

## BLM ANNUAL REPORT 2017/2018



This Annual Report produced by the Office of the Municipal Manager covers all performance and finance related activities from the 1<sup>st</sup> of July 2017 to 30<sup>th</sup> June 2018.

Various departments have provided information contained in this publication. Several measures were put in place to ensure that facts and figures provided are correct.

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## I. LIST OF ABBREVIATIONS AND DEFINITIONS

### II. ABBREVIATIONS

<b>ABBREVIATION</b>	<b>DEFINITION</b>
<b>AFS</b>	Annual Financial Statement
<b>AGSA</b>	Auditor-General South Africa
<b>BLM</b>	Bushbuckridge Local Municipality
<b>CDWs</b>	Community Development Workers
<b>CIP</b>	Comprehensive Infrastructure Plan
<b>COGTA</b>	Department of Corporative Governance and Traditional Affairs
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>DOE</b>	Department of Energy
<b>EE</b>	Employment Equity
<b>EDPE</b>	Economic Development Planning and Environment
<b>IGR</b>	Inter-Governmental Relations
<b>ISF</b>	Integrated Spatial Framework
<b>ITP</b>	Integrated Transport Plan
<b>LM</b>	Local Municipality
<b>MEC</b>	Member of the Executive Council
<b>MIG</b>	Municipal Infrastructure Grant
<b>MPRA</b>	Municipal Property Rates Act
<b>MPI</b>	Municipal Priority Issue
<b>NKPI</b>	National Key Performance Indicator
<b>NSDP</b>	National Spatial Development Perspective
<b>PCC</b>	Presidential Coordination Council
<b>PCF</b>	Premiers Coordinating Forum
<b>RED</b>	Regional Electricity Distributor
<b>SALGA</b>	South African Local Government Association
<b>SDBIP</b>	Service Delivery Budget Implementation Plan

<b>SDF</b>	Spatial Development Framework
<b>SMMEs</b>	Small, Medium and Micro Enterprises
<b>VIP</b>	Ventilated Improved Pit Latrine
<b>WSP</b>	Workplace Skill Plan
<b>Section 46 Report</b>	Report Required in Terms of Section 46 of the MSA
<b>Section 121 Report</b>	Report Required in Terms of Section 121 of the MFMA



### III. DEFINITIONS

ABBREVIATION	DEFINITION
Key Performance Areas (KPA's):	KPA's are clear statements of intent, which guide the development of the programmers and projects making up the IDP. Example: Basic Service delivery.
Key Performance Indicator (KPIs):	KPIs are derived from KPAs/objective statements. It is an expression of what is going to be measured and what parameter is going to be used with a view to establishing the degree at which the KPA/objective has been reached Example: Accumulative number of low-cost residential stands provided with basic levels of sanitation
Baseline	The baseline explains the status quo or the current situation. Example: 5000 low-cost residential stands provided with basic levels of sanitation
Target	The target expresses the commitment towards performance. Example: 20000 low-cost residential stands provided with basic levels of sanitation by the end of the year. In this example, the baseline at the beginning of the year was 10000 low-cost residential stands provided with basic levels of sanitation.
Inputs / Activities	Activities that an employee is expected to complete in order to produce a KPI.
Weighting	Percentage value of a KPA in relation to other KPA's.
Source Document	A document used to prove whether the KPA has been performed or not.
Performance Contract	The document that records the agreements between the employee and the manager on what is expected from the employee in terms of performance for the performance cycle. This also records the employee's development plan.
Performance Review	The process where the performance of the employee is measured by checking the variance between the actual and the expected performance. Employees progress in terms of performance and development are also measured.
Performance Assessment	This is a 1 to 5 numeric value scale used to assess the degree to which targets have been achieved.

## 1.1 INTRODUCTION

The Municipality was established in terms of the Local Government: Municipal Structures Act to serve the interests of the people of South Africa in the Bushbuckridge area.

The Municipality has a number of challenges, the solutions to which forms part of its priorities in the medium-term and certainly the Long Term Development Strategy. These challenges includes high poverty levels, unemployment, service delivery backlogs and skills shortage. HIV/AIDS pandemic in the Municipality has added to increased poverty levels due to high loss of parents in families.

The Municipality therefore adopted a holistic approach towards addressing these inter-related socio-economic factors in order to contribute towards improving the quality of life of the communities in the Bushbuckridge Local Municipality.

This report is therefore presented in line with circular 63 of the National Treasury guidelines for preparing Annual Reports.

## 1.2 MUNICIPAL SYSTEMS ACT

The Local Government: Municipal Systems Act (2000) section 46 requires that:

- (1) A Municipality must prepare for each financial year, a performance report reflecting:
  - (a) The performance of the Municipality and of each external service provider during the financial year.
  - (b) A comparison of the performance referred to in paragraph (a) with targets set for performances in the previous financial year.
  - (c) Measures that were taken to improve performance.
- (2) An annual performance report must form part of the Municipality`s annual report in terms of Chapter 12 of the Municipal Finance Management Act.

### **1.3 THE PURPOSE OF THE ANNUAL REPORT IS:**

- i. To provide a record of the activities of the Municipality during the financial year to which the report relates.
- ii. To provide a performance report on service delivery and budget implementation for the financial year.
- iii. To promote accountability to the local community for the decisions taken by the Municipality and its entities throughout the year.
- iv. To present the annual financial statement and annual performance report which has been audited by AGSA for the attention of the members of the community of BLM and the report of AGSA in this regards.
- v. In addition, the Municipal Systems Act requires that the Municipality's annual report must include the annual performance rendered by external service providers.
- vi. The performance of external service providers during the 2017/2018 financial year has been reported as the last position of annual performance report.
- vii. The Bushbuckridge Local Municipality, in accordance with the Municipal Systems Act (Section 46), and the Municipal Finance Management Act (Section 88), presents this report on the performance of the Municipality to ensure compliance and accurate reporting of the overall Municipal performance against set performance standards. This report subscribes to the provisions of the Municipal Systems Act and to other legislative requirements that are described in the Bushbuckridge Performance Management Policy Framework.

#### **1.4 CONTENT OF THE ANNUAL REPORT**

Sections 121(3) and (4) of the MFMA and circular 63 of treasury guidelines sets out the framework relating to the content of the annual reports for both Municipalities and Municipal entities. These include:

- a) The Annual financial statements of the Municipality and if the Municipality has entities, consolidated annual financial statements as submitted to the Auditor-General for audit;
- b) Municipality's annual performance report in terms of section 46 of the MSA;
- c) Assessment of any arrears on Municipal taxes and service charges;
- d) Assessment of the Municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the Municipality's approved budget;
- e) Particulars of corrective action taken or to be taken on issues raised in audit reports;
- f) Explanations to clarify issues on financial statements;
- g) Any other information determined by the Municipality including recommendations made by the audit committee and any other information as may be prescribed; and
- h) Audit report from AGSA.

## **1.5 FORMAT OF THE ANNUAL REPORT**

Municipalities are required to adopt the following format for an Annual Report in line with section 63 of Treasury Regulation on Annual Report. The details are briefly described below with further information.

- Chapter 1: Municipal Manager, Executive Foreword and Executive Summary
- Chapter 2: Governance
- Chapter 3: Service Delivery Performance
- Chapter 4: Organisational Development Performance
- Chapter 5: Financial Performance
- Chapter 6: Auditor General's Findings
- Appendices:
  - Annual performance report,
  - Annual Financial Statement and AGSA report

## CHAPTER 1

### 1. EXECUTIVE MAYOR FOREWORD AND EXECUTIVE SUMMARY

#### 1.1 EXECUTIVE MAYOR'S FOREWORD

The 2017/2018 financial year has ended and the Municipality is at beginning of the new financial year 2018/2019. The Municipal Council has adopted the IDP and budget for 2018/2019 within stipulated time. This Annual Report presents the performance status quo on the implementation of the 2017/2018 financial year. The members of Mayoral Committees “worked together” with administration to ensure the implementation of the Service Delivery and Budget Implementation Plan 2017/2018, and monitoring was done by conducting quarterly performance reviews.

I present the 2017/2018 Annual Report, which reflects positive performance of the Municipal Council, whereby a ceremony that recognises good performance through excellent awards to employees has been done. Different role players commended the effectiveness of BLM Council and further encouraged the positive performance of all employees that contributed to the performance.

This Annual Report will inter-alia reflect on a number of key areas of performance as legislated.

- **Strategic Alignment to Provincial Growth and Development Strategy**

The Municipality worked hard together with the relevant stakeholders to ensure that as enshrined in the Bill of Rights of the Republic of South Africa everyone has a right to clean accessible water in their yards. The Municipality has been supplying water to its community using the Rand Water bulk water supply.

The Municipality worked together with the Department of Water and Sanitation, Department of Public Works, Roads, and Transport, Ehlanzeni District Municipality and Department of Co-operative and Traditional Affairs in addressing service delivery backlogs. The Municipal strategic growth planned targets are aligned to both the National and Provincial Growth Development Plans.

## **Corrective actions taken to ensure that strategic objectives as stipulated in the IDP are achieved**

Bushbuckridge like many other Municipalities in the country was faced with the triple challenge of inequality, poverty and unemployment. To address the above concerns, Bushbuckridge Municipality engaged private investors to invest in agriculture property development, steel manufacturing plants, brick making and crushers stones initiatives to respond to challenges of the communities. The Municipality also collaborated with different investors to create jobs. During the financial year 2017/2018, the Municipality has realised the opening of Dwarsloop Mall that contributed to the improvement of the lives of the community of BLM.

The Accounting Officer and all Senior Managers directly reporting to the Municipal Manager signed performance agreements at the beginning of each financial year to commit to performance expectations. Performance assessments were conducted on a quarterly basis for accountability. All employees in BLM participates on the Performance Management System program and their performance are monitored on the quarterly basis depending on the nature of the job the incumbent is holding. Employees' performance plans were aligned to the Municipal SDBIP 2017/2018.

### **Method used to improve public participation**

Like in the previous financial years, the Municipality improved in public consultation mechanisms and strategies which inter-alia included Mayoral Imbizo's. The office of the Executive Mayor continued to give feedback on service delivery through the Mayoral Imbizo's. The Municipality had visited all the wards within the jurisdiction of BLM. The Mayoral Imbizo platform has afforded the community space to engage the Municipality on matters of services delivery.

### **Service delivery improvement goals**

During 2017/2018, the Municipality was stricken with shortage of water, which contributed to numerous service delivery protests. The water shortages were caused

by bulk supply restrictions imposed by the services provider due to volume disputes. However, the Municipality addressed most of its challenges by engaging on the process of refurbishing all the boreholes, in areas where water provision continued to be a challenge water was supplied using mobile water tanks. The dispute with Rand Water was escalated to MEC COGTA.

Roads and streets infrastructure were also a challenge. However, this challenge is being addressed through implementation of projects such as paving, road re-gravelling and upgrading of provincial roads by Department of Public Works Roads and Transport. At the same time, various infrastructure developments were embarked upon through the implementation of IDP and SDBIP projects in respect of paving of internal streets, water reticulation, road infrastructure and sanitation projects in certain areas, and intervention by introducing water standpipes. In other words, vital service delivery areas have been done in this financial year. All the above had to be prioritised to ensure a better life for all residents of BLM.

The Municipality improved its financial system and aligned with mSCOA as required by National Treasury. The Municipality successfully managed to implement and went live in implementing the Municipal Standard Chart of Accounts (mSCOA) as from the 1<sup>st</sup> of July 2017 after a vigorous trial and testing period. The implementation of the mSCOA although delayed capturing of few expenditures, however the process is now improving and we hope that it will not be a challenge in the new financial year.

The support offered to my office by both political office bearers, Municipal staff, and Municipal Council will not go unnoticed.

It is with great pleasure to preside and present the Bushbuckridge Local Municipality's 2017/2018 Annual Report.



**Cllr C.S Nxumalo**  
**Executive Mayor: BLM**



### 1.1.1 STATEMENT BY THE MUNICIPAL MANAGER

I would like to thank the Municipal Council, management team and all staff members for the support offered to me in carrying out the responsibilities as the Municipal Manager for Bushbuckridge Local Municipality.

- **Entities related to Municipality and sharing of power and sector departments contributions**

The Municipality appointed Rand Water as an implementing agent in order to accelerate project implementation during the 2015/16 financial year. In the current year (2017/2018), Rand Water was only concluding those projects that were still incomplete.

- **Previous financial year`s audit opinion**

During 2016/17 financial year, the Municipality obtained an unqualified audit opinion and the action plan to deal with prior year audit findings by the Auditor General was developed on financial management and predetermined objectives. For the 2017/18 financial year, the Municipality obtained a qualified audit opinion, which is a regression from the previous years unqualified audit opinion. The Municipality found challenges with its fair presentation of accounts payables, which were hereby affected by the changes in the Municipal standard chart of accounts. There was also incompleteness of recording traffic fines and VAT payable. Other challenges related to reporting of performance information. All the gaps identified will be closed as a matter of priority.

- **Financial health of the Municipality**

The Annual Financial Statements have been prepared on a going-concern basis in accordance with GRAP standards. The notes to the Annual Financial Statements include additional information where available, as required by the Municipal Financial Management Act no.56 of 2003.

The notes to the Annual Financial Statements disclose the required information in terms of section 123 of the Municipal Finance Management Act. Refer Annexure, as part of the 2017/18 attachments.

- **Operating results**

The operating results for the year ended 30 June 2018 disclosed a surplus. The financial year was closed off with a surplus of R 499,436,717 against a surplus of R 730,231,769 for the previous financial year. The current year provision for debt impairment amounts to R 161,014,044, total income billed amounts to R 396 011 775 and grant income realised amounts to R1, 207,193,951.

- **Revenue management**

The major income streams of the Municipality can best be disclosed as follows, giving a bird's eye view of total income and disclosing the dependency of the Municipality on grants and subsidies from the State, as income from grants represents 80% of total income of the Municipality. Own income generated from the sale of water, the raising of assessment rates and other income represent 20% of the total income of the Municipality. The difference between sale of water and bulk purchase from Rand Water indicates that the Municipality is not doing well in terms of water sales. The water sale is currently running at a loss. The generation of own, income streams will become more and more important as the current increase in investment in infrastructure continues. The Municipality appointed two turnkey contractors in order to accelerate water reticulation and install water meters in areas where there was no water provision, and in return, the Municipality will generate revenue.

During the 2017/18 financial year, the Municipality implemented its Revenue Enhancement Strategy with a theme "I PAY MY MUNICIPAL ACCOUNT, DO YOU?" which included the granting of debt settlement incentives to encourage customers to settle their old debt as well as clean the slate to start paying their accounts on a regular basis. The response from households has only been 5% of accumulated debt. Though small, the Municipality considers this significant especially because they had a below

1% payment rate. Thus, this process is seen as having the potential to go a long way towards cultivating the culture of regular payment for Municipal services.

- **Internal management related to section 56 managers**

The top-level management positions are filled with qualified incumbents who are running an extra mile to ensure the improvement of the organisational performance, except for the Municipal Manager position, which became vacant on 1 February 2018. The minimum qualifications for all section 56 managers have been reported on chapter 2 section 2.5.1.3. Their performance makes it possible for me to play a team leader role with comfort of their undoubtable support and positive perspective in carrying the municipal mandate of achieving the five key performance areas. It is with great privilege to report that all performance assessments were conducted with the help of the members of Mayoral Committee on all key performance areas. The performance of the Municipality has been improving throughout the financial year.

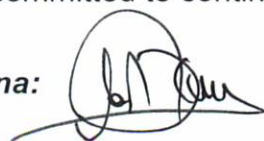
- **Risk assessment**

The Municipality conducted strategic and operational risk assessments in May/June 2017 after the adoption of Municipal strategic objectives as articulated on the IDP 2017/18 and developed a risk register, which was updated on a quarterly basis. The Municipality's Annual Internal Audit Plan is based on the results of the directorate's risk assessments. The results of the risk assessments were recorded and summarised in a risk matrix report in order to provide a holistic view of risk and the planned internal audit assurance to be provided to the Municipality.

- **In conclusion**

I would like to express my appreciation to the Municipal staff who are working together with top management to achieve the mandate of Bushbuckridge Local Municipality. We are committed to continuously put our best foot forward.

CA Nkuna:



**BLM Municipal Manager**

### 1.1.3 REPORT OF THE BLM AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2018

The Audit Committee is pleased to present its Final Annual Report for the financial year ending 30 June 2018.

#### Background Overview

The Audit Committee (the Committee) consisted of five (5) members. The same members also constituted the Performance Audit Committee.

The Committee adopted its Terms of Reference in the year under review which sets out its fundamental roles and responsibilities as per the requirements of section 166 the Municipal Finance Management Act (MFMA) and requirements of sound corporate governance. The Committee's Terms of Reference were approved by the Council and, therefore, the Committee reports that it has conducted its activities as per its Terms of Reference.

#### Membership and Meeting Attendance

The Committee comprised of the members mentioned below, and it has also met Nine (9) times during the year under review, as per the table below:

<i>Name of member</i>	<i>Attended</i>	<i>Apologies*</i>	<i>Total</i>
<i>Mr J. Ngobeni (Chairperson)</i>	9	0	9
<i>Mr A. Keyser</i>	9	0	9
<i>Mr V. Bhengu</i>	9	0	9
<i>Mr J. Sithole</i>	9	0	9
<i>Dr T Madzivhandila</i>	2	(Appointed on 01 May 2018)	2

The Municipality has appointed Mr P. Ramalepe as the Chairperson of the Risk Management Committee. This Committee had three meetings for the 2017/2018 financial year.

## **Responsibilities of the Audit Committee**

The Committee has conducted its affairs in compliance with Section 166 of the MFMA and its approved Charter and has advised the Municipal Council, the Political Office-bearers, the Accounting Officer and the Management team of the Municipality in terms of the above-mentioned requirements.

## **Effectiveness of Internal controls and compliance**

The Committee has reviewed reports from Internal Audit on the adequacy and effectiveness of the internal control systems in the Municipality. From the various reports of the Internal Audit, we can report that there are some weaknesses in the internal control systems of the Municipality relating to non-compliance with legislations, policies and prescribed procedures. Weak internal controls were mainly in the following areas:

- a) *Sanitation and Water Management;*
- b) *Cash Management;*
- c) *Occupational Health and Safety Management;*
- d) *Expenditure Management;*
- e) *Revenue Management;*
- f) *Fleet Management;*
- g) *Supply Chain Management;*
- h) *Governance Processes;*
- i) *Projects Management; and*
- j) *Assets Management.*

Action plans to implement the recommendations of Internal Audit were developed and are being implemented by the Management.

## **Effectiveness of Internal Audit Activity**

The Committee has approved the Internal Audit Charter, the three year rolling plan as well as the Annual Audit Plan for the financial year ended 30<sup>th</sup> June 2018. The

Committee monitored and evaluated the implementation of the internal audit plan and provided feedback to management on the work performed by the Internal Audit unit. Although the Committee noted progress on the implementation of the Annual Audit Plan, the Internal Audit Unit experienced challenges concerning limitations brought about by Management inertia in other instances, which the Committee raised sharply. The Committee reports and confirms that the internal audit plan for the year ending 2017/2018 was fully implemented. The Committee commends the Internal Audit Unit for its commitment and perseverance in executing their functions, whilst noting the human resource capacity challenges the unit is experiencing.

### **Review of Annual Financial Statements**

The Committee has reviewed the 2017/2018 final annual financial statements of the Municipality before submission to the Auditor General South Africa (the AGSA) for auditing. However, the Committee noted that the Annual Financial Statements were incomplete due to information on Assets that were still outstanding. The Committee raised its concern with management regarding the incomplete AFS, but noted the submission to the AGSA, since the Municipality needed to comply. The Committee reports that the Municipality is unaccounted for water losses, defaulting debtors, inefficient internal controls and non-compliance with supply chain regulations, still remained a challenge to its financial viability.

Notwithstanding the Committee's concerns regarding the AFS's incompleteness, these were presented to Council at the sitting of the 28 August 2018, due to regulatory requirements.

### **Performance Management**

The Municipality has systems in place to manage performance in line with the National Treasury Framework for Managing Programme Performance Information.

Performance is reviewed periodically and reported as required. However, the Municipality was not able to achieve all its planned objectives of service delivery due to insufficient funds and inadequate water projects in respect of Rand Water. In addition, the issues relating to submission of proof of evidence by departments, still remained a challenge. The Committee has emphasised that this matter will require the attention of the Municipal Manager and her intervention as a matter of urgency.

Furthermore, the Committee stressed to management to pay more attention to the findings raised by the Internal Audit and Auditor General South Africa regarding performance information.

### **Risk Management**

The Risk Management Committee has been established by the Accounting Officer to review the Municipality's system of risk management. The Municipality was advised to develop clear guidelines and documented procedures to incorporate risk management into the Municipality's strategic planning processes, and the development of performance measurements on an operational level to promote the integration of risk management into its day-to-day operations. While noting the above, the Audit Committee has emphasised the implementation of measures to mitigate the identified risks, as a critical necessity. However, the Committee noted the improvement by management in respect of risk management issues.

### **The quality of In-year Management and Quarterly Reports**

The Committee was gravely concerned with the late submission of reports to be discussed at Audit Committee meetings. Some of the reports were not checked for quality and correctness purposes by directors and the Accounting Officer. Despite quarterly advice to management to quality check their reports before submitting, some reports were still of a poor quality and lacked relevant information to enable the Committee to discharge its oversight role fully. The Committee insisted that Management must ensure that all reports submitted are quality checked before submission to every meeting.

## **Audit Outcome of the Municipality by the Auditor General South Africa (AGSA) – 2017/2018**

The Committee was satisfied that the staff members of the AGSA who conducted the audits were independent of the Municipality. The Committee noted the possible effect of the audit outcome for the 2017/2018 financial year, concurs and accept the conclusion and the audit opinion of the AGSA on the annual financial statements. Although the Committee accepted the AGSA's audit opinion for a Qualified Audit for the Municipality, the Committee takes responsibility to further provide adequate oversight to management to ensure that a properly structured Audit Action Plan is developed to address the audit matters that the AGSA has raised in the audit. The Committee recommends that the audited annual financial statements be read together with the audit report issued by the AGSA

### **Conclusion and appreciation**

The Committee wishes to express its appreciation to the Executive Mayor, the MMC Finance, Chairperson of MPAC, the Municipal Manager, Directors and their teams for their courtesy and kind assistance during the financial year.

On behalf of the Audit Committee



**Mr J. Ngobeni**

**Chairperson of the Audit Committee: BLM**



#### **1.1.4 EXECUTIVE SUMMARY**

The annual report highlights that the Municipal Council has played its oversight role and conducted all ordinary Council sittings and two special Council sittings during the 2017/2018 financial year. The Municipal IDP has met all the requirements for the development of a credible IDP set by COGTA.

The Municipal Council capacitated the IMPACT committee to execute its oversight role and took action to address financial and administration challenges.

Council developed and adopted the sectoral plans for the smooth implementations of the IDP. The implementation of Council resolutions and reports were submitted to Council on a quarterly basis to update Council about all its resolutions. The Municipal Council has received reports from the audit committee for functionality and responsiveness on financial and performance management of the BLM.

The Municipality was operating and fully functional in all satellite offices that are regional offices, DLTCs and traffic stations.

## CHAPTER 2

### 2. GOVERNANCE

#### 2.1. INTRODUCTION

The Bushbuckridge Local Municipality is a category B Municipality that forms part of the five local Municipalities of Ehlanzeni District Municipality. The Municipality accounts for 34% of the total population of the Ehlanzeni District Municipality; it is renowned for its agricultural and tourism attraction and it was declared a presidential nodal point by the president of the Republic of South Africa in 2001. The BLM is located in the North-Eastern part of the Mpumalanga Province and is bounded by the Kruger National park in the east, the Mbombela Local Municipality in the South and the Thaba Chweu Local Municipality in the West. It covers approximately over 1 million hectares after the Municipal Demarcation Board recently expanded the locality to include part of the Kruger National Park. Currently, the Municipality consist of 37 wards.

#### 2.2. VISION

The Municipality strives for a developmental and prosperous life for all.

#### 2.3. MISSION

Through accountability, transparency and responsible governance, the Municipality commits itself to provide affordable and sustainable services by enhancing community participation.

#### 2.4. VALUES

The core values of the Municipality are:

- Accountability;
- Transparency;
- Responsible Governance; and
- Service delivery principles of Batho Pele.

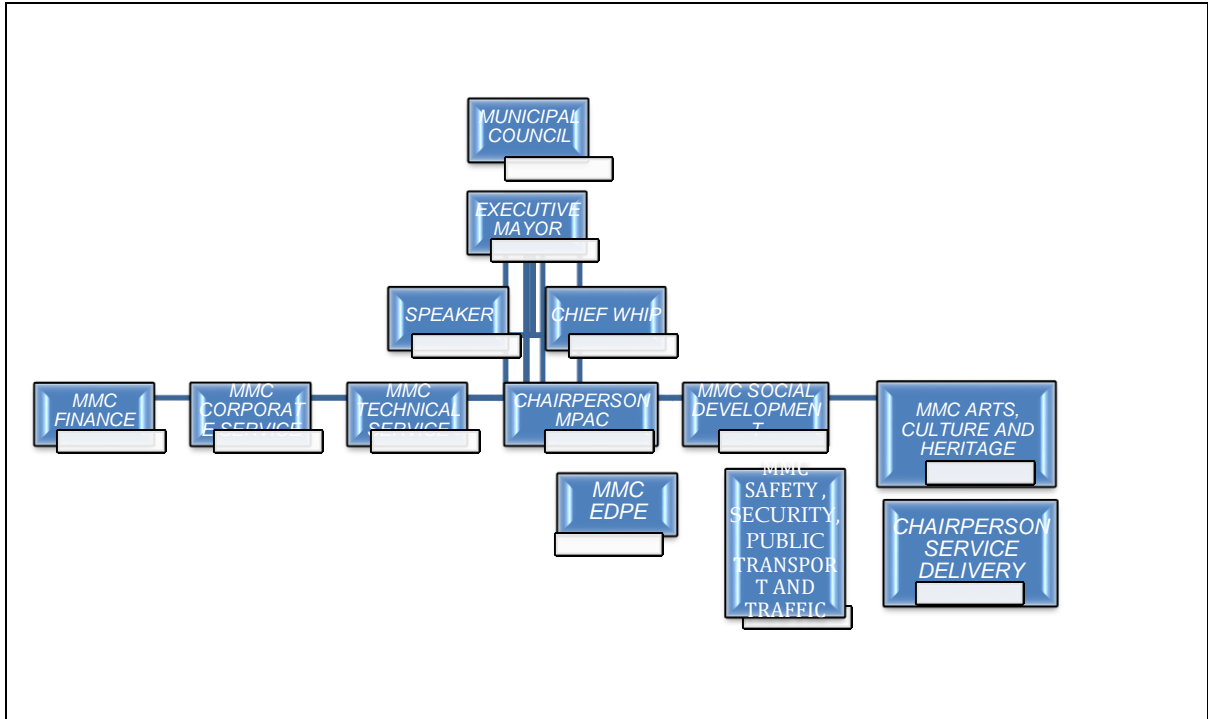
This annual report is divided into four sections as follows:

1. Component A: Political Governance Structure
2. Component B: Socio Economic Profile
3. Component C: Service Delivery Performance
4. Component D: Organisational Development Performance

## COMPONENT A

### 2.5. POLITICAL GOVERNANCE STRUCTURE

#### 2.5.1. MUNICIPAL COUNCIL COMPOSITION



**2.5.1.1. LIST OF COUNCILLORS IN 2017/2018**

2.5.1.1.1. EXECUTIVE MAYOR: NXUMALO CONSTANCE SYLVIA

SPEAKER: CLLR RANGANYA Ruth

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CHIEF WHIP: CLLR MAKARINGE M

2.5.1.1.2. SOCIAL DEVELOPMENT COMMITTEE

MMC: CLLR MMC MOKOENA BUTINYANA KRISJAN

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Members

Cllr Nkuna Lot Mkhungeni  
Cllr Khoza Luzile Engrate  
Cllr Maatsie-Mlambo Vernecia Thandiwe  
Cllr Lekhuleni Mathalaza Lizah  
Cllr Mokome Mobu Prudence  
Cllr Mnene Filita  
Cllr Mathebula Mavis  
Cllr Tivane Nelson Wisane  
Cllr Thobakgale Hamilton Phillip

2.5.1.1.3. **CORPORATE SERVICES**

MMC: Cllr MATHEBULA Sylvia

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Members

Cllr Malibe Lebelelang Reineck  
Cllr Malibe Tiny Dikeledi  
Cllr Ndlovu Lodrick  
Cllr Shilane Michael Phili  
Cllr Mathebula Asnath Maduva  
Cllr Mbandze Freddy  
Cllr Magezi Kulani  
Cllr Mnisi Mkoli Louis  
Cllr Mokone Dalas  
Cllr Malahle Canny

2.5.1.1.4. SPORTS, ARTS, CULTURE AND HERITAGE

MMC: CLLR NKUNA BUSANI VIOLET

Members

Cllr Siwela Punkie Florence  
Cllr Sedibe Raymond Tafola  
Cllr Matjia Kgotlelelo Richard  
Cllr Zitha Robert Secheni  
Cllr Gumede Malamule Prince  
Cllr Phelepe Martina Sphelele  
Cllr Mokoena Patrick Delta  
Cllr Sekgobela Ishmael

2.5.1.1.5. FINANCE AND SUPPLY CHAIN

MMC: CLLR SELOWE PHINEAS TINYIKO

Members:

Cllr Nxumalo Themba Arnold  
Cllr Ngomane Thembinkosi William  
Cllr Mzimba Virginia Nkhensani  
Cllr Mhlaba Rabie Shikwavo  
Cllr Mgwena Madala Jan  
Cllr Kubayi Pritricia  
Cllr Mashilone Shila Motlagomang  
Cllr Qhibi Rhulani  
Cllr Mashego Daniel  
Cllr Pilane Khunjulwa Pearl

2.5.1.1.6. TECHNICAL SERVICES

MMC: CLLR MALANDULE BHUNU WITNESS

Members

Cllr Nyundu Eckson Mbanzu  
Cllr Sambo Gram Lefokisi Donald  
Cllr Mdluli Duladula Vanryn  
Cllr Mathebula Obert  
Cllr Mkansi Winny Meriam  
Cllr Malele Esther Dimpho  
Cllr Seerane Allios  
Cllr Mhaule Luther  
Cllr Dube Inkie

2.5.1.1.7. ETHICS COMMITTEE

SPEAKER: CLLR RAGANYA RUTH

Members

Cllr Khoza Luzile Engrate Whip  
Cllr Khoza Sydney  
Cllr Malibe Tiny Dikeledi  
Cllr Ndlovu Mavis Lorraine  
Cllr Mzimba Virginia Nkhensani  
Cllr Mashego Daniel  
Cllr Mathebula Mavis  
Cllr Moropane Belinda Dina

2.5.1.1.8. MPAC COMMITTEE

CHAIRPERSON: MMC: CLLR MAPIYEYE MANDLA ADOLF

Members

Cllr Kgwedi Albert  
Cllr Hlathi Xikoi Ernest  
Cllr Dube Khangezile Inkie  
Cllr Mashaba Ivy Shadow  
Cllr Mashiloane Shila Motlagomang  
Cllr Tibane Nelson Wisane  
Cllr Mzimba Virginia Khensani  
Cllr Mgwena Madala Jan  
Cllr Mnisi Mkoli Louis (Whip)  
Cllr Sihlabela Helman Ezekiel  
Cllr Mthisi Cutberry Robert

2.5.1.1.9. WHIPERY COMMITTEE

CHIEF WHIP: CLLR MAKARINGE TUTANI MILLION

Chairperson : Cllr Mhaule Sydwele  
Secretary : Cllr Mathebula Girly

2.5.1.1.10. **AGENDA COMMITTEE**

Cllr Malebe Reineck  
Cllr Mhlaba Rabie  
Cllr Mashaba Ivy  
Cllr Thabane Nonhlanhla

2.5.1.1.11. SERVICE DELIVERY COMMITTEE

CHAIRPERSON: CLLR Malebe Reineck

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Cllr Ngomane Thembinkosi William  
Cllr Mathebula Asnath Maduva  
Cllr Sambo Gram Lefokisi Donald  
Cllr Mokone Senias Dallas  
Cllr Nonyane Dudu Constance  
Cllr Nyundu Eckson Mbanzu  
Cllr Thabane Nonhlanhla Priscilla

2.5.1.1.12. COMPILATION OF MONTHLY REPORTS

Cllr Malebe Reineck

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Cllr Mhlaba Rabie  
Cllr Mgwena Jan

2.5.1.1.13. BUDGET AND TREASURY STEERING COMMITTEE

Chairperson: Cllr Nxumalo Sylvia

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Cllr Raganya Ruth  
Cllr Makaringe Tutani Million  
Cllr Selowe Phineas

2.5.1.1.14. LABOUR FORUM

Cllr Mathebula Sylvia

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Cllr Malebe Reineck  
Cllr Malomane Lenard

2.5.1.1.15. ENVIRONMENTAL DEVELOPMENT PLANNING AND ECONOMIC AFFAIRS

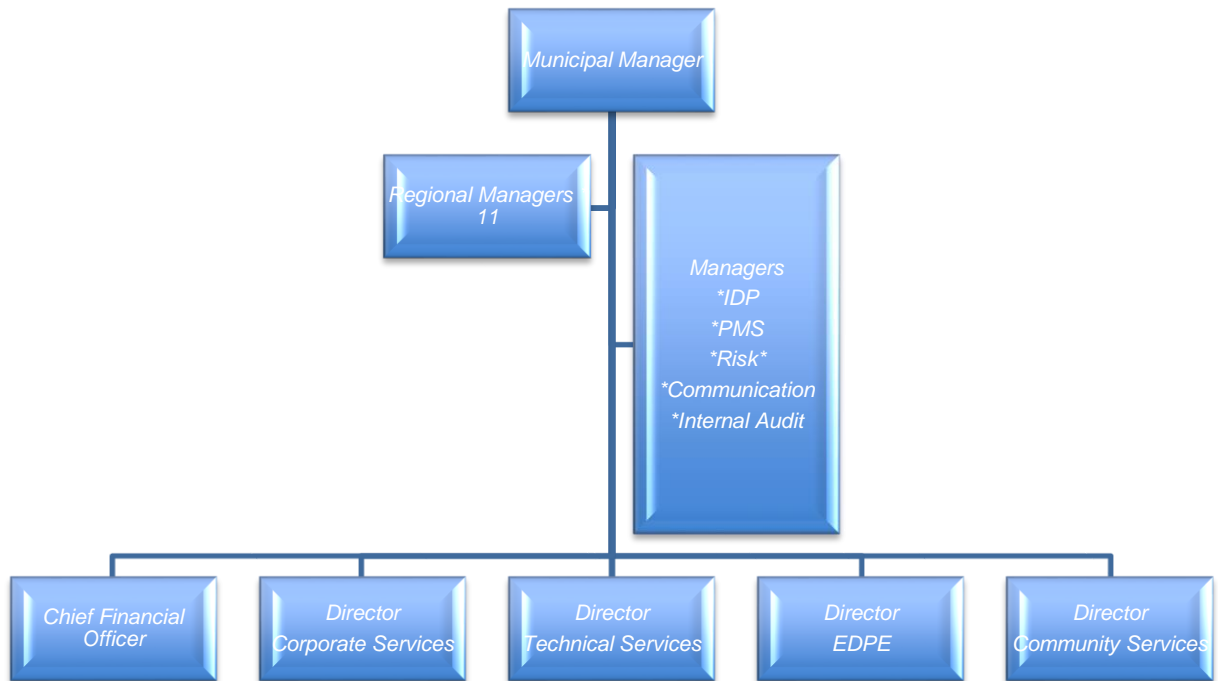
Chairperson: Cllr Malomane Leonard Mphikelele

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Cllr Sihlabela Helman Ezekiel  
CllrMakhubela Oscar Samson  
CllrMthombeni Isaih Leonard  
CllrMathebula Girly  
CllrHlabane Nonhlahla Priscilla  
CllrMalele Ester Dimphe,  
CllrNkope Salia Magreth  
Cllr Mashile Elsina Trifie



### 2.5.1.2. ADMINISTRATIVE GOVERNANCE STRUCTURE



## **COMPONENT B**

### **2.6. SOCIO-DEMOGRAPHIC PROFILE**

The information contained in this section provides an understanding of the key social, economic, physical and environmental features of the Municipal area and their impact on spatial and sustainable development.

The precise Bushbuckridge population statistics remain a challenge and the statistics in this report is based on the information provided by Statistics South Africa.

#### **2.6.1. SOCIAL DEVELOPMENT**

##### **2.6.1.1. POPULATION SUMMARY**

The population of Bushbuckridge Local Municipality was 545 811 according to the Statistics South Africa 1996 Census. The 2001 census showed that there was a population decrease from 545 811 to 500 128. The 2011 census recorded a population increase as the number rose to 541 248. The results of the 2016 community survey for Bushbuckridge reflects a total population of 548 760; gender population of 295 444 females and 253 316 males. The contributing factors for population growth might be the fertility and mortality rates, migration and influx to increase residential and business development in the Municipality because of neighbouring countries such as Mozambique, Zimbabwe and Swaziland.

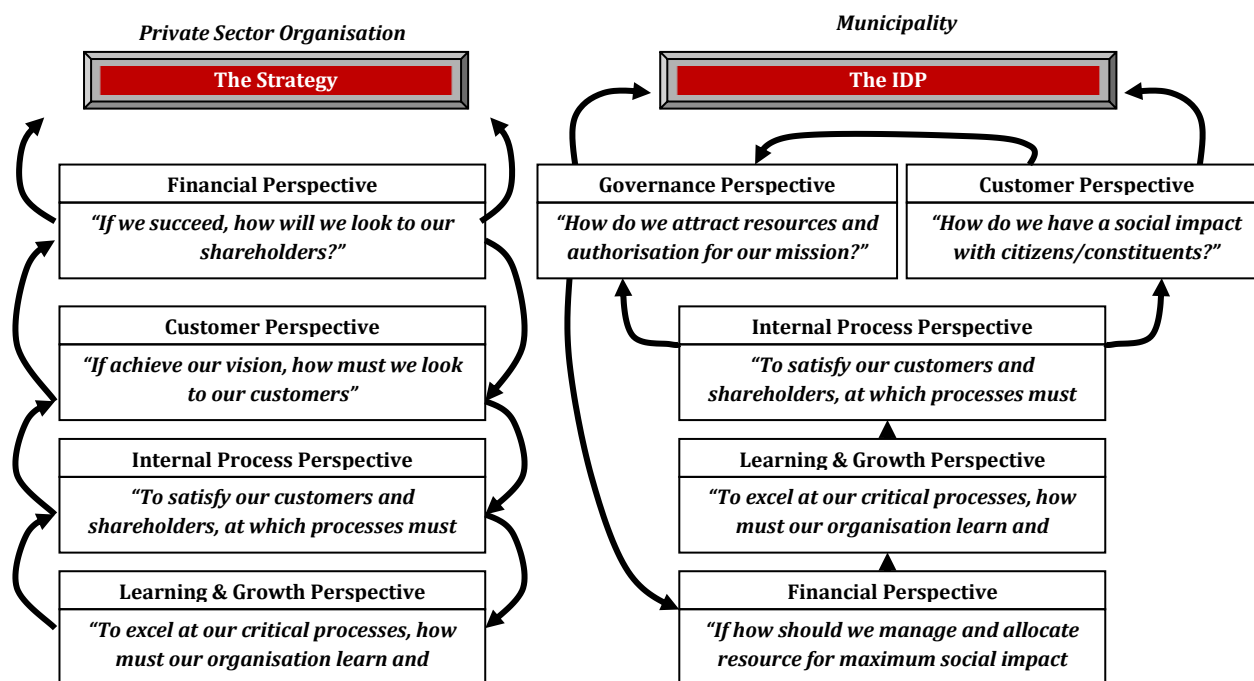
The population of the BLM has been affected by the HIV & AIDS pandemic that plunged the Municipality into poverty and child headed families. The level of unemployment according to the results for community survey indicate that 67 152 people are unemployed and this is equivalent to 12% of the population which contributes to a huge number of free basic services beneficiaries. The Municipality has developed an indigent register to respond to the poverty and unemployment rate of Bushbuckridge Local Municipality citizens.

