)	688 600	-11,34%
Less: Interdepartmental Charges	(3 365 957)	-	(3 365 957)	0,00%
<b>Total Expenditure</b>	<b>(153 983 256)</b>	<b>(162 300 188)</b>	<b>8 316 932</b>	<b>-5,12%</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>30 288 977</b>	<b>843 264</b>	<b>29 445 713</b>	



APPENDIX E (3)

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012  
AQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS  
MUNICIPAL VOTES CLASSIFICATION

	Actual R	Budget R	Variance R	Variance %
Council and Executive Administration	-	140 000	(140 000)	
Office of the Municipal Manager	-	70 000	(70 000)	
Finance Admin	260 036	601 000	(340 964)	100%
Corporate Services and Development Admin	-	19 520 000	(19 520 000)	
Community Services Admin	1 530 881	695 000	835 881	100%
Traffic		158 100	(158 100)	
Parks and Recreation		170 000	(170 000)	
Library		50 000	(50 000)	
Water	9 131 006	6 717 136	2 413 870	35,94%
Waste Water	-	8 838 900	(8 838 900)	
Electricity	1 925 005	2 184 000	(258 995)	100%
Public Works	3 255 029	6 654 341	(3 399 312)	-51,08%
Refuse	5 229 900	-	5 229 900	100%
<b>Total</b>	<b>21 331 857</b>	<b>45 798 477</b>	<b>(24 466 620)</b>	<b>-53,42%</b>

APPENDIX E (4)

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012  
AQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS  
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	Actual R	Budget R	Variance R	Variance %
Executive and council	-	210 000	(210 000)	
Budget and treasury office	260 036	601 000	(340 964)	100,00%
Corporate Services	131 108	19 520 000	(19 388 892)	-99,33%
Community and social services	1 530 881	745 000	785 881	100,00%
Sport and recreation	-	170 000	(170 000)	
Public Safety	-	158 100	(158 100)	
Road transport	3 255 029	6 654 341	(3 399 312)	-51,08%
Electricity	1 925 005	2 184 000	(258 995)	100,00%
Water	9 131 006	6 717 136	2 413 870	35,94%
Water waste management	-	8 838 900	(8 838 900)	
Waste management	5 229 900	-	5 229 900	100,00%
<b>Total</b>	<b>21 462 965</b>	<b>45 798 477</b>	<b>(24 335 512)</b>	<b>-53,14%</b>



APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance	Correction of error/Transfers	Restated balance	Contributions during the year	Operating Expenditure during the year	Capital Expenditure during the year	Balance	Unspent (Creditor)	Unpaid (Debtor)
	R	R	R	R	R	R	R	R	R
Equitable Share	-	-	-	56 299 000	56 299 000	-	-	-	-
DWAF - Sedibeng	-	-	-	1 695 850	1 507 676	-	188 174	188 174	-
MIG Grant	(4 128 210)	-	(4 128 210)	21 735 000	-	18 855 651	-1 248 861	-	-1 248 861
Housing Subsidy Grant	59 300	(59 300)	-	-	-	-	-	-	-
MSIG	344 304	-	344 304	790 000	943 152	-	191 152	191 152	-
Tlhagadillijang Elec. DME	(329 798)	-	(329 798)	-	-	-	-329 798	-	-329 798
Library Pamierstad Grant	(20 453)	20 453	-	-	-	-	-	-	-
Library Hartswater Grant	587 932	-	587 932	920 000	599 879	-	908 053	908 053	-
J/Kemp housing/Pamierstad	137 581	(137 581)	-	-	-	-	-	-	-
EPWP Taxi Rank	2 147 237	-	2 147 237	-	-	-	2 147 237	2 147 237	-
S E T A	1 053	(1 053)	-	-	-	-	-	-	-
Elec. Substation-Frances Baa	53 315	(53 315)	-	-	-	-	-	-	-
NLDTF LOTTO	(50 585)	50 585	-	-	-	-	-	-	-
Creche : Bonita Park	3 546	(3 546)	-	-	-	-	-	-	-
49 Houses/Water - DPLG (NC)	5 418	(5 418)	-	-	-	-	-	-	-
DWAF - Referbishment	(1 429 992)	-	(1 429 992)	-	-	-	-1 429 992	-	-1 429 992
Financial Management Grant	40 192	-	40 192	1 500 000	1 137 706	-	402 486	402 486	-
Sapo	3 497	(3 497)	-	-	-	-	-	-	-
Sport Development	17 422	-	17 422	-	-	-	17 422	17 422	-
Thagadipilejang Fund	(21 341)	21 341	-	-	-	-	-	-	-
FBDM O&M	124 123	-	124 123	68 873	-	114 901	78 095	78 095	-
EPWP Bonita Park	213 727	(213 727)	-	-	-	-	-	-	-
DWAF Water loss	(373 744)	-	(373 744)	-	-	-	-373 744	-	-373 744
DME grant - Ganspan	(714 462)	-	(714 462)	2 184 000	-	2 184 000	-714 462	-	-714 462
Electrification	-	-	-	-	-	-	-	-	-
COGHSTA Grant	1 001 427	-	1 001 427	4 638 949	-	2 563 736	3 076 641	3 076 641	-
Masakeng Roads	(820 882)	-	(820 881)	-	-	-	-820 881	-	-820 881
<b>Total</b>	<b>(3 149 392)</b>	<b>(385 058)</b>	<b>(3 534 450)</b>	<b>89 831 672</b>	<b>60 487 412</b>	<b>23 718 288</b>	<b>2 091 523</b>	<b>7 009 261</b>	<b>-4 917 738</b>



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Vacant

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