##### **2.6.1.2. CONCLUSION**

This section set out to compare the organizational performance against the adopted IDP. The process followed during the financial year is the Balance

Scorecard Model. It has been anticipated that the use of population growth will enforce the Municipality to improve the rendering of service to the communities.

## 2.6.2. BALANCE SCORECARD MODEL



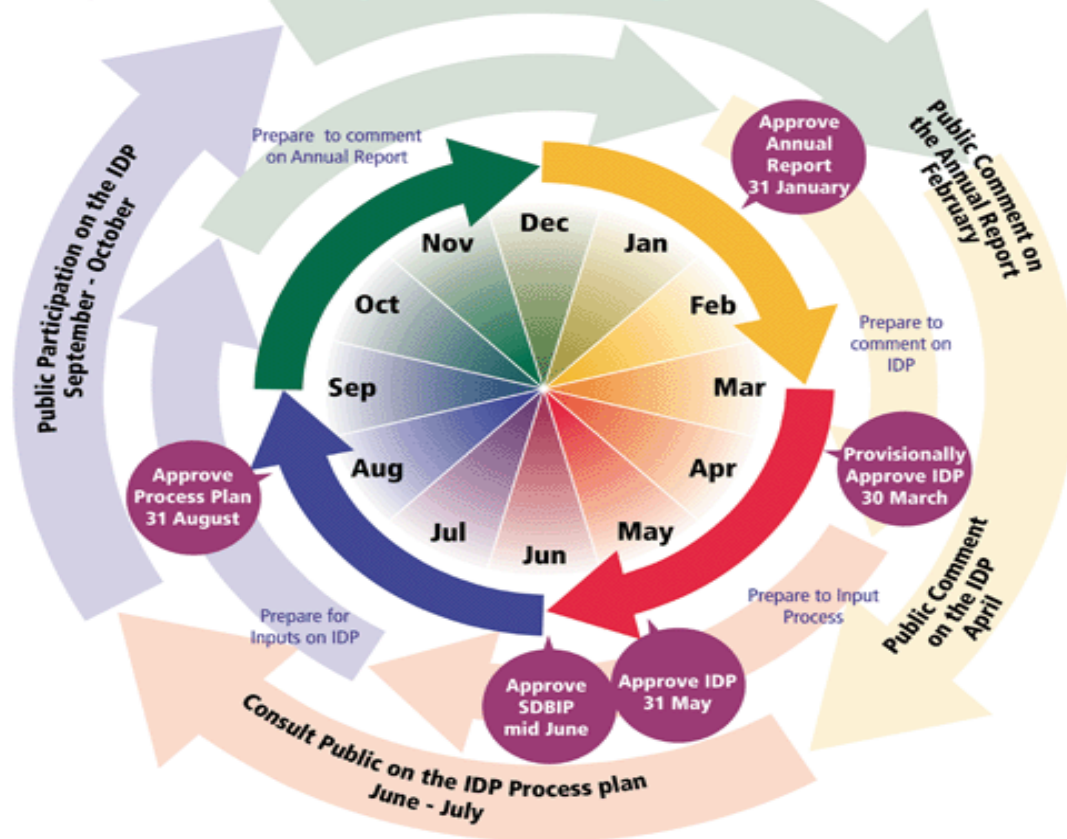
### 2.6.3.1 THE IDP PROCESS

The figure below highlights the IDP 2017/2018 process that was adopted by the Municipality. However, the following challenges were experienced in the IDP:

- I. Project costing and budgeting
- II. Non-availability of funds to fund capital projects
- III. Poor revenue collection

Figure: IDP Process

### Integrated Development Planning: how does it work?



#### 2.6.3. IDP PERFORMANCE REPORT MATRIX

The processing of Integrated Development Planning process during 2017/2018 were done as follows:

##### 2.6.3.1. APPROVAL PHASE

The 2017 /2018, IDP draft was tabled to the portfolio committee on the 29<sup>th</sup> March 2017, the Mayoral committee on the 30<sup>th</sup> March 2017 and to Council for adoption during the Council sitting on the 30<sup>th</sup> March 2017 (Council resolution number BLM/110/30/08/16/2016/17).

After the adoption of the draft document, the Municipality started with the advertising process of the public participation dates and the draft document.

The document was placed on the Municipal website and in all eleven regional offices of the Municipality. The Municipal Council approved the final IDP document on the 31<sup>st</sup> May 2017 with Council resolution number: BLM/130/31/05/17/2016/17. The document was logged on the Municipal website for the access of all stakeholders.

IDP PERFORMANCE STATEMENT	YES	NO	REMARKS
IDP approved by Council and implemented	√		Adoption date 31 /05/2017
Approved IDP seen as the single, inclusive and strategic plan for the Municipality	√		IDP aligned with Budget and SDBIP 2017/2018
IDP prepared within set time-frames, is the approved IDP seen as the single, inclusive and strategic plan for the Municipality	√		IDP 2017/2018 implementations to end on June 2018.
IDP includes all core components of (MSA)	√		MSA 2000 Chapter 5
Community needs prioritised at ward level	√		Public Participation Processes
SDF approved (date) prior to IDP approval by Council	√		SDF approved in 2017
Sector plans were prepared and included in the IDP	√		6 sectoral plans attached on IDP
IDP process plan	√		BLM/11/30/08/16/2017
IDP resolution number	√		BLM/130/31/05/17/2016/17

### **2.6.3.2. IDP 2017/2018 AND ITS ACHIEVEMENT**

The Municipal IDP of 2017/18 met all the requirements set- out by upon assessment, and it was regarded as a credible IDP document.

All identified gaps were addressed through the assistance of Ehlanzeni District Municipalities (EDM) of developing and reviewing sectoral plans. For this reason two sectoral plan were reviewed in 2017/2018 financial year, which are: The Municipal LED strategy and the disaster management plan. The Comprehensive Infrastructure Plan (CIP) that consists of the water plan, roads plan and sanitation plan as well as the SDF review and ensuring that the environmental plan and the human resource strategy are in place and they were also reviewed during 2017/2018.

During the planning process, the ward committees, councillors and CDWs, traditional leaders, NGOs and sector departmental representatives, represented all wards. The steering committee prioritized all needs and projects were formulated out of the identified needs. The technicians did the projects' cost estimates on the IDP under the Project Management Unit.

Council approved the 2017/2018 IDP document on the 31<sup>st</sup> of May 2017 and it was submitted to the MEC of Cooperative Governance and Traditional Affairs for comments.

### **2.6.3.3. CHALLENGES ON IDP PROCESSES**

The Municipal experienced the following challenges during the implementation of the IDP process plan:

- Lack of Intergovernmental Relations Forums.
- Poor participation of sector departments on IDP forums that resulted in a lack of integration of plans between the Municipality and sector departments.
- Poor communication between the sector departments and the Municipality that resulted in planning disjointedly.
- Inadequate funding to implement the IDP and to respond to basic service needs of the communities.

#### **2.6.3.4. PERFORMANCE MANAGEMENT**

The Municipality approved the 2017/2018 SDBIP and revised it during budget adjustments.

The Accounting officer and the members of the Mayoral committee conducted quarterly performance reviews.

Internal workshops were conducted to capacitate employees to develop measurable indicators and compilation of performance portfolios of evidence.

The Municipality fulfilled all requirements of ensuring consistency and usefulness of the reported information as per the National Treasury's requirements.

#### **2.6.3.5. CONCLUSION**

The Municipal IDP is forward-looking to feed the new financial year budget and SDBIP. This Annual Report is aligned with the planning documents and the Municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year reports, the annual performance report and annual report have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

The above can only occur if Municipalities set appropriate key performance indicators and performance targets with regard to the development of priorities and objectives in its IDP and outcomes (MSA S46). This requires an approved budget together with a resolution of approving measurable performance objectives for revenue from each source and each vote in the budget (MFMA, S24). It is recommended that a Municipality limit its performance targets not to exceed five for every strategic objective as identified in the IDP to make monitoring and evaluation more manageable.

## COMPONENT C

### CHAPTER 3

#### 3. SERVICE DELIVERY PERFORMANCE

##### 3.1.1 INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

###### 3.1.1.1. INTRODUCTION

Performance Analysis reflects that the Municipality has managed to carry out its mandate by ensuring that Infrastructure Projects, as well as operation and maintenance programmes as guided by the IDP were implemented.

This section of the report addresses some of the progress made as well as the challenges experienced and interventions undertaken by the various spheres of government.

This section presents the overall performance of the BLM across all the service delivery lines offered by the Municipality in terms of the Key Performance Areas as discussed in the previous section:

- i. Municipal Transformation and Organizational Development*
- ii. Infrastructure Development and Delivery*
- iii. Local Economic Development (LED)*
- iv. Municipal Financial Viability and Management*
- v. Good Governance and Public Participation*

In instances where appropriate departmental KPA's were not available, departments were assisted in creating them.

These sections of the report present detailed information of all the services provided by the Municipality. The focus is primarily on the extent of service delivery for key functions like electricity, water, sanitation and refuse removal.



### **3.1.2. RENDERING OF FREE BASIC SERVICES**

#### **3.1.2.1. FREE BASIC ELECTRICITY**

As part of implementing government policies in the 2016/17 financial year, the Municipality has provided free basic electricity to 45 132 households according to the Eskom free basic beneficiary lists. The Municipality has submitted and approved 5 919 indigent households to Eskom to implement in 2017/18 financial year. The Municipality is paying Eskom on a monthly basis according to the number of households that qualify to get 50 units of free basic electricity. In 2017/2018 financial year, BLM utilised the indigent policy and only compensated Eskom on 5 919 indigent householders as per the indigent register.

#### **3.1.2.2. FREE BASIC REFUSE**

In 2016/2017 financial year, the Municipality has provided free basic refuse to all residence at the rural areas using 75 skip bins distributed to all the sensitive and busy areas. However, only 50 skip bins purchased in 2017/2018, to improve the collection of free basic refuse in rural areas.

#### **3.1.2.3. CHALLENGES ON SERVICE DELIVERY**

The Municipality's challenges on service delivery are mainly due to insufficient budget for maintenance. The Municipality is grant dependent with minimal revenue potential. A lot of money from equitable share is spent on bulk water purchases, thus reducing the budget for maintenance. Procurement of tools of trade and materials for maintenance is always a struggle due to cash flow management.

Basic infrastructure development is dependent only on grants funding which is limited. Backlog eradication for water provision takes longer while the communities are becoming impatient due to the delay in providing water to their households.

There is very limited yellow fleet to mend the Municipality's gravel roads and the filling of critical positions in the infrastructure department need to be prioritized.

#### **3.1.2.4. HOUSING PROJECTS**

The Municipality is assisting on the project of providing human shelter that is run by the department of human settlement. The role of the Municipality in this regards is to identify beneficiaries and monitor the allocation of households to only approved beneficiaries.

#### **CHALLENGES FOR HOUSING PROJECTS**

- Late appointment of service providers by Department of Human Settlements.
- Delays in claim payment by Department of Human Settlements to service providers.
- Re-allocation of wards by BLM as it has usually scattered the allocation.
- Shortage of BLM employees under Human Settlements Unit.
- Poor implementation of joint site visit and inspections by all stakeholders.

#### **POSSIBLE SOLUTIONS/ IMPROVEMENT MEASURES**

- Early appointments of service providers by Department of Human Settlements.
- Appointment of capacitated service providers.
- Improvement in quality assurance on site.

#### **3.1.2.5. ROADS/STREETS AND CONSTRUCTION OF BRIDGES**

##### **3.1.2.5.1 STATUS QUO**

The Municipality has an approximate total length of 4 640 km network of roads or internal streets, which approximately 92.6% (4300 km) is gravel streets and 7.4% (340 km) is asphalt surfaced and paved. The Municipality has rehabilitated gravel access streets that leads to gravel yards, clinics and schools through the joint program with Public Works Roads and Transport, in a form of re-gravelling and grading. Four culvert bridges were re-constructed during the 2017/18 financial year. The Municipality also managed to rehabilitate 900m through patching of potholes at Dwarsloop and Malubane.

## **CHALLENGES FOR ROADS AND STREETS PROJECTS**

- Insufficient human resources to maintain roads infrastructure and to implement maintenance projects
- Insufficient machineries to maintain gravel roads
- Huge backlog of untarred roads
- Inadequate funding to the project and resources

## **POSSIBLE SOLUTIONS/ IMPROVEMENT MEASURES**

- Filling of vacant positions in the roads unit including heavy machinery operators.
- Additional procurement of machineries as planned for the 2018/19 financial
- Review of Roads and Storm Water Operation and Maintenance Plan for 2018/19 financial year.

### **3.1.2.6. PROVISION OF PUBLIC ELECTRICITY**

The Municipality did not install high masts lights in the financial year 2017/18. However, 30 high masts lights are planned for 2018/19 financial year.

### **3.1.2.7. ELECTRIFICATION OF HOUSEHOLDS**

The Municipality has managed to electrify 395 households in the financial year 2017/18. However, the project is awaiting Eskom to energise for it to reach 100%.

### **3.1.2.8. PROVISION OF CEMETERY**

Since the Municipality was established in 2002 to date, the service of rural emeteries are still under the control of traditional leaders. In this respect, the Municipality has provided maintenance and services of cemeteries on the R293 town (Mkhuhlu, Dwarsloop, Shatale and Thulamhashe) only.

### **3.1.2.9. PUBLIC AMENITIES**

The services of public amenities are allocated to different regional officers. Communities are applying for use of Municipal sports field before use. In

2017/2018, the Municipality planned 100% completion of one sports facilities at Acornhoek and Thulamahashe (soccer field, running tracks and ablution) in order to provide access to sport, culture and recreation. However, only 5% was achieved by end of June 2018, because it was discovered that the identified site is not suitable to be a sport field and new site is awaiting approval and signing of Memorandum of Understanding.

#### **3.1.2.10. ACCESS TO WATER**

Bushbuckridge Municipality has total number of 146 720 households of which (113 720 households had access to water at the end of 2017/18 financial year. The backlog then was 44 000 households without access to water. The Municipality has reduced the backlog in the financial year 2017/18 by 11 000 households, therefore the Municipality is currently sitting at 33 000 (22%) households backlog where 113 720 (78 %) households have access to water.

#### **3.1.2.11. SANITATION**

The Municipality has completed the implementation of Dwarsloop Waste Water Treat Works to improve the life of Bushbuckridge. 1 200 VIP units were erected in the 2017/18 financial year. The Municipality also managed to complete the palisade fence of Bushbuckridge Regional landfill at Thulamahashe.

#### **3.1.2.12. PROGRAMME GOALS AND OBJECTIVE ON MIG**

The MIG programme is about planning and delivering Municipal infrastructure basic services. It is an integral part of the infrastructure development function of a Municipality. The objective of MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor

#### **3.1.2.13. LIMITATIONS AND WEAKNESSES**

- Capital investment - including project management costs
- Basic infrastructure which is used by the poor
- Building new infrastructure and rehabilitating existing infrastructure (i.e. reconstruction of infrastructure which has reached its lifespan)
- Upgrading existing infrastructure to basic levels

- Project feasibility studies and project business plans
- Ensuring sound operational arrangements for the infrastructure.

#### 3.1.2.14. SERVICE DELIVERY CHALLENGES

- Delays in the approval of technical reports and business plans
- Insufficient budget to address all basic services backlog
- Aged workforce especially on water services

NUMBER	LIMITATIONS AND CONSTRAINTS
1	<ul style="list-style-type: none"> <li>• Community and labour strikes</li> </ul>
2	<ul style="list-style-type: none"> <li>• Poor performance by the Implementing Agent on water projects ( Rand Water)</li> </ul>
3	<ul style="list-style-type: none"> <li>• Late completion of projects by service providers</li> </ul>

#### 3.1.2.15. REMEDIAL MEASURES

NUMBER	MEASURES TO BE TAKEN BASED ON LESSON LEARNT
1	<ul style="list-style-type: none"> <li>▪ The community should be fully engaged/involved from start to finish of the projects to avoid strikes.</li> </ul>
3	<ul style="list-style-type: none"> <li>▪ The Municipality should terminate the services of all poor performing service provider.</li> </ul>
4	<ul style="list-style-type: none"> <li>▪ Penalties should be applied to service providers that fail to complete projects in time</li> </ul>

**COMPONENT D**

**CHAPTER 4**

**ORGANISATIONAL DEVELOPMENT PERFORMANCE**

**4. BACKGROUND**

**4.1. OVERVIEW BY PERFORMANCE MANAGEMENT SYSTEM UNIT**

**4.1.1. THE PERFORMANCE MANAGEMENT PROCESS**

Policy and Framework	Performance Management Committee	PMS		Annual Performance Report				Improvement measures
		S56 appointees	All Staff	Performance agreements signed	Comparisons previous F/Y	Service delivery priority	Performance targets	
√	√	√	√	√	√	√	√	√

The planning processes were completed on time but service delivery was hampered during the financial year due to community unrests that brought about inadequate performance of some planned projects. Reasons for variance with remedial measures have been reported for each project on the Annual Performance Report 2017/2018.

**4.1.2. CHALLENGES FOR PERFORMANCE MANAGEMENT PROCESS**

During the financial year, new performance management templates were designed based on the balanced scorecard principles and best practices to guide the recording of performance information, conducting monitoring and evaluation.

However, the PMS unit had challenges of inadequate human capital due to vacant positions and the transfer of the OPMS officer due to medical conditions.

#### **4.1.3. SUGGESTED IMPROVEMENTS**

It is a legislative requirement that all stakeholders of the Municipality must be involved in its performance management. The Municipality must set performance measurements for the Executive Mayor, Mayoral Committee and Municipal Public Accounts Committee. Building the capacity of these stakeholders to participate meaningfully in the performance management processes is imperative. During the 2017/2018 year, the Municipality improved its process of monitoring performance and even established a team for identifying best performers.

The filling of critical positions with relevant and qualified officials in order to improve service delivery and proper monitoring of the performance of the Municipality cannot be over-emphasized.

The senior management of the Municipality must prepare monthly reports in line with the SDBIP in order to detect poor performance on time. The Municipal Council must apply consequence management on poor performers and non-adherence of the performance management system framework.

#### **4.1.4. DEVELOPMENT OF KPA PROCEDURE MANUALS**

All directorates were required to review and update the KPA procedure manuals during the 2016/2017 financial year for all indicators. The relevant directors together with the accounting officer authorized and prepared the KPA procedure manuals. In 2017/2018, the Municipality operated and performed its duties following the procedure manuals developed in 2016/2017 because the functional areas are the same.

#### **4.1.5. LOCAL ECONOMIC DEVELOPMENT AND PLANNING**

##### **4.1.5.1. INTRODUCTION**

This section of the report set-out to evaluate the performance of Municipality in the development and implementation of LED strategies and implementation of the plan as well as in the development of structures required to meeting the challenges. It also reports on the capacity of Municipalities to implement LED in their respective Municipalities.

The 5 year local government strategic agenda requires that all provinces conduct LED capacity assessments of all their Municipalities. The Municipality successfully conducted both a capacity assessment and status quo report of LED capacity. To this end, the report reveals that the Municipality has an LED strategy in place and still under implementation beside the challenges and constraints experienced. The same strategy is still under review.

Bushbuckridge Municipality has a decisive and impenitent role to play in shaping its economic destiny. In order to achieve this Local Economic Development (KPA 3) is listed as one of the five key performance areas in the local government system. It has been proven that investment can only take place where the potential and competitive advantages of the various local economies are mapped and harnessed, known and exploited. The Municipality play a critical role which entails harnessing diverse stakeholders for the realisation of the economic development of the area and implementation of LED strategies and plans.



#### 4.1.5.2. ECONOMIC DEVELOPMENT

Economic development remains amongst the priority areas of the Municipality due to the unacceptable levels of poverty and unemployment in the area.

Regulations of Informal Trading: Over the previous years, there has been a mushrooming of informal trading within the Municipal area. Although the sector contributes positively to job creation and poverty alleviation, it is necessary to ensure some support and control for purposes of proper management and sustainability. Hence, the Municipality identified and prioritized the need to regulate this sector and the informal trading policy was developed in this regard.

#### 4.1.5.3. PROGRESS

There has been some improvement in the implementation of LED strategy and job creation. Performance of the directorate during 2017/2018 in terms of Local Economic Development, Planning and Environmental affairs has been reported on the annual performance report 2017/2018.

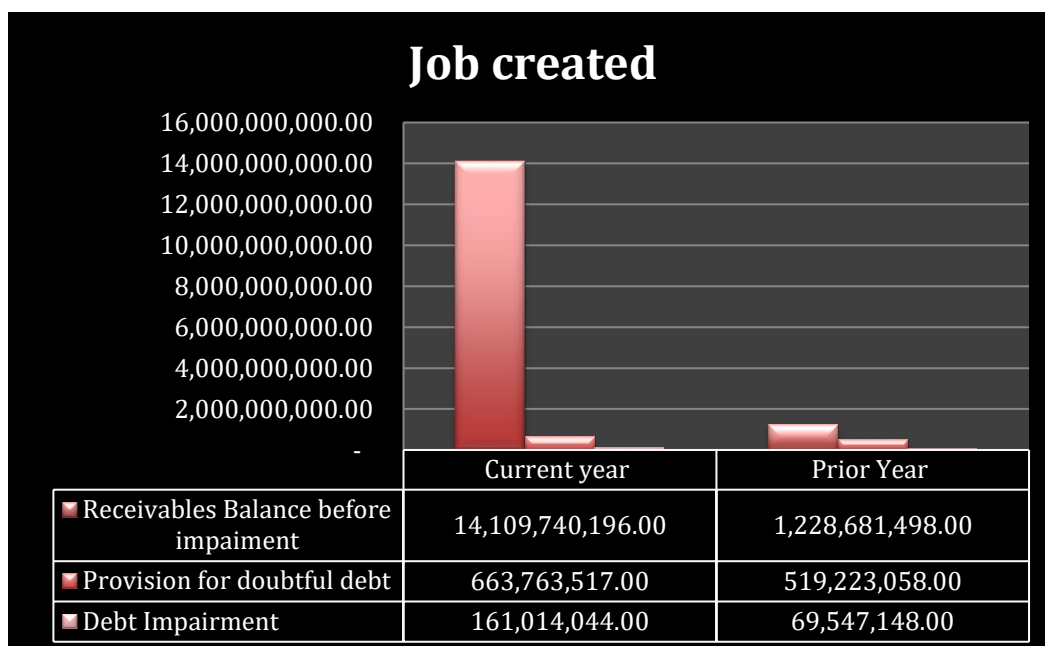
#### 4.1.5.4. NUMBER OF JOBS CREATED THROUGH LED AND INFRASTRUCTURE PROGRAMMES

Job creation is one of the important indicators of LED. The table below reflect the total number of jobs created in three financial years.

Financial Year	PLANNED	ACTUAL
2015/2016	1500	1312
2016/2017	2000	1840
2017/2018	2000	2264

Reasons for variances for 2017/2018 job creation challenges are reported on the annual performance report 2017/2018.

## GRAPH OF LED JOB CREATION



### 4.1.5.5. STRUCTURE & LOCATION OF LED UNITS WITHIN EACH MUNICIPALITY

The LED National Framework 2006 to 2011 requires that LED must be strategically located within the Municipal organogram, as part of the Municipal Key Performance Area (institutional development and transformation, financial viability and management, good governance and public participation and Municipal service delivery). The current positioning of the LED unit is in line with the LED National Framework. The table below reflect key functions performed by this unit during 2017/2018 financial year.

<b>Economic research</b>	√	
<b>Conducting feasibility studies</b>	√	
<b>Developing business or project concept papers for identified opportunities</b>	√	
<b>Developing business plans for certain projects</b>	√	
<b>LED planning, implementation and monitoring</b>	√	
<b>Investment and business promotions and summits</b>	√	
<b>SMME support and skills development</b>	√	
<b>Tourism sector promotion through summits</b>	√	

#### 4.1.5.6. PORTFOLIO COMMITTEES AND LED FORUMS

Political leadership is very important in the implementation of LED in Municipalities. Section 79 of the Municipal Structures Act allows a Municipality to establish committees necessary for the effective performance of any of its functions or the exercise of its powers in this regard. The Municipality have 5 section 79 committees and they are all functional.

The table below represents the status quo in terms of aligning LED with relevant fundamental structures:

### LED PORTFOLIO COMMITTEE /LED FORUM

	2016/2017	2017/2018
<b>Establishment</b>	✓	✓
<b>Functionality</b>	x	✓

#### 4.1.5.7. CHALLENGES EXPERIENCED BY EDPE DIRECTORATE

The speedy progress in implementing the LED programmes is weakened by the fact that process for releasing land for Economic Development is very slow, there are lot of engagement processes in order to meet the requirements for the leasing of land as most of the land is communally owned and most of the land is claimed for restitution. Group dynamics and capacity for the leadership of claimants to drive these processes remains a challenge. These is further constrain by the functionality of the regional land claims commission.

The table below reflect the critical challenges the Municipality encountered on EDPE directorate.

Funding by sector departments
Investors' mobilization
Credible bankable business plans
Group dynamics from stakeholders (community)
SMME development and support
Land claims and land acquisitions
Human capital under LED and waste units

Below table reflect the mitigating factors towards the above mentioned challenges.

	Improve stakeholder coordination (Department of Land Affairs and Traditional Authority)
	Seek commitment on allocated project funding and projects monitoring.
	Conduct investors' summit.
	Conduct Feasibility study (research)
	Fast track land claims processes by DRDLR
	Filling of vacant positions

#### 4.1.6. PUBLIC AMENITIES PROGRAMMES

The Municipality planned to improve the Acornhoek sport facilities to improve the public amenities of the community of BLM, and this target was not achieved due to financial constraints experienced during the adjustment budget. However, all sports facilities in the R293 town are maintained and managed by regional managers

The table below presents a list of public amenities programmes for the year 2017/2018 and their status.

Functional Area	Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			POE
							Annual Achievement	Reasons for Variance	Improvement Measures	
SPORTS AND RECREATION (Summit)	Ensure accessibility to Sports and Recreation Facilities /Programs for all inhabitants of the Municipality	Number of sports and recreation programs	6 Sports and Recreation programs implemented in 2016/17	6 Sports and recreation programs to be implemented by June	1208 00	6 sports and recreation program to be implemented by June	5 Sports and Recreation programs implemented	1 Municipal sports day was postponed	To be implemented on the next financial year	Minutes, Agenda, program, Invitation attendance register and pictures

Functional Area	Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for Variance	Improvement Measures	POE
ARTS, CULTURE & HERITAGE	Social & Cultural integration as well as conservation of important cultural and historical sites	Number of Arts, culture and heritage	7 Arts, culture, & heritage implemented in 2016/17	8 Arts, culture, & heritage to be implemented by June	1050 000	8 Programmes (Arts, culture and heritage programs to be implemented )	7 Programmes (Arts, culture and heritage conducted	1 Cultural festival not done due to late appointment of service provider	Appointment of service provider to be done on time	Minutes, Agenda, program, Invitation attendance register
YOUTH AFFAIRS [Youth entrepreneur ship workshop]	To contribute in youth development	Number of youth affairs events and programs	9 youth affairs programs implemented in 2016/17	8 Youth affairs programs to be implemented by June	800 000	6 Youth programs to be implemented by June	5 Youth programs implemented	1 Was not done due to delays on appointment of service provider	To be implemented on the next financial year	Agenda, program, Invitation and attendance register

Functional Area	Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for Variance	Improvement Measures	POE
COMMUNITY BURSARY		Number of students to be supported with bursary	Youth Affairs programs implemented in 2016/17	1 youth affairs programs to be implemented by June	850 000	40 students to be awarded bursaries by June	-	-	-	List of awarded students, Student results, proof of payment
HIV AND AIDS life skills	To reduce new infections	Number of HIV & AIDS programs to be conducted	10 life skills programs implemented in 2016/17	12 life skill programs to be implemented by June		5 life skills programs to be conducted	-	-	-	Agenda, program, Invitation and attendance register, Pictures



Functional Area	Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for Variance	Improvement Measures	POE
HIV AND AIDS Local AIDS Council Meetings	To reduce new infections	Number of HIV&AIDS Council meeting to be conducted	4 local Aids Council Meetings implemented in 2016/17	4 local Aids Council meetings to be implemented by June		2 Meetings convened	4 Local AIDS Council meeting implemented	-	-	Request, Agenda, program, Invitation and attendance register, pictures
HIV AND AIDS WACs	To reduce new infections	Number of WAC trainings to be conducted	12 WACs visited & Re-established in 2016/17	4 WACs visits to be implemented by June		14 WACs visited	14 WACs visited	-	-	Request, Agenda, program, Invitation and attendance register, pictures
PSYCHO SOCIAL SUPPORT	To provide support to the affected employees	Number of reports for support programs on employees	8 Psycho Social support implemented in 2016/17	8 Psycho Social support to be implemented by June		8 Psycho Social support to be implemented	9 Psycho Social support implemented	More need identified and attended to.	-	Request, Agenda, attendance register and report

Functional Area		Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			
								Annual Achievement	Reasons for Variance	Improvement Measures	POE
		To provide support to the affected employees	Number of staff educational programs on wellness		4 peer educational programs		4 peer educational programs does not change	4 peer educational programs done	-	-	Request, Agenda, attendance register and report
BEREAVEME NT		To provide support to the bereaved immediate employee's families	Providing bereavement support to concern employees	Bereavement committee is not in place	Support all bereaved families		Support all bereaved families	Bereaved families as per list of deceased were supported and 4 reports	-	-	Request, consolidated reports
Health and wellness		To encourage employees to participate on programmes	Number of programmes on health and wellness	4 programmes	4 programmes		4 programmes	3 programmes conducted	1 program Postponed	Reschedule for next financial year	Request/invitation, Agenda, and attendance register.

Functional Area	Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for Variance	Improvement Measures	POE
MUNICIPAL SPORTS	To encourage employees to be health conscious	Number of sports committee meetings to be conducted	Meetings and sports activities conducted in 2016/17	4 Meetings and sports to be implemented by June		4 Meetings and sports to be implemented by June	7 Meetings and 1 sports implemented	Follow-up meetings held	Plan special meetings	Minutes, agenda Invitations and attendance registers
GENDER AFFAIRS matters for community	To reduce the rate of gender based violence cases as per gender strategy	Number of gender affairs meetings/ launching events to address community matters	5 Campaigns conducted in 2016/17	9 matters for community to be implemented by June		9 community programme to be implemented	9 programme events achieved	-	-	Request, Agenda, Invitations and Attendance register

Functional Area	Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for Variance	Improvement Measures	POE
CHILDREN AFFAIRS	To create an enabling environment for children towards their development	Number of children affairs events to be conducted	1 Children's day celebration hosted in 2016/17	2 activities to be conducted by June		2 activities to be conducted	4 activities conducted	More need identified and dealt with	Plan special activities	Request, Agenda, Invitations and Attendance register

Functional Area	Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for Variance	Improvement Measures	POE
ELDERLY AFFAIRS	To promote healthy lifestyle of elderly people.	Number of elderly affairs events to be conducted	1 older person's day held in 2016/17	1 older person to be implemented by June		1 elderly affairs event to be conducted	1 elderly affairs event done	-	-	Request, Agenda invitations and attendance register
DISABILITY AFFAIRS	Mainstreaming of people with disability	Number of disability affairs programs to be conducted	No workshop was held in the 2016/17	8 workshops to be implemented by June	730 000	8 workshops to be implemented by June	8 workshops done	-	-	Minutes, Request ,Agenda, Program, attendance register

Functional Area	Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for Variance	Improvement Measures	POE
LIBRARY SERVICES programs and visits	Promote the culture of reading	Number of library programs and visits to be conducted	4 holiday programs and 12 schools visited in 2016/17	20 holiday program and 48 school to be visited by June	850 000	20 holiday programs and 40 school visits by June	19 holiday programs done and 42 school visits done	1 not done due to late opening of Acornhoek library.  Schools visit has extra 2	Incorporate the outstanding program to the next F/Y plan	Invitation, Attendance register and Pictures
SECURITY SERVICES	Secure all Municipal assets	Number security services reports	12 Monthly reports submitted in 2016/17	12 monthly reports to be submitted by June	27m	12 monthly reports to be submitted by June	12 monthly reports to be submitted	-	-	Quarterly reports

Functional Area	Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for Variance	Improvement Measures	POE
COMMUNITY DISASTER MANAGEMENT	To protect community from disaster	Number of disaster management awareness to be conducted to the community members	18 activities implemented in 2016/17	19 activities implemented by June	1130.000	3 awareness campaign 2 reports	9 awareness, 2 meeting and 6 Disaster management reports on disaster support done	-	-	Reports, Agenda, Invitation, Attendance register
INDIGENT SERVICES	To ensure responsive government for all	Reviewer of indigent register	Indigent register was not reviewed for 2016/17	Reviewed indigent register for 2017/18	364 000	Reviewed indigent register for 2017/18	Indigent register Reviewed	-	-	Indigent Register
FIRE AND RESCUE INSPECTION	Ensure all business compliant with NFBR	Number of fire and rescue inspection	35 fire inspection conducted	36 fire inspection to be conducted	150 000	146 fire inspection to be conducted	286 inspection conducted	Opening of Dwarasloop mall	-	Inspection certificate

Functional Area	Objectives	KPI/ Measurement	Baseline	Annual Target	Ordinary/ Revised Budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for Variance	Improvement Measures	POE
FIRE AND RESCUE reports	Ensure all business compliant with NFBR	Number of fire and rescue reports	4 fire and rescue reports	4 fire and rescue reports	-	4 fire and rescue reports	3 Fire and rescue reports done	3 <sup>rd</sup> quarter not projected	-	Reports
ROAD TRAFFIC SERVICES	Create Awareness and buy-in to BLM strategy	Number of summons to issued	Law enforcement road users	10 000 summons	-	To issue 10 000 summons	47 791 summons issued	Camera speed assisted to issue more summons	-	Statistics summons
DLTC AND REGISTRY AUTHORITY	Financial management and viability	Amount to be collected at DLTC	R 29025 000 collected in 2016/17	R35103 000 to be collected by June	None	None	35 746 272. 60 collected	-	-	Chief Licensing Officer



#### 4.1.6.1.1. COMMUNITY BURSARY

The Municipality offered financial support (bursaries) to 40 needy learners in the 2017/2018 financial year to further their studies after grade 12. Bursary holders were monitored during midterm and end of the term to ensure that only hard working learners continue benefiting.

#### 4.1.7. SECTION A: WORKFORCE PROFILE AND CORE & SUPPORT FUNCTIONS

The Municipal Council played a role of ensuring that capable, suitable and qualifying employees were deployed to execute Municipality responsibilities without fail during the 2017/2018 financial year.

#### 4.1.8. OCCUPATIONAL LEVELS

The below reports the total number of employees (including employees with disabilities) in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=White

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	0	0	0	2	0	0	0	0	0	5
Senior management	37	0	0	0	7	0	0	0	1	0	45

<i>Professionally qualified and experienced specialists and mid-management</i>	64	1	0	0	45	0	0	0	0	0	110
<i>Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents</i>	57	0	0	0	56	0	0	0	0	0	113
<i>Semi-skilled and discretionary decision making</i>	201	0	0	0	157	1	0	0	0	0	359
<i>Unskilled and defined decision making</i>	278	0	0	0	200	0	0	0	0	0	478
<b>TOTAL PERMANENT</b>	<b>640</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>467</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1110</b>
<i>Temporary employees</i>	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	<b>640</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>467</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1110</b>

The below table reports the total number of employees with disabilities in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0

<i>Professionally qualified and experienced specialists and mid-management</i>	2	0	0	0	0	0	0	0	0	0	2
<i>Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents</i>	1	0	0	0	0	0	0	0	0	0	1
<i>Semi-skilled and discretionary decision making</i>	2	0	0	0	1	0	0	0	0	0	3
<i>Unskilled and defined decision making</i>	4	0	0	0	2	0	0	0	0	0	6
<b>TOTAL PERMANENT</b>	9	0	0	0	3	0	0	0	0	0	12
<i>Temporary employees</i>	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	9	0	0	0	3	0	0	0	0	0	12

#### 4.1.9. CORE OPERATION FUNCTIONS AND SUPPORT FUNCTIONS BY OCCUPATIONAL LEVEL

A job could be either a core operation function or a support function. Core operation function positions are those that directly relate to the core business of an organization and may lead generations e.g. sales production, human resources corporate services etc.

##### 4.1.9.1. LEVEL

The below table indicate the total number of employees (including people with disabilities), that are involved in / **Core Operational Function positions** at each level in the Municipality. Note: A=African, C=Coloured, I=Indians and W=Whites.

<b>Occupational levels</b>	<b>Gender</b>		<b>Total</b>
	<i>Male</i>	<i>Female</i>	<i>M&amp;F</i>
<b>Top management</b>	2	1	3
<b>Senior management</b>	12	1	13
<b>Professionally qualified and experienced specialists and mid-management</b>	14	3	17
<b>Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents</b>	157	44	201
<b>Semi-skilled and discretionary decision making</b>	114	61	175
<b>Unskilled and defined decision making</b>	135	137	272
<b>TOTAL PERMANENT</b>	434	247	681
<b>Temporary employees</b>	1	0	1
<b>Grand total</b>	435	247	682

The below indicate the total number of employees (including people with disabilities), that are involve in **support function** positions at each level in the Municipality. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

<b>Occupational Levels</b>	<b>Gender</b>		<b>Total</b>
	<i>Male</i>	<i>Female</i>	<i>M&amp;F</i>
<b>Top Management</b>	2	1	3
<b>Senior Management</b>	14	2	16
<b>Professionally qualified and experienced specialists and mid-management</b>	56	7	63
<b>Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents</b>	78	114	192
<b>Semi-skilled and discretionary decision making</b>	18	88	106
<b>Unskilled and defined decision making</b>	34	10	44
<b>TOTAL PERMANENT</b>	172	216	388
<b>Temporary employees</b>	34	10	44
<b>GRAND TOTAL</b>	206	226	432

#### 4.1.9.2. SECTION B: WORKFORCE MOVEMENT

##### 4.1.9.2.1. RECRUITMENT

The below reports the total number of new recruits, including people with disabilities.

Note: A=African, C=Coloureds, I=Indians and W=Whites

<i>Occupational Levels</i>	<i>Male</i>				<i>Female</i>				<i>Foreign Nationals</i>		<i>Total</i>
	<i>A</i>	<i>C</i>	<i>I</i>	<i>W</i>	<i>A</i>	<i>C</i>	<i>I</i>	<i>W</i>	<i>Male</i>	<i>Female</i>	
<i>Top management</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Senior management</i>	1	0	0	0	1	0	0	0	0	0	2
<i>Professionally qualified and experienced specialists and mid-management</i>	2	0	0	0	1	0	0	0	0	0	3
<i>Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents</i>	0	0	0	0	1	0	0	0	0	0	1
<i>Semi-skilled and discretionary decision making</i>	1	0	0	0	1	0	0	0	0	0	2
<i>Unskilled and defined decision making</i>	3	0	0	0	0	0	0	0	0	0	3
<b>TOTAL PERMANENT</b>	7	0	0	0	4	0	0	0	0	0	11
<i>Temporary employees</i>	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	7	0	0	0	4	0	0	0	0	0	11

#### 4.1.9.2.2. TERMINATION

The table below reports the total number of terminations in each occupational level, including people with disabilities. Note: A=Africans, C=Coloured, I=Indians and W=Whites.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
<i>Top management</i>	1	0	0	0	0	0	0	0	0	0	1
<i>Senior management</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Professionally qualified and experienced specialists and mid-management</i>	0	0	0	0	2	0	0	0	0	0	2
<i>Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents</i>	1	0	0	0	0	0	0	0	0	0	1
<i>Semi-skilled and discretionary decision making</i>	3	0	0	0	1	0	0	0	0	0	4
<i>Unskilled and defined decision making</i>	12	0	0	0	12	0	0	0	0	0	24
<b>TOTAL PERMANENT</b>	17	0	0	0	15	0	0	0	0	0	32
<i>Temporary employees</i>	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	17	0	0	0	15	0	0	0	0	0	32



### 4.1.9.3. SECTION C: SKILLS DEVELOPMENT

#### 4.1.9.3.1. SKILLS DEVELOPMENT

The report below shows the total number of people from the designated groups, including people with disabilities, who receive training **solely** for the purpose of achieving the numerical goals, Note: A=Africans, C=Coloureds, I=Indians and W=Whites

<i>Occupational Levels</i>	<i>Gender</i>		<i>Total</i>
	<i>Male</i>	<i>Female</i>	<i>M&amp;F</i>
<i>Top Management</i>	0	0	0
<i>Senior Management</i>	0	0	0
<i>Professionally qualified and experienced specialists and mid-management</i>	0	0	0
<i>Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents</i>	0	0	0
<i>Semi-skilled and discretionary decision making</i>	0	0	0
<i>Unskilled and defined decision making</i>	0	0	0
<i>TOTAL PERMANENT</i>	0	0	0
<i>Temporary employees</i>	0	0	0
<i>GRAND TOTAL</i>	0	0	0

#### 4.1.9.3.2. NUMERICAL GOALS

The below table indicate the numerical goals (i.e. the workforce profile) projected to achieve for the total number of employees with **Disabilities** only at the end of current employment equity plan in terms of occupational levels.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	4	0	0	0	2	0	0	0	0	0	6
Senior management	36	0	0	0	10	0	0	1	0	0	47
Professionally qualified and experienced specialists and mid-management	63	1	0	1	57	0	1	1	0	0	124
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	57	0	0	0	56	1	0	0	0	0	114
Semi-skilled and discretionary decision making	205	0	0	0	184	1	0	0	0	0	390
Unskilled and defined decision making	283	1	0	1	248	0	0	0	0	0	533
<b>TOTAL PERMANENT</b>	<b>648</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>557</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1214</b>
<b>Temporary employees</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>648</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>557</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1214</b>

#### 4.1.9.4. SECTION D: MONITORING & EVALUATION (DC)

##### 4.1.9.4.1. DISCIPLINARY ACTION

Disciplinary action: (Total number of disciplinary actions during the twelve months preceding this report). Report on formal outcomes only. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

DISCIPLINARY ACTION	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
	04										04

##### 4.1.9.4.2. AWARENESS OF EMPLOYMENT EQUITY

The below table indicate the following awareness measures of employment equity implemented by BLM:

	Yes	No	Employees Covered
<i>Formal written communication</i>		No	0
<i>Policy statement includes reference to employment equity</i>	yes		1
<i>Summary of the Act displayed</i>	yes		1
<i>Employment Equity training</i>		Yes	Forum
<i>Diversity Management programmes</i>		No	0
<i>Discrimination awareness programmes</i>		Yes	All

			0
--	--	--	---

#### 4.1.9.4.3. CONSULTATION

The below table indicate which stakeholders were involved in the consultation process prior to the development of employment equity plan:

<i>Stakeholders</i>	<i>Yes</i>	<i>No</i>
<i>Consultative body or employment equity forum</i>	<i>yes</i>	
<i>Registered trade union</i>	<i>yes</i>	
<i>Employees</i>	<i>yes</i>	

#### 4.1.9.4.4. STATUS ON HUMAN RESOURCE POLICIES AND PLANS:

The following HR policies are in place to guide the Human capital affairs of BLM

<i>Policy/ Plan</i>	<i>Developed and implemented</i>	<i>Developed and not implemented</i>	<i>Status</i>
<i>Language Policy</i>		√	<i>Not adopted</i>
<i>Recruitment and selection</i>	√		<i>Adopted</i>
<i>Performance management</i>	√		<i>Adopted</i>
<i>Skills development plan</i>	√		<i>Adopted</i>

<i>Policy/ Plan</i>	<i>Developed and implemented</i>	<i>Developed and not implemented</i>	<i>Status</i>
<i>Employment equity plan</i>	√		<i>Adopted</i>
<i>Skills development charter</i>	√		<i>Review</i>
<i>Code of conduct</i>	√		<i>Adopted</i>
<i>Employment equity policy</i>	√		<i>Adopted</i>
<i>Transport Control policy</i>	√		<i>Adopted</i>
<i>Payroll policy and procedures</i>	√		<i>Adopted</i>
<i>Training and Development Policy</i>	√		<i>Adopted</i>
<i>Relocation policy</i>	√		<i>Adopted</i>
<i>Smoking policy</i>	√		<i>Adopted</i>
<i>HIV/AIDS Policy</i>	√		<i>Adopted</i>
<i>Bursary policy</i>	√		<i>Adopted</i>
<i>cash policy</i>	√		<i>Review</i>
<i>Retirement Policy</i>	X		<i>To be developed</i>
<i>Dress Code Policy</i>	√		<i>Adopted</i>
<i>Sexual Harassment Policy</i>	√		<i>Adopted</i>
<i>Probation Policy</i>	√		<i>Adopted</i>
<i>Induction Policy</i>	√		<i>Adopted</i>

<i>Policy/ Plan</i>	<i>Developed and implemented</i>	<i>Developed and not implemented</i>	<i>Status</i>
<i>Internet and E-Mail Policy</i>	√		<i>Adopted</i>
<i>Long Service Recognition Policy</i>	√		<i>Adopted</i>
<i>Cell Phone Allowance Policy</i>	√		<i>Adopted</i>
<i>Occupational Health &amp; Safety Policy</i>	√		<i>Adopted</i>
<i>Human Resource Strategy</i>	√		<i>Adopted</i>

#### 4.1.9.4.5. **MINIMUM QUALIFICATION OF SENIOR MANAGERS**

The Municipality ensured that all senior manager positions (Section 54 and 56 employees) filled. The minimum qualification for senior and middle management has been describe by SALGA and National treasury and all position advertisements done in line with the requirements.

The table below reflects the minimum qualification for employees appointed in terms of Section 56/54 of Local Government: Municipal System Act, Amended Act 32 of 2000:

<i>NO.</i>	<i>Surname and initials</i>	<i>Position</i>	<i>Qualification</i>
1.	<i>Khoza R (Section 56 Employee)</i>	<i>Director Corporate Services</i>	<i>Matriculation, Master of Business Administration, Bachelor of Commerce In Informatics, Bachelor of Arts, Higher Diploma in Education Contract Management Certificate, Human Resource Management Certificate Managing Labour Relations in the New Dispensation; International Computer Driving Licence (ICDL).</i>

2.	Mkhabela LZ  (Section 56 Employee)	Director Community Services	Matriculation, Doctor Of Education (Ph.D), Masters in Curriculum, B.ED (Honours) and Higher Diploma In Education
3.	Mashava E (Section 56 Employee)	Director Technical Services  Acting Municipal Manager  (01 February to 30 June 2018)	Matriculation, National Diploma in Civil Engineering (NQF6), Certificate in Executive Leadership Management Programme (ELMDP), Programme in Municipal Development (CPMD) and Labour intensive Construction (NQF7) .
4.	Mogakane S (Section 56 Employee)	E Director DPE	Matriculation, Bachelor Of Arts Degree, Bachelor of Education, Master of Management Degree And Executive Leadership Municipal Development Programme Certificate.
5.	Nkuna CA (Section 56 Employee)	CFO	Matriculation, Bachelor of commerce, Post graduate degree in executive leadership in Municipal finance Management Program and South African Income Tax and Accounting 3 certificates.
6.	Lisa C  (section 54 employee)	Municipal Manager  (Contract expired 31/01/2018)	Matriculation, Higher Diploma in Development And Planning, Bachelor Of Arts Degree, Master Of Development Planning, Industrial Relation Certificate, Management Development Certificate, Safety And Representation Certificate And Disaster Management Certificate. Certificate for Business And Studies In Administration And Commerce, Infrastructure Planning Partnership For

			<i>Local Government And Project Management For Built Environment For Professionals. MFMA program.</i>
--	--	--	---

#### 4.1.9.4.6. **CONCLUSION**

The Municipality has a staff establishment as per the approved organogram which was monitored by sending quarterly staff establishment reports to the Council. The various human resources management policies as approved by Council were also implemented. Moreover, as a designated employer in terms of the Employment Equity Act, the Municipality had a 2017/18 Employment Equity Plan approved by the Department of Labour as prescribed. Male to female ratio stood at 57.7: 42.3. Implementation of Employment Equity Plan reports were also compiled as control measures to ensure the Municipality performs in line with the Employment Equity Plan; as reflected in the various occupational levels tables herein. There has been, as highlights for the financial year's awareness campaign to encourage employees living with disability to declare in terms of the EEA1 forms. To that effect, the Municipality recorded 1.08% against the required 2% of the total workforce on employees living with disability.



## CHAPTER 5

### 5. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

#### 5.1. INTRODUCTION

This section focuses on the Municipality's finances, as an objective that the financial performance of the institution against all financial management plans and expenditure items.

National Treasury has introduced a new Standard Chart of Accounts for Municipalities that are commonly referred to as mSCOA. mSCOA which stands for "Municipal standard chart of accounts" provides a uniform and standardised financial transaction classification framework for all Municipalities in South Africa and will facilitate improved alignment between the IDP, budget, SDF and other strategic processes within the Municipality. Essentially this means that mSCOA prescribes the method and format that Municipalities and their entities should use to record and classify all expenditure (capital and operating), revenue, assets, liabilities, equity, policy outcomes and legislative reporting.

Bushbuckridge Municipality successfully implemented the 2017/18 budget on mSCOA principles with effect from 01 July 2017 and complied with all the Treasury mSCOA requirements.

Council adopted the 2018/19 Budget which reinforces the following principles of budgeting:

- that the Municipality may not budget for a cash deficit;
- expenses may only be incurred in terms of an approved budget;
- the budget must always be within the IDP framework.

By following this principles the Municipal Council was able to produce future budgets that are realistic, practical and affordable to the Municipality. The 2018/19 budget of Bushbuckridge Municipality will be regarded by all

stakeholders as credible, sustainable and responsive towards the current and future needs of the community. The management of revenue is governed by policies that are directly aligned to revenue management and debt collection such as billing systems and indigent policies.

Highlights have been achieved in terms of collecting outstanding debts from government institutions with the assistance of National Treasury. However, it should be noted that continuous improvement is key to achieving the sustained desired result over a period of time.

The concern about the increasing levels of debtors that may undermine the liquidity of the Municipality still exists. However, the Municipality has developed the revenue enhancement strategy in order to curb the accumulation of debt as well as the enforcement of the debt collection and credit control policy. A service provider was appointed to collect the outstanding debt due to the Municipality. Incentives were also provided to consumers for settlement of accounts as a means to encourage payment of debt.

Bushbuckridge Municipality has been implementing the Supply Chain Management Regulations through the Supply Chain Management Policy. The SCM Policy is in adherence to the SCM Regulations and is in line with the Model Policy issued by National Treasury (NT). The SCM Policy was reviewed during the 2017/18 financial year in order to reduce some of the more cumbersome requirements and included clearer instructions in alignment with other legal requirements.

Procurement and Demand Management have been identified as areas of particular concern and will be addressed over the next financial year.

Projects and procurement are being planned with cognisance of the requirements of the Supply Chain Management legislative framework to ensure that the process of the Municipality are fair, equitable, transparent, competitive and cost-effective and comply with the prescripts of the Municipal Finance Management Act in order to give effect to Section 217 of the Constitution.

## 5.2. FINANCIAL PERFORMANCE STATUS

The matrix below highlights financial performance measures achieved in terms of their compliance dates within the Finance Section.

<b>Objectives</b>	<b>Performance Measure/service delivery indicator</b>	<b>Performance</b>	
		<b>Target</b>	<b>Actual</b>
<i>To develop a medium term financial framework (budget)</i>	<i>Three-year capital and operational budget approved by Council</i>	<i>31 May 2018</i>	<i>31 May 2018</i>
	<i>Approval of the adjustment budget by Council</i>	<i>25 Jan. 2018</i>	<i>25 Jan. 2018</i>
<i>To provide a framework for financial accountability</i>	<i>Approved Service Delivery and Budget Implementation Plan (SDBIP)</i>	<i>31 May 2018</i>	<i>31 May 2018</i>
	<i>Adoption of Tariff Structure</i>	<i>31 May 2018</i>	<i>31 May 2018</i>
<i>To manage and control revenue</i>	<i>Monthly billing</i>	<i>Monthly</i>	<i>Monthly</i>
	<i>Credit control policy enforcement</i>	<i>01/07/2017</i>	<i>Fully implemented</i>
<i>To manage the cash-flow of the Council to ensure timely payment of creditors and Servicing of long term liabilities.</i>	<i>Creditors paid within 30 days</i>	<i>Monthly</i>	<i>Partially achieved due to Cash flow challenges coupled with low revenue collection by</i>

		<i>the Municipality.</i>
<i>To prepare and submit Annual Financial Statement (AFS) to AG for 2016/17 FY</i>	<i>AFS submitted to Council, &amp; AG</i>	<i>31 August 2018</i>
<i>To monitor and control the budget &amp; expenditure</i>	<i>Submission of monthly financial report to Provincial &amp; National Treasury</i>	<i>Monthly</i>
		<i>31 August 2018</i>
		<i>Monthly</i>

### 5.3. ANNUAL FINANCIAL STATEMENTS 2017/2018

The Annual Financial Statements for the year ended 30 June 2018 have been prepared in accordance with GRAP standards and submitted to the office of the Auditor-General on 31 August 2018.

The notes to the Annual Financial Statements include additional information where available, as required by the Municipal Financial Management Act no.56 of 2003.

The notes to the Annual Financial Statements disclose the required information in terms of section 123 of the Municipal Finance Management Act. Refer Annexure, as part of the 2017/2018 attachments.

### 5.4. OPERATING RESULTS

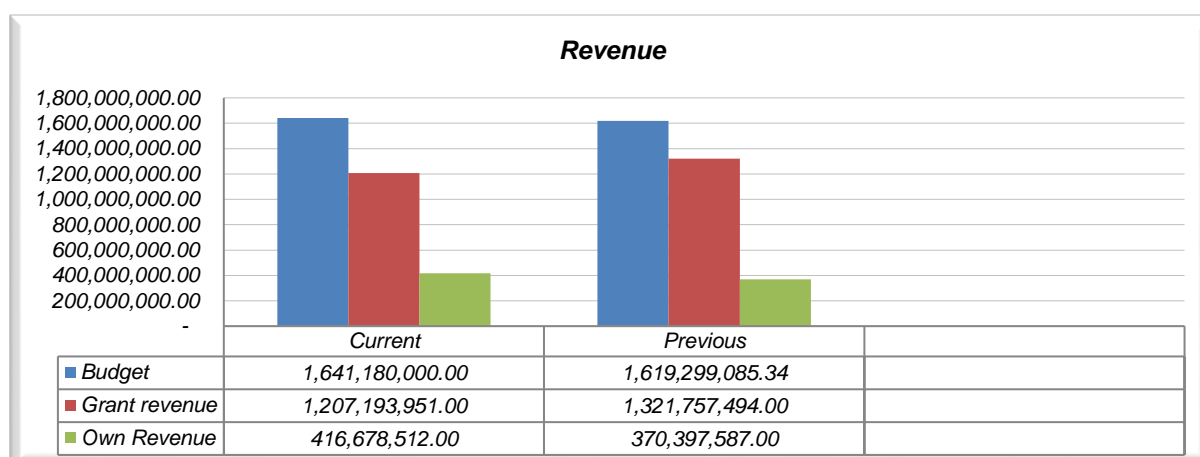
The operating results for the year ended 30 June 2018 disclosed a surplus. The financial year was closed off with a surplus of R 499,436,717 against a surplus of R 730,231,769 for the previous financial year. The current year provision for debt

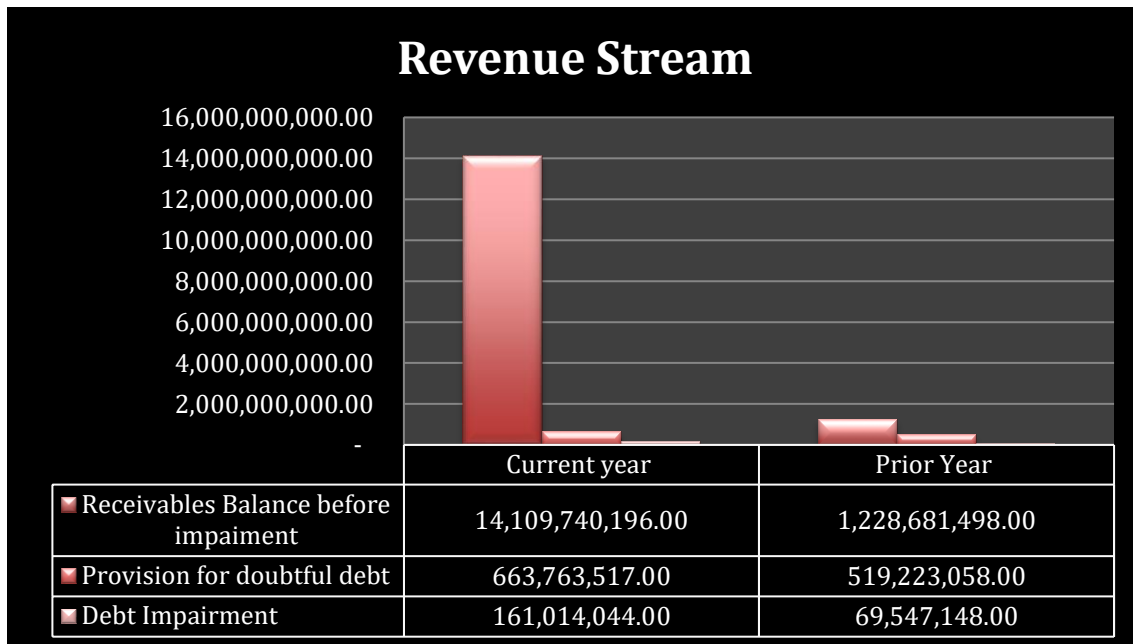
impairment amounts to R 161,014,044, total income billed amounts to R 396 011 775 and grant income realised amounts to R1, 207,193,951.

## 5.5. INCOME

The major income streams of the Municipality can best be disclosed as follows, giving a bird's eye view of total income and disclosing the dependency of the Municipality on grants and subsidies from the State, as income from grants represents 80% of total income of the Municipality. Own income generated from the sale of water, the raising of assessment rates and other income represent 20% of the total income of the Municipality. The difference between sale of water and bulk purchase from Rand water indicates that the Municipality is providing most of the water to communities that are not billed. The recovery from sales of water is currently running at a loss.

The generation of own income streams will become more important as the current increase in investment in infrastructure progresses. The graph below presents a summary of income as compared with the previous year and budget.





Grants revenue includes all the grants received from National and Provincial Government.

Although it is good and fair to receive grants from Government, it can also have a negative impact, as the Municipality will become more dependent on Government to fund operational and capital expenditure due to the accumulation of the debt.

#### **5.6. OPERATING RESULTS PER CATEGORY OF EXPENDITURE**

Detailed information on the operating results per category will be reflected in the Annual Financial Statements. The following could however, be highlighted:

The total salary expenditure of the Municipality amounted to R 405,806,934 of the total operating expenditure for the year.

Bulk water purchase for the year amounted to R 196,493,342 invoice submitted by Rand Water. An agreement was reached between the two parties to fix monthly billing until dispute resolution has been reached.

The graph below indicate the budget allocated and actual expenditures as at year end:

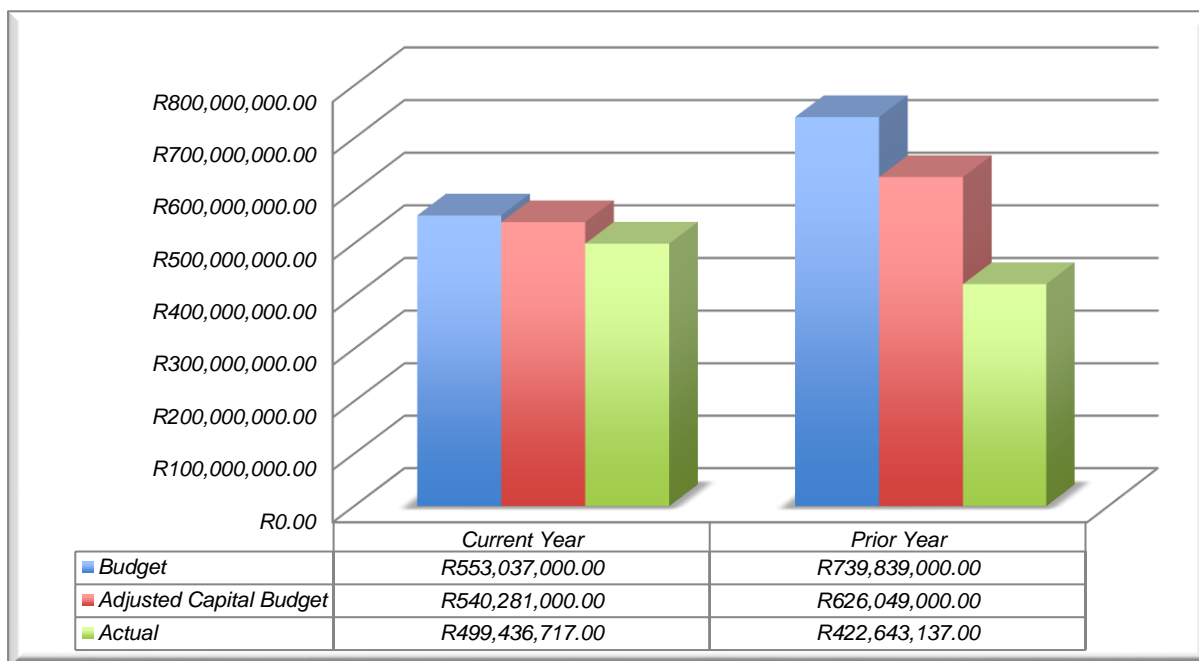




### 5.7. CAPITAL EXPENDITURE

The original Capital budget amounted to R 553,037,000 and was adjusted to R 540,281 000 for capital expenditure in 2017/2018,

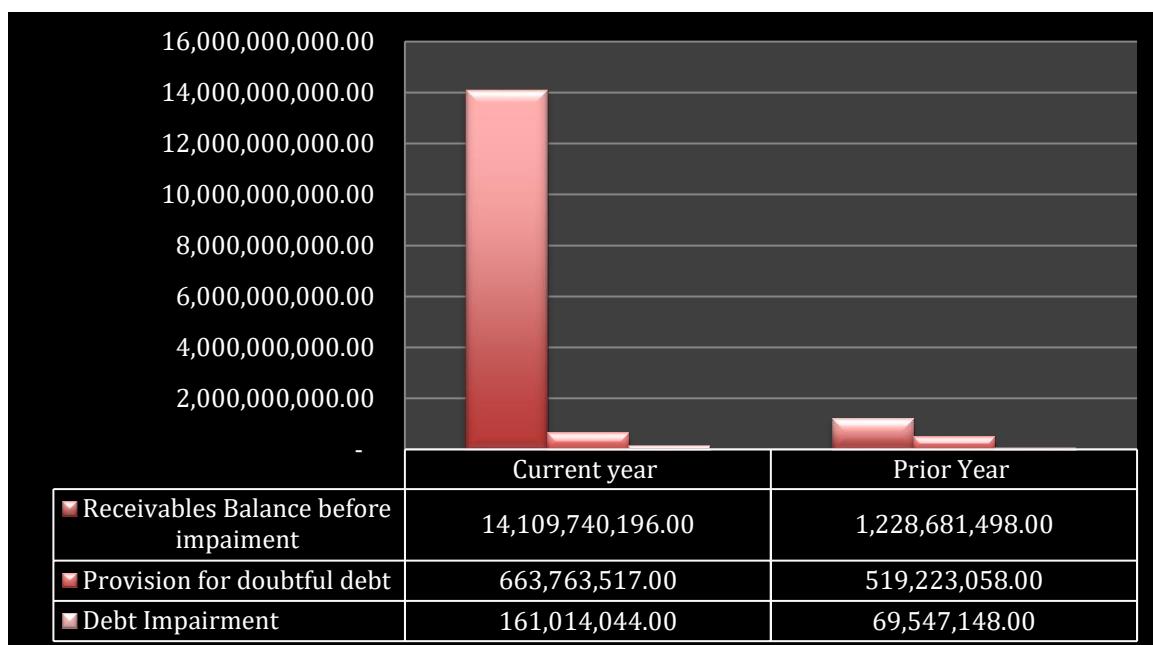
The Graph below depicts Capital expenditure spent against the budget



### 5.8. DEBTORS ASSESSMENT

The graph below depicts the comparative incremental pattern of outstanding consumer debtors between the two financial years of 2016/2017 and 2017/2018. The total outstanding debt as at 30 June 2018 amounted to R 1,410 974 195 as compared to R 1 228 681 498 for 2016/17.

Interest due on outstanding debt for 2017/18 was charged amounted to R 110,327,568.



#### 5.9. BILLING SYSTEMS

The Municipality has an adequate billing system in place. Data clean-up processes are ongoing to ensure accurate and valid data. Average collection rate on billing is 40%.

Summary of billing for the services rendered for 2017/18 is as follows:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Billing	R 97 144 83.00	R 97 903 831	R 98 872 883	R 102 090 180	R 396 011 775
Collection	R 48,156,256	R 21,785,423	R 83,489,230	R6,333,389	R 159 764 298

#### 5.10. REMEDIAL MEASURES

- The Municipal Council has appointed a service provider to assist with the recovery of the outstanding debts to curb the accumulation of debt.
- COGTA, SALGA, Office of the Premier and Provincial Treasury are currently assisting the Municipality in collecting the debt due by the Government

- c) Council has undertaken to implement a vigorous Credit Control and Debt Collection Policy against the defaulters regarding payment and to update the indigent register.

#### 5.11. ABILITY TO SPEND CAPITAL BUDGET

The Municipality was able to spend 99% of the capital budget allocations. The expenditure pattern was monitored on a quarterly basis through performance review of the SDBIP.

#### 5.12. REVIEW OF AUDITOR GENERAL'S REPORTS

Section 126(1) of the Municipal Finance Management Act requires the accounting officer of a Municipality to prepare and submit Annual Financial Statements and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing. The AFS was submitted to the Office of the Auditor-General on the 31<sup>st</sup> August 2018.

#### 5.13. CREDIT CONTROL AND INDIGENT POLICIES IN MUNICIPALITIES

The table below depicts improvement in the development of credit control policies within the Municipality

<i>Credit Control Policies</i>		
<i>Indigent policy</i>	<i>Credit Control and Debt Collection Policy</i>	<i>By-laws</i>
<i>Adopted</i>	<i>Adopted</i>	<i>Adopted</i>

#### 5.14. IMPLEMENTATION OF THE MUNICIPAL PROPERTY RATES ACT

<i>2005-2009</i>	<i>2009-2014</i>	<i>2014 - 2018</i>
<i>Valuation roll</i>	<i>Valuation roll</i>	<i>Valuation roll</i>
Yes	Yes	Yes
Yes	Yes	Yes
Yes	Yes	Yes

### 5.15. FINANCIAL POLICIES

<i>Policy</i>	<i>Approved by Council</i>	<i>Implemented</i>	<i>Promulgated in By-Law</i>
<i>Tariff policy</i>	√	√	√
<i>Credit control policy</i>	√	√	√
<i>Indigent policy</i>	√	√	√
<i>SCM policy</i>	√	√	√
<i>Property rate policy</i>	√	√	√
<i>Cash Management and Investment policy</i>	√	√	√
<i>Asset management policy</i>	√	√	√
<i>Financial management policy</i>	√	√	√
<i>Budget Policy</i>	√	√	√
<b><i>Virement Policy</i></b>	√	√	√

### 5.16. CONCLUSION

The financial management of BLM were managed professionally and in compliance with relevant legislation and all financial management policies as adopted by Council.

## CHAPTER 6

### 6. INTERNAL AUDIT REPORT

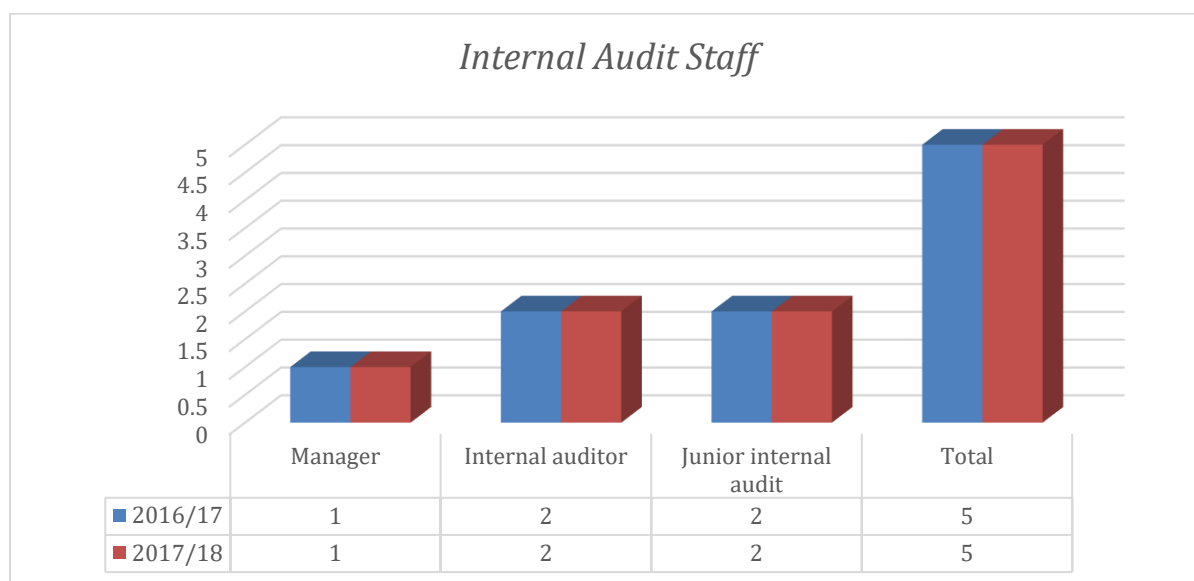
#### 6.1. BACKGROUND

The Municipality has its own internal audit unit. Internal audit addresses in particular, issues of governance, risk management and internal control. The Internal Audit functions independently and it is headed by a Manager who reports administratively to the Municipal Manager and functionally to the Audit Committee. All Internal Audits assignments were performed in house.

#### 6.2. COMPOSITION OF INTERNAL AUDIT

In order to provide a focused and industry-specific audit service, the Internal Audit section has a dedicated team of auditors that provide internal audit services. The benefit of this set up is that the Municipality receives advice from internal auditors who are well acquainted with systems and processes within the Municipality. Internal Audit performs its duties according to its approved charter, which is reviewed on an annual basis.

The graph below presents the staffing of Internal Audit division:



### 6.3. INTERNAL AUDIT SCOPE OF WORK

The scope of work of the Internal Audit is to determine whether the Municipality's risk management, control, and governance processes, as designed and represented by management, is adequate and functions in a manner to ensure that the following aspects are addressed:

Risks are appropriately identified and managed;

- a) Appropriate reporting and communication with the various governance groups occurs effectively.
- b) Significant financial, managerial, and operating information is accurate, reliable and timeously.
- c) Significant financial, managerial, and operating information is accurate, reliable and timeously.
- d) Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- e) Assets are safeguarded, used efficiently, adequately protected and verified.
- f) Resources are acquired economically, used efficiently and are adequately protected.

- g) Economic and efficient management of the entity's financial, human and other resources and the effective conduct of its operations.
- h) Programs, plans and objectives are achieved.
- i) Quality and continuous improvement are fostered in the Municipality's control process.
- j) Significant legislative or regulatory issues impacting on the Municipality are recognized, addressed appropriately and timeously and compliance is ensured.

#### 6.4. INTERNAL AUDIT WORKING HOURS

Table below reports the working hours of internal auditors during 2017/2018 financial year.

AUDIT PERFORMANCE ACTIVITIES	HOURS	OUTCOME
Re-Visiting Current Risk Profile and Priorities	42	Effective
Compiling Strategic Audit Plan and Annual Plan	200	Effective
Performance Audits (PMS/IDP/SDBIP)		
-First Quarter	168	Effective
-Second Quarter	200	Effective
-Third Quarter Ending March	200	Effective
-Fourth Quarter	300	Effective
Follow Up Audits		
Action Log	360	Effective
Ad-Hoc Audits	348	
FINANCE		
Assets Management	420	Effective
Supply Chain Management	420	Effective
Revenue Management	200	Effective
Cash Management	120	Effective

AUDIT PERFORMANCE ACTIVITIES		
	HOURS	OUTCOME
Expenditure Management	320	Effective
CORPORATE SERVICES		
Fleet management	320	Effective
Occupational Health and Safety Management	320	Effective
Human Resource	320	Effective
TECHNICAL SERVICES		
Water Management	150	Effective
Sanitation Management	150	Effective
Project Management Unit	420	Effective
Office of The Municipal Manager		
Governance	200	Effective
Administration	200	Effective
Training and Education	200	Effective
MFMA Compliance	200	Effective
Follow Up On AG Report	320	Effective
Total Hours	6098	

## 6.5. OPERATIONAL PLAN

### 6.5.1. RISK-BASED AUDITS

The objectives of risk-based types of audits are to evaluate the adequacy and effectiveness of controls in respect of key risks and business processes (linked to the strategic objectives and prioritised organisational risks of the Department).



The Municipality's Risk-Based Audit plan is developed separately for each Directorate based on the Directorate's identified risks and risk profile as assessed by the Municipality's management team.

A risk assessment was performed in May/June 2017. The Municipality's Annual Internal Audit plan is based on the results of the Directorate's risk assessment workshops held. The results of the risk assessments were recorded and summarised in a risk matrix report in order to provide a holistic view of risk and the planned internal audit assurance to be provided to the Municipality.

The output of the risk assessment process was used to develop the Rolling 3 Year Strategic Internal Audit Plan, as required by Treasury Regulation 3.2.7, by:

- Identifying and allocating a priority ranking to the respective risk areas.
- Based on experience, establishing the need and appropriateness for the specific types of audits/reviews.
- Assessing the level of audit skills required and estimating resources required for each type of audit/review.
- Determining the timing of the respective audits/reviews.

#### **6.5.2. THE RISK- BASED AUDIT PROCESS INCLUDES THE FOLLOWING:**

Preparing/updating the process documentation to extend the understanding of the process. This includes;

- The identification of the process-level objectives, risks and controls
- Evaluating and testing the controls currently in place
- Confirming the factual correctness of findings with management
- Reporting recommendations for improvement of controls where applicable, and
- Assessing management's corrective actions.

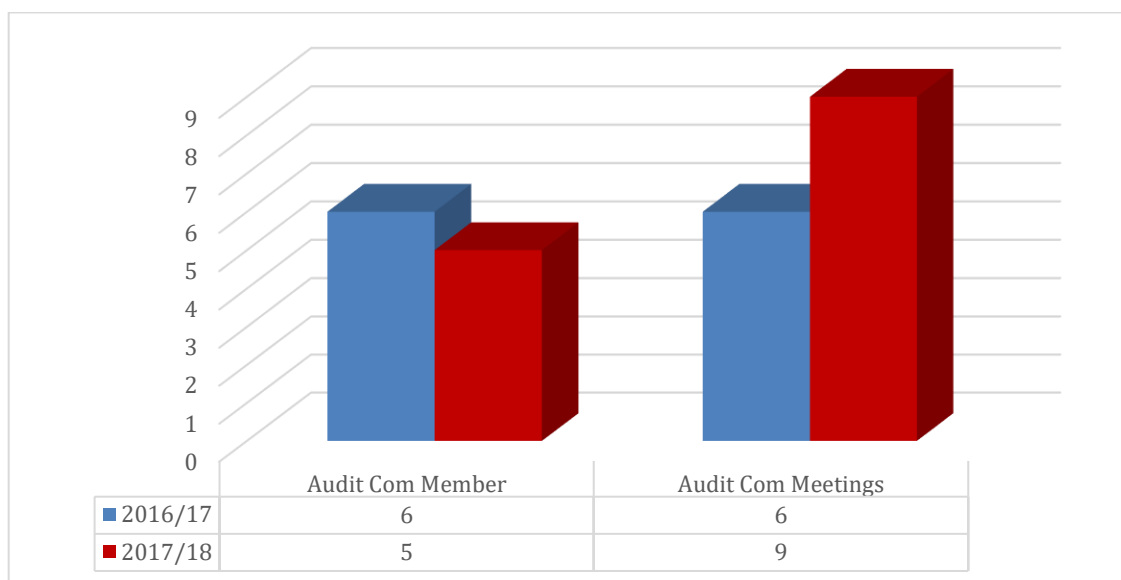
The following were also done during the financial year

- Review of the Audit Committee charter.
- Review of the internal audit charter.
- Review of the internal audit manual.

- A continuous professional development plan was adopted at the beginning of the financial year and was implemented.
- A quality assurance review was undertaken of which the overall outcome was general compliance status.

### 6.5.3. FUNCTIONING OF THE AUDIT COMMITTEE

An Audit Committee was successfully established comprising of external members and effectively function. An Audit Committee Charter was approved and adopted by Council and the respective number of meeting held as per graph below:



### 6.5.4. AUDIT COMMITTEE MEMBERS

Ngobeni Jasper( Chairperson)

Sithole Khethiwe (Member)

Keyser August (Member)

Bhengu Vincent (Member)

Dr Madzivhandila Thanyani (Member)

## 6.6. AGSA AUDIT OPINION

The submission of AFS and APR to AGSA and the status of the Municipal audit opinion for three financial years is as follows:

2015/2016		2016/2017		2017/2018	
AFS and APR finalized and Submitted	Audit Opinion	AFS and APR finalized and Submitted	Audit Opinion	AFS and APR finalized and Submitted	Audit Opinion
31 August 2016	Unqualified	31 August 2017	Unqualified	31 August 2018	Qualified

## 7. RECOMMENDATION

It is a legal requirement in terms of section 127 (5) (b) of the MFMA that prior to the printing of an audit report, the annual report should be submitted to AGSA.


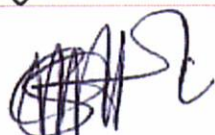
Management submit the Annual Report to AGSA within the timeframe.

Management to respond to all queries of AGSA and respond within required timeframe.

## 8. CONCLUSION

This report serves as an achievement by the Municipality to report progress made in terms of service delivery KPAs and other related KPAs discussed in the report. The management of the BLM has ensured accurate reporting and submission of accurate data that made it possible for the PMS Unit to consolidate and report against the five Key Performance Areas. It is anticipated that this report will do justice to the situation on the ground and that it will achieve what it set out to achieve.

## 2. AUTHORISATION

Title	Initials and Surname	Comments	Signature	Date
Municipal Manager	C. A Nkuna	Recommended		15/01/2019
Executive Mayor	S. C Nxumalo	Approved		15/01/2019

## 3. APPENDIXES

- 3.1. **APPENDIX A: ANNUAL PERFORMANCE REPORT** **180 PAGES**
- 3.2. **APPENDIX B: ANNUAL FINANCIAL STATEMENT** **77 PAGES**
- 3.3. **APPENDIX C: AGSA AUDIT REPORT** **16 PAGES**



# TOP LAYER APR 2017/2018

This Municipal APR was produced from the Office of the Municipal Manager in terms of section 53 of MFMA. It reflects all performance related activities in accordance with the requirements of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) and MFMA for the period 1 July 2017 to 30 June 2018. Information contained in this publication was provided by the various departments.

Every effort was made to ensure that facts are correct.

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## **1. INTRODUCTION**

The Municipal Financial Management Act 56 of 2003 (MFMA) defines the Service Delivery and Budget Implementation plan (SDBIP) as “a detailed plan approved by the Mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality’s delivery of services and the execution of its annual budget”.

Bushbuckridge Local Municipality has undertaken to accelerate implementation of its developmental goals and consolidate gains made during the current term of office, in an effort to ensure service delivery continuity for the next term. Through the 2017/2018 institutional SDBIP, the Municipality has translated its strategic objective into an implementable plan that seeks to align its priorities, the service delivery needs of communities, and the annual budget.

Circular 13 of MFMA indicates that the SDBIP provides integration between the Executive mayor, Council and the Administration, by essentially assisting to hold management accountable for its performance. Furthermore, it states that the goals and objectives set by the municipality must be quantifiable outcomes that can be measured to enable to monitor performance and evaluate service delivery outcomes.

As an effective management tool, the 2017/2018 SDBIP consolidates the planning and performance management processes for the institution. It outlines the key performance indicators and targets associated with the municipality’s as aligned to the 2017/2018 IDP review. The document is a critical part for planning, implementation and monitoring, ensuring alignment between the municipality’s vision and mission.

In terms of section 1 of the MFMA, it states that the SDBIP must include:

- a) Projections for each month of-
  - Revenue to be collected by source; and
  - Operational and capital expenditure, by vote;
- b) Service delivery targets and performance indicators for each quarter; and
- c) Any other matters that may be prescribed.

In line with National Treasury (NT) Guidelines and Regulations, municipalities are required to prepare the SDBIP comprising of the following:

- Budget Implementation Plan;
- CAPEX (Capital Budget); and
- Service delivery breakdown including measurable performance indicators.

## **2. LEGISLATIVE MANDATES**

Bushbuckridge Local Municipality's Services Delivery Budget Implementation plan (SDBIP) is compiled in terms of the municipal systems Act 32 of 2000 and complies is further mandated by the following pieces of legislation to budget and deliver services to the community of Bushbuckridge.

## **3. TIMING AND METHODOLOGY FOR PREPARATION OF THE SDBIP**

“section 69 (3) (a) of the MFMA requires the accounting officer (municipal manager) to submit draft SDBIP and annual performance agreement for the municipal manager and all senior managers, as required in terms of section 56 (1) (b) of the municipal systems Act. These should be submitted to the mayor not later than 28 days after the approval of the annual budget.

The Executive Mayor in accordance with section 53 (3) (a) & (b) of the MFMA must not later than 28 days after the approval of the SDBIP ensure that the revenue and expenditure projections for each month and service delivery targets and performance indicators for each quarter, as set out in the SDBIP are made public.

In the light of this statement must also ensure that the performance agreements of the municipal manager, senior managers and any other categories of officials as may be prescribed, are also made public. Copies of such performance agreements must be submitted to the council and MEC for Local Government in the province”.

## **4. BUDGET IMPLEMENTATION PLAN FOR 2017/2018**

The Municipality is faced with challenges which include amongst others, an increasing population demand for services as the populations and the demographics of the municipality are growing, as well as development backlogs and increasing poverty levels. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation balancing expenditures against available financial resources.

The municipality still needs to ensure the implementation of the Revenue strategy which will be built around the following key components:



- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Identification of new possible revenue sources and the sustainability of such sources
- Increased pressure to deliver and maintain services and recover costs;

#### 4.1 REVENUE COLLECTION REPORT

The budget implementation component of the SDBIP, circular 13 requires a break down by monthly projections of revenue for each source and monthly projections of capital expenditure and operational expenditure and revenue for each vote.

R thousand	Vote Description	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	<b>Revenue by Vote</b>			
	<b>Vote 1 - Dept. 001 - Budget &amp; Treasury Office</b>	<b>949 270</b>	<b>970 066</b>	<b>1 020 653</b>
	Interest on Investments	15 010	14 500	15 000
	Interest On Outstanding Debtors	55 000	28 665	35 000
	Database Registration	88	93	89
	Gains loss on Sales of Assets	750	795	1 200
	Rates Rebate Resident	(6 163)	(6 533)	(7 125)
	Property Rates			
	Agricultural	285	302	320
	Business & commercial	25 557	27 090	28 716
	Protected area business	21 875	23 188	24 579
	State owned	124 482	131 951	139 868
	Protected area residence	2 944	3 121	3 308
	Public benefit	73	77	82
	Residence	18 875	20 008	21 208
	Vacant stand	4 307	4 565	4 839
	Industrial property	2 555	2 708	2 870

Inventory Adjustment Account		-	-
<b>Vote 2 - Dept. 002 - Corporate Services</b>	<b>3 106</b>	<b>3 292</b>	<b>3 490</b>
Office Rental	135	143	151
Rent Received House	251	266	282
Site Rental	472	500	530
Hire of Water Tanker	28	30	32
Rubble Removal	4	5	5
Sundry Income	281	298	316
Disposal of Containers	26	27	29
Tender Documents	506	536	568
Site Transfer Fee	98	104	110
Photo Copies	70	74	79
Proof of Residence Service	1 100	1 166	1 236
Admin Fee	47	50	53
Amendment of Names	25	26	28
Bond Fee	24	26	28
Reconnection Fee Resident	39	41	44
<b>Vote 3 - Dept. 005 - Economic Development, Planning &amp; Environmental</b>	<b>6 124</b>	<b>6 536</b>	<b>6 981</b>
Business Licencing	735	772	815
Billboards	169	179	189
Land Use application	100	107	114
Site Demarcations	50	54	57
Site Development plan	20	21	23
Rezoning and zoning	10	11	11
Township establishment	15	16	17
Consent use	5	5	6

Sale of land	5 000	5 350	5 725
Printing of Maps	20	21	23
<b>Vote 4 - Dept. 006- Community Support Services</b>	<b>504</b>	<b>535</b>	<b>568</b>
Library Membership Fees & Fines	23	24	25
Flammables - fireworks, gas, substances	10	11	12
Occupancy compliance certificate	5	6	7
Hire of Community Halls	56	60	63
Rent Received Chairs	10	11	11
Rent Received Stadium	180	191	202
Rent Received Clubhouse	28	30	32
Rent Received Tent	7	7	8
Rent Received Cell Phone towers	112	119	126
Cemetery	73	77	82
<b>Vote 8 - Dept. 013 - Community Support Services - Traffic</b>	<b>24 256</b>	<b>25 469</b>	<b>26 997</b>
Traffic Income Licencing	11 473	12 047	12 770
Fines	2 756	2 894	3 068
Income for Agency Service (Vehicle Registration & Licensing Registering authority 20%)	10 027	10 528	11 160
<b>Vote 9 - Dept. 014 - Technical Services - Public Works</b>	<b>572</b>	<b>601</b>	<b>644</b>
Plan Approval Business	441	463	495
Plan Approval Residential	121	127	136
Penalties for plan approvals	10	11	12
<b>Vote 10 - Dept. 015 - Technical Services - Water</b>	<b>59 636</b>	<b>61 691</b>	<b>66 108</b>
Water Basic Residential	10 700	11 449	12 250
Fixed Charge Residential	8 532	7 409	7 762
Water Rebate 6KL Free	(622)	(653)	
Water Consumption Business	39 259	41 615	44 111

Water Connection Business	1 466	1 554	1 647
Water Connection Resident	249	263	279
Reconnection Fee	26	28	29
Meter Maintenance	26	28	29
<b>Vote 11 - Dept. 016 - Technical Services - Roads</b>	<b>70</b>	<b>80</b>	<b>90</b>
<b>Way leave</b>	<b>70</b>	<b>80</b>	<b>90</b>
<b>Vote 12 - Dept. 017 - EDPE - Refuse</b>	<b>7 450</b>	<b>6 744</b>	<b>7 187</b>
Refuse Removal Business	1 850	763	799
Refuse Removal Residential	1 100	1 166	1 236
Refuse Removal Government	4 500	4 815	5 152
Penalties - Illegal dumping			
<b>Vote 13 - Dept. 018 - Technical Services - Sewerage</b>	<b>6 831</b>	<b>7 241</b>	<b>7 676</b>
Basic Charges Sewer	3 392	3 596	3 811
Sewerage Rebate 6KL Free	(57)	(61)	(64)
Sewerage Blockage Fee	10	11	12
Sewer Connection Resident	650	689	730
Sewer Business	1 235	1 309	1 388
Sewer Government	1 540	1 632	1 730
Honey Sucker Services( sucking of sludge)	61	65	69
<b>Vote 14 - Dept. 020 - Municipal Works - PMU</b>	<b>120</b>	<b>137</b>	<b>156</b>
Penalties - Construction delays	120	137	156

#### 4.2 MONTHLY PROJECTIONS OF REVENUE FOR EACH SOURCE

One of the most important and basic priorities for any municipality is collect all its revenue as budgeted for. The failure to collect all such revenue will undermine the ability of the municipality to deliver on services. The municipality MUST ensure that it has instituted measures to achieve monthly revenue targets for each revenue source. The revenue projections relate to actual cash expected to be collected and should reconcile to the cash flow statement approved with the budget documentation. The reason for specifying actual revenue collected rather than accrued (billed) revenue is to ensure that expenditure does not exceed actual income.

Revenue by Vote R000	Current Year 2017/2018	JULY	AUGUST	SEP	OCT	NOV	DEC	JAN	FEB	MARCH	APRIL	MAY	JUNE
<b>Vote 1 - Dept. 001 - Budget &amp; Treasury Office</b>	<b>265 638</b>												
Interest on Investments	15 010	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251
Interest On Outstanding Debtors	55 000	4 583	4 583	4 583	4 583	4 583	4 583	4 583	4 583	4 583	4 583	4 583	4 583
Database Registration	88	7	7	7	7	7	7	7	7	7	7	7	7
Gains loss on Sales of Assets	750	63	63	63	63	63	63	63	63	63	63	63	63
Rates Rebate Resident	(6 163)	(514)	(514)	(514)	(514)	(514)	(514)	(514)	(514)	(514)	(514)	(514)	(514)
Property Rates													
Agricultural	285	24	24	24	24	24	24	24	24	24	24	24	24
Business & commercial	25 557	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130
Protected area business	21 875	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823
State owned	124 482	10 374	10 374	10 374	10 374	10 374	10 374	10 374	10 374	10 374	10 374	10 374	10 374
Protected area residence	2 944	245	245	245	245	245	245	245	245	245	245	245	245
Public benefit	73	6	6	6	6	6	6	6	6	6	6	6	6
Residence	18 875	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573	1 573
Vacant stand	4 307	359	359	359	359	359	359	359	359	359	359	359	359
Industrial property	2 555	213	213	213	213	213	213	213	213	213	213	213	213
<b>Vote 2 - Dept. 002 - Corporate Services</b>	<b>3 106</b>												
Office Rental	135	11	11	11	11	11	11	11	11	11	11	11	11
Rent Received House	251	21	21	21	21	21	21	21	21	21	21	21	21
Site Rental	472	39	39	39	39	39	39	39	39	39	39	39	39
Hire of Water Tanker	28	2	2	2	2	2	2	2	2	2	2	2	2

Rumble Removal	4	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33
Sundry Income	281	23	23	23	23	23	23	23	23	23	23	23	23	23
Disposal of Containers	26	2	2	2	2	2	2	2	2	2	2	2	2	2
Tender Documents	506	42	42	42	42	42	42	42	42	42	42	42	42	42
Site Transfer Fee	98	8	8	8	8	8	8	8	8	8	8	8	8	8
Photo Copies	70	6	6	6	6	6	6	6	6	6	6	6	6	6
Proof of Residence Service	1 100	92	92	92	92	92	92	92	92	92	92	92	92	92
Admin Fee	47	4	4	4	4	4	4	4	4	4	4	4	4	4
Amendment of Names	25	2	2	2	2	2	2	2	2	2	2	2	2	2
Bond Fee	24	2	2	2	2	2	2	2	2	2	2	2	2	2
Reconnection Fee Resident	39	3	3	3	3	3	3	3	3	3	3	3	3	3
<b>Vote 3 - Dept. 005 - Economic Development, Planning &amp; Environmental</b>	<b>6 124</b>													
Business Licencing	735	61	61	61	61	61	61	61	61	61	61	61	61	61
Billboards	169	14	14	14	14	14	14	14	14	14	14	14	14	14
Land use application	100	8	8	8	8	8	8	8	8	8	8	8	8	8
Site Demarcations	50	4	4	4	4	4	4	4	4	4	4	4	4	4
Site Development plan	20	2	2	2	2	2	2	2	2	2	2	2	2	2
Rezoning and zoning	10	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83
Township establishment	15	1	1	1	1	1	1	1	1	1	1	1	1	1
Consent use	5	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
Sale of land	5 000	417	417	417	417	417	417	417	417	417	417	417	417	417
Printing of Maps	20	2	2	2	2	2	2	2	2	2	2	2	2	2
<b>Vote 4 - Dept. 006- Community Support Services</b>	<b>504</b>													
Library Membership Fees & Fines	23	2	2	2	2	2	2	2	2	2	2	2	2	2
Fire prevention														
Flammables - fireworks, gas, substances	10	1	1	1	1	1	1	1	1	1	1	1	1	1
Occupancy compliance certificate	5	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
Penalties - By Law enforcers														
Hire of Community Halls	56	5	5	5	5	5	5	5	5	5	5	5	5	5
Rent Received Chairs	10	1	1	1	1	1	1	1	1	1	1	1	1	1
Rent Received Stadium	180	15	15	15	15	15	15	15	15	15	15	15	15	15
Rent Received Clubhouse	28	2	2	2	2	2	2	2	2	2	2	2	2	2
Rent Received Tent	7	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58
Rent Received Cell Phone towers	112	9	9	9	9	9	9	9	9	9	9	9	9	9

Cemetery	73	6	6	6	6	6	6	6	6	6	6	6	6	6
<b>Vote 8 - Dept. 013 - Community Support Services - Traffic</b>	<b>24 256</b>													
Traffic Income Licencing	11 473	956	956	956	956	956	956	956	956	956	956	956	956	956
Fines	2 756	230	230	230	230	230	230	230	230	230	230	230	230	230
Income for Agency Service (Vehicle Registration & Licensing Registering authority 20%)	10 027	836	836	836	836	836	836	836	836	836	836	836	836	836
<b>Vote 9 - Dept. 014 - Technical Services - Public Works</b>	<b>562</b>													
Plan Approval Business	441	37	37	37	37	37	37	37	37	37	37	37	37	37
Plan Approval Residential	121	10	10	10	10	10	10	10	10	10	10	10	10	10
<b>Vote 10 - Dept. 015 - Technical Services - Water</b>	<b>59 636</b>													
Water Basic Residential	10 700	892	892	892	892	892	892	892	892	892	892	892	892	892
Fixed Charge Residential	8 532	711	711	711	711	711	711	711	711	711	711	711	711	711
Water Rebate 6KL Free	(622)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)
Water Consumption Business	39 259	3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 272
Water Connection Business	1 466	122	122	122	122	122	122	122	122	122	122	122	122	122
Water Connection Resident	249	21	21	21	21	21	21	21	21	21	21	21	21	21
Reconnection Fee	26	2	2	2	2	2	2	2	2	2	2	2	2	2
Meter Maintenance	26	2	2	2	2	2	2	2	2	2	2	2	2	2
<b>Vote 11 - Dept. 016 - Technical Services - Roads</b>	<b>70</b>													
Way leave	70	6	6	6	6	6	6	6	6	6	6	6	6	6
<b>Vote 12 - Dept. 017 - EDPE - Refuse</b>	<b>7 450</b>													
Refuse Removal Business	1 850	154	154	154	154	154	154	154	154	154	154	154	154	154
Refuse Removal Residential	1 100	92	92	92	92	92	92	92	92	92	92	92	92	92
Refuse Removal Government	4 500	375	375	375	375	375	375	375	375	375	375	375	375	375
<b>Vote 13 - Dept. 018 - Technical Services - Sewerage</b>	<b>6 831</b>													
Basic Charges Sewer	3 392	283	283	283	283	283	283	283	283	283	283	283	283	283
Sewerage Rebate 6KL Free	(57)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Sewerage Blockage Fee	10	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Sewer Connection Resident	650	54	54	54	54	54	54	54	54	54	54	54	54	54



Sewer Business	1 235	103	103	103	103	103	103	103	103	103	103	103	103	103	103	103	103
Sewer Government	1 540	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128
Honey Sucker Services( sucking of sludge)	61	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
<b>Vote 14 - Dept. 020 - Municipal Works - PMU</b>	<b>120</b>																
Penalties - Construction delays	120	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10

**5. TOP LAYER SDBIP**

The top layer SDBIP will assist departments to track achievements through regular collection of information to assist timely decision making, ensure accountability, and provide the basis for evaluation.

The top layer service delivery budget implementation plan, indicating how the budget and the strategic objectives of council will be implemented, is here-under attached in order for the internal and extend stakeholders to acclimatise themselves.

### 5.1 KEY PERFORMANCE AREAS

The following key performance Areas (KPA's) as outlined in the local Government: Municipal Planning and Performance Management Regulations inform the strategic objectives listed in the table below.

<i>Number</i>	<i>Key Performance Area</i>	<i>Weight</i>
	INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICES DELIVERY	25%
	MUNICIPAL INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	15%
	LOCAL ECONOMIC DEVELOPMENT (LED)	20%
	MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT.	20%
	<ul style="list-style-type: none"> <li>• SCM</li> </ul>	10%
	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	10%
<b>100%</b>		

## 6. TOP LAYER SDBIP: KPA

The top layer SDBIP only reflects the performance plan for all key performance areas at high level.

### 6.1 KPA: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION (15% WEIGHT)

This KPA covers the performance of Community services and corporate services departments.

#### 6.2 TOP LAYER COMMUNITY

Functional Area	Strategic objective as per IDP	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reason for Variance	Improvement Measure	
Reviewal of indigent register	Provide free basic service to deserving beneficiaries	Reviewal of indigent register	Indigent register was not reviewed in 2016/17	Review the indigent register by November 2017	Internal driven	Internal driven	Review the indigent register	Indigent register not reviewed	Late appointment of data captures	Finalise the appointment and review the register before December 2018.	None

6.3 Top layer corporate services

Functional Area	Strategic objective as per IDP	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reason for Variance	Improvement Measure	
Organisational structure	Assess the capacity of Bushbuckridge Local Municipality	Adopted organisational structure 2015/16	Organisational structure approved by Council still in use	-	-		Adopted organisational structure for 2017/18	Not done	Only Draft organisational structure 2017/18 done	To be done on the 2018/19 financial year	None
Security of Human resource and municipal assets	Enforce protection of employees and municipal assets	Compliance with SLA between BLM and Security companies	SLAs were not adequately enforced	Service level agreement for security service be fully enforced	Internal driven		-	Achieved	-	-	Quarterly reports
<b>Council Support</b>	To effectively manage council support activities.	Number of council sitting	4 ordinary council and 1 special council were conducted in 2015/16 F/Y	4 Ordinary Council sittings.	-		-	4 Ordinary Council sittings done	-	-	Attendance registers and minutes

Functional Area	Strategic objective as per IDP	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reason for Variance	Improvement Measure	
<b>Mayoral IMBIZO</b>	To effectively involve members of the community in the affairs of the municipality	Number of Izimbizo to be held.	4 Mayoral Izimbiso conducted in 2015/16 F/Y	Four (4) mayoral Izimbizo outreach programmes and respond to issues as raised.	400 000,00	-	-	4 Mayoral Izimbizo outreach programmes held.	-	-	Attendances registers for mayoral Izimbizo
<b>Ward Committees</b>	Ensure Functionality of ward committees.	Number of consolidate reports to be submitted council.	3 ward committees reports were consolidated in 2015/16	4 Quarterly consolidated reports.	-	-	-	4 Quarterly consolidated report done.	-	-	Ward committee reports

## 6.4 KPA: LOCAL ECONOMIC DEVELOPMENT (LED) 20% WEIGHT

## 6.5 TOP LAYER EDPE

Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/ Previous performance	Annual Target	Ordinary Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			POE
								Annual Achievement	Reason For Variance	Improvement Measure	
<b>Enhance Tourism Growth and development</b>	Implementation of LED Strategy	No. of projects and initiatives supported	6 tourism projects and 1 programme done in 2016/17 F/Y	To develop business plans for tourism projects by June 2018	385 000	785 000	Support 8 tourism projects	4 tourism projects done	Projects on first and second quarter not done due to Budget constrain.	To be done on 2018/19 financial year	Report for the tourism projects Attendance register, programs and minutes
Small Medium Micro Enterprises (SMMEs) Development	Promote Public-Private Partnership	Number of SMME supported and type of support given	300 SMME supported by 2016/17	To have 100 SMME's supported by June 2018	265 000 00	400 000	To have 100 SMME's supported by June 2018 To develop funding policy,	245 SMME achieved Development of funding policy not achieved	Unplanned support from other sectors has increased the achievement	To be done on first quarter 2018/19	Attendance registers Appointment letter

Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/ Previous performance	Annual Target	Ordinary Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			POE
								Annual Achievement	Reason For Variance	Improvement Measure	
		investment policy, economic by-law, economic funding)	documents compiled	economic by-law and investment policy			economic by-law and investment policy		Waiting for advert and appointment		
LED Awareness Programmes	Implementation of LED strategy	Number of awareness campaigns, training workshop conducted	9 awareness and workshops conducted	To have 6 LED programmes held by June 2018	Operational		To have 6 LED programmes held by June 2018	9 LED programmes done	3 unplanned request by Executive Mayor done	Alignment of plans with other sectors	Attendance registers
Stakeholder Coordination	Promote Public-Private Partnership	Number of LED forums / other fora meetings held	15 LED fora meetings held 2015/16	To have 10 fora meetings held by June 2018	Operational		To have 10 fora meetings held by June 2018	10 fora meetings done	-	-	Minutes and attendance registers
Agricultural Development	Implementation of LED strategy	Number of cooperatives, initiatives & schemes supported	7 cooperatives supported in 2016/17 financial year	To have 2 cooperatives supported by June 2018	455 000	1 000 000	To have 2 cooperatives supported by June 2018	1 cooperative supported achieved	Human settlement not assisted with specifications.	Human settlement to assist with specifications	Reports and attendance registers

Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/ Previous performance	Annual Target	Ordinary Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			POE
								Annual Achievement	Reason For Variance	Improvement Measure	
Agricultural Development	Implementation of LED strategy	% Projects implemented in line with CWP Business Plan	Business plan developed for 2016/2017	To have 9 Agricultural projects supported by June 2018  100% support and monitoring for the implementation of the CWP business plan(project on: health, environment, education,	Operational	-	To have 9 Agricultural projects supported by June 2018  100% support and monitoring for the implementation of the CWP business plan(project on: health, environment, education,	9 Achieved  100% Achieved	-  -	-  -	Reports and attendance registers  Programs and Minutes



Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/ Previous performance	Annual Target	Ordinary Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			POE
								Annual Achievement	Reason For Variance	Improvement Measure	
				agriculture and construction)			agriculture and construction)				
Implementation of the LED Strategy – JOB CREATION	Implementation of LED strategy	Number of jobs created through implementation of LED initiatives and projects	1501 jobs created by June 2016/2017	To have 2000 jobs created by June 2018	N/A	-	To have 2000 jobs created by June 2018	2269	Opening of Dwardsloop mall has increased the number of job created	Alignment of the project with estimate development	List of jobs created
LED Strategy Reviewal	Implementation of LED strategy	Reviewal of the LED strategy	2010-14 LED Strategy	To have a reviewed LED strategy by June 2018	65 000	-	To have a reviewed LED strategy by June 2018	Not achieved	Waiting stakeholders inputs	The target will be done in the next financial year	Reports
BBR local Economic Development Agency	Implementation of LED strategy	Approved economic development agency	Lack of implementation tool for key economic projects	Established Economic Development Agency by June 2018	1 390 000	1 000 000	Council report on the approval of BEDA	Achieved	-	-	Council report

Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/ Previous performance	Annual Target	Ordinary Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			POE
								Annual Achievement	Reason For Variance	Improvement Measure	
							establishment				

**6.6 KPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (WEIGHT 20%) SCM 10%**

This department did not revised its targets.

Functional Area	Strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target	Ordinary Budget	Annual Performance Report 2017/2018			POEs
							Annual Achievement	Reason for Variance	Improvement Measure	
	Conduct constant monitoring of municipal services	Credible Budget adjustment based on 6 months performance	Ensure credible and timeous adoption of budget	2016/17 Budget was credible	Ensure credible and timeous adoption of budget	Internal driven	Achieved	-	-	Council resolution and minutes of budget steering committee
Compliance and reporting	Improve the IDP and budget planning process	Preparation of monthly and quarterly reports	Develop schedule to monitor all financial		Develop schedule to monitor all financial compliance and	Internal driven	Achieved	-	-	Compliance register and monthly updated

Functional Area	Strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target	Ordinary Budget	Annual Performance Report 2017/2018			POEs
							Annual Achievement	Reason for Variance	Improvement Measure	
			compliance		Quarterly update report on financial compliance					
SCM	Improve the IDP and budget planning process	To manage the effectiveness of Bid committee	Ensuring the availability of Bid committee members	Appointments were done timeously	Appointment of compliant Bid committee members	Internal driven	Achieved	-	-	Appointments letters
	Improve the IDP and budget planning process	To manage the effectiveness of Bid committee	Mechanism to monitor SCM settings	No mechanism to monitor the effectiveness of bid committees	Develop schedule to monitor the SCM settings	Internal driven	Achieved	-	-	Schedule and quarterly updates

Functional Area	Strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target	Ordinary Budget	Annual Performance Report 2017/2018			POEs
							Annual Achievement	Reason for Variance	Improvement Measure	
Revenue management	To ensure monies owed by default customers are recovered in full	Enforce credit control policy	% increase in revenue collection	Revenue collection increased by 25%	To increase collection by 25%	Internally Driven	99% increase Achieved	Implementation of RES, payment from Rural Development	-	Income report

## 6.7 KPA: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICES DELIVERY (WEIGHT 25%)

Vote	Functional area	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for Variance	Improvement Measure	POEs
	Development of Business plan for internal streets projects	Provision of access roads	Provide safe and accessible roads and bridges	Number of Business plan to be developed for paving on internal streets	New Business plan	7 Business plan to be developed for paving on internal street	R3 500 000	R0.00	7 Business plan to be developed for paving on internal street	7	-	-	Approval letters
	Municipal Infrastructure Grant	Monitoring the implementation of capital projects and services	Compliance with the conditions of the grant (MIG)	Number of MIG reports	12 MIG reports	12 report MIG to be submitted	Internal driven	None	12 MIG report to be submitted	12	-	-	MIG (DORA) Reports

Vote	Functional area	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for Variance	Improve ment Measure	POEs
	Provision Sports facility	To provide Access to sport, culture and recreation	To provide Access to sport, culture and recreation	% completion of Number of sports facilities	Phase 1 was completed in 2014/15 FY	100% completion of 2 sports facilities at Acornhoek and thulamahashe (soccer field, running tracks and ablution)	R13 900 000	R 15 800 000.00	100% completion of 1 sports facilities at Acornhoek (soccer field, running tracks and ablution)	5%	The identified site for development of the facility is not suitable. A new site is awaiting approval and signing of MoU	The project has been moved to 2018/19 financial year	Progress report
	Provision of regional Land Fill at Bushbuck ridge	Provide access to decent sanitation	Provide access to decent sanitation	% construction of regional landfill (Palisade fencing and Guard room)	New project	Construction of Regional landfill (Palisade fencing and Guard room)	R 15 500 000.00	R8,832,793.78	100% Construction of Regional landfill (Palisade fencing and Guard room)	85%	There was a 3 month delay caused by the stopping of project by the community that affected the project	The project is almost complete	Progress report

Vote	Functional area	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for Variance	Improvement Measure	POEs
	Financial Management	Solicit additional funding for infrastructure development and services	Provision of basic infrastructure funding	% expenditure on MIG	100% MIG expenditure in 2017/2018	100% MIG expenditure planned	R 394 080 000.00	None	100% MIG expenditure planned	100%	-	-	DORA Report
	Financial Management	Water Services infrastructure Grant	Provision of Water infrastructure funding(Water Services Infrastructure Grant, WSIG)	% expenditure on WSIG	100% WSIG expenditure in 2016/17	Ensure 100% expenditure on WSIG projects	R 110 000 000.00	0.00	100% expenditure on WSIG projects	100%	-	-	WSIG expenditure report



Vote	Functional area	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for Variance	Improvement Measure	POEs
	Financial Management	Regional Bulk Infrastructure Grant	Provision of Bulk infrastructure funding(R BIG)	% RBIG expenditure	100% RBIG expenditure in 2016/17	100% RBIG expenditure in 2017/18	R 3 000 000.00	R0.00	0% because funds were not provided by DWS ( Discontinue)	90%	The feasibility report has been completed, its awaiting approval by DWS	-	RBIG expenditure report
	Financial Management	Department of Energy Electrification grant	Provision of Electricity connections	% DoE expenditure	100% DoE expenditure in 2016/17	100% DoE expenditure in 2017/18	R 5 000 000.00	R 5 000 000.00	100% DoE expenditure in 2017/18	100%	-	-	DoE expenditure report

Vote	Functional area	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for Variance	Improvement Measure	POEs
	Electrification of households for municipal projects	Ensure implementation of IDP priorities	Electrification of households	% completion of Number of households connected to electricity to be monitored	145 380 households have access to electricity while 1340 are without	322 households electricity connected progress to be monitored	R5 000 000	R10 000 000	100% completion of 322 households electricity connected progress	100% of 395 Households electric utility connected done.	More connections achieved due to extra houses in close by areas	Monitor the increase of connection	Completion certificate and list of beneficiaries

6.8 KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (WEIGHT 10%)

Functional Area	Strategic objective as per IDP	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary/ adjusted budget	Revised Target	Annual Performance Report 2017/2018			POEs
							Annual Achievement	Reason for Variance	Improvement Measure	
Alignment of IDP, Budget and SDBIP	Allocate available funds to identified priorities on a multi-year Plan	100% Credible & Realistic Budget	Budget aligned to IDP and SDBIP	2016/17 IDP, Budget and SDBIP were aligned	Internal driven	Alignment of 2017/18 IDP, Budget and SDBIP	Achieved	-	-	Internal audit report on alignment

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## 7. CONCLUSION

Circular 13 of MFMA indicates that the SDBIP provides integration between the executive mayor, council and the Administration, by essentially assisting to hold management accountable for its performance. Furthermore, it states that the goals and objectives set by the municipality must be quantifiable outcomes that can be measured to enable to monitor performance and evaluate service delivery outcomes. The top layer APR should be read together with the departmental layer APR 2017/18.



# BLM APR (DEPARTMENTAL LAYER) 2017/2018

This Municipal APR was produced from the Office of the Municipal Manager in terms of section 53 of MFMA. It reflects all performance related activities in accordance with the requirements of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) and MFMA for the period 1 Jun 2017 to 30 July 2018. Information contained in this publication was provided by the various departments.

Every effort was made to ensure that facts are correct.

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## STRATEGIC OBJECTIVES

### 1.1 MUNICIPALITY VISION

Bushbuckridge Local Municipality strives for developmental and prosperous life for all.

### 1.2 MUNICIPALITY MISSION

Through accountability, transparency and responsible governance, the municipality commits itself to provide affordable and sustainable services by enhancing community participation.

#### 1.2.1 MUNICIPALITY CORE VALUES

- Accountability
- Transparency
- Responsible governance
- Efficient service delivery

#### 1.2.2 MUNICIPAL GOALS AND STRATEGIC OBJECTIVES

Municipal Goals	Strategic Objectives
<p><b>Goal 1: Ensuring integrated development planning for the Municipality as a whole</b></p>	<ul style="list-style-type: none"> <li>• Strengthen existing IDP structures</li> <li>• Improve the IDP and budget planning process</li> <li>• Ensure implementation of IDP priorities</li> <li>• Allocate available funds to identified priorities on a Multi-Year Plan</li> <li>• Promote Public-Private-Partnerships Ensure</li> <li>• Implementation of tourism and LED strategy</li> </ul>
<p><b>Goal 2: Promoting bulk infrastructural development and services for the Municipality as a whole</b></p>	<ul style="list-style-type: none"> <li>• Conduct research and development on existing and future infrastructure development and services</li> <li>• Solicit additional funding for infrastructural development and services</li> <li>• Monitoring the implementation of capital projects and services</li> </ul>
<p><b>Goal 3: Building the capacity of BLM to perform its functions and exercise its powers where such capacity is lacking</b></p>	<ul style="list-style-type: none"> <li>• Assess the capacity of Bushbuckridge Local Municipality</li> <li>• Provide support to regional offices</li> <li>• Strengthen inter-governmental relations</li> </ul>

<p><b>Goal 4: Promoting the equitable distribution of resources between all the wards in the Municipal area to ensure appropriate levels of municipal services within the areas</b></p>	<ul style="list-style-type: none"> <li>• Conduct constant monitoring of municipal services</li> <li>• Facilitate appropriate response for identified priority needs</li> </ul>
<p><b>Goal 5: Building a modern and performance driven municipality</b></p>	<ul style="list-style-type: none"> <li>• Implement performance management system</li> <li>• Create awareness and buy-in to BLM strategy</li> <li>• Improve communication strategy</li> <li>• Continuous assessment and staff development through PMS</li> </ul>

### **1.2.3 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN (SDBIP) FRAMEWORK**

#### **1.2.4 PURPOSE OF THE DEPARTMENTAL SDBIP REPORT**

The Service Delivery and Budget Implementation Plan (SDBIP) report is a detailed annual financial report for implementing services using the approved budget for 2017/2018. This annual service delivery report is based on the implementation of approved IDP and adjusted Budget 2017/2018. SDBIP serves as a contract between the municipality (Section 56& s54 Employees) and the community (council) on the services that the municipality commits to deliver over the twelve (12) months. The report will also help to hold the municipality and its management accountable for the performance on the mentioned programmes and projects. The Municipal Finance Management Act and the guiding MFMA circular requires the following to be included in the SDBIP of a municipality:

- I. Monthly projection of revenue to be collected for each source
- II. Monthly projections of expenditure (operating and capital) and revenue for each vote (as attached)
- III. Quarterly projections of service delivery targets and performance indicators for each vote (revenue plan)
- IV. Ward information for the delivery of a specific service



## 2. KEY PERFORMANCE AREAS

The following key performance Areas (KPA's) as outlined in the local Government: Municipal Planning and Performance Management Regulations inform the strategic objectives listed in the table below.

<i>Number</i>	<i>Key Performance Area</i>	<i>Weight</i>
2.1	INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICES DELIVERY	25%
2.2	MUNICIPAL INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	15%
2.3	LOCAL ECONOMIC DEVELOPMENT (LED)	20%
2.4	MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT. • SCM	20% 10%
2.5	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	10%
<b>TOTAL</b>		<b>100%</b>

**3. MUNICIPAL INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT (15%)**

**3.1 DEPARTMENTAL LAYER COMMUNITY SERVICES**

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
SPORTS AND RECREATION (Summit)	Ensure accessibility to Sports and Recreation Facilities /Programs for all inhabitants of the municipality	Number of sports and recreation programs	6 Sports and Recreation programs implemented in 2016/17	6 Sports and recreation programs to be implemented by June	1208 00	6 sports and recreation program to be implemented by June	5 Sports and Recreation programs implemented	1 Municipal sports day was postponed	To be implemented in the next financial year	Minutes, Agenda, program, Invitation attendance register and pictures
ARTS, CULTURE & HERITAGE	Social & Cultural integration as well as conservation of important cultural and historical sites	Number of Arts, culture and heritage	7 Arts, culture, & heritage implemented in 2016/17	8 Arts, culture, & heritage to be implemented by June	1050 000	8 Programmes (Arts, culture and heritage programs to be implemented)	7 Programs (Arts, culture and heritage conducted)	1 Cultural festival not done due to late appointment of service provider	Appointment of service provider to be done on time	Minutes, Agenda, program, Invitation attendance register

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
YOUTH AFFAIRS [Youth entrepreneurship workshop]	To contribute in youth development	Number of youth affairs events and programs	9 youth affairs programs implemented in 2016/17	8 Youth affairs programs to be implemented by June	800 000	6 Youth programs to be implemented by June	5 Youth programs implemented	1 Was not done due to delays on appointment of service provider	To be implemented in the next financial year	Agenda, program, Invitation and attendance register
COMMUNITY BURSARY		Number of students to be supported with bursary	Youth Affairs programs implemented in 2016/17	1 youth affairs programs to be implemented by June	850 000	40 students to be awarded bursaries by June	40 students to be awarded bursaries achieved	-	-	List of awarded students, Student results, proof of payment
HIV AND AIDS life skills	To reduce new infections	Number of HIV & AIDS programs to be conducted	10 life skills programs implemented in 2016/17	12 life skill programs to be implemented by June		5 life skills programs to be conducted	5 life skills programs achieved	-	-	Agenda, program, Invitation and attendance register, Pictures

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
HIV AND AIDS Local AIDS Council Meetings	To reduce new infections	Number of HIV&AIDS council meeting to be conducted	4 local Aids Council Meetings implem ed in 2016/17	4 local Aids Council meetings to be implem ed by June		2 Meetings con vened	4 Local AIDS Council meeting implem ed	-		Request, Agenda, program, Invitation and attendance register, pictures
HIV AND AIDS WACs	To reduce new infections	Number of WAC trainings to be conducted	12 WACs visited & Re- established in 2016/17	4 WACs visits to be implem ed by June		14 WACs visited	14 WACs visited	-		Request, Agenda, program, Invitation and attendance register, pictures
PSYCHO SOCIAL SUPPORT	To provide support to the affected employees	Number of reports for support programs on employees	8 Psycho Social support implem ed in 2016/17	8 Psycho Social support to be implem ed by June		8 Psycho Social support to be implem ed	9 Psycho Social support implem ed	More need identified and attended to.		Request, Agenda, attendance register and report
								-		

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
BEREAVEMENT	To provide support to the affected employees	Number of staff educational programs on wellness		4 peer educational programs		4 peer educational programs does not change	4 peer educational programs done	-	-	Request, Agenda, attendance register and report
	To provide support to the bereaved immediate employee's families	Providing bereavement support to concern employees	Bereavement committee is not in place	Support all bereaved families		Support all bereaved families	Bereaved families as per list of deceased were supported and 4 reports	-	-	Request, consolidated reports
Health and wellness	To encourage employees to participate on programmes	Number of programmes on health and wellness	4 programmes	4 programmes		4 programmes	3 programmes conducted	1 program Postponed	Reschedule for next financial year	Request/invitation, Agenda, and attendance register.

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
MUNICIPAL SPORTS	To encourage employees to be health conscious	Number of sports committee meetings to be conducted	Meetings and sports activities conducted in 2016/17	4 Meetings and sports to be implemented by June		4 Meetings and sports to be implemented by June	7 Meetings and 1 sports implemented	Follow-up meetings held	Plan special meetings	Minutes, agenda Invitations and attendance registers
GENDER AFFAIRS matters for community	To reduce the rate of gender based violence cases as per gender strategy	Number of gender affairs meetings/ launching events to address community matters	5 Campaigns conducted in 2016/17	9 matters for community to be implemented by June		9 community programme to be implemented	9 programme events achieved	-	-	Request, Agenda, Invitations and Attendance register

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
CHILDREN AFFAIRS	To create an enabling environment for children towards their development	Number of children affairs events to be conducted	1 Children's day celebration hosted in 2016/17	2 activities to be conducted by June	-	2 activities to be conducted	4 activities conducted	More need identified and dealt with	Plan special activities	Request, Agenda, Invitations and Attendance register

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
ELDERLY AFFAIRS	To promote healthy lifestyle of elderly people.	Number of elderly affairs events to be conducted	1 older person's day held in 2016/17	1 older person to be implemented by June		1 elderly affairs event to be conducted	1 elderly affairs event done	-	-	Request, Agenda invitations and attendance register
DISABILITY AFFAIRS	Mainstreaming of people with disability	Number of disability affairs programs to be conducted	No workshop was held in the 2016/17	8 workshops to be implemented by June	730 000	8 workshops to be implemented by June	8 workshops done	-	-	Minutes, Request Agenda, Program, attendance register



Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
LIBRARY SERVICES programs and visits	Promote the culture of reading	Number of library programs and visits to be conducted	4 holiday programs and 12 schools visited in 2016/17	20 holiday program and 48 school to be visited by June	850 000	20 holiday programs and 40 school visits by June	19 holiday programs done and 42 school visits done	1 not done due to late opening of Acornhoek library.  Schools visit has extra 2	Incorporate the outstanding program to the next F/Y plan	Invitation, Attendance register and Pictures
SECURITY SERVICES	Secure all municipal assets	Number security services reports	12 Monthly reports submitted in 2016/17	12 monthly reports to be submitted by June	27m	12 monthly reports to be submitted by June	12 monthly reports to be submitted	-	-	Quarterly reports

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
COMMUNITY DISASTER MANAGEMENT	To protect community from disaster	Number of disaster management awareness to be conducted to the community members	18 activities implemen ted in 2016/17	19 activities implemented by June	1130.000	3 awareness campaign  2 reports	9 awareness, 2 meeting and 6 Disaster managemen t reports on disaster support done	-	-	Reports, Agenda, Invitation, Attendance register
INDIGENT SERVICES	To ensure responsive government for all	Reviewal of indigent register	Indigent register was not reviewed for 2016/17	Reviewed indigent register for 2017/18	364 000	Reviewed indigent register for 2017/18	Indigent register Reviewed	-	-	Indigent Register
FIRE AND RESCUE INSPECTION	Ensure all business compliant with NFBR	Number of fire and rescue inspection	35 fire inspection conducted	36 fire inspection to be conducted	150 000	146 fire inspection to be conducted	286 inspection conducted	Opening of Dwarsloop mall	-	Inspection certificate

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
FIRE AND RESCUE reports	Ensure all business compliant with NFBR	Number of fire and rescue reports	4 fire and rescue reports	4 fire and rescue reports	-	4 fire and rescue reports	3 <sup>rd</sup> quarter not projected	-	Reports	
ROAD TRAFFIC SERVICES	Create Awareness and buy-in to BLM strategy	Number of summons to issued	Law enforcement t road users	10 000 summons	-	To issue 10 000 summons	Camera speed assisted to issue more summons	-	Statistics summons	
DLTC AND REGISTRY AUTHORITY	Financial management and viability	Amount to be collected at DLTC	R 29025 000 collected in 2016/17	R35103 000 to be collected by June	None	None	-	-	Chief Licensing Officer	
RISK MANAGEMENT	Prevent and manage risk issues in the directorates	Number of reports for risk management to be submitted	Strategic and operational risk register developed	Develop action log to address identified operational and strategic	Internal Driven	Develop action log to address identified operational and strategic	3 <sup>rd</sup> and 4 <sup>th</sup> quarter risk register not updated	Update the register on the quarterly basis	Risk Report	

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018					
							Annual Achievement	Reasons for variance	Improve ment Measures	POE		
				risks by doing 4 risk updates		risks by doing 4 risk updates						
PERFORMANCE MANAGEMENT	To monitor the performance of employees and ensure effectiveness	Number of performance compacts to be developed and assessed as per the PMS cycle	All six (6) units assessed for performance in 2016/2017	6 units managers within the directorate must have performance compacts and be assessed four times	Internal driven	6 units managers within the directorate must have performance compacts and be assessed four times	6 units plans done and 3 assessment done	4 <sup>th</sup> assessment still outstandin g	Reschedule the assessment by 1 <sup>st</sup> quarter on 2018/19		Performance compacts	
IMPLEMENTATI ON OF COUNCIL RESOLUTIONS	Ensure implementati on of IDP priorities	Number of reports on the implementati on of council resolution	20 Council resolution to be implement ed	To report on the number of implemented council resolutions	Internal driven	To report on the number of implemented council resolutions	4 council resolutions on Community services done	-	-		Council Resolutions	

Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target for 2017/18 f/y	Ordinary / Revised Budget	Revised target for 2017/18 f/y	APR departmental layer 2017/2018			
							Annual Achievement	Reasons for variance	Improve ment Measures	POE
PROCUREMENT	Ensure implementati on of IDP priorities	Development of departmental procurement plan and submit to SCM unit	Procurement plans for 2016/2018 submitted and implemented	Procurement plans for four quarters and monitor the implementation	Internal driven	Procurement plans for four quarters and monitor the implementation	Procurement plan done and listed	-	-	Procurement plan for community services
	Assess the capacity of Bushbuckridge Local Municipality	Number of departmental meeting to be conducted	HRM target was not specified	Conduct 12 departmental meetings and submit minutes quarterly	Internal driven	Conduct 12 departmental meetings and submit minutes quarterly	6 Departmental meeting conducted	Planned meetings were postponed	Alignment of the departmental meeting	Agenda, Minutes and attendance register for the meeting

**3.2 COMMUNITY SERVICES SDBIP**

Vote No	Description	Total Budget	Adjusted budget	Annual Performance Report	
				Total Expenditure	Reason for variance
	Sports Arts Culture Heritage	1 500 000	2500 000	1 426 889	Capturing of invoices not yet finalised
	Security Services	23,000 000	27 000 000	32 000 000	Additional of security services
	Indigent Funeral	343 000	30 000	20 000	Minimised requests.

Vote No	Description	Total Budget	Adjusted budget	Annual Performance Report	
				Total Expenditure	Reason for variance
	Youth Affairs	800 000	-	634 775	Limited program
	Gender Affairs	600 000	600 000	368 290	Over budget
	Disability Affairs	500 000	730 000	837 000	Budget under estimated
	Community Disaster	1 130 000	1 130 000	525 960	Not all requested relieved materials purchased

Vote No	Description	Total Budget	Adjusted budget	Annual Performance Report	
				Total Expenditure	Reason for variance
	Bursaries Community	1 000 000		1,000 000	None
	Community Development	950 000	-	604 000	The vote was over budget because all program were implemented
	Children & Elderly Affairs	500 000	500 000	553 800	Budget under estimated
	Library Services & Daily Newspaper	1500 000	850 000	683 973	Installation of CCTV cameras and senior citizen invent not implemented



Vote No	Description	Total Budget	Adjusted budget	Annual Performance Report	
				Total Expenditure	Reason for variance
	Exhuming Graves	100 000		-	To need identified
	Fire & Rescue – Mounted Pump Machine Service	0	-	-	-
	Fire & Rescue – Fire Extinguisher	249 000	-	-	Budget not captured on the Mscoa system
	Fire & Rescue Smoke Detectors	1,700 000	-	-	Budget not captured on the Mscoa system
	Fire & Rescue Protective Clothing	324 000	-	196 000	Budget over estimated

Vote No	Description	Total Budget	Adjusted budget	Annual Performance Report	
				Total Expenditure	Reason for variance
	Fire & Rescue Membership Fire Association	45 000	-	-	Allocated for 2018-19 financial year
	Traffic equipment's	1 000 000	199 000	-	Not reported
	Speed measuring machine ( calibration)	60 000	33 000	-	Not reported
	Summons books	800 000	340 000	12 712	Budget over estimated
	Traffic uniforms	1 000 000	1, 640 000	836 000	Budget over estimated

Vote No	Description	Total Budget	Adjusted budget	Annual Performance Report	
				Total Expenditure	Reason for variance
	Motor bike Calibration (DLTC)	100 000	-	-	Not spent, the budget was removed during budget adjustment
	Mapulaneng VTS calibrations (DLTC)	120 000	None	252 884	Budget under estimated
	Licensing clearing material (DLTC)	1 265 000	None	833 000	Budget over estimated
	Stationary (DLTC)	700 000	None	415 940	Budget over estimated
	Licensing Register Forms (DLTC)	450 000	None	225 000	Budget over estimated

Vote No	Description	Total Budget	Adjusted budget	Annual Performance Report	
				Total Expenditure	Reason for variance
	Procurement of face values (DLTC)	100 000	None	-	Expenditure not reported
	AARTO Forms (Traffic)	400 000	00	-	Not spent, the budget was removed during budget adjustment
	Upgrading repeater	1m	297	-	Not spent, the budget was removed during budget adjustment
	Fire arms services (Traffic)	300 000	363	-	Expenditure not reported
	Installation of boom gate at Mhala DLTC	250 000	None	-	Not spent, the budget was removed during budget adjustment

Vote No	Description	Total Budget	Adjusted budget	Annual Performance Report	
				Total Expenditure	Reason for variance
	Purchase of grass cutter	120 000	120 000	2 000	Budget over estimated.
	Commission Traffic Fines	1 000 000	845 000	1 027 500	Budget over estimated

## 3.3 DEPARTMENTAL PERFORMANCE PLAN CORPORATE SERVICES (7%)

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>Human Resource Management (Staff establishment)</b>	To manage human resources and offer support Administrative to all departments	An updated staff establishment report	Filled posts in the organisational and vacancy positions were quantified.	Compile 4 quarterly reports on filled and vacancy rate.	-	-	4 quarterly report on filled post and vacancy rate done	-	-	Council resolutions on staff establishment reports
<b>HRM (Recruitment of staff)</b>	Ensure availability of human capital	Number of appointed employees with individual	163 employees recruited for 2016/2017.	Recruitment of 100 critical positions employees to close gaps for service	Internal driven	60 Appointed employees	35 post filled and 3 job description done	Management to decide on positions to be filled as per the identified	Finalize the prioritization of the critical posts	Appointment letters and individual job descriptions

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018				
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence	
		job descriptions		delivery and provide 100 individual job descriptions				critical positions list			
<b>HRM (Organogram)</b>	Reviewed staff establishment in line with the IDP	An approved Organogram	Approved Organizational Structure 2015/2016	An approved reviewed organogram	Internal driven	-	Organogram not reviewed	Appointment of Deloitte still in progress	Speed up the process	Council resolution on the approved organogram	
<b>Proper utilisation of staff (Leave management)</b>	To manage and ensure productive utilization of personnel within the Municipality	Number of Report on Controlled attendance registers against leave registers	All leave taken are registered and captured.	4 reports on staff verification.	Internal driven	-	4 reports on staff verification done	-	-	Compiled leave management reports	
<b>Payrolls and head count</b>	Ensuring that salaries are paid to existing staff	Signed workstations payrolls	Non signing and control of issuing salary	To ensure that all employees sign payroll register on	Internal driven	-	Payroll distributed and employees sign it on a	-	-	Signed workstations payrolls	

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
			accounts to employees.	monthly basis.			monthly bases			
<b>Labour Relations Management (Training and workshops)</b>	Ensure sound work relation is maintained within BLM	Number of workshops on labour relations to be conducted to employees		Four workshops to be conducted	Internal driven	Four workshops to be conducted	3 workshop done	1 workshop for 3 <sup>rd</sup> quarter not achieved due unavailability of employees	Planned to be done in the next financial year	Attendance registers, minute and agenda



Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>Labour Relations Management (Disciplinary enquiries / grievances)</b>	Consequences management and update on disciplinary measures.	Updated cases of misconduct database submitted to CoGTA	4 updated cases of misconduct database was submitted to CoGTA	Updated 4 quarterly cases of misconduct database submitted to CoGTA	Internal driven	-	3 quarterly cases of misconduct database submitted to CoGTA	No disciplinary cases on 4 <sup>th</sup> quarter	Do reports even if there are no cases	Reports and proof of submission.
<b>LLF</b>	Ensure sound relations	Number of LLF meetings to be attended	4 LLF meetings were held per quarter.	12 meetings to be held.	Internal driven	-	9 Meetings done	3 Meeting not conducted due to unavailability of members	Alinement of meeting calendar	Attendance registers, minute and agenda

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>OHS (meetings)</b>	Ensure sound management of occupational health and safety issues	Number of Occupational Health and Safety (OHS) Committee Meetings	4 OHS Committee meetings were held	Conduct 4 OHS Committee meetings.	Internal driven	-	4 OHS meeting conducted	-	-	Attendance registers and minutes of OHS meetings
<b>OHS (protective clothing &amp; equipment)</b>	Ensure employee have protective clothing	Number of employee to receive protective clothing.	-	To ensure that 320 employees receive protective clothing.	1 510 000	-	320 employees have Protective clothing done	-	-	List of PPE beneficiaries
<b>OHS (medical examination)</b>	Ensure the availability of medical examination records for employee working in hazardous areas.	Number of employee to undergo medical examination	-	To ensure that 320 employees are medically examined by the registered medical practitioner	289 000	To ensure that 320 employees are medically examined by the registered medical	Not achieved	Appointment of medical practitioner not done	Finalise the appointment and examine employee before end of the 1 <sup>st</sup> quarter 2018/19	None

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018					
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence		
				for lungs, ears, eyes and sugar diabetes.		practitioner for lungs, ears, eyes and sugar diabetes.						
<b>Skills development and Staff Training Workshop</b>	To ensure capacity building within BLM staff	Number of staff to be trained as per WSP.	348 officials trained	189 officials to be trained	350 000	-	232 employees trained	Additional EPWP staff trained	Incorporate the EPWP training on the WSP	List of employees to be trained, Attendance registers and training report		

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>Skills development for councillors</b>	To ensure capacity building within BLM staff	Number councillors to be trained.	18 councillors trained	8 Councillors to be trained as per the WSP	-	16 councillors to be trained	21 councillors trained	The number of councillors was increased due to skills gap requirements	None	List of trained councillors, Attendance registers and training report
<b>Adult Education Training</b>	To ensure capacity building within BLM staff	Number of staff to be trained.	21 ABET Learners started in April 2017.	21 ABET Learners finish the programme by March 2018	-	-	21 ABET Learners finish the programme by March 2018 achieved	-	-	ABET Learners results

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>Workplace Skills Plan</b>	To have skills development plan	Timeouts development of WSP	1 WSP submitted for 2017/2018 submitted to LGSETA	1 WSP 2018/2019 to be submitted to LGSETA and provide 4 WSP Implementation reports	1 460 000		-	-	1 WSP 2018/2019 to be submitted to LGSETA and provide 4 WSP Implementation reports achieved	WSP Implementation report
<b>Bursaries</b>	To provide officials with bursaries to further their studies.	Number of Staff allocated /awarded with bursaries in line with the Bursary policy	21 officials provided with bursaries	16 staff to be awarded bursaries	1 460 000.00	-	-	-	16 staff to be awarded bursaries achieved	Bursary awards letters and payment reports

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>Preparation of EE plan.</b>	To ensure equal representation at all levels against discrimination and the promotion affirmative action.	An approved Employment Equity (EE) Plan.	A draft Employment Equity Plan is in place.	To have one EE Plan in place .		-	1 EE Plan in place.	-	-	Council resolution.

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>Implementation of EE Plan</b>	Ensure workforce balance.	Number of employees appointed in terms of the goals on the EE plan.	Minimal implementation of EE Plan.	To have four reports on implementation of the EE Plan.	176 000.00	-	4 EE implementation reports achieved	-	-	EE quarterly Reports
<b>Submission of annual report to Department of Labour.</b>	To comply with EEA regulations by reporting on the status of employment equity in the municipality.	Submitted Annual EE Report to the Dept. of labour by the due date.	2016/2017 Annual report to the Department of Labour .	Submit EE Annual report to the Department of Labour by the 16 <sup>th</sup> January 2018.	-	-	EE Annual report submitted to Department of Labour on time	-	-	DoL Acknowledgement of receipt and EE annual report.

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>Contract Development and Management</b>	Compliance with Section 116 of the MFMA: updated contract register.	Number of Quarterly updated contract register.	Written Contracts and Contract Register in place.	4 Quarterly updated contract register.	2 712 000	-	4 Quarterly updated contract register achieved	-	-	Updated contract register on ongoing contracts, Leases, Securities and Photo Copiers.
<b>Legal Advisory and Administrative Services.</b>	To provide effective legal support	Number of reports on litigations, liabilities and claims.	Reports on litigations, liabilities and claims.	4 Registers on Litigations, Contingent Liabilities and claims and report to council.	2 712 000	-	Achieved 4 Registers on Litigations, Contingent Liabilities and claims and report to council done	-	-	Register on Litigations, Contingents Liabilities & Claims and report to council.



Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>AUXILIARY SERVICE (Fleet management )</b>	To ensure proper utilisation of council fleet.	Number of fleet management reports	4 quarterly fleet management reports	Compile 4 fleet management reports		-	4 fleet management reports achieved	-	-	Council resolutions of fleet management report
<b>Administrative support services</b>	To provide a clean and hygienic work environment, telecommunication services (phones, faxes, photocopiers and insurance services)	Number of reports on the performance of the administrative support budget votes and provision of cleaning services, tools of trade and insurance services	Four reports on cleaning services	(4) four reports on the performance of the administrative support budget votes and provision of cleaning services, tools of trade and insurance services		-	4 reports on the performance of the administrative support achieved	-	-	Administrative reports

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>Registry</b>	Provision of administrative support through managing registry	Number of reports on the implementation of the approved File Plan	Four reports on the implementation of the approved File Plan	4 reports on the implementation of the approved File Plan			4 reports on the implementation of the approved File Plan achieved	-	-	Implementation of File Plan Reports
<b>Stationery</b>	Provision of stationery	Number of reports	Four reports	4 reports		-	2 Reports on purchase of staff	The target started during mid-term	Plan be included during the initial planning	Report on stationery

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
<b>Printing</b>	Provision of auto machine in BLM Fax/Scan	Number of reports on auto machine	Four reports on auto machine	4 reports on auto machine	250 000	-	4 reports on auto machine achieved	-	-	Reports on auto machine
<b>Provision of insurance</b>	Insurance cover for Municipal Assets	Number of insurance report	on insurance cover	4 reports on insurance cover	-	-	2 Reports on insurance cover	The target started during midterm	Plan be included during the initial planning	Insurance Reports
<b>Implementation of council resolutions</b>	To ensure implementation of council resolutions	Number of Council Resolution Implementation Reports	4 quarterly reports were submitted to council	4 Quarterly reports	-	-	4 council resolution Quarterly reports done	-	-	Council resolutions

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018			
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence
Information Communication and Technology	To manage and provide reliable ICT Infrastructure and computer equipment in line with the ICT Governance framework	Compiled reports on ICT status against the ICT Governance Framework	4	4 reports on ICT status against the ICT Governance Framework		-	4 reports on ICT status against the ICT Governance Framework achieved	-	-	Quarterly ICT Progress Report
		Implementation of ICT Charter through ICT Steering Committee meetings	1	4 ICT Steering Committee meetings		-	4 ICT Steering Committee meetings achieved	-	-	ICT Steering Committee Minutes and attendance registers
		Implementation of ICT Strategic Plan and	-	4 ICT Progress report	R 1 000 000	-	4 ICT Progress report achieved	-	-	Quarterly ICT Progress report

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018						
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence			
		Implementation plan											
<b>Risk Management</b>	Manage all risks related to Corporate Services KPA	Developed Risk Action Log And Reports On Quarterly Basis	Corporate Services Strategic and Operational Risks Register 2016/17 in place	Update the Strategic and Operational Risk Registers with 4 quarterly reports		-	Strategic and Operational Risk Registers with 4 quarterly reports achieved	-	-	Quarterly Risk management reports			
<b>Performance Management</b>	Proper Alignment Of SDBIP with employees compacts	Number Of Performance Plans To Be Developed And Evaluated	Developed Risk Action Log And Reports On Quarterly Basis	Develop quarterly PMS reports		-	Develop plans and 4 quarterly PMS reports done	-	-	Assessed Performance compacts			
<b>Departmental meetings</b>	Effective and efficient utilisation of municipal human resource	Number of departmental meeting addressing HR issues	A schedule of departmental meetings was scheduled	Conduct 12 departmental meetings	-	-	8 departmental meetings	Only meeting done during 3 <sup>rd</sup> and 4 <sup>th</sup> quarter	Alignment of meeting calendars	Attendance registers and minutes of departmental meetings			

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted budget	Revised Target	APR departmental layer 2017/2018				
							Annual Achievement	Reason For Variance	Improvement Measures	Portfolio of Evidence	

3.3.1 SDBIP CORPORATE SERVICES: BUDGET

Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
BLMCORPOPEX031	Filing system	530 000.00	-	266 832.20	Actual payment happened in the second quarter.
BLMCORPOPEX001	Maintenance Motor Vehicles	1,000,000.00	-	2 262 328	
BLMCORPOPEX003	Employee's Bursaries	588,000.00	-	1 060 664	
BLMCORPOPEX004	Cell phone Contract	4,857 000.00	-	2 313 567	Under projected.
BLMCORPOPEX006	Conference and Workshop	565,000.00	-	664 000	
BLMCORPOPEX005	Books and Periodicals	65,000.00	-	-	
BLMCORPOPEX007	Occupational Health & Safety: Testing and Check-ups	-	-	-	
BLMCORPOPEX008	Advertising	714 000.00	-	1000	
BLMCORPOPEX009	Fuel Vehicles	2, 920, 000.00	-	1 537 825	Budget over estimated.
BLMCORPOPEX030	Diesel	305 000.00	-	910 569	Budget under estimated

Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
BLMCORPOPEX010	Insurance Motor Vehicles & Buildings	7, 500 000.00	-	5 253 599	Premiums fluctuates.
BLMCORPOPEX011	Legal Fees	2 712 000.00	-	754 000	Budget over estimated.
	Litigations	2 712 000.00	-	1 126 000	Budget over estimated.
BLMCORPOPEX013	Protective Clothing	1 510 000.00	1 510 000.00	1 393 997	Not requested material purchased.
BLMCORPOPEX012	Licence Motor Vehicles	91 000.00	-	372 809	Budget over estimated.
BLMCORPOPEX014	Postage	31, 000.00	-	29 700	Budget over estimated.
BLMCORPOPEX015	Printing & Stationery	250 000.00	1 250 000.00	601 000	Budget over estimated.
BLMCORPOPEX016	Medical Fitness Examination: Medical Fees	289 000.00	489 000.00	-	Not implemented
BLMCORPOPEX017	Telephone Fax Internet	2,246, 000.00	-	-	Implemented under the office of MM
BLMCORPOPEX018	Equipment IT: Battery Laptop	300 000	-	-	Budget not implement and withdrawn during budget adjustment



Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
BLMCORPOPEX019	Equipment IT: Chargers Laptop	300 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMCORPOPEX020	Equipment IT: Computer consumables	300 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMCORPOPEX021	Equipment IT: Hardware Componets	200 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMCORPOPEX022	Equipment IT: Small Printers cartridges and toners	10 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMCORPOPEX023	Software Licensing	840 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMCORPOPEX024	AntiVirus Protection	300 000	-	-	Budget not implement and withdrawn during budget adjustment

Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
BLMCORPOPEX025	Microsoft 365 Licensing	800 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMCORPOPEX026	Call logging System Licensing	35 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMCORPOPEX027	ICT Infrastructure & Maintenance: Network infrastructure maintenance	700 000	-	2000	Over budget
BLMCORPOPEX028	ICT Infrastructure & Maintenance: Bandwidth upgrade	500 000	-	-	Expenditure not reported
BLMCORPOPEX029	ICT Infrastructure & Maintenance: Backup Replication and Disaster Recovery	650 000	-	-	Expenditure not reported
BLMCORPOPEX030	ICT Infrastructure & Maintenance: AD & DNS	350 000	-	-	Expenditure not reported
BLMCORPOPEX031	ICT Infrastructure & Maintenance: Server Hardware Maintenance	250 000	500 000.00	-	Budget over estimated
BLMCORPOPEX032	ICT Infrastructure & Maintenance: Mail Server (Exchange Server)	400 000	-	-	Expenditure not reported

Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
BLMCORPOPEX033	ICT Infrastructure & Maintenance: Backup server	400 000	-	-	Expenditure not reported
BLMCORPOPEX034	ICT Infrastructure & Maintenance: Domain Server	400 000	-	-	Expenditure not reported
BLMCORPOPEX035	ICT Infrastructure & Maintenance: UPS	60 000	-	-	Expenditure not reported
BLMCORPOPEX018	Staff Training Workshop	350, 000.00	-	358 000	Budget under estimated
BLM DCS 020 LGSETA MANDATERY GRANT	Staff training workshop	1 460 000.00	-	-	Expenditure not reported
BLMCORPOPEX019	SALGA Bargaining Council	-	-	-	Expenditure not reported
BLMCORPOPEX020	SALGA Membership Fees	3, 4000 000.00	1 600 000.00	1 600 000.00	-
BLMCORPOPEX021	Cleaning Material	381,000.00	381 000.00	17 453.16	Purchase for Head Office only.
BLMCORPOPEX022	Curtains Blinds	106,000.00	106 000.00	-	Two Units procured same thing and it was returned back.

Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
BLMCORPOPEX023	Interview Attendance	26,000.00	-	3 000	Outstanding claim for senior managers
BLMCORPOPEX024	Service Level Agreement	650,000.00	3 650 000.00	5 318 453	Budget under estimated
BLMCORPOPEX025	Wall Picture	65, 000.00	-	-	Not procured
BLMCORPOPEX026	Refreshments	98,000.00	-	48 000	Cost curtailment measures
BLMCORPOPEX037	Salaries	48, 000 000.00	240, 000 000.00	297 994 000	Additional of new employees.
BLMCORPOPEX038	Overtime	323,000.00	3 278 000.00	3 142 000	Over estimated
BLMCORPOPEX039	Bonus (13 <sup>th</sup> Cheque)	3, 900 000.00	22 416 000.00	1 900 000	Over estimated
BLMCORPOPEX040	Performance Reward	245 000.00	4 245 000.00	4 245 000.00	-
BLMCORPOPEX041	Leave	110 000.00	-	3 939 000	Budget under estimated
BLMCORPOPEX042	Housing	55 000.00	-	412 000	Budget under estimated
BLMCORPOPEX043	Travel ( Car) Allowance	2 036 000.00	14 205 000.00	10 196 000	Budget under estimated

Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
BLMCORPOPEX044	Skills Dev. Levy	125 000.00	-	3 933 000	Budget under estimated
BLMCORPOPEX045	Temporary Workers	1,200 000.00	-	-	Not implemented
BLMCORPOPEX046	Employees' Pension Fund	12, 300 000.00	22 300 000.00	42 891 000	New employees appointed
BLMCORPOPEX047	Unemployment Insurance	491 000.00	-	9 741 000	Budget under estimated
BLMCORPOPEX048	Medical Aid	2, 450 000.00	10 450 000.00	12 330 000	New employees appointed
BLMCORPOPEX049	Standby Allowance	5 000.00	-	3 425 000	New employees appointed
BLMCORPOPEX050	Shift Allowance	-	-	2 701 000	Wrong allocation.
BLMCORPOPEX051	Subsistence & Travelling	410 000.00	-	4 168 000	New employees appointed
BLMCORPOPEX052	Relocation Expenses	15 000.00	-	-	Premiums fluctuates, it is not stable.
BLMCORPOPEX053	Long Service Bonus	225, 000.00	-	1 642 000	Unexpected claims.

Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
	Employment equity	265 000.00	-	-	Unexpected claims.
	Job evaluation	636 000.00	3 000 000.00	-	Not implemented
	<b>CAPITAL BUDGET</b>				
	Purchase of Vehicles	-	-	-	-
	Honey Sucker Truck	-	-	-	-
	Mayor's vehicle		-	-	
	Office Furniture	150 000.00	-	-	Not implemented
	Purchase of Office Computers	120 000.00	-	-	Not implemented
	Construction of Offices at BBR	2, 220 000.00		1 374 000	Budget over estimated
	Purchasing of Office Equipment	250 000.00	-	-	Not implemented
	Purchase of Fire Fighter Vehicle & Equipment	-		-	-

Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
	Purchase of auto-machine (Rental /Lease)	-		-	
	Purchase of water tankers	-		-	
	Purchase of Refuse Compactor Truck	-		-	
	Purchase of Heavy Machinery	3,500 000.00	2 000 000.00	-	Not implemented
	Procurement of Grader	3 500 000.00	-	-	Not implemented
	Procurement of TLB	1 000 000.00	-	-	Not implemented
	Procurement of Double Cab and Sedans	1 100 000.00	-	-	Not implemented
<b>OFFICE OF THE SPEAKER</b>					
	Out of Pocket Expenses	212 000.00	380 000.00	-	Not implemented
	Training Ward Committees	106 000.00	-	121 000	More trainings done

Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
	Transport Ward Committees	106 000.00	151 000.00	69 000	Budget over estimated
	Capacitating Councillors	212 000.00	-	183 000	Budget over estimated
	Ward Committee Support	270 000.00	-	-	Not implemented
	CBP Review IDP	662 000.00	-	-	Expenditure not reported
	Refreshment Council	106 000.00	140 000.00	11 000	Overestimated budget
	Unemployment Insurance	262 000.00	-	92 000	Over budgeted
	Salaries Councillors	23,320 000.00	21 320 000.00	4 643 000	Over budgeted
	Pension Councillors	2,332 000.00	1 332 000.00	357 000	Over budgeted
	Medical Aid Councillors	365 000.00	365 000.00	257 000	Over budgeted
	Councillors Travel Allowance	6,360 000.00	6 360 000.00	1 995 000	Budget under estimated
	Councillors risk Insurance	-	-	-	
<b>OFFICE OF THE MAYOR</b>					



Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report	
				Total Expenditure	Reason For Variance
	Mayoral Excellence Awards	350 000.00	550 000.00	514 000	Under budgeted
	Mayoral Izimbizo	450 000.00		449 885	Under budgeted
	Executive Mayor's Security	275 000.00		-	Expenditure not reported
	Refreshments Mayor	148 000.00		138 000	Cost curtailments
	Donations	369 000.00		349 000	Over Budgeted
	Mayor's Outreach Programme	170 000.00		-	Expenditure not reported
	Mayor's Prayer Day	152 000.00		-	Expenditure not reported
	Skills Development	132 000.00		-	Expenditure not reported
	Mayor's Breakfast	1500 000.00		1 532 000	More activities done
	Mayor's Travel	280 000.00		70 000	Overestimated budget

#### 4. KPA: LOCAL ECONOMIC DEVELOPMENT (LED) 20% WEIGHT

##### 4.1 DEPARTMENTAL PERFORMANCE PLAN EDPE

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
Enhance Environmental sustainability	Greening of RDP villages and rural schools	1RDP and 8 schools to be greened	5 green settlements and 12 schools greened	1 RDP Village and 8 schools to be green by June 2018	247 000	1 RDP Village and 8 schools to be green by June 2018	1 RDP Village and 4 schools to be green by June 2018	Delays of SCM processed	Finalised the procurement processes before the beginning of the new f/Y	Report and pictures of material used for greening
Climate Change	To promote safe and secure environment for communities	Drafting of climate change strategy for BLM	Established Climate Change Committee	Completed Climate Change Strategy by June 2018	348 406.80	Completed Climate Change Strategy by June 2018	Achieved	-	-	Copy of the climate change strategy and report
Air quality	To comply with the Air Quality Act no 39 of 2004).	Drafting of air Quality management plan for BLM	Designated Air Quality Officer	Completed Air Quality Management Plan by June 2018	405 657.60	Completed Air Quality Management Plan by June 2018	Achieved	-	-	Copy of the air quality management plan

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
Environmental Programmes	Promote functional environmental youth clubs	No. of sensitive areas identified and prioritised by the youth clubs	No. of sensitive areas identified and prioritised	One sensitive area identified in seven regions	225 000	One sensitive area identified in seven regions	-	One sensitive area identified in seven regions achieved	-	Report and pictures
Outreach & campaigns	Promotion of environmental awareness	No. of events held	9 events held in conjunction with partners	9 events to be held by June 2018	177 000	9 events to be held by June 2018	Due to partnership with other stakeholders	18 events to held	Implement IGR to know the plans of other sectors	Attendance registers and reports
Environmental Management Framework	Ensure integration of environmental considerations into planning frameworks	Drafting of environmental Management framework	Integrated environmental implementation plan	Completed environmental management framework	370 000	Appointment of service provider	Delays on SCM processes	Not achieved	Finalised the procurement processes before the beginning of the new f/Y	Copy of the appointment letter of the service provider
Greenest Region Competition	Ensure that regions implement green practices	Number of regions entering competition and supported	Greenest Municipality Competition	Eleven regions implementing green practices	375 000	Eleven regions implementing green practices	-	Achieved	-	Report, pictures and attendance registers

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
Environmental support	Provide safe and healthy environment	Number of informal recyclers supported	Availability of PPE and improved practices on informal recycling	Provision of PPE & capacity building for all informal recyclers in all Landfill sites	373 000	Provision of PPE & capacity building for all informal recyclers in all Landfill sites	Achieved	-	-	Report and distribution register
Development of regional landfill site	To comply with NEMWA	Construction of the regional landfill site	Authorisation for the site from DARDLEA	Phase 1 (fencing and guard house) completed by June 2018	9 500 000	Phase 1 (fencing and guard house) completed by June 2018	Achieved	-	-	Report on completed phase 1 of the regional landfill site
Fencing of Thulamahashe Disposal site	Compliance with NEMWA	Fencing of Thulamahashe disposal site	6 landfill sites fenced	Completed fence by June 2018	1 090 000.00	Appointment of the service provider	Not Achieved	Pro-longed advert closing date	Finalised the procurement processes before the beginning of the new f/Y	Appointment letter

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
							Reviewal of integrated waste management plan	To comply with Waste Act (Act No 59 of 2008)	Reviewed Integrated waste management plan (IWMP)	
Waste By- Laws	To comply with Waste Act (Act No 59 of 2008)	Promulgation of Waste by laws	Draft waste by laws	Promulgation of Waste by laws by June 2018	0.00	Deferred to 2018/19	-	-	-	-
Waste Collection	To minimise waste and create a healthy environment	Number of Skip Bins/ containers purchased for waste collection	77 Skip bins purchased for waste collection	50 skip bins to be purchased for waste collection by June 2017	1 170 000	50 skip bins to be purchased for waste collection by June 2017	50 skip bins purchased	-	-	Purchase order and pictures of skip bins
Land development Applications	Well planned and coordinated settlement and businesses as directed by the SDF	Number of applications assessed and finalised	Lack of legal tools to process the applications	100% Applications processed	R 293 000	100% applications processed	42 % application approved	Late submission of application	Set timeframe for submission of application in all regions	List of applications

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
Facilitate for the Removal of illegal structures	Reduced illegal structures	1 illegal structure demolished	100% facilitation for demolition of all illegal structures	100% facilitation for the demolition of all illegal structures	R 85 000	100% facilitation for demolition of all illegal structures	Achieved	-	-	Notices, reports and pictures
Awareness workshops	Capacitating traditional Authorities, community and Councillors on land use matters	Number of awareness workshops	Lack of awareness on planning matters	14 workshops to be held with the Traditional Authorities (TA), Community and Councillors by June 2017	Operational	4 workshops to be held with the Traditional Authorities (TA), Community and Councillors by June 2018	7 workshop held	Business licensing and town planning workshops were combined	Alignment of plans	Attendance registers and agenda

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE		
							Annual Achievement	Reason for Variance	Improvement Measures			
											Layout plans for Bulk Site demarcations (Oakley, Maviljan, Islington and Dumphries)	To provide well planned and secure sustainable human settlement
Formalisation of all R293 township (Shatale, Dwarsloop, Mkhulu and Thulamahashe A,B,C)	To provide well planned and secure sustainable human settlement	Number of Title Deeds produced	1218 Title deeds issued	500 Title Deeds to be produced by 2018	R 600 000	Appointment of Service Provider for 4 <sup>th</sup> Township	Appointment not achieved	Advert not done	Reluctance of communities to submit documents	729 title deeds issued	400 Title Deeds to be produced	List of issues Title deeds

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
URP& NDPG: Formalisation of Bushbuckridge CBD	Well-planned settlements with improved tenure rights for socio-economic development	Number of title deeds issued	Township Application Submitted	Opening of Township register by June 2018	R 1 302 000	Approval of Township Application	Achieved township approved	-	-	Township approval
Formalisation of Acornhoek CBD	Well-planned settlements with improved tenure rights for socio-economic development	Number of title deeds issued	Precinct Plan developed	Opening of Township register by June 2018	R 2 520 000	Approval of Township Application	Achieved	-	-	Township approval
Formalisation of sefoma/matsikitsane	Well-planned settlements with improved tenure rights for socio-	Number title deeds to be issued	Status Quo Report done	Opening of Township register by June 2018	R 1 682 000	Approval of Town Planning application	Achieved	-	-	Township approval



Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
	economic development									
Formalisation/land tenure upgrade of Malubana	Well-planned settlements with improved tenure rights for socio-economic development	Number of title deeds issued	Lay out Plan redrawn	Opening of Township register by June 2018	R 2 952 000	Approval of Town Planning Application	Achieved	-	-	Township approval letter
Tenure Upgrading of Mkhuhlu A & Ext IA	Well-planned settlements with improved tenure rights for socio-economic development	Number of title deeds issued	Well-planned settlements with improved tenure rights for socio-economic development	Opening of Township register by June 2018	R 1 602 000	Approval of Town Planning Application	Achieved	-	-	Township approval letter
Formalisation of College View	Well-planned settlements with improved tenure rights for socio-	Number of title deeds issued	Precinct Plan developed	Opening of Township register by June 2018	R 600 000	Approval of SG diagram	Not achieved	Delays in the appointment of the	Improve SCM processes	None

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
	economic development							service provided		
Establishment of new townships (Rooiboklaagte, Burlington, Rolle, Casteel and Lillydale)	To provide well-planned settlements with improved tenure rights for socio-economic development	Number of title deeds issued	Township Register Opened	Title Deeds Issued by July 2018	R1 974 000	Issuing of title deeds	Not achieved	DRDLR reluctant to issue the consent to register the site	DRDLR release land for registration	None
Spatial Information Management (e.g. GIS)	Development of a GIS Strategy	Maximisation of the use of GIS both internally and external	GIS Policy	GIS Strategy	R 500 000	Adopted GIS Strategy with 3 year implementation plan	Achieved	-	-	Adopted GIS Strategy
Spatial Information Management (e.g. GIS)	Effective usage of GIS by all directorate of the Municipality	Utilization of GIS by Ward Committee's	GIS Day Events for Councillors and Executive Official	1 Event for the Ward Committee	200 000	1 Event for the Ward Committee	Achieved	-	-	Attendance register for GIS Day Event

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
Spatial Information Management (e.g. GIS)	Implementation of the year one of the GIS Strategy	Year one of the GIS Strategy	GIS Policy	Implementation of year one of the three years GIS Strategy	592 000	Appointment of service provider for development of Town planning and Building control modules	Achieved	-	-	Appointment letter
Spatial Information Management (e.g. GIS)	Geo referencing and mapping of social facilities	Social Facilities Geo dataset	2003 Address survey	Social Facilities Geo dataset	468 000	Development of Social Facilities Geo dataset	Achieved	-	-	Social Facilities Geo dataset
Business Licensing operation	To issue business and trading licenses (new and renewals)	Number of business licenses issued	Municipality authorised as Business licensing Authority in 2010	Business license applications and renewals to be processed continuously		Business license applications and renewals to be processed continuously	Achieved	-	-	List of all trading licenses applications (new and renewals) attached

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
Monitor compliance for trading, conduct inspection of trading premises	Ensure implementation of IDP priorities	Ensure that businesses comply with the regulations and conduct inspection as required	Number of inspections conducted	Municipality appointed as Business licensing Authority		152 Proper operations and awareness carried out	3 workshop conducted and 152 properly operational business	-	-	Attendance register for workshops and list of inspected businesses
Development of Business Trading Hours schedule and incorporation into the existing trading by - law	Ensure implementation of IDP priorities	To ensure compliance & enforcement tools are in place to manage operating hours in businesses	Business Trading hours developed and approved by Council  1	Lack of regulatory tool for Trading hours in businesses  Availability of policies approved by council		Promulgation of Trading By-laws by the end of June 2018	Achieved	-	-	Notice of final promulgation issued by the MEC of DEDT

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
Risk Management	Manage all risk related to EDPE KPA	Development of risk action Log and reports on the quarterly basis	Strategic and operational risk register developed	Develop action log to address identified operational and strategic risks.  Submit 4 reports on risk action log	-	Develop action log to address identified operational and strategic risks.  Submit 4 reports on risk action log	Achieved	-	-	Copy of updated risk action log

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
Performance Management	Proper alignment of SDBIP with employees compacts	Number of performance plans to be development and monitored	SDBIP Was Not Fully Cascaded to managers	Development of Performance Plans For All Employees Under EDPE services .And Monitor The Implementation of SDBIP and do 4 Performance reviews		Development of Performance Plans For All Employees Under EDPE services .And Monitor The Implementation of SDBIP and do 4 Performance reviews	Achieved	-	-	Copies of reviewed performance compacts for all employees
IMPLEMENTATION OF COUNCIL RESOLUTIONS	To implement all Council resolutions relevant to the directorate	Number of council resolution implemented	Council resolution target was not specified	To report on the number of implemented council resolutions for 2017/2018		To report on the number of implemented council resolutions for 2017/2018	Achieved	-	-	Report on implemented council resolutions

Functional Area	Objective	KPI Measurement	Baseline/ Previous performance	Annual target	Ordinary Adjusted budget	Revised Target	Annual Performance Report 2017/2018			POE
							Annual Achievement	Reason for Variance	Improvement Measures	
							PROCUREMENT	To ensure effective and efficient procurement	Number of procurement plans/ requisition submitted to SCM	
HRM	Effective and efficient utilisation of municipal human resource	Number of departmental meeting addressing HR issues	HRM target was not specified	Conduct 12 departmental meetings and submit minutes quarterly		Conduct 12 departmental meetings and submit minutes quarterly	10 departmental meeting achieved	Meeting clashing	Alignment of institutional meeting calendar	Minutes and attendance registers of monthly meetings

## 4.2 SDBIP EDPE

Vote No	Description	Total Budget	Adjusted budget	Annual performance Report 2017/18	
				Total Expenditure	Reason for Variance
	Environmental Management-Clean up Campaigns	173 000	173 000	163 000	Budget under estimated
	Greening programme	111 000	111 000	147 480	Budget under estimated
	Informal Recycler Support	273 000	373 000	189 200	Over budgeted
	Environment youth clubs	250 000	225 000	281 000	Budget under estimated
	Commemorating Environment Days	127 000	177 000	119 435	Over budgeted
	Climate change adaptation strategy BLM	515 000	348 406.80	27 043	Over budgeted
	Climate change	152 000	152 000	353 750	R60 000 added to Commemorating environmental days through virement.
	Greening of schools	136 000	136 000	-	Delayed SCM processes
	EIA	140 000	140 000	119 479	Budget over estimated
	Greenest region competition	375 000	375 000	429 736	Under budgeted
	Development of the regional landfill site	15 500 000	9 500 000	5 998 840	Budget over estimated



Vote No	Description	Total Budget	Adjusted budget	Annual performance Report 2017/18	
				Total Expenditure	Reason for Variance
	Environmental Management Framework	370 000	370 000	6 000	Delayed SCM processes
	Review of IWMP	303 000	638 035	447 442	Budget over estimated
	Development of air quality management plan	465 000	R405 657.60	218 138	Budget over estimated
	Waste Collection	650 000	1 170 000	217 000	Budget over estimated
	Fencing of Thulamahashe landfill site	590 000	1 055 000	-	Service provider not yet appointed
	Purchase of skip loader truck	1 000 000	1 000 000	1 135 000	Budget used under Cooperate
	Formalisation of all R293 township (Shatale, Dwarssloop, Mkhuhlu and Thulamahashe A,B,C)/ Servicing of sites Malubane	600 000	600 000	511 613	Budget over estimated
	Formalisation of College View	600 000	600 000	-	Service Provider not yet appointed
	Formalisation/tenure upgrade of Malubana	1 452 000	2 952 000	4 396 200	Budget over estimated

Vote No	Description	Total Budget	Adjusted budget	Annual performance Report 2017/18	
				Total Expenditure	Reason for Variance
	URP: Formalisation of Bushbuckridge CBD/ Formalisation of CBD project	1 302 000	1 302 000	1 832 191	Under budgeted
	Formalisation of Acornhoek CBD	1 520 000	2 520 000	3 456 113	Budget under estimated
	Bulk site demarcations	680 000	2 170 000	3 059 430	Under budgeted
	Conveyance of approved townships	1 000 000	1 973 000	1 338 180	Over budgeted
	- Rolle				
	- Rooiboklaagte				
	- Burlington				
	- Casteel				
	- Lillydale				
	URP: Precinct plan: Bushbuckridge/Maviljan CBD	300 000	300 000	-	Not implemented
	Formalisation of Matsikitsane/Sefoma	1 482 000	1 682 000	2 085 552	Budget under estimated

Vote No	Description	Total Budget	Adjusted budget	Annual performance Report 2017/18	
				Total Expenditure	Reason for Variance
	Formalisation of Mkhuhlu A & IA	1 102 000	1 602 000	1 271 342	Some Requests not processed
	GIS: Application Development	600 000	600 000	-	Not implemented
	GIS: Equipments and Consumables	150 000	150 000	80 000	Budget over estimated
	GIS: Awareness	100 000	100 000	300 000	Over budgeted
	GIS software	876 000	876 000	656 300	Over budgeted
	GIS Updating and maintenance	750 000	592 000	-	Requisitions not processed
	Formalisation of College View	--	-	-	-
	LED Tourism Development Projects Support	385 000	785 000	566 942	Over budgeted
	LED Agricultural Development Projects Support	455 000	1 000 000	600 000	
	LED SMME Development/Informal Trading Support	265 000	400 000	423 000	Under budgeted
	Tourism safety and Ambassador programme	210 000	210 000	229 000	Budget under estimated

Vote No	Description	Total Budget	Adjusted budget	Annual performance Report 2017/18	
				Total Expenditure	Reason for Variance
	BBR Information Centre	222 000	422 000	407 000	Budget over estimated
	Formation of Bushbuckridge Agency	1 390 000	1 000 000	1 534 000	Budget under estimated

## 5. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (WEIGHT 20%)

### 5.1.1 PERFORMANCE PLAN/FINANCE

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
Revenue Management	Monitoring the implementation of capital projects and services	Tariff setting and correct	Number of tariff policies reviewed	Current tariffs do not address cost recovery	Review Tariff policies to align with MSA	Internally driven	-	Achieved	-	-	Tariff adjustment report
		Valuation of properties	Updated valuation roll	The valuation roll is incomplete	Review the Municipal valuation roll	965 000	-	Achieved	-	-	Supplementary valuation roll
		Accurate billing	Number of billing reports generated	Billing not entirely accurate	12 Monthly billing reports generated	12 Monthly billing reports generated	-	-	-	-	Billing reports per month
	Allocate available funds to identified priorities on a Multi-year Plan	To ensure monies owed to the municipality are collected in full	% increase in revenue collection	Revenue collection increased by 25%	To increase collection by 25%	Internally Driven	-	Revenue collection increased 99%	Payment from rural development, implementation of RES and increase of incentives	Improve the target in the financial year.	Revenue collection reports per quarter

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
					Update the RES and implement	Internally Driven	-	Achieved	-	-	Updated RES and implementation reports
Revenue enhancement	Allocate available funds to identified priorities on a Multi-year Plan	To ensure customer statements are accurate and Improved distribution of bills	Updated customer data base	-	Update customer database	557 000	-	Achieved	-	-	Indigent report Reduced customer queries on non-receipt of statements
Revenue Enhancement	Monitoring the implementation of capital projects and services	To ensure monies owed by default customers are recovered in full	Enforce credit control policy	Credit control measures not enforced	All defaulting Government and Business customers with debt older than 60 days issued with demand letters	Internally Driven	-	Achieved	-	-	Copies of demand letters

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
Credit control	Monitoring the implementation of capital projects and services	To ensure monies owed by default customers are recovered in full	Enforce credit control policy	None	12 Monthly progress reports on debt collection	700 000	-	12 Monthly progress reports on debt collection achieved	-	-	Reports of the debt collectors quarterly
Accounting and reporting		2015/16 AFS preparations and audit readiness	Preparation of AFS on accrual basis, that are GRAP compliant	GRAP compliant AFS	Prepare Interim and Annual Financial Statements for 2017/18	R700 000	-	Achieved	-	-	AFS proof of submission to AG
Accounting and report		To improve audit opinions	Number of audit findings	98	50% of reduction of re-curing audit findings	Internally driven	-	Achieved	-	-	AAP 2015/16
Accounting and reporting		Improve audit opinion	Positive Audit Outcome	Unqualified Audit opinion	Unqualified audit outcome on financial information (AFS)	R500 000	-	Ongoing			AG report 2015/16

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
					Reviewed Financial Procedure Manual review	Internally driven	-	Achieved	-	-	Updated procedure manuals
EXPENDITURE MANAGEMENT	Improve the IDP and budget planning process	To ensure that payments are made and reported within the prescribed regulation	Submit Sec 66 expenditure reports to CFO	Ensure that Salaries are paid and reported within the prescribed period	Submission of 4 Sec 66 expenditure reports	Internally Driven	-	4 Sec 66 expenditure reports achieved	-	-	Proof of submission of Quarter Section 66 reports
					Payment of all creditors within 30 days from the date received	Internally Driven	-	70% paid within 30 days	Delays in receiving documents due to Miscoa implementation	Fully utilisation of Financial systems	Quarterly Creditors age analysis
	Cash book	To keep running costs as low as possible	Monthly Cash flow projections	Ensure that there's sufficient funds for all payments	4 Quarterly cash flow statements prepared	Internally Driven	-	4 Quarterly cash flow statements prepared	-	-	Quarter cash flow report



Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
		To ensure the bank account is effectively managed	Prepare monthly cash book reconciliation	Cashbook recons are done on monthly bases.	12 monthly Cashbook reconciliations within 7 days after the end on the month	Internally Driven	-	12 monthly Cashbook reconciliations within 7 days after the end on the month achieved	-	-	12 monthly Cashbooks' reconciliation
		To recover the finances of the municipality	Financial Recovery of the BLM	Implementation of cost curtailment strategy	Ensure that there's sufficient funds for all payments	Internally Driven	-	Achieved	-	-	3 Monthly bank statements
		Improve filling of current documentation	Filling of documentation should be done Monthly	Limited control over document filling due to limited space and high vacancy rate in the unit	All documents for the current year are filed and access is limited to authorised personnel only	Internally Driven	-	Achieved	-	-	NO limitation of scope findings by auditors

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
Main Expenditure Management Continued	Conduct constant monitoring of municipal services	Ensure that BLM meets its financial obligations on projects	Create link between the Projects system and the financial management system to avoid duplications	Ensure that the information on financial and project systems are the same	12 monthly project control reconciliation with zero (0) exceptions	Internally Driven	-	-	-	-	Project accounts recons per month
		Process salary within the prescribed timeframe	Timeous payment of salaries	Payment of salaries within scheduled dates	Payment of salary in line with the annual pay date schedule	Internally Driven	-	-	-	-	Monthly Payroll reports
		Accurate payment and recording of salary transactions	Accurate payment and recording of salary transactions	Implementation of VIP system for payroll management	Ensure seamless integration of Sage VIP and Evolution systems	Internally Driven	-	-	-	-	Payroll journals per month

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
SCM	Compliance with relevant procurement management legislative framework and regulations	To develop, draft formulate and review policies and procedure manuals	Approved procurement plan	Directorates never submitted individual PP, as such SCM Unit could not produce yearly Procurement Plan	Approved consolidated Procurement Plan for 2017/ 18  Implement procurement plans	Internally Driven	-	Achieved	-	-	Approved Procurement Plan 2017/18  Quarter reports on implementation of PPs
	Demand Management	To ensure adherence to SCM regulations	Adherence to SCM policy and procedures	Pre-evaluation criteria on tender and quotation documents were aligned to the 2011 PPFA legal requirements	100% compliance to the PPPFA 2017 and CSD Regulations	Internally Driven	-	Achieved	-	-	Quarterly SCM policy implementation report with no Irregular Expenditures reported
				None (New target)	SCM Adherence to	Internally driven	-	Not achieved	Due to non compliance to	Training of SCM	Bid committee schedules

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018				POEs
								Annual Achievement	Reasons for variance	Improvement measure		
					procurement plans			during 4th quarter	legislative framework	and Bid processes	Bid committee attendance registers	
	Conduct constant monitoring of municipal services	To ensure adherence to SCM regulations	Adherence to SCM policy and procedures	CSD used to select suppliers for procurement	100% compliance to the CSD Regulations	Internally Driven	-	99% compliance to the CSD regulation done	Unrealisable network system	Improve internet and continuous trainings	Quarterly SCM policy implementation report for rotation of suppliers reported	
	Conduct constant monitoring of municipal services	To ensure that the municipality complies with all its contractual obligations	Up to date contracts register	Up to date contracts register	Up to date contracts register	Internally Driven	-	Up to date contracts register not achieved during 3 <sup>rd</sup> and 4 <sup>th</sup> quarter	Not all rental agreement were included on the register	Relevant official to submit information for capturing on the register	Quarterly up to date contracts register with no exceptions	
Budget	Allocate available funds to identified priorities	100% Credible & Realistic Budget	Budget aligned to IDP	100% alignment of budget & IDP	100% Budget aligned to IDP	Internally driven	-	Achieved	-	-	Approved budget and IDP, project expenditure	

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
	on a multi-year Plan				No project plan, no budget						monitoring schedule
	Conduct constant monitoring of municipal services	Credible Budget adjustment based on 6 months performance	Budget review aligned to IDP	Budget adjusted in January 2017	Budget adjusted in January 2018	Internally driven	-	Achieved	-	-	Memo to directors New budget adjustment schedule
	Preparation of Budget Time Table for 2017/18 to be approved by Council 10 months before new FY	Budget preparations	Budget review aligned to IDP	Final budget 2017/18 approved by 28 May 2017	Final budget 2018/19 approvals by 31 May 2018	Internally driven	-	Achieved	-	-	Council resolution for approval of draft and final budget Attendance register

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
	Conduct constant monitoring of municipal services	Budget management	Management of budget variances to avoid unauthorised expenditure	Unauthorised expenditure reduced drastically	12 monthly expenditure reports issued to directors	Internally driven	-	12 monthly expenditure reports issued to directors achieved	-	-	12 Monthly departmental management reports
	Conduct constant monitoring of municipal services	Financial System: Timely availability of budgetary information to users	Ready access to accurate budgetary information	Ready access to accurate budgetary information	Full utilisation of budget modules on mSCOA Financial System. Monthly financial reports from system	Internally driven	-	Achieved	-	-	System generated reports

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
Asset Management	<b>Municipal financial viability and management</b>	To ensure optimum inventory is kept at stores and accounted for in full	Number of stock counts reports produced	12 stock count conducted	12 stock count reports produced and reconciled to system inventory balances  Upgrade stores warehouse Implement water management & monitoring system Investigate value-adding activities on sewer stock	Internally driven	-	12 stock count reports produced and reconciled to system inventory balances	Internally driven	Improve measurement	Inventory reports from Pastel evolution

Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
Movable assets	<b>Municipal financial viability and management</b>	Ensure equitable allocation of movables to employees and accounted for in full	Reliable and up to date asset register	Movable assets accounted for in full and adequately barcoded	Full verification of movable assets and inventory lists pasted in each work station. GRAP compliant asset register	R300 000	-	Achieved	-	-	Quarterly reports on additions
Immovable assets	<b>Municipal financial viability and management</b>	To ensure immovable assets are accounted for in full	Accurate and up to date GRAP compliant asset register	WIP determined, Completed project capitalised.	GRAP compliant asset register	R700 000	-	Achieved	-	-	Quarterly recons on CAPEX
RISK Management	Assess the capacity of Bushbuckridge Local Municipality	Manage all risk related to EDPE KPA	Development Of Risk Action Log And Reports On The Quarterly Basis	Risk register developed and implemented	3 Quarter risk management reports	Internally driven	-	3 Quarter risk management reports achieved	-	-	Updated risk register



Functional Area	strategic objectives as per the IDP	Objective	KPI	Baseline/ Previous performance	Annual Target UAL TARGET	Ordinary Budget	Revised target	Annual Performance Report 2017/2018			POEs
								Annual Achievement	Reasons for variance	Improvement measure	
PMS	Continuous assessment and staff development through PMS	Proper Alignment Of SDBIP with employees compacts	Number Of Performance Plans To Be Developed And Monitored	Performance Plans developed for all employees under finance and 4 Performance reviews conducted	Development of Performance Plans For All Employees Under Finance and 4 Performance reviews	Internally driven	-	Achieved	-	-	Performance information reports Invitation to assessments for all managers
IMPLEMENTATION OF COUNCIL RESOLUTIONS	Ensure implementation of IDP priorities	To implement all Council resolutions relevant to the directorate	Number of council resolution implemented	Council resolutions for 2016/17 implemented and reported on	4 Reports on implementation of council resolutions	Internally driven	-	Achieved	-	-	Up to date Council Resolutions register
HRM	Assess the capacity of Bushbuckridge Local Municipality	Effective and efficient utilisation of municipal human resource	Number of departmental meeting addressing HR issues	4 departmental meetings held	4 departmental meetings	Internally driven	-	4 meetings Achieved	-	-	Attendance register and minutes

## 5.1.2 SDBIP FINANCE

Vote No	Description	Total Budget '000	Adjusted budget	Annual Performance Report 2017/2018	
				Total Expenditure	Reason for Variance
	Bad debts provision	122 304 000	61 152 000	130 300 000	Year-end journals not yet processed, however the expenditure based on current calculations is projected at 130m due to increased debtors.
	Data cleansing	557 000	278 500	-	Did not appoint service provider
	Equipment IT	452 000		190 662.11	Idle computers from damaged buildings at Mkhulu were allocated to finance staff.

Vote No	Description	Total Budget '000	Adjusted budget	Annual Performance Report 2017/2018	
				Total Expenditure	Reason for Variance
	Implementation of Pastel System	1 250 000		128 000	Challenges with the Mscoa required more consultants hours. This funds were shifted to Mscoa implementation to address the problems
	Audit Fees	5 835 000	2 917 500	-	None
	Bank Charges	342 000	85 500	558 254	More transactions closer to year end
	Software Licensing Fees	1 115 000	278 750	717 000	The functionality of the project system has been reduced, hence less fees.

Vote No	Description	Total Budget '000	Adjusted budget	Annual Performance Report 2017/2018	
				Total Expenditure	Reason for Variance
	Assets Register development	1 020 000		611 000	Late Appointment Of The Service Provider
	Property Valuation Roll	965 000	241 250	-	Late appointment of the service provider
	ICT Infrastructure & Maintenance	610 000	305 000	441 397.5	The projected expenditure was less than what was actually required
	MSCOA Implementation	3 404 000	851 000	2 050 351	Conversion to Mscoa 6.2 resulted in challenges that needed more hours

Vote No	Description	Total Budget '000	Adjusted budget	Annual Performance Report 2017/2018	
				Total Expenditure	Reason for Variance
	Collection Costs	2 100 000		234 927.53	The service provider did not perform as anticipated

## 6. KPA SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT:

### 6.1.1 DEPARTMENTAL TECHNICAL SERVICES

#### 6.1.1.1 Roads and storm water

Vote	KPA/ Project	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achievement	Reason for Variance	Improvement measure	
	Maintenance of Roads & Storm-water infrastructure	Monitoring the implementation of capital projects and services	Ensure accessibility and properly maintained access and internal roads	Percentage (%) implementation of the Maintenance Plan	70% implementation of annual maintenance plan	To reach 100%	-	R17 000 000	To reach 100%	15%	Late appointment of services providers	Finalise the appointment of services providers before the beginning of the next f/y	Monthly reports

Vote	KPA/ Project	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achievement	Reason for Variance	Improvement measure	
	Construction of Culvert Bridge at Ka-Nghunghu nyane School	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	% Construction of Culvert Bridge at Ka-Nghunghu nyane School	Lack of access across stream	100% Construction of Culvert Bridge at Ka-Nghunghu nyane School	R 1 400 000,00	R1 000 000,00	100% Construction of Culvert Bridge at Ka-Nghunghu nyane School	0%	Late Appointment of Service Provider	The project duration will be reduced to two months from the day of the site handover	Progress report or appointment letter
	Construction of Culvert Bridge at Rolle D, E, F & G	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	% Construction of Culvert Bridge at Rolle D, E, F & G	Lack of access across stream	100% Construction of Culvert Bridge at Rolle D, E, F & G	R 1 400 000,00	R1 331 925,84	100% Construction of Culvert Bridge at Rolle D, E, F & G	90%	Addition of Scope of work and pending of Variation Order	The service provider will be given an extension of time up to 30 days to complete the works	Progress report or appointment letter

Vote	KPA/ Project	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achieve ment	Reason for Variance	Improvement measure	
	Rehabilitation of tarred streets at Dwarsloop	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Rehabilitation of number of KM tarred streets at Dwarsloop	Road with potholes	Rehabilitation of 1.0 KM tarred streets at Dwarsloop	R 1 200 000,00	R0.00	None, the project will not be implemented due budget shortfall	-	-	-	--
	Rehabilitation of tarred streets at Marite	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of km of roads to be rehabilitated at Marite	Road with potholes	0,8 km road to be rehabilitated at Marite	R 800 000,00	R0.00	None, the project will not be implemented due budget shortfall	-	-	-	-



Vote	KPA/ Project	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achieve ment	Reason for Variance	Improvem ent measure	
	Rehabilitation of tarred streets at Mkhuhlu	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of km of roads to be Rehabilitated of tarred streets at Mkhuhlu	Road with potholes	1.1 km road rehabilitation on Mkhuhlu	R1 000 000,00	R1 000 000,00	1.1 km road rehabilitation Mkhuhlu	0	Pending for Appointment of Service Provider	Finalise the appointment of services providers before the beginning of the next f/y	To be advertised
	Rehabilitation of tarred streets at Shatale	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of km of roads to be Rehabilitated of tarred streets at Shatale	Road with potholes	1.2 km road rehabilitation on shatale	R1 400 000,00	R0.00	None, the project will not be implemented due budget shortfall	-	-	-	-

Vote	KPA/ Project	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achievement	Reason for Variance	Improvement measure	
	Rehabilitation of tarred streets at Thulamasha	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of km of roads to be Rehabilitated of tarred streets at Thulamasha	1.2 km Completed road with potholes	1.2 Rehabilitation of tarred streets at Thulamasha	R1 400 000,00	R1 000 000,00	1.2 Rehabilitation of tarred streets at Thulamasha	0	Late Appointment of Service Provider	Finalise the appointment of services providers before the beginning of the next f/y	Progress report or appointment letter
	Construction of storm water drainage at Dwarsloop Phase 1 & 2	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of km Construction of storm water drainage at Dwarsloop Phase 1 & 2	No storm water drainage	2km Construction of storm water drainage at Dwarsloop Phase 1 & 2	R800 000,00	R0.00	2 KM Construction of storm water drainage at Dwarsloop Phase 1 & 2	0	The project was replaced by drainage at Boikhuts due to community unrest.	The project will be implemented next financial year	Completion certificate

Vote	KPA/ Project	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achieve ment	Reason for Variance	Improvem ent measure	
	Construction of storm water drainage at Thulamahshe	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of km of storm water drainage to be constructed at Thulamahshe	Roads without storm-water drainage	1,0 km storm water drainage at Thulamahshe	R800 000,00	R0.00	None, the project will not be implemented due to budget shortfall	-	-	-	None
	Construction of walkways on the R533 roads and guardrails	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of km of walkway of road to be constructed on the R533	0% construction of walkways	1.2 km of walkway road to be constructed on the R533	R800 000,00	R0.00	None, the project will not be implemented due to budget shortfall	-	-	-	None

Vote	KPA/ Project	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achievement	Reason for Variance	Improvement measure	
	Road Markings at BLM Traffic Intersection	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of km of road markings in BLM Traffic Intersection	Routine maintenance	2 km road markings	R600 000,00	R0.00	None, the project will not be implemented due to budget shortfall	-	-	None	None
	Installation of road signs at BLM Access Roads	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Completion of road signs at BLM access Roads as per O & M plan	Routine maintenance	Completion of road signs installation as per the O&M plan	R400 000,00	R300 000,00	Completion of road signs installation as per the O & M plan	Completion of road signs installation on as per the O & M plan done	None	None	Advertisement and progress report

Vote	KPA/ Project	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achievement	Reason for Variance	Improvement measure	
	Installation of carporths in all BLM facilities	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Carporths installation in 3 municipal buildings	-	carporths installation in Accornhoe k library, hlulukani library and lillydale region	R600 000,00	R0.00	None, the project will not be implemented due to budget shortfall	-	-	-	None
	Provision of access road from Calcutta to Mashonam ini	Provide safe and accessible roads and bridges	Provide safe and accessible roads and bridges	% completion of 3.8KM of roads to be paved at calcutta mashonamin	95% construction progress of 3.8km of layer works, base and sub base.	5% completion of 3.8KM of roads to be paved at calcutta mashonamin	R 5 344 021.96	R 3 017 802,23	5% completion of 3.8KM of roads to be paved at calcutta mashonamin	5%	None	none	Completion certificate (The project is complete and now at 100%)

## 6.1.2 SANITATION

Vote	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for variance	Improvement measure	POES
	Provision of sanitation	Environmentally friendly and appropriate hygienic standards	Environmentally friendly and appropriate hygienic standards	% Upgrading of Dwarssloop WWTW	60% construction progress	40% Upgrading of Dwarssloop WWTW	R 4 000 000.00	R 14 156 891,62	40% Upgrading of Dwarssloop WWTW	40%	None	None	Progress report and Completion Certificate (The project is complete and now at 100%)

Vote	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for variance	Improvement measure	POES
	Provision of sanitation	Environmentally friendly and appropriate hygienic standards	Environmentally friendly and appropriate hygienic standards	Construction of outfall sewer line from new hospital to Dwaarsloop WWTW	No pipeline	Construction of outfall sewer line from new hospital to Dwaarsloop WWTW	R10 200 000	None	None, The project will be implemented in the next financial year due to budget shortfall	-	-	-	-
	Provision of sanitation	Environmentally friendly and appropriate hygienic standards	Environmentally friendly and appropriate hygienic standards	% Completion of 1200 VIP toilets to be constructed	322 toilets completed in 2016/17	100 % completion 400 VIP toilets to be constructed	R5 000 000	R 10 000 000.00	100 % completion on 1200 VIP toilets to be constructed	100 % completion of 1200 VIP	Projects savings were reinvested to do additional units	None	Progress report and Completion Certificate

Vote	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for variance	Improvement measure	POES
	Provision of sanitation	Maintenance of infrastructure	WWTW refurbishment	Number of WWTW to be maintained in BLM	8 WWTW infrastructure in place	Maintenance of 7 WWTW	R2 100 000	None	Maintenance of 7 WWTW	7	Insufficient funds	Quantify the projected budget against the performance plan	maintenance report



## 6.1.3 WATER PROVISION

Vote	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	New Forest and Orinocco Bulk Supply (B14)	Provision of portable water	Provision of portable water	% construction of New Forest and Orinocco Bulk Supply (B14)	60% of construction of New Forest and Orinocco Bulk Supply (B14) done	40% construction of New Forest and Orinocco Bulk Supply (B14)	R 5 000 000,00	R13,377,364.59	40% construction of New Forest and Orinocco Bulk Supply (B14)	35%	The contractor delay the finalisation of the construction of Manholes	The contractor to fast track the finalisation of the project	Progress reports
	Completion of outstanding works Tsakani Branch (A5)	Provision of portable water	Provision of portable water	% of construction of outstanding works Tsakani Branch (A5)	89% of construction on Tsakani Branch (A5) done	11% of construction on outstanding works Tsakani Branch (A5)	R 5 000 000,00	R10,931,708.28	11% of construction on outstanding works Tsakani Branch (A5)	11%	None	None	Progress reports and Completion certificate (The project is complete and now at 100%)

Vote	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Agincourt and Ireagh Bulk water supply (B22)	Provision of portable water	Provision of portable water	% of construction for Agincourt and Ireagh Bulk water supply (B22)	88% of construction on Agincourt and Ireagh Bulk water supply (B22)	12% of construction on Agincourt and Ireagh Bulk water supply (B22)	R 3000 000,00	R13,496,247.72	12% of construction on Agincourt and Ireagh Bulk water supply (B22)	7%	The contractor is finalising the connection on the reservoirs	The contractor to expedite finalisation of reservoirs connection.	Progress reports
	Chavelaga za Bulk water supply	Ensure implementation of IDP priorities	To provide water to the residents of Bushbuckridge	% construction of 3.5KM Chavelagaza Bulk water supply	No bulk connection to reservoir	100% construction of 3.5 KM Chavelagaza Bulk water supply	R 3500 000,00	None	50% construction of 3.5 KM Chavelagaza Bulk water supply	0%	Technical report not yet approved by DWS	Approval of technical report be done before putting projects on the IDP	Appointment letters and Progress reports

V o t e	KPA	Strategic objective as per IDP	Objective	KPI/ Measureme nt	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvem ent Measure	POE
	Water reticulatio n at Kumani phase 1	Provision of portable water	Provision of portable water	Number households to be reticulated at kumani phase1	New project	533 household s to be reticulated at kumani phase 1	R11 000 0.00	R 21 830 000.00	533 households to be reticulated at kumani phase 1	820	There was an additional scope of household connections	None, the project is completed	List of beneficiaries & Completion certificates
	Water reticulatio n at mambumb u, Zola and Songeni	Provision of portable water	Provision of portable water	Number households to be reticulated at mambumbu, Zola and Songeni	New project	727 household s to be reticulated at mambumb u, Zola and Songeni	R15 000 000.00	R0.00	None ,the project will be implemte d next financial due financial constraints	0	Technical report not yet approved by DWS	Approval of technical report before beginning of the new f/y	-

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measureme nt	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Allendale A and B	Provision of portable water	Provision of portable water	Number of households to be reticulated at Allendale A and B	New project	727 households to be reticulated at Allendale A and B	R15 000 000.00	None	None, the project will be implemented next financial due financial constraints	-	-	-	-
	Water reticulation at Orinocco A west	Provision of portable water	Provision of portable water	Number of households to be reticulated at Orinocco A west	New project	1259 households to be reticulated at Orinocco A west	R46 000 000.00	52 000 000	1 259	New stands were also reticulated	Alignment of target with newly developed areas	1 603	List of beneficiaries & Completion certificates

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measureme nt	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Violet Bank B	Provision of portable water	Provision of portable water	Number of households to be reticulated at Violet Bank B	New project	967 households to be reticulated at Violet Bank B	R20 000 000.00	None	None, the project will be implemented next financial due financial constraints	-	-	-	Approval letter
	Water reticulation at Maviljan A and B Manteteng	Provision of portable water	Provision of portable water	Number of households to be reticulated at Maviljan A and B Manteteng	New project	1 345 households to be reticulated at Maviljan A and B Manteteng	R 27 766 899.60	R 79 502 488,73	4 398 households to be reticulated at Maviljan A and B Manteteng	3 482	Water meters were only installed on stands that have completed structures	Alignment of plans with existing structures	List of beneficiaries and Completion certificates

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Alexandria	Provision of portable water	Provision of portable water	Number of households to be reticulated at Alexandria	New project	727 households to be reticulated at Alexandria	R 15 000 000.00	R0.00	None, the project will be implemented next financial due financial constraints	-	-	-	-
	Water reticulation at Sandford	Provision of portable water	Provision of portable water	Number of households to be reticulated at Sandford	New project	259 households to be reticulated at Sandford	R 15 000 000.00	R22,830,643.33	504 households to be reticulated at Sandford	302	The contractor for phase 2 was appointed very late	The new contractor to expedite the implementation of the project	List of beneficiaries and Completion certificates

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Maromeng Phase 2	Provision of portable water	Provision of portable water	Number of households to be reticulated at Maromeng phase 2	Completion of 60% water reticulation at Maromeng phase 2	466 households to be reticulated at Maromeng Phase 2	R 9 611 881.55	R 9 611 881.55	466 households to be reticulated at Maromeng phase 2	466	None	None	List of beneficiaries and Completion certificates
	Water reticulation at Goromani	Provision of portable water	Provision of portable water	Number of households to be reticulated at Goromani	New project	727 households to be reticulated at Goromani	R 15 000 000.00	R0.00	None, the project will be implemented next financial due financial constraints	-	-	-	-

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Belfast	Provision of portable water	Provision of portable water	Number of households to be reticulated at Belfast	New project	818 households to be reticulated at Belfast	R 15 000 000.00	R24,699,928.88	818 households to be reticulated at Belfast	581	There is delay for the approval of water use licence	The fast-tracking the approval of water use licence	List of beneficiaries and progress report
	Water reticulation at Loudlow	Provision of portable water	Provision of portable water	Number of households to be reticulated at Loudlow	2125 households reticulated	100 households to be reticulated at Loudlow	R 4 220 000.00	R 4 220 000.00	100 households to be reticulated at Loudlow	0	The Community had a dispute with a labour rate which delay the start of the project.	The councillor has engage the Community members regarding this issue, the project will start in 2018/19.	-



Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measureme nt	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Saselani	Provision of portable water	Provision of portable water	Number households to be reticulated at Saselani	New project	727 households to be reticulated at Loudlow	R 15 000 000.00	R0.00	None ,the project will be implemented next financial due financial constraints	-	-	-	-
	Water reticulation at Kgapapma di and Mamelodi	Provision of portable water	Provision of portable water	Number households to be reticulated at Kgapapmadi and Mamelodi	New project	485 households to be reticulated at Loudlow Kgapapma di and Mamelodi	R 10 000 000.00	R0.00	None ,the project will be implemented next financial due financial constraints	-	-	-	-

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measureme nt	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulatio n at Khalanyoni, Tskani and Madile	Provision of portable water	Provision of portable water	Number households to be reticulated at Khalanyoni, Tskani and Madile	New project	969 households to be reticulated at Khalanyoni, Tskani and Madile	R 20 000 000.00	R0.00	None,the project will be implemented next financial due financial constraints	-	-	-	-
	Water reticulatio n at Matsikitsane and Fenyani	Provision of portable water	Provision of portable water	Number households to be reticulated at Matsikitsane and Fenyani	70% progress achieved in 2016/17 FY	315 households to be reticulated at Matsikitsane and Fenyane	R 9 500 000.00	R 7 000 000.00	315 households to be reticulated at Matsikitsane and Fenyane	315	-	-	List of beneficiaries and Completion certificates

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measureme nt	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Ceko	Provision of portable water	Provision of portable water	Number of households to be reticulated at Ceko	New project	497 households to be reticulated at Ceko	R 11 200 000.00	R 11 200 000.00	497 households to be reticulated at Ceko	None	None	None	List of beneficiaries and Completion certificates
	Water reticulation at Burlington	Provision of portable water	Provision of portable water	Number of households to be reticulated at Burlington	60% water reticulation was achieved in 2016/17 FY	509 households to be reticulated at Burlington	R 10 500 000.00	R 6 366 158.59	509 households to be reticulated at Burlington	None	None	None	List of beneficiaries and Completion certificates

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Madras	Provision of portable water	Provision of portable water	Number of households to be reticulated at Madras	New project	485 households to be reticulated at madras	R 10 000 000.00	R0.00	None, the project will be implemented next financial due financial constraints	-	-	-	-
	Water reticulation at Mphenyat satsi	Provision of portable water	Provision of portable water	Number of households to be reticulated at Mphenyatsatsi	New project	967 households to be reticulated at Mphenyat satsi	R 20 000 000.00	R 37 923 233,62	740 households to be reticulated Mphenyatsatsi	562	The contractor has performed below the required standards	The contractor has been put on terms to conclude with two months.	List of beneficiaries and progress report

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measureme nt	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Thabakgolo	Provision of portable water	Provision of portable water	Number of households to be reticulated at Thabakgolo	New project	484 households to be reticulated at Thabakgolo	R 10 000 000.00	R0.00	None, the project will be implemented next financial due financial constraints	-	-	-	-
	Water reticulation at MP Stream	Provision of portable water	Provision of portable water	Number of households to be reticulated at MP Stream	New project	1 211 households to be reticulated at MP Stream	R 25 000 000.00	R93 000 000.00	3 981 households to be reticulated at MP Stream	3 822	There was an additional scope of work for households on the projects	The contractor has been given two months to complete the additional scope	List of beneficiaries and progress report

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measureme nt	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulatio n at soweto	Provision of portable water	Provision of portable water	Number of households to be reticulated at Soweto	New project	968 households to be reticulated at Soweto	R 20 000 000.00	R 36 000 000.00	968 households to be reticulated at Soweto	1756	More stands with complete structures were more what was planned	Alignment of the plan with extensions before implementation	List of beneficiaries and progress report
	Water reticulatio n at Agincourt	Provision of portable water	Provision of portable water	Number of households to be reticulated at Agincourt	New project	968 households to be reticulated at Agincourt	R 8 000 000.00	R0.00	None ,the project will be implemented next financial due financial constraints	-	-	-	-

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Thusanang	Provision of portable water	Provision of portable water	Number of households to be reticulated at Thusanang	New project	462 households to be reticulated at Thusanang	R 9 534 832.00	R0.00	None, the project will be implemented next financial due financial constraints	-	-	-	-
	Water reticulation at Isilinton	Provision of portable water	Provision of portable water	Number of households to be reticulated at Isington	New project	509 households to be reticulated at Isington	R 1 000 000.00	R0.00	None, the project will be implemented next financial due financial constraints	-	-	-	-

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water reticulation at Englington/Share	Provision of portable water	Provision of portable water	Number households to be reticulated at Englington/Share	New project	100 households to be reticulated at Englington/Share	R 1 000 000.00	R0.00	None,the project will be implemented next financial due financial constraints	-	-	-	-
	Water reticulation at welverdin	Provision of portable water	Provision of portable water	Number households Water reticulation at welverdin	New project	3020 households Water reticulation at welverdin	R 1 500 000.00	R0.00	None,the project will be implemented next financial due financial constraints	-	-	-	-



V o t e	KPA	Strategic objective as per IDP	Objective	KPI/ Measureme nt	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvem ent Measure	POE
	Water provision at Belfast	Bulk water provision in Belfast	Provision of Water	% construction of Belfast bulk water provision	EIA and Water use licence applicatio ns done, awaiting approvals  20% constructi on progress	100% constructi on of Belfast bulk water provision	R4 000 000	None	80% of constructio n Belfast bulk water provision	-	-	80%	Progress reports
	Water provision	Bulk water provision in Setlhare	Refurbish ment of a package plant	% construction of Bulk water package plant in Setlhare	The infrastruc ture is existing	100% constructi on of Bulk water package plant in Setlhare	R1 500 000	R1 500 000	100% constructio n of Bulk water package plant in Setlhare	Delays of appointment of the services provider.	Monitor the performanc e of EDM	80%	Progress reports

Vote	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			
										Annual Achievement	Reason for variance	Improvement Measure	POE
	Water provision	Maintenance of infrastructure	Boreholes refurbishment	Number of boreholes to be maintained	Existing infrastructure	100 boreholes to be maintained	R5 135 000	None	100 boreholes to be maintained	73	Insufficient funds	More budget in the next financial year	Progress report and list of maintained boreholes

## 6.1.4 HUMAN SETTLEMENTS &amp; BUILDING

Vote	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for Variance	Improvement measure	POE
	Maintenance of Municipal Infrastructure (Municipal Buildings)	Monitoring the implementation of projects and services	Compliance with National Building Regulations and Building Standards Act 103 of 1977 and OHS Act	Number of maintenance projects on municipal buildings	12 Projects Completed in 2016/17	12 Maintenance Projects to be Implemented in 2017/18	R 2 500 000.00	R 2 500 000.00	12 Maintenance Projects to be Implemented in 2017/18	12	-	-	Completion Certificates

Vote	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for Variance	Improvement measure	POE
	Maintenance and Refurbishment of Municipal Infrastructure (Municipal Halls)	Monitoring the implementation of projects and services	Compliance with National Building Regulations and Building Standards Act 103 of 1977 & OHS Act	Number of maintenance Projects for municipal halls.	5 municipal halls	3 maintenance projects (Mkhuhlu Comm Hall, Maviljan Comm Hall & Merriam Mogakane Hall)	R 3 000 000.00	R 3 500 000,00	3 Maintenance projects. (Mkhuhlu Comm Hall, Maviljan Comm Hall & Merriam Mogakane Hall)	0	Bid Committees did not appoint a service provider on time for Mkhuhlu. Maviljan (SCM. did not advertise and still waiting for advert).	Prioritization be considered by Bid Committee members.	Reports

## 7. KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Weight 10%)

Functional Area	Strategic objective as per IDP	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary / adjusted budget	Revised Target	Annual Performance Report 2017/2018			POEs
							Annual Achievement	Reason for Variance	Improve ment Measure	
Alignment of IDP, Budget and SDBIP	Allocate available funds to identified priorities on a multi-year Plan	Alignment of 2017/18 IDP, Budget and SDBIP	Budget aligned to IDP and SDBIP	2016/17 IDP, Budget and SDBIP were aligned	Alignment of 2017/18 IDP, Budget and SDBIP	Internal driven	Achieved	-	-	Internal audit report on alignment
<b>Council Support</b>	To effectively manage council support activities.	Number of council sitting	4 ordinary council and 1 special council were conducted in 2015/16 F/Y	4 Ordinary Council sittings.	-	4 Ordinary Council sittings.	Achieved	-	-	Attendance registers and minutes

Functional Area	Strategic objective as per IDP	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary / adjusted budget	Revised Target	Annual Performance Report 2017/2018			POEs
							Annual Achievement	Reason for Variance	Improvement Measure	
<b>Mayoral IMBIZO</b>	To effectively involve members of the community in the affairs of the municipality	Number of Izimbizo to be held.	4 Mayoral Izimbizo conducted in 2015/16 F/Y	Four (4) mayoral Izimbizo outreach programmes and respond to issues as raised.	400 000.00	Four (4) mayoral Izimbizo outreach programmes and respond to issues as raised.	Achieved	-	-	Attendance registers
<b>Ward Committees</b>	Ensure Functionality of ward committees.	Number of consolidate reports to be submitted council.	3 ward committees reports were consolidated in 2015/16	4 Quarterly consolidated reports.	-	4 Quarterly consolidated reports.	Achieved	-	-	Ward committees reports

7.1 MUNICIPAL MANAGER'S UNITS

7.1.1 PMS and IDP

Functional Area	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary/ adjusted budget	Annual Performance Report 2017/2018			POEs
						Annual Achievement	Reason for Variance	Improvement Measure	
SDBIP	Ensure compliance	Number of SDBIP and quarterly Reports to be to developed	2016/17 SDBIP was developed and approved by July 2016 and 4 quarterly reports were done	1 SDBIP by July and 4 SDBIP implementation reports (1 per quarter)	Internal driven	1 SDBIP by July and 4 SDBIP implementation reports (1 per quarter) achieved	-	-	SDBIP, Council resolution, publication notice and letters of submission

Functional Area	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary/ adjusted budget	Annual Performance Report 2017/2018			POEs
						Annual Achievement	Reason for Variance	Improvement Measure	
Performance agreements	Proper Alignment Of SDBIP with employees compacts	Number of performance agreements to be developed	6 performance agreement developed and signed timeously	6 performance agreement developed and signed before end of July 2017	Internal driven	Achieved	-	-	Performance plans and review 4 reports and attendance register



Functional Area	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary/ adjusted budget	Annual Performance Report 2017/2018			POEs
						Annual Achievement	Reason for Variance	Improvement Measure	
Regional offices performance	Provide support to regional officers	Number of performance plans and assessment to be done	Two assessment on the functionality of regional offices	11 Regional officers performance plans and 2 assessments to assess the functionality of regional offices	Internal driven	11 Regional officers performance plans and 1 assessments to assess the functionality of regional offices done	-	-	Assessment reports, schedule and attendance register
PMS automation	To develop a PMS that is effective and electronic	Development of terms and reference and do design and development of PMS electronically	Benchmarking for PMS automation was done in May 2017	Procurement of the software by June 2018.	Internal driven	Achieved	-	-	Benchmarking approval and TOR on PMS System

Functional Area	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary/ adjusted budget	Annual Performance Report 2017/2018			POEs
						Annual Achievement	Reason for Variance	Improvement Measure	
Annual report	Reported information to consolidated and made available	Number of annual report to be done and adopted within specific time frame	2015/2016 Annual report was done and approved by council in January 2017	1 Annual report 2016/2017 and ensure adoption by council in January 2018		Achieved	-	-	Report and council resolution.
IDP public participations	To have proper community participation IDP	Number of IDP public participation to be conducted	9 PP conducted in 2016/17	9 Public participation		Achieved	-	-	Advert, Agenda, attendance register

Functional Area	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary/ adjusted budget	Annual Performance Report 2017/2018			POEs
						Annual Achievement	Reason for Variance	Improvement Measure	
IDP process plan	To comply with IDP legislative requirements	Develop the IDP process plan and submit to council by end of August 2016	IDP process plan was done in 2016/2017	Approval of IDP process plan by third quarter		Achieved	-	-	Process plan and council resolution.
Sectoral plans	Ensure review of sector plan	Number of sectoral plans to be review.	LED strategy was done in 2016/17	2 sectoral plans to be done by third quarter	Internal driven	Achieved	-	-	Sectoral plans and council resolutions
Development of IDP	To establish 1 year service delivery plan	Ensure that IDP is aligned with legislation framework. Credible IDP	IDP done in 2016/2017	Ensure that IDP is aligned with legislation framework. Credible IDP	Internal driven	Achieved			IDP documents, council resolution, letters of submitting and publication notices

Functional Area	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary/ adjusted budget	Annual Performance Report 2017/2018			POEs
						Annual Achievement	Reason for Variance	Improvement Measure	
Risk management	Risk assessment on both strategic and operation assessment	Adherence and compliance on risk relevant legislations	Strategic and operational risk assessment conducted	Conduct strategic and operational risk assessments by first quarter and fourth quarter for following f/Y	Internal driven	Achieved	-	-	Operational risk reports
Risk implementation plan	Ensure compliance of risk management framework	Approved risk management implementation plan	risk management implementation plan in place	Approved risk management implementation plan	Internal driven	Achieved	-	-	Implementation plan and AC minutes
Risk management policy development and review	To ensure that all relevant policy documents are developed and reviewed timeously for	Reviewed charter, policy, RC charter & manual approved by the Risk Committee.	Reviewed charter, policy, RC charter & manual approved by the Risk Committee	Reviewed charter, policy, RC charter & manual approved by the Risk Committee by first quarter	Internal driven	Achieved	-	-	charter, policy/strategy, RC charter & procedure manual and approval letters

Functional Area	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary/ adjusted budget	Annual Performance Report 2017/2018			POEs
						Annual Achievement	Reason for Variance	Improvement Measure	
	the proper running of IA.								
Staff management Meetings	Management of operational functions of the municipality	Provide support and monitor the effectiveness of regional office	4 meetings conducted	Conduct (12) monthly meeting to monitor the effectiveness of regional offices and Unit managers	Internal driven	6 meeting achieved	6 planned meeting did not take place due change incumbent for MM's post	The new MM to schedule monthly meetings	assessment reports, attendance register and minutes

## 7.1.2 PERFORMANCE PLAN INTERNAL AUDIT

KPA	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted Budget	Annual Performance Report 2017/2018			POEs
						Annual Achievement	Reason for Variance	Improvement Measure	
Internal Audit policy development and review	Ensure that all planned audit assignments are performed	To ensure that all relevant policy documents are developed and reviewed timeously for the proper running of IA.	Reviewed IA charter, IA policy, AC charter & IA manual approved by the Audit Committee.	Reviewed IA charter, IA policy, AC charter & IA manual approved by the Audit Committee to be in line with the IIA standards.	-	Achieved	-	-	IA charter, IA policy, AC charter & IA manual approved by the Audit Committee
Strategic plan & annual plan	Ensure that all planned audit assignments are performed	Ensure that the three year strategic plan and the annual plan is developed	Annual plan and three year strategic plan approved by the Audit Committee.	Internal Audit plan approved and implemented.	-	Achieved	-	-	Reports
	Ensure that all planned audit	Audit reports	-						Reports

KPA	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted Budget	Annual Performance Report 2017/2018			POEs
						Annual Achievement	Reason for Variance	Improvement Measure	
Implementation of the internal audit plan	assignments are performed			Conducts and implement the audit plan	-	Achieved	-	-	Reports
Follow up reviews on previous queries raised	Ensure that management addresses weaknesses raised by the AG & IA	Submitted reports to management, the Audit Committee and Council on a quarterly basis	reports to management, the Audit Committee and Council on a quarterly basis done	Submitted reports to management, the Audit Committee and Council on a quarterly basis	-	Achieved	-	-	Reports
					-	Achieved	-	-	Reports
					-	Achieved	-	-	Reports

KPA	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/Adjusted Budget	Annual Performance Report 2017/2018			POEs
						Annual Achievement	Reason for Variance	Improvement Measure	
Perform Performance management	To ensure that the Municipality's performance management system is audited as required by the MSA & Performance regulations.	Reports at the end of each quarter on the status of internal control with regards the performance management system	Reports at the end of each quarter on the status of internal control with regards the performance management system done	Reports at the end of each quarter on the status of internal control with regards the performance management system	-	Achieved	-	-	Reports



## 7.1.3 COMMUNICATION

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/ budget	Annual Performance Report 2017/2018			Portfolio of Evidence
						Annual Achievement	Reason for Variance	Improvement Measure	
<b>Customer Care and Complaints Management</b>	Timeous respond to clients and community complaints.	Complaints register and number of resolved complaints	Complaint Management committee and suggestion boxes in place.	Undated Complaints register and list (number) of resolved issues	Internal driven	Achieved	-	-	Undated Complaints Register( action log), List of resolve issues
<b>Effective and Improved communication both internal and external</b>	Inform and educate community about municipal actions, programmes and projects.	Ensure all municipal activities are effectively Communicated to internal and external stakeholders and produced number of	All municipal activities were communicated internally and externally via website, newspapers, radio and notices during 2016/2017	Ensure all municipal activities are effectively Communicated to internal and external stakeholders and produced 4 quarterly reports	Internal driven	Achieved	-	-	Consolidated report.

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/ budget	Annual Performance Report 2017/2018			Portfolio of Evidence
						Annual Achievement	Reason for Variance	Improvement Measure	
		quarterly reports							
<b>Newsletter Production and Delivery</b>	Inform and educate community about the successes, programmes, projects and plans of the municipality	Number of newsletters issued	4 quarterly Newsletters done and 40 000 copies were distributed in 2016/2017	Produce quarterly newsletters and deliver 40 000 copies by July 2018	R1 400 000	4 quarterly newsletters and deliver 40 000 copies issued	-	-	Copy of Newsletter and distribution lists.
<b>Establish And Maintain Media Relations, Media Monitoring And Analysis</b>	To ensure good relations with media houses	Number of contracts to be signed with local media houses	3 SLA were signed with local media houses in 2016/17	4 contracts to be signed with local media houses by end of September 2017 and monitor the implementation of the SLAs	Internal driven	5 contracts to be signed with local media houses implementation monitors	1 additional SLA signed due to failure of the service provider to implement electronic billboard project	Cancel the SLA and get new service provider	4 SLAs and quarterly monitoring reports

Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Ordinary/ budget	Annual Performance Report 2017/2018			Portfolio of Evidence
						Annual Achievement	Reason for Variance	Improvement Measure	
<b>Positive Corporate Image, Marketing and Branding</b>	To build the positive image of the municipality	Develop a policy for marketing	Marketing policy not in place	To Develop a policy for marketing and continuously monitoring the implementation	Internal driven	Developmental of the policy not achieved	Pending establishment on BEDA	Developed by the BEDA	Installed signage pictures. Municipal profile document

## 7.2 SDBIP MUNICIPAL MANAGER

Vote No	Description	Total Budget	Annual Performance Report 2017/2018	
			Total Expenditure	Reason for variance
	Official functions	875 000	6000	Cost curtailment
	Refreshment	56 000	56 000	-
	Special services	1 1 724 000	400 000	Limited needs for special services
	Risk Management	319 000	31 000	Budget over estimated
	Communication Services	4 446 000	1 834 692	Budget over estimated
	PMS Workshop and Training	120 000	86 000	Budget over estimated
	PMS Automation	900 000	30 000	Late appointment of the service provider
	Audit Committee Allowance	435 000	184 000	Budget over estimated
	Pro Audit Software	118 000	10 000	Limited requisition made
	Operational Support Mkhuhlu Regional Office	50 000	9000	Expenditure incurred by the vote for maintenance
	Operational Support Lillydale Regional Office	50 000	-	No requisition made

Vote No	Description	Total Budget	Annual Performance Report 2017/2018	
			Total Expenditure	Reason for variance
	Operational Support Marite Regional Office	50 000	14 000	Expenditure incurred by the vote for maintenance
	Operational Support Maviljan Regional Office	50 000	-	Expenditure incurred by the vote for maintenance
	Operational Support Dwarsloop Regional Office	50 000	-	Expenditure incurred by the vote for maintenance
	Operational Support Shatale Regional Office	50 000	-	Expenditure incurred by the vote for maintenance
	Operational Support Thulamahashe Regional Office	50 000	-	Expenditure incurred by the vote for maintenance
	Operational Support Casteel Regional Office	50 000	-	Expenditure incurred by the vote for maintenance
	Operational Support- Acorhoek Regional Office	50 000	-	Expenditure incurred by the vote for maintenance
	Operational Support- Hluvukani Regional Office	50 000	-	Expenditure incurred by the vote for maintenance
	Operational Support Angicourt Regional Office	50 000	2000	Expenditure incurred by the vote for maintenance

Vote No	Description	Total Budget	Annual Performance Report 2017/2018	
			Total Expenditure	Reason for variance
	Office of the Municipal Manager	213 000	-	Expenditure incurred by the vote for maintenance

### 7.3 REPORT OF EXTERNAL SERVICE PROVIDERS FINANCE 2017/2018 F/Y

#### 7.3.1 RAND WATER

BLM purchases bulk water from Rand Water to supply water to the communities within its locality. The municipality has a Services Level Agreement with Rand Water. The below table reflects how the services has been rendered to BLM by Rand Water and how BLM has been processing the invoices to cater for its financial obligation to Rand Water. The total expenditure on bulk water purchase as at 30 June 2018 was **R236, 252,848.07 including VAT**.

#### 7.3.2 CHALLENGES

Rand Water billed the municipality for consumption above the fixed monthly volumes as per agreement hence the municipality is disputing the excess charges. The payment for May, June and July 2018 monthly were delayed due to cash flow challenges.

Month	Objective	Consumption units	Amount Per Invoice	Amount Paid	Debt Settlement	Date of Payment	Responsible Official
2017/07/31	supply of bulk water	3,016,457.58	18,225,436.69				CFO/ DTS
2017/08/31	supply of bulk water	2,659,657.58	16,069,651.09		16,200,000	2017/08/25	CFO/ DTS

2017/09/30	supply of bulk water	2,670,516.58	16,135,261.17	17,334,000.00	16,200,000	2017/09/29	CFO/ DTS
2017/10/31	supply of bulk water	2,864,976.33	18,339,000.00		16,200,000	2017/10/31	CFO/ DTS
2017/11/30	Historic debt instmnt	2,864,976.33	18,339,000.00	34,668,000.00	16,200,000	01 and 30/11/2017	CFO/ DTS
2017/12/31	supply of bulk water	2,864,976.33	18,338,999.99	23,100,963.71		2018/01/02	CFO/ DTS
2018/01/31	supply of bulk water	2,864,976.33	18,339,000.01	23,100,963.71		2018/02/16	CFO/ DTS
2018/02/28	supply of bulk water	2,864,976.33	18,339,000.01	40,468,072.58		20 & 29/03/2018	CFO/ DTS
2018/03/31	supply of bulk water	2,864,976.33	18,339,000.00	17,334,000.00		2018/05/03	CFO/ DTS
2018/04/30	supply of bulk water	3,287,088.97	18,457,004.57	15,446,848.07		2018/06/08	CFO/ DTS
2018/05/31	supply of bulk water	3,294,722.78	18,499,868.42				CFO/ DTS
2018/06/30	supply of bulk water	3,298,733.75	18,522,390.02	-			CFO/ DTS
		<b>35,417,035.24</b>	<b>215,943,611.97</b>	<b>171,452,848.07</b>	<b>64,800,000.00</b>		

### 7.3.3 CCG SYSTEMS

BLM has a Service Level Agreement with CCG Systems for financial system support and MSCOA implementation.

The expenditure as at the end of the 2017/1financial year was R3, 849,287.65. The performance of CCG Systems is satisfactory.

Month	Objective	Invoice no	Amount Per Invoice	Service type	Responsible official
17/07/2017	Consultation	INV6079	849,094.00	mScoa Implementation	

21/08/2017	Consultation	INV6229			196,997.00	mScoa Implementation	CFO
21/08/2017	Consultation	INV6228			88,372.80	mScoa Implementation	CFO
21/08/2017	Consultation	INV6222			229,870.00	mScoa Implementation	CFO
28/08/2017	Consultation	INV6425			26,620.60	mScoa Implementation	CFO
28/08/2017	Consultation	INV6426			31,870.60	mScoa Implementation	CFO
25/09/2017	Consultation	INV6427			15,671.94	mScoa Implementation	CFO
10/10/2017	Consultation	INV6926			13,727.80	mScoa Implementation	CFO
01/11/2017	Consultation	INV6551			33,000.00	mScoa Implementation	CFO
01/11/2017	Consultation	INV6551			6,000.00	mScoa Implementation	CFO
11/11/2017	Consultation	INV6979			27,000.00	mScoa Implementation	CFO
11/11/2017	Consultation	INV6979			18,000.00	mScoa Implementation	CFO
27/11/2017	Consultation	INV6858			68,193.00	mScoa Implementation	CFO
06/12/2017	Consultation	INV6925			4,400.00	mScoa Implementation	CFO
06/12/2017	Consultation	INV6925			2,881.10	mScoa Implementation	CFO
06/12/2017	Consultation	INV6925			7,280.00	mScoa Implementation	CFO
06/12/2017	Consultation	INV6925			1,050.00	mScoa Implementation	CFO
15/12/2017	Consultation	INV6977			68,193.00	mScoa Implementation	CFO



15/12/2017	Consultation	INV6980			mScoa Implementation	CFO
11/01/2018	Consultation	INV6922	64,800.00		mScoa Implementation	CFO
11/01/2018	Consultation	INV6922	7,280.00		mScoa Implementation	CFO
11/01/2018	Consultation	INV6922	5,250.00		mScoa Implementation	CFO
11/01/2018	Consultation	INV6922	2,881.10		mScoa Implementation	CFO
11/01/2018	Consultation	INV6922	4,400.00		mScoa Implementation	CFO
25/01/2018	Consultation	INV6978	68,193.00		mScoa Implementation	CFO
26/01/2018	Consultation	INV6981	68,400.00		mScoa Implementation	CFO
02/02/2018	Consultation	INV7093	1,001.00		mScoa Implementation	CFO
02/02/2018	Consultation	INV7093	350.00		mScoa Implementation	CFO
02/02/2018	Consultation	INV7093	4,230.00		mScoa Implementation	CFO
02/02/2018	Consultation	INV7093	278.00		mScoa Implementation	CFO
02/02/2018	Consultation	INV7093	4,230.00		mScoa Implementation	CFO
02/02/2018	Consultation	INV7093	278.00		mScoa Implementation	CFO
09/02/2018	Consultation	INV6975	4,400.00		mScoa Implementation	CFO
16/02/2018	Consultation	INV7115	255,269.60		mScoa Implementation	CFO
16/02/2018	Consultation	INV7115	4,004.00		mScoa Implementation	CFO
16/02/2018	Consultation	INV7115	1,400.00		mScoa Implementation	CFO

16/02/2018	Consultation	INV7115				mScoa Implementation	CFO
16/02/2018	Consultation	INV7115			4,126.60	mScoa Implementation	CFO
16/02/2018	Consultation	INV7115			4,004.00	mScoa Implementation	CFO
16/02/2018	Consultation	INV7115			1,400.00	mScoa Implementation	CFO
16/02/2018	Consultation	INV7115			7,548.20	mScoa Implementation	CFO
16/02/2018	Consultation	INV7115			450.00	mScoa Implementation	CFO
04/03/2018	Consultation	INV7514			68,193.00	mScoa Implementation	CFO
05/03/2018	Consultation	INV7217			5,387.00	mScoa Implementation	CFO
22/03/2018	Consultation	INV7414			151,056.72	mScoa Implementation	CFO
03/04/2018	Consultation	INV7516			66,800.00	mScoa Implementation	CFO
03/04/2018	Consultation	INV7515			134,993.00	mScoa Implementation	CFO
10/04/2018	Consultation	INV7691			24,872.96	mScoa Implementation	CFO
24/04/2018	Consultation	INV7870			68,193.00	mScoa Implementation	CFO
02/05/2018	Consultation	INV7842			5,692.50	mScoa Implementation	CFO
04/05/2018	Consultation	INV7904			86,400.00	mScoa Implementation	CFO
04/05/2018	Consultation	INV7904			57,600.00	mScoa Implementation	CFO
04/05/2018	Consultation	INV7904			58,500.00	mScoa Implementation	CFO
07/05/2018	Consultation	INV7893			97,687.50	mScoa Implementation	CFO

07/05/2018	Consultation	INV7894				mScoa Implementation	CFO
24/05/2018	Consultation	PO01666			57,062.25	mScoa Implementation	CFO
28/05/2018	Consultation	INV8398			34,000.00	mScoa Implementation	CFO
28/05/2018	Consultation	INV8025			52,229.31	mScoa Implementation	CFO
28/05/2018	Consultation	INV8078			276.00	mScoa Implementation	CFO
28/05/2018	Consultation	INV8079			227,230.50	mScoa Implementation	CFO
28/05/2018	Consultation	INV8395			227,493.00	mScoa Implementation	CFO
01/06/2018	Consultation	INV8248			36,216.00	mScoa Implementation	CFO
08/06/2018	Consultation	INV8130			69,369.83	mScoa Implementation	CFO
11/06/2018	Consultation	INV8483			86,993.00	mScoa Implementation	CFO
11/06/2018	Consultation	INV8484			36,320.40	mScoa Implementation	CFO
11/06/2018	Consultation	INV8485			10,626.00	mScoa Implementation	CFO
11/06/2018	Consultation	INV8487			33,592.00	mScoa Implementation	CFO
11/06/2018	Consultation	INV8489			97,347.00	mScoa Implementation	CFO
11/06/2018	Consultation	INV8495			37,132.30	mScoa Implementation	CFO
11/06/2018	Consultation	INV8496			23,542.60	mScoa Implementation	CFO
18/06/2018	Consultation	INV8497			42,472.98	mScoa Implementation	CFO
	Consultation				32,336.10	mScoa Implementation	CFO



1,313,736.00	1,313,736.00
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### 7.3.5 VALUERS AFRIKA

BLM signed a Service Level Agreement with Valuers Afrika during 2014/2015 financial year. The service provider was appointed to assist the municipality with the compilation of a General Valuation Roll and updating of the Supplementary Valuation Roll for a period of four years. The performance of Valuers Afrika is satisfactory.

<i>Month</i>	<i>Objective</i>	<i>Invoice no</i>	<i>Amount Per Invoice</i>	<i>Amount Paid</i>	<i>Date Paid</i>	<i>Responsible official</i>
28/08/2017	LAND VALUATION FOR YEAR END 30 JUNE 2017	IN103101	240,950.00	240,950.00	13/09/2017	CFO
31/01/2018	TRANSFERS, TRAVELLING COSTS AND MEETINGS.	IN102756	38,148.77	38,148.77	01/11/2017	CFO
43039	TRANSFERS, TRAVELLING COSTS AND MEETINGS.	OCT 2017	15,452.00	15,452.00	20/02/2018	CFO
			<b>294,550.77</b>	<b>294,550.77</b>		

### 7.3.6 SAGE VIP

BLM has a Service Level Agreement with Sage VIP for the provision and maintenance of the VIP Payroll, HR and Self Service modules.

<i>Month</i>	<i>Objective</i>	<i>Invoice no</i>	<i>Amount Per Invoice</i>	<i>Amount Paid</i>	<i>Date Paid</i>	<i>Responsible official</i>
July 2016 to 30 June 2017	MONTHLY SUBSCRIPTION AND CONSULTATION FEES	2017/18 invoices	170,563.15	170,563.15	13/07/2017	CFO
21/05/2018	PREMIER HR REPORT CUSTOMISATION	MAR021380/379/1144/1143	16,882.00	-		CFO

**187,445.15**      **170,563.15**

#### 7.4 REVENUE COLLECTION BY VOTE

The municipalities is expected to generate and collect revenue optimally from all possible revenue sources in order to sustain the activities of the municipality and ensuring service delivery to the citizens.

##### 7.4.1 BILLING V/S ACTUAL PER MONTH

The reports cover Property rates, Refuse removal, Sanitations and Water

Quarters	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
<b>Billing</b>	R55,750,881.71	R 56,316,010.12	R 56,494,279.92	R 56,199,819.51	R 224,760,991
<b>Collection</b>	R91,294,203.43	R 15,311,315.96	R 20,417,232.55	R 8,930,846.45	R135, 953,598.

This report was prepared by the office of the CFO as a true reflection of the external services provider performance under finance section. Signed by Matlala , ACFO

## **7.5 REPORT OF EXTERNAL SERVICE PROVIDERS TECHNICAL SERVICES 2017/2018 F/Y**

### **7.5.1 RAND WATER**

BLM appointed Rand water to be the implementing on four bulk water projects in 2013/14 financial year. The projects were meant to be completed within 6 Months from the appointment date.. The allocated budget on those projects in the 2017/18 financial year was R 8.2M

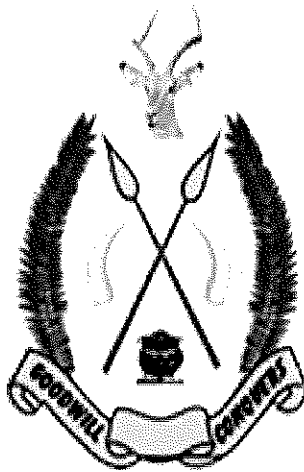
### **7.5.2 CHALLENGES**

Rand Water failed to fully complete the projects due to poor performance , however all those projects are on practical completion. The Municipality decided to terminate a contract in one of the projects ( B22 Bulk water supply), a new contractor was appointed to complete the project.

## 8. CONCLUSION

	<p>The purpose of this Annual performance report 2017/2018 is to make possible for the relevant stakeholder groups to evaluate progress made by the municipality towards achieving its vision and mission. This plan serves as key element of aligning IDP and budget in terms of service delivery KPA and other related KPA.</p> <p>The challenge is to ensure accurate planning and submission of accurate data which will make it possible for the PMS Unit to consolidate the plan against the five Key Performance Areas.</p> <p>Regardless of this it is anticipate that this plan does justice to the situation on the ground and that it achieves what it purport to achieve.</p>





**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

Audited  
By  
2018 -11- 30  
Auditor General South Africa  
Mpumalanga Business Unit

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## General Information

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### LEGAL FORM OF ENTITY

Local Municipality

### NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Provision of municipal services in terms of the Municipal Systems Act No.32 of 2000 (MSA) and Municipal Finance Management Act No.56 of 2003

### MAYORAL COMMITTEE

Executive Mayor

Nxumalo CS

Speaker

Raganya BR

Chief Whip

Makaringe TM

Member of Mayoral Committee

Selowe PT

Member of Mayoral Committee

Mathebula S

Member of Mayoral Committee

Malandule BW

Member of Mayoral Committee

Malomane LM

Member of Mayoral Committee

Sithole L

Member of Mayoral Committee

Mokoena BR

Member of Mayoral Committee

Nkuna BK

Service Delivery Committee Chairperson

Malebe LR

Municipal Public Accounts Committee Chairperson

Mapiyeye AM

Councillors

Chadi SM

Chiloane LB

Dube KI

Gubayi P

Gumede MP

Kgoedi A

Khoza LE

Lekhuleni ML

Leshaba P

Maatsie-Mlambo VT

Mageza K

Makhubela SO

Malahle C

Malele E

Malibe TD

Malomane SC

Mashava IS

Mashego D

Mashile ET

Mashiloane SM

Mathebula AM

Mathebula G

Mathebula M

Mathebula O

Matjia HR

Mbandze F

Mdluli DV

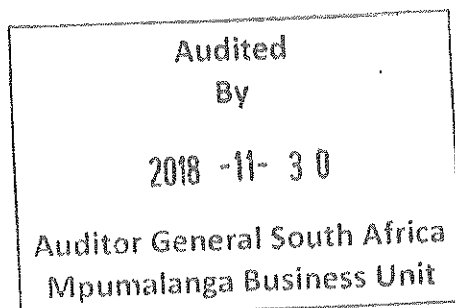
Mgwenya MJ

Mhaule LS

Mhlaba RS

Mkansi WM

Mkhonto VM - Deceased February 2018



# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## General Information

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Mnene F  
Mnisi ML  
Mohlabiné MM  
Mokoena PD  
Mokoena SD  
Mokome MP  
Moropane BD  
Mthisi CR  
Mthombeni LI  
Mzimba VN  
Ndhlovu L  
Ndhlovu ML  
Ngomane TW  
Nkope SM  
Nkuna LM  
Nkuna SS  
Nonyane DC  
Nxumalo TA  
Nyundu EM  
Phelephe MS  
Philane KP  
Qhibi R  
Sambo GL  
Sedibe RT  
Seerane KA  
Shilane MP  
Sihlabela HE  
Siwela PF  
Thabane NP  
Thobakgale HP  
Tivane NW  
Zitha RS

Audited  
By  
2018 -11- 30  
Auditor General South Africa  
Mpumalanga Business Unit

### CHIEF FINANCIAL OFFICER (CFO)

Mrs. CA Nkuna (Until June 2018)  
Mr. M Matlala (Acting Chief Financial Officer from 01 July 2018)

### ACCOUNTING OFFICERS

Mrs. CA Nkuna (Appointed 01 July 2018)

### ACCOUNTING OFFICER

Mr. CJ Lisa (Contract ended 31 January 2018)  
Mr. E Mashava (Acting Municipal Manager from 01 February 2018 to 30 June 2018)

### REGISTERED OFFICE

R533 Graskop Road  
Bushbuckridge  
1280

### POSTAL ADDRESS

Private Bag X9308  
Bushbuckridge  
1280

### BANKERS

First National Bank

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## General Information

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Standard Bank of South Africa

AUDITORS

The Auditor General South Africa (AGSA)

Audited  
By  
2018 -11- 30  
Auditor General South Africa  
Mpumalanga Business Unit

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Contents

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

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Accounting Officer's Responsibilities and Approval	5
Audit Committee Report	6
Accounting Officer's Report	7 - 8
Statement of Financial Position	9
Statement of Financial Performance for the year ended 30 June 2018	10
Statement of Changes in Net Assets as at 30 June 2018	11
Cash Flow Statement as at 30 June 2018	12
Statement of Comparison of Budget and Actual for the year ended 30 June 2018	13 - 17
Accounting Policies for the year ended 30 June 2018	17 - 42
Notes to the Annual Financial Statements for the year ended 30 June 2018	43 - 77

AGSA	Auditor General of South Africa
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
IFRS	International Financial Reporting Standards
INEP	Intergrated National Electrification Programme
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
mSCOA	Municipal Standard Chart of Account
MSIG	Municipal System Improvement Grant
MWIG	Municipal Water Infrastructure Grant
RBIG	Regional Bulk Infrastructure Grant
SALGA	South African Local Government Association
VAT	Value Added Taxation
WSIG	Water Service Infrastructure Grant

<b>Audited By</b>  <b>2018 -11- 30</b>  <b>Auditor General South Africa Mpumalanga Business Unit</b>
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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## 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 are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

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

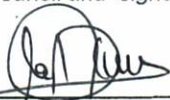
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

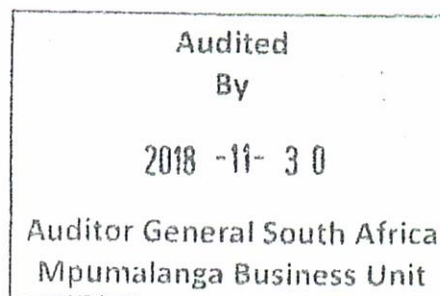
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 7 to 77, which have been prepared on the going concern basis, are approved by the council and signed on their behalf by the Accounting Officer on 31 August 2018



Mrs. CA Nkuna (Appointed 01 July 2018)  
Accounting Officer



# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Audit Committee Report

---

We are pleased to present our report for the financial year ended 30 June 2018.

### AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder and meets on a regular basis per annum as per its approved terms of reference. During the current year nine meetings were held.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Mr. Ngobeni J (Chairperson)	9 (Joined 26 January 2017)
Rev. Bhengu FMV CA(SA)	9 (Joined 05 December 2015)
Mr. Kyser AC	9 (Joined 03 December 2015)
Mr. Sithole JK CA(SA)	9 (Joined 26 January 2017)
Dr. Madzivhandila T (PhD)	2 (Joined 01 May 2018)

### AUDIT COMMITTEE RESPONSIBILITY

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective action and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of The Auditor General of South Africa, any material deficiencies in the system of internal controls or any deviations there from are disclosed in their Audit Report.

### QUALITY OF PERIODIC REPORTS

The audit committee is satisfied with the content and quality of the monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

### EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The audit committee has:

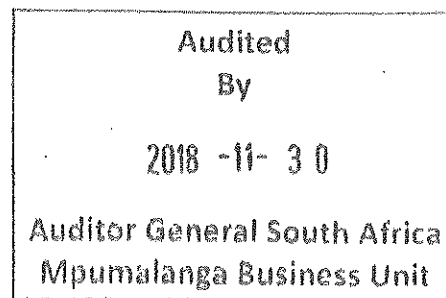
- reviewed the draft annual financial statements and management's response thereto.

### INTERNAL AUDIT

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits. The external auditors used internal audit reports for risk identification purposes.

\_\_\_\_\_  
Chairperson of the Audit Committee

Date: \_\_\_\_\_



# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Accounting Officer's Report

---

The Accounting Officer submit her report for the year ended 30 June 2018.

### 1. REVIEW OF ACTIVITIES

#### MAIN BUSINESS AND OPERATIONS

The municipality is engaged in the provision of municipal services in terms of Municipal Systems Act no: 32 of 2010 (MSA) and Municipal Finance Management Act 56 of 2003 (MFMA) and operates principally in South Africa. Net surplus for the year ended 30 June 2018 was R 499,436,717 (2017: surplus R 730,231,769).

### 2. GOING CONCERN

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

### 3. SUBSEQUENT EVENTS

Council took a resolution in March 2014 in terms of which employees that are on the entry level will move one level after 12 months of service and all other employees will move one level after three years of service from the date of the resolution. The resolution was not implemented and the matter was taken to bargaining council by the labor union, which ruled in their favor.

The municipality had taken the matter to court and as at year-end; the matter had not been finalized. The municipality has a potential obligation to employees for payments of additional salaries that were supposed to have been paid from 2015 FY. The municipality is in negotiations with the labour union regarding the implementation of this matter as it is the view of management that the municipality cannot afford to pay the amount outstanding.

The matter was finalized subsequent to year-end.

The municipality have greed the following with the employees in terms of payments;

1. 31 October 2018- payment of back pay for the month of October 2018
2. 25 November 2018-payment of back pay for the 3 months due from July – September 2018.
3. No later than 31 December 2019 –payment of back pay for the remaining balance provided funds are permitting. Failing which the parties will engage on a revised settlement date. The municipality is in the process of determining the cost implications of this exercise as at the time of finalising the audit.

### 4. ACCOUNTING OFFICERS' INTEREST IN CONTRACTS

The Accounting Officer declared her interest in terms of the Supply Chain Management Regulations.

### 5. ACCOUNTING POLICIES

The annual financial statements were prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Standard Board and as per the prescribed framework by National Treasury.

### 6. ACCOUNTING OFFICER

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

Name	Nationality	Changes
Mr CJ Lisa	South African	Contract ended 31 January 2018
Mr E Mashava	South African	Appointed for Acting from 01 February 2018, Contract ended 30 June 2018
Mrs. CA Nkuna (Appointed 01 July 2018)	South African	Appointed 01 July 2018

Audited By  2018 -11- 30
Auditor General South Africa Mpumalanga Business Unit



# **BUSHBUCKRIDGE LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2018

## **Accounting Officer's Report**

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### **7. CORPORATE GOVERNANCE**

#### **GENERAL**

The Accounting Officer is committed to business integrity, transparency and professionalism in all activities. As part of this commitment, the Accounting Officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Governance Practices and Conduct ("the Code") laid out in the King IV Report . The Accounting Officer discusses the responsibilities of management in this respect, at management meetings and monitors the municipality's compliance with the code on a regular basis.

#### **INTERNAL AUDIT**

The municipality has its own internal audit function. This is in compliance with the Municipal Finance Management Act, 56 of 2003.

### **8. BANKERS**

The municipality's bankers did not change during the year under review. First National Bank is the primary banker of the municipality

### **9. AUDITORS**

The Auditor General South Africa AG(SA) will continue to audit the financial affairs of the municipality.

Audited  
By  
2018 -11- 3 0  
Auditor General South Africa  
Mpumalanga Business Unit

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	2,801,098	3,115,673
Receivables from non-exchange transactions	4	514,933,398	431,067,762
VAT receivable	5	73,346,266	118,158,372
Receivables from exchange transactions	6	295,701,816	300,779,807
Cash and cash equivalents	7	109,805,713	98,339,417
		<u>996,588,291</u>	<u>951,461,031</u>
<b>Non-Current Assets</b>			
Investment property	8	9,159,315	10,063,962
Property, plant and equipment	9	3,334,125,844	2,991,747,060
Intangible assets	10	632,048	891,041
		<u>3,343,917,207</u>	<u>3,002,702,063</u>
<b>Total Assets</b>		<u>4,340,505,498</u>	<u>3,954,163,094</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	11	436,581,295	551,285,681
Consumer deposits	12	2,454,242	2,440,536
Unspent conditional grants and receipts	13	330,595	7,580,329
Provisions	14	52,657,298	57,731,376
		<u>492,023,430</u>	<u>619,037,922</u>
<b>Non-Current Liabilities</b>			
Provisions	14	59,034,940	45,114,761
<b>Total Liabilities</b>		<u>551,058,370</u>	<u>664,152,683</u>
<b>Net Assets</b>		<u>3,789,447,128</u>	<u>3,290,010,411</u>
Accumulated surplus		<u>3,789,447,128</u>	<u>3,290,010,411</u>

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By  
2018 -11- 30  
Auditor General South Africa  
Mpumalanga Business Unit

\* See Note 46 & 47

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Statement of Financial Performance for the year ended 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	15	37,583,578	39,388,438
Rental of facilities and equipment	16	795,901	1,108,530
Agency services	17	11,614,736	10,353,927
Licences and permits	18	589,885	153,310
Operating Income	19	5,021,189	12,175,834
Interest earned	20	123,785,323	121,533,340
Gain on disposal of assets		167,390	-
Actuarial gains		-	2,521,346
<b>Total revenue from exchange transactions</b>		<b>179,558,002</b>	<b>187,234,725</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	21	185,624,245	160,280,800
<b>Transfer revenue</b>			
Transfers and subsidies	22	1,207,193,951	1,321,757,494
Public contributions and donations	23	7,041,592	11,120,498
Fines and penalties	24	44,454,673	11,761,564
<b>Total revenue from non-exchange transactions</b>		<b>1,444,314,461</b>	<b>1,504,920,356</b>
<b>Total revenue</b>		<b>1,623,872,463</b>	<b>1,692,155,081</b>
<b>Expenditure</b>			
Employee related costs	25	(405,806,934)	(362,349,050)
Remuneration of councillors	26	(28,072,033)	(28,075,753)
Depreciation and amortisation	27	(95,974,687)	(83,131,938)
Impairment loss/ Reversal of impairments	28	(7,944,908)	-
Finance costs	29	(19,331,593)	(22,850,016)
Debt impairment	30	(161,014,044)	(69,547,148)
Bulk purchases	31	(196,493,342)	(212,877,636)
Contracted services	32	(146,052,409)	(109,253,984)
Transfers and subsidies	33	(13,617,199)	(16,600,813)
Loss on disposal of assets and liabilities		-	(9,627,119)
General expenses	34	(50,128,597)	(47,609,855)
<b>Total expenditure</b>		<b>(1,124,435,746)</b>	<b>(961,923,312)</b>
<b>Surplus for the year</b>		<b>499,436,717</b>	<b>730,231,769</b>

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Mpumalanga Business Unit

\* See Note 46 & 47

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Statement of Changes in Net Assets as at 30 June 2018

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance as previously reported at 01 July 2016</b>	<b>2,625,446,958</b>	<b>2,625,446,958</b>
Surplus for the year	730,231,769	730,231,769
Prior year adjustments	(65,890,055)	(65,890,055)
Net adjustments	221,739	221,739
Total changes	664,563,453	664,563,453
<b>Restated balance at 01 July 2017</b>	<b>3,290,010,411</b>	<b>3,290,010,411</b>
Net income (losses) recognised directly in net assets		
Surplus for the year	499,436,717	499,436,717
Surplus for the year	499,436,717	499,436,717
Total changes	499,436,717	499,436,717
<b>Balance at 30 June 2018</b>	<b>3,789,447,128</b>	<b>3,789,447,128</b>

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\* See Note 46 & 47

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Cash Flow Statement as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from customers		159,764,298	58,651,072
Grants		1,193,386,000	1,267,881,503
Interest earned		13,457,755	13,355,531
		<u>1,366,608,053</u>	<u>1,339,888,106</u>
<b>Payments</b>			
Employee costs		(433,878,967)	(390,424,803)
Suppliers		(476,172,224)	(373,279,408)
Finance costs		(54,109)	(32,667)
		<u>(910,105,300)</u>	<u>(763,736,878)</u>
<b>Net cash flows from operating activities</b>	37	<u><b>456,502,753</b></u>	<u><b>576,151,228</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	9	(445,207,732)	(613,827,802)
Proceeds from sale of assets	9	171,275	1,238,517
Purchase of intangible assets	10	-	(805,243)
<b>Net cash flows from investing activities</b>		<u><b>(445,036,457)</b></u>	<u><b>(613,394,528)</b></u>
<b>Net increase in cash and cash equivalents</b>		<b>11,466,296</b>	<b>(37,243,300)</b>
Cash and cash equivalents at the beginning of the year		<u>98,339,417</u>	<u>135,582,717</u>
<b>Cash and cash equivalents at the end of the year</b>	7	<u><b>109,805,713</b></u>	<u><b>98,339,417</b></u>

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\* See Note 46 & 47

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual for the year ended 30 June 2018

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	73,917,000	-	73,917,000	37,583,578	(36,333,422)	1
Rental of facilities and equipment	886,000	1,500,000	2,386,000	795,901	(1,590,099)	2
Agency services	10,027,000	-	10,027,000	11,614,736	1,587,736	3
Licences and permits	11,473,000	(4,000,000)	7,473,000	589,885	(6,883,115)	4
Other income	11,909,000	1,700,000	13,609,000	5,021,189	(8,587,811)	5
Interest earned	70,010,000	55,000,000	125,010,000	123,785,323	(1,224,677)	6
<b>Total revenue from exchange transactions</b>	<b>178,222,000</b>	<b>54,200,000</b>	<b>232,422,000</b>	<b>179,390,612</b>	<b>(53,031,388)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	194,789,000	-	194,789,000	185,624,245	(9,164,755)	
<b>Transfer revenue</b>						
Government grants & subsidies	1,207,212,000	-	1,207,212,000	1,207,193,951	(18,049)	
Public contributions and donations	-	-	-	7,041,592	7,041,592	7
Fines, penalties and forfeits	2,756,000	4,000,000	6,756,000	44,454,673	37,698,673	8
<b>Total revenue from non-exchange transactions</b>	<b>1,404,757,000</b>	<b>4,000,000</b>	<b>1,408,757,000</b>	<b>1,444,314,461</b>	<b>35,557,461</b>	
<b>Total revenue</b>	<b>1,582,979,000</b>	<b>58,200,000</b>	<b>1,641,179,000</b>	<b>1,623,705,073</b>	<b>(17,473,927)</b>	
<b>Expenditure</b>						
Employee costs	(358,608,000)	(85,906,000)	(444,514,000)	(405,806,934)	38,707,066	9
Remuneration of councillors	(32,377,000)	3,000,000	(29,377,000)	(28,072,033)	1,304,967	
Depreciation and amortisation	(72,000,000)	(7,000,000)	(79,000,000)	(95,974,687)	(16,974,687)	10
Impairment loss/ Reversal of impairments	-	-	-	(7,944,908)	(7,944,908)	11
Finance costs	(342,000)	(200,000)	(542,000)	(19,331,593)	(18,789,593)	12
Debts impairment	(122,304,000)	49,040,000	(73,264,000)	(161,014,044)	(87,750,044)	13
Bulk purchases	(225,000,000)	(500,000)	(225,500,000)	(196,493,342)	29,006,658	14
Contracted services	(44,952,000)	(7,550,000)	(52,502,000)	(146,052,409)	(93,550,409)	15
Grant funded expenditure	(10,565,000)	-	(10,565,000)	(13,617,199)	(3,052,199)	16
General expenses	(137,955,000)	(21,263,000)	(159,218,000)	(50,128,597)	109,089,403	17
Other materials	(25,839,000)	(577,000)	(26,416,000)	-	26,416,000	18
<b>Total expenditure</b>	<b>(1,029,942,000)</b>	<b>(70,956,000)</b>	<b>(1,100,898,000)</b>	<b>(1,124,435,746)</b>	<b>(23,537,746)</b>	
<b>Operating surplus</b>	<b>553,037,000</b>	<b>(12,756,000)</b>	<b>540,281,000</b>	<b>499,269,327</b>	<b>(41,011,673)</b>	
(Loss)/Gain on disposal of assets	-	-	-	167,390	167,390	
<b>Surplus before taxation</b>	<b>553,037,000</b>	<b>(12,756,000)</b>	<b>540,281,000</b>	<b>499,436,717</b>	<b>(40,844,283)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>553,037,000</b>	<b>(12,756,000)</b>	<b>540,281,000</b>	<b>499,436,717</b>	<b>(40,844,283)</b>	
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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual for the year ended 30 June 2018

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	4,127,000	-	4,127,000	2,801,098	(1,325,902)	19
Receivables from non-exchange transactions	587,312,000	-	587,312,000	514,933,398	(72,378,602)	20
VAT receivable	-	-	-	73,346,266	73,346,266	21
Receivables from exchange transactions	848,486,000	-	848,486,000	295,701,816	(552,784,184)	22
Cash and cash equivalents	85,000,000	-	85,000,000	109,805,713	24,805,713	23
	<b>1,524,925,000</b>	-	<b>1,524,925,000</b>	<b>996,588,291</b>	<b>(528,336,709)</b>	
<b>Non-Current Assets</b>						
Investment property	-	-	-	9,159,315	9,159,315	24
Property, plant and equipment	3,154,240,000	-	3,154,240,000	3,334,125,844	179,885,844	25
Intangible assets	1,301,000	-	1,301,000	632,048	(668,952)	26
	<b>3,155,541,000</b>	-	<b>3,155,541,000</b>	<b>3,343,917,207</b>	<b>188,376,207</b>	
<b>Total Assets</b>	<b>4,680,466,000</b>	-	<b>4,680,466,000</b>	<b>4,340,505,498</b>	<b>(339,960,502)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	401,614,000	-	401,614,000	436,581,290	34,967,290	27
Consumer deposits	-	-	-	2,454,242	2,454,242	28
Unspent conditional grants and receipts	-	-	-	330,595	330,595	
Provisions	-	-	-	52,657,298	52,657,298	29
	<b>401,614,000</b>	-	<b>401,614,000</b>	<b>492,023,425</b>	<b>90,409,425</b>	
<b>Non-Current Liabilities</b>						
Provisions	138,443,000	-	138,443,000	59,034,940	(79,408,060)	
<b>Total Liabilities</b>	<b>540,057,000</b>	-	<b>540,057,000</b>	<b>551,058,365</b>	<b>11,001,365</b>	
<b>Net Assets</b>	<b>4,140,409,000</b>	-	<b>4,140,409,000</b>	<b>3,789,447,133</b>	<b>(350,961,867)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	4,140,409,000	-	4,140,409,000	3,789,447,133	(350,961,867)	

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual for the year ended 30 June 2018

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Receipts	91,929,000	66,422,000	158,351,000	159,764,298	1,413,298	
Grants	1,207,212,000	-	1,207,212,000	1,193,386,000	(13,826,000)	
Interest income	27,110,000	-	27,110,000	13,457,755	(13,652,245)	30
	<b>1,326,251,000</b>	<b>66,422,000</b>	<b>1,392,673,000</b>	<b>1,366,608,053</b>	<b>(26,064,947)</b>	
<b>Payments</b>						
Suppliers and employee costs	(807,439,000)	-	(807,439,000)	(910,051,191)	(102,612,191)	31
Finance costs	(342,000)	(200,000)	(542,000)	(54,109)	487,891	32
Transfers and subsidies	(10,168,000)	-	(10,168,000)	-	10,168,000	33
	<b>(817,949,000)</b>	<b>(200,000)</b>	<b>(818,149,000)</b>	<b>(910,105,300)</b>	<b>(91,956,300)</b>	
<b>Net cash flows from operating activities</b>	<b>508,302,000</b>	<b>66,222,000</b>	<b>574,524,000</b>	<b>456,502,753</b>	<b>(118,021,247)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(553,041,000)	-	(553,041,000)	(445,207,732)	107,833,268	33
Proceeds from sale of property, plant and equipment & intangible assets	750,000	-	750,000	171,275	(578,725)	34
<b>Net cash flows from investing activities</b>	<b>(552,291,000)</b>	<b>-</b>	<b>(552,291,000)</b>	<b>(445,036,457)</b>	<b>107,254,543</b>	
Net increase/(decrease) in cash and cash equivalents	(43,989,000)	66,222,000	22,233,000	11,466,296	(10,766,704)	
Cash and cash equivalents at the beginning of the year	125,763,000	-	125,763,000	98,339,417	(27,423,583)	
<b>Cash and cash equivalents at the end of the year</b>	<b>81,774,000</b>	<b>66,222,000</b>	<b>147,996,000</b>	<b>109,805,713</b>	<b>(38,190,287)</b>	

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

2018 2017

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### VARIANCE EXPLANATIONS.

1. Service charges : the variance is due to a considerable number of faulty meters and slow formalisation of townships
2. Rental of facilities and equipment : due to slow economic growth and persistent economic challenges there was insignificant take up of rental properties and equipment by the business and community.
3. Agency services: the municipality collected more form license and car registrations as well as drivers licensing. Automated process through e-Natis has improved the operations hence the DLTCs have capacity to serve more people.
4. License and permits: the municipality had anticipated to register more business licenses in the current year. Due to slow economic growth this was not achieved.
5. Other income: the variance is due to insurance refund and a debtor raised against Eskom which was not anticipated during budget preparations.
6. Interest on outstanding debtors: due to the slow payment of debtors the municipality realised an increase in interest on outstanding balances.
7. Public Contributions and donations: the donations from quasi government and private sector were not anticipated at the budget stage.
8. Fines, penalties and forfeits: through the contracted service provider the municipality issued a substantial number of traffic tickets hence the higher revenue.
9. Employee related costs: the variance was due to the revised approved organogram to cater for vacant positions which were substantially filled.
10. Depreciation: the ageing infrastructure reaching its useful lives and significant write downs due to the full verification carried out by the municipality in the 2017-18 period.
11. Impairment loss: the municipality embarked on the full verification and conditional assets of all municipal assets and this resulted in the impairment loss which was not budgeted for.
12. Debt impairment : the municipality collection rate was low from households and business during the year and a considerable number of consumers are indigent hence an marginal increase in impairment.
13. Bulk purchases: water restrictions and cuts led to low usage hence low billings from Rand Water.
14. Finance costs: the interest largely consist of Rand water interest billing on disputed readings .The dispute resolution process as per the signed agreement is underway.
15. Contracted Services: the reclassifications from operating expenditure, repairs and maintenance to be in line with the mSCOA and adherence to GRAP reporting framework led to the significant variances.
16. General/ Operating expenses: the reclassifications to be in line with the mSCOA and GRAP reporting framework led to the significant variances.
- 17 & 18 .General/ Operating expenses: the reclassifications to be in line with the mSCOA and GRAP reporting framework led to the significant variances.
19. Inventories: through proper inventory management, maintaining a reoder levels through automated processes the municipality did not hold up large quantities of inventory during the year.
20. Receivable from non exchange: Government debtors paid for property rates in the current year, this was mainly enhanced through government forums, intervention by COGTA, Provincial Treasury and the Premier office.
21. VAT receivable: this was a result of proper application controls to ensure accuracy on both input and output VAT.

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
22. Receivables from exchange: with low collection rates which have been prevalent in prior years, there was an anticipated higher debtors book .		
23. Cash and cash equivalents :through proper management of cashflows a positive balance was achieved .		
24. Investment property: during the budget stage this was bundled together as property plant and equipment.		
25. Property, plant and equipment : Increased funding for capital projects for MIG, WSIG and RBIG led to the implementation of capital projects hence increase in asset base than anticipated during budget preparations.		
26. Intangible Assets:the municipality had anticipated to buy more software for mSCOA implementation which was not the case during the year.		
27. Payables from exchange transactions: the municipality settled long outstanding creditors including the Rand Water debt leading to the reduction in accounts payable.		
28. Consumer deposits: during the budget phase, these were included in payables from exchange transactions.		
29. Provisions: the useful lives of landfill sites were reviewed to nil thus the rehabilitation costs falls due in the next twelve months.		
30. Interest income: lower interest earned from the bank balances than anticipated.		
31. Supplier and employee costs: the variance is due to increased expenditure in the year under review and payments made in the settlement of creditors, including significant payment to reduce the Rand Water balance.		
32. Finance cost: the outflow of cash through finance cost was minimum as the municipality was ensuring a significant number of payments are done within 30 days.		
33. Transfers and subsidies: All the actual payments are grouped under suppliers and employee cost and this class of transaction was erroneously budgeted for.		
34. Purchase of curent year Assets:the cash paid for the asset additions was less than anticipated though a significant invoices were accrued and paid in the new year.		
35. Proceeds from sale of assets: the assets approved by council and eventually sold were less than the anticipated ones.		

### MANAGEMENT BASIS FOR VARIANCE EXPLANATIONS

1. Management considers variances in excess of 10% or where it is deemed fit and appropriate to do so, an explanation is provided.

### Accounting Policies for the year ended 30 June 2018

#### 1. Presentation of Annual Financial Statements

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

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

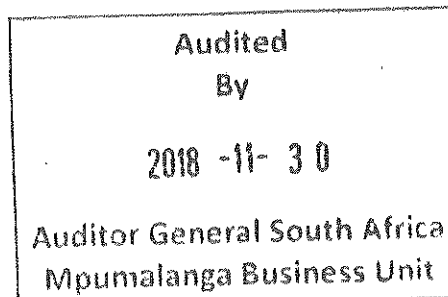
Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018



## 1.1 Presentation currency

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

## 1.2 Going concern assumption

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

## 1.3 Significant judgements and sources of estimation of uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

### Impairment of trade and other receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The calculation in respect of the impairment of debtors is based on assessment of the extent to which debtors have defaulted on payments already due to uncertainty surrounding the recoverability of the outstanding amount. This was performed per debtor.

The impairment of trade receivables is calculated based on the grading of individual debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amount. Debtors are graded on the following basis:

Grade A: No provision. Customer payments are up to date. There is no balance in arrears.

Grade B: 100% of balance outstanding in excess of 90 days: Customers with a payment history but with balances outstanding in excess of 90 days. The balance outstanding in excess of 90 days is provided for in full.

Grade C: 100% of total balance outstanding on account. Customers with no payment history. Accounts are considered to be delinquent. The balance is provided for in full (100% of the amount outstanding).

Government debtors are excluded from provision calculation as they generally have a history of meeting their obligations.

### Allowance for slow moving, damaged and obsolete stock

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

### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

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

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated R - lower or R - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies for the year ended 30 June 2018

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### 1.3 Significant judgements and sources of estimation of uncertainty (continued)

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 14 - Provisions.

#### Useful lives of waste water and water network assets and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### Depreciation and carrying value of items of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

### 1.4 Investment property

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

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

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

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

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

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

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### 1.4 Investment property (continued)

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 over the useful life of the property, which is as follows:

Property - buildings	3-41 years
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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.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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#### 1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Community Assets	Straight line	3-82 years
Buildings	Straight line	3-41 years
Infrastructure Assets	Straight line	2-100 years
Motor Vehicles	Straight line	3-10 years
Computer Equipment	Straight line	2-10 years
Furniture and Office Equipment	Straight line	1-12 years
Other Machinery and Equipment	Straight line	1-20 years
Temporary Operational Buildings	Straight line	5-60 years

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

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

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

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

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

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

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

### 1.6 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

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### 1.6 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

### 1.7 Intangible assets

An asset is identifiable if it either:

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

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 carried at cost less any accumulated amortisation and any impairment losses.

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

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.

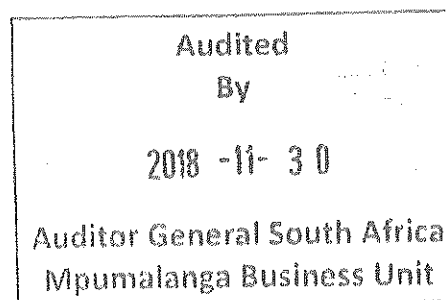
Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 years

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

### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.





# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies for the year ended 30 June 2018

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### 1.8 Financial instruments (continued)

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transaction	Financial asset measured at amortised cost
Receivables from non-exchange transaction	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

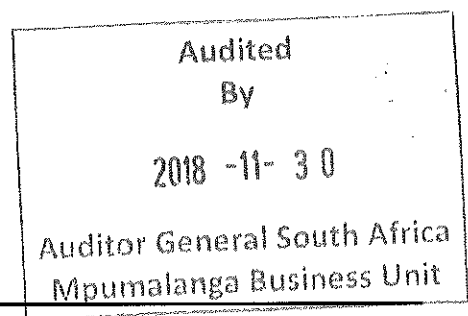
#### Initial recognition

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

#### Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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### 1.8 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

#### Gains and losses

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

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

#### Impairment and uncollectibility of financial assets

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

#### Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

#### Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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**1.8 Financial instruments (continued)**

**Derecognition**

**Financial assets**

The entity derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

**Financial liabilities**

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

The difference between the carrying amount of a financial liability and the consideration paid is recognised in surplus or deficit.

**Presentation**

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Cash and cash equivalents**

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

**Trade payables**

Trade payables are measured at fair value.

Liabilities for annual leave (accrued leave) and annual bonus are recognised as they accrue to employees. Accrual is based on potential liability to the municipality.

**Receivables**

Receivables are measured at fair value.

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 90 days overdue) are considered indicators that the trade receivable is impaired.

Amounts receivable within 12 months from date of reporting are classified as current.

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**Accounting Policies for the year ended 30 June 2018****1.9 Leases****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.

**Operating leases - lessee**

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

**1.10 Inventories**

Inventories consist of raw materials, water and consumables.

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

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

**1.11 Impairment of cash-generating assets**

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

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

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

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

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

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

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

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

Useful life is either:

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

#### 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.

#### Value in use

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

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

#### Discount rate

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

#### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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.

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

#### 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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### 1.11 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.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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

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

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 managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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### 1.12 Impairment of non-cash-generating assets (continued)

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 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:

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

#### 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 tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset 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.

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

#### Depreciated replacement cost approach

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

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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.



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### 1.12 Impairment of non-cash-generating assets (continued)

#### 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.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.13 Accumulated Surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited / debited against accumulated surplus / deficit. Prior year adjustments, relating to income and expenditure, are credited / debited against accumulated surplus when retrospective adjustments are made. An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

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### 1.14 Employee benefits

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

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Post-employment benefits

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

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

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

#### Post-employment benefits: defined contribution plans

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

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

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

The municipality does not have any post employment benefits.

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### 1.14 Employee benefits (continued)

#### Other post retirement obligations

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 municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### 1.15 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.

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 deficit.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

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### 1.15 Provisions and contingencies (continued)

#### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

### 1.16 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. Commitments represent goods/services that have been ordered, but no delivery has taken place at the reporting date.

**Approved and contracted commitments** represent expenditure that has been approved and the contract awarded at the reporting date.

**Approved and not yet contracted commitments** represent the expenditure that has been approved and the contract is yet to be awarded or is awaiting finalisation at the reporting date.

Commitments are disclosed in the financial statements if they meet the following criteria;

- the underlying contracts are non-cancellable or only cancellable at significant cost; and
- contracts relate to non- routine transactions.

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are shown in the disclosure notes to the extent that such amounts have not been recorded in the financial statements. Commitments disclosed in the notes to the financial statements represent the aggregate amount of the capital and current expenditure at the reporting date.

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### 1.17 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.

#### Sale of goods

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

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

#### Rendering of services

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

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

When 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.

#### Service charges

**Water** - charges relating to the distribution of water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates on the consumption history are made on a monthly basis when meter readings have not been performed. Approved tariffs are levied on different categories of property on a monthly basis.

**Refuse** - refuse removal is recognised on a monthly basis by applying the approved tariff to each property receiving services. Tariffs are determined per category of property and levied on a monthly basis.

**Sewerage and sanitation** - charges are based on the type of service and the number of sewer connections on all developed property using the approved tariffs.

**Agency service** - income from agency is recognised on a monthly basis once the income collected on behalf of agents is earned. The income is recognised in terms of the agency agreement.

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### 1.17 Revenue from exchange transactions (continued)

#### 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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.18 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Recognition

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

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

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

#### Transfers

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

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

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

**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2018

**Accounting Policies for the year ended 30 June 2018****1.18 Revenue from non-exchange transactions (continued)****Fines**

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

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

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

**Government grants**

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

**Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

**1.19 Borrowing costs**

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

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

**1.20 Comparative figures**

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

**1.21 Unauthorised expenditure**

Unauthorised expenditure means:

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

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

**1.22 Fruitless and wasteful expenditure**

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

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

**1.23 Irregular expenditure**

Irregular expenditure as defined in section 1 of the MFMA 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.

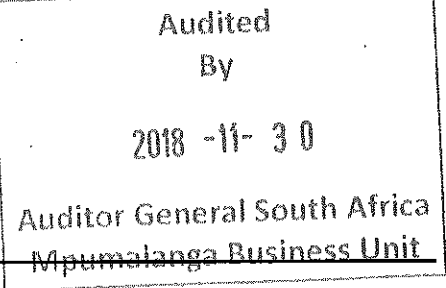
Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required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



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## Accounting Policies for the year ended 30 June 2018



### 1.23 Irregular expenditure (continued)

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.

### 1.24 Distribution losses

Distribution losses are calculated as the difference between water consumed and billed, water freely given to the community and water purchased.

### 1.25 Budget information

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

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

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

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

### 1.26 Related parties

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

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

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

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

### 1.27 Events after reporting date

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

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies for the year ended 30 June 2018

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### 1.27 Events after reporting date (continued)

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

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

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

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Annual Financial Statements for the year ended 30 June 2018

## Accounting Policies for the year ended 30 June 2018

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### 1.28 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. 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.

Expenses include write downs of inventory and decreases in fair values of financial instruments classified as held at fair value. Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.

Major expense items disclosed in the Statement of Financial Performance include;

- **Bulk purchases** – expenditure on the procurement of bulk water.
- Contracted services – included are debt collection costs, data cleansing costs, service level agreement costs, property valuation roll and asset register verification costs, software support costs and security services costs. Due to mSCOA repairs and maintainace is now clasiffied as contracted service.
- **Transfers and grants** which relate to expenditure pertaining to free basic services and general expenses which constitute several expense items which are not individually significant.
- **Write downs** of inventory and decreases in fair values of financial instruments classified as held at fair value.
- **Losses on the disposal** of non-current assets are reported separately from expenses in the Statement of Financial Performance.

An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

- The cost or value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

### 1.29 Value Added Tax

The municipality accounts for Value Added Tax on a payment basis in accordance with section 15(2)(a) of the VAT Act (Act No 89 of 1991). The municipality is liable to account for VAT at the standard rate (14%) and **(15% from 1 April 2018 as announced by the minister of Finance)** in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

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Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

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Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

##### GRAP 18 (as amended 2016): Segment Reporting

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

The most significant changes to the Standard are:

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

The effective date of the amendment is for years beginning on or after 01 April 2020

The municipality expects to adopt the amendment for the first time in 2021.

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

##### GRAP 20: Related parties

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

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

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

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

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

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

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

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Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

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### 2. New standards and interpretations (continued)

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

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

The standard elaborates on the definitions and identification of:

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

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

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

The effective date of the standard is 1 April 2019.

The municipality expects to adopt the amendment for the first time in 2020.

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

#### GRAP 32: Service Concession Arrangements: Grantor

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

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

The effective date of the standard is 1 April 2019.

The municipality expects to adopt the amendment for the first time in 2020.

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

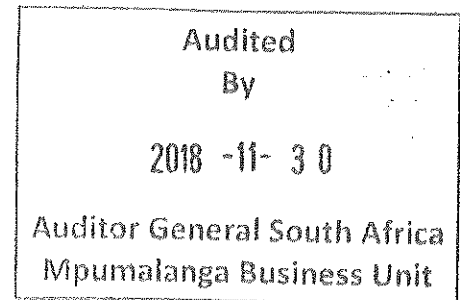
#### GRAP 108: Statutory Receivables

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

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

The effective date of the standard is 1 April 2019.

The municipality expects to adopt the amendment for the first time in 2020.



**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2018

**Notes to the Annual Financial Statements for the year ended 30 June 2018****2. New standards and interpretations (continued)**

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

**GRAP 109: Accounting by Principals and Agents**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

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

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

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

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

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

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

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

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2020 annual financial statements.

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

**GRAP 12 (as amended 2016): Inventories**

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

The most significant changes to the Standard are:

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

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

**BUSHBUCKRIDGE LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2018

**Notes to the Annual Financial Statements for the year ended 30 June 2018****2. New standards and interpretations (continued)**

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

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

**GRAP 16 (as amended 2016): Investment Property**

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

The most significant changes to the Standard are:

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

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

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

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

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

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

The most significant changes to the Standard are:

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

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

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

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

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

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

The most significant changes to the Standard are:



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Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

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### 2. New standards and interpretations (continued)

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

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

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

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

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

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

The most significant changes to the Standard are:

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

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

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

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

### GRAP 31 (as amended 2016): Intangible Assets

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

The most significant changes to the Standard are:

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

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

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

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

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Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>3. INVENTORIES</b>		
Maintenance materials	2,801,098	3,115,673
<b>INVENTORY PLEDGED AS SECURITY</b>		
None of the inventory was pledged as security during the year or the previous financial year.		
<b>4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Fines	38,915,050	12,366,342
Eskom deposits	4,491,374	1,768,922
Other taxes	2,866,591	26,240
Grant rollover declined- Equitable share withheld	6,245,671	-
Property Rates	462,414,712	416,906,258
	<u>514,933,398</u>	<u>431,067,762</u>
<b>RECEIVABLES FROM NON - EXCHANGE TRANSACTIONS</b>		
None of the receivables from non-exchange transactions were pledged as security during the current or previous financial year.		
<b>ESKOM DEPOSITS</b>		
0-365 days	2,722,452	189,430
>365 days	1,768,922	1,579,492
	<u>4,491,374</u>	<u>1,768,922</u>
<b>FINES</b>		
Gross balances	62,702,649	19,680,356
Provision for impairment	(23,787,599)	(7,314,013)
	<u>38,915,050</u>	<u>12,366,343</u>
<b>PROPERTY RATES</b>		
Gross balances	781,791,589	727,341,341
Provision for impairment	(319,376,877)	(310,378,935)
	<u>462,414,712</u>	<u>416,962,406</u>
<b>RECONCILIATION OF PROVISION FOR IMPAIRMENT OF RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Opening balance	310,378,935	280,873,472
Provision for impairment	8,997,942	29,505,463
	<u>319,376,877</u>	<u>310,378,935</u>
<b>5. VAT RECEIVABLE</b>		
VAT	73,346,266	118,158,372
VAT CONTROL ACCOUNT	20,106,725	37,146,590
VAT OUTPUT	(35,140,100)	(30,041,559)
VAT INPUT	88,379,641	111,053,341
	<u>73,346,266</u>	<u>118,158,372</u>

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Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>5. VAT RECEIVABLE (continued)</b>		
VAT is accounted for on a payments basis.		
<b>6. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>GROSS BALANCES</b>		
Eskom -Free basic services	10,905,848	8,283,773
Water	214,886,936	191,720,244
Waste water	32,135,377	28,115,533
Rental	1,804,945	947,735
Waste	43,695,597	41,474,396
Interest	328,004,774	217,753,593
Housing	2,601,804	2,601,804
Service Charges	6,053,174	18,726,852
	<b>640,088,455</b>	<b>509,623,930</b>
<b>LESS: ALLOWANCE FOR IMPAIRMENT</b>		
Water	(99,585,947)	(82,033,468)
Waste water	(14,913,052)	(12,007,637)
Rental	(837,611)	(404,428)
Waste	(20,277,692)	(17,719,906)
Interest	(204,745,257)	(92,923,875)
Housing	(1,207,405)	(1,110,270)
Service Charges	(2,819,675)	(2,644,539)
	<b>(344,386,639)</b>	<b>(208,844,123)</b>
<b>NET BALANCE</b>		
Eskom -Free basic services	10,905,848	8,283,773
Water	115,300,989	109,686,776
Waste water	17,222,325	16,107,896
Rental	967,334	543,307
Waste	23,417,905	23,754,490
Interest	123,259,517	124,829,718
Housing rental	1,394,399	1,491,534
Service Charges	3,233,499	16,082,313
	<b>295,701,816</b>	<b>300,779,807</b>
<b>ESKOM-FREE BASIC SERVICES</b>		
Current (0 -30 days)	10,905,848	8,283,773
<b>WATER</b>		
Current (0 -30 days)	1,456,462	4,896,501
31 - 60 days	1,391,089	2,157,689
61 - 90 days	1,152,969	3,349,475
91 - 120 days	302,594	2,877,876
> 121days	110,997,874	96,922,046
	<b>115,300,988</b>	<b>110,203,587</b>
<b>WASTE WATER</b>		
Current (0 -30 days)	243,424	40,765
31 - 60 days	172,746	(3,255)
61 - 90 days	292,011	588,837
91 - 120 days	192,058	586,149
> 121 days	22,517,666	14,918,538
	<b>23,417,905</b>	<b>16,131,034</b>

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Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>6. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)</b>		
<b>WASTE</b>		
Current (0 -30 days)	133,687	173,143
31 - 60 days	166,392	333,830
61 - 90 days	152,659	324,297
91 - 120 days	204,832	586,148
> 121 days	16,564,755	22,387,466
	<b>17,222,325</b>	<b>23,804,884</b>
<b>RENTAL</b>		
Current (0 -30 days)	37,821	16,720
31 - 60 days	37,749	9,548
61 - 90 days	37,749	16,174
91 - 120 days	37,749	143,708
> 121 days	816,266	357,157
	<b>967,334</b>	<b>543,307</b>
<b>INTEREST</b>		
Current (0 -30 days)	3,694,735	9,652,892
31 - 60 days	3,687,880	15,078,738
61 - 90 days	3,538,931	9,338,457
91 - 120 days	3,344,359	13,345,855
> 121 days	108,993,611	77,413,776
	<b>123,259,516</b>	<b>124,829,718</b>
<b>HOUSING</b>		
> 121 days	1,394,399	1,491,534
<b>SERVICE CHARGES</b>		
Current (0 -30 days)	(189,481)	10,699
31 - 60 days	(43,330)	6,285
61 - 90 days	(2,022,722)	71,463
91 - 120 days	(855,700)	95,464
> 121 days	6,344,732	15,898,402
	<b>3,233,499</b>	<b>16,082,313</b>

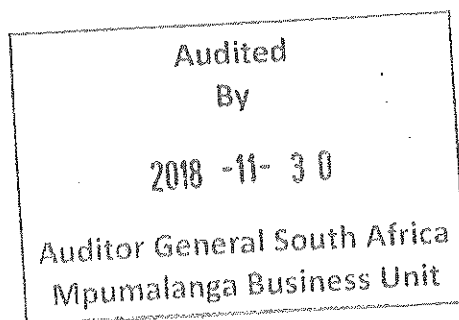
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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>6. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)</b>		
<b>SUMMARY OF DEBTORS BY CUSTOMER CLASSIFICATION</b>		
<b>HOUSEHOLDS AND OTHER</b>		
Current (0 -30 days)	30,325,507	5,536,997
31 - 60 days	(17,714)	6,936,691
61 - 90 days	9,581,728	7,152,329
91 - 120 days	9,981,502	6,874,250
121 - 150 days	21,528,272	6,925,073
> 151 days	461,294,300	316,464,744
	<b>532,693,595</b>	<b>349,890,084</b>
<b>COMMERCIAL</b>		
Current (0 -30 days)	6,429,215	4,062,727
31 - 60 days	17,621	4,373,456
61 - 90 days	3,027,461	4,060,022
91 - 120 days	3,045,151	3,951,882
121 - 150 days	5,738,801	3,886,959
> 151 days	126,746,982	151,509,594
	<b>145,005,231</b>	<b>171,844,640</b>
<b>GOVERNMENT</b>		
Current (0 -30 days)	30,262,349	4,481,719
31 - 60 days	13,151	6,312,163
61 - 90 days	14,721,001	6,992,488
91 - 120 days	14,552,475	6,605,588
121 - 150 days	30,219,610	6,534,480
> 151 days	654,182,508	664,085,051
	<b>743,951,094</b>	<b>695,011,489</b>
<b>TOTAL</b>		
Current (0 -30 days)	67,017,071	14,081,444
31 - 60 days	13,058	17,622,310
61 - 90 days	27,330,190	18,204,839
91 - 120 days	27,579,128	17,431,720
121 - 150 days	57,486,683	17,346,512
> 151 days	1,242,223,790	1,132,059,390
	<b>1,421,649,920</b>	<b>1,216,746,215</b>



### RECEIVABLES PLEDGED AS SECURITY

No receivables were pledged as security for any facilities.

### RECEIVABLES PAST DUE BUT NOT IMPAIRED

Government debtors past due were not impaired due to their nature and that they generally meet their obligations.

### RECONCILIATION OF PROVISION FOR IMPAIRMENT OF RECEIVABLES FROM EXCHANGE TRANSACTIONS

Opening balance	208,844,122	171,995,223
Allowance for impairment	135,542,515	36,848,899
	<b>344,386,637</b>	<b>208,844,122</b>

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

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<b>7. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of:		
Cash on hand	158,979	110,633
Current account balances	15,840,833	8,407,323
Call account balances	93,805,901	89,821,461
	<b>109,805,713</b>	<b>98,339,417</b>

Included in the cash and cash equivalents is an amount of R5 927 660.75 which was withheld by First National Bank due to an ongoing court case.

### THE MUNICIPALITY HAD THE FOLLOWING BANK ACCOUNTS

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
FNB Bank IA09591	10,570,093	(21,893)	611,026	10,570,093	(21,893)	611,026
FNB Bank IA09538	7,774,039	2,765,818	2,873,878	7,774,039	2,765,818	2,873,878
FNB Bank IA09494	84,410,358	82,885,609	62,473,930	84,410,358	82,885,609	62,473,930
FNB Bank IA09538	1,621,505	4,170,035	1,252,355	1,621,505	4,170,035	1,252,355
Standard Bank IA09518	5,270,740	8,429,516	68,275,439	5,270,740	8,429,216	68,275,439
<b>Total</b>	<b>109,646,735</b>	<b>98,229,085</b>	<b>135,486,628</b>	<b>109,646,735</b>	<b>98,228,785</b>	<b>135,486,628</b>

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

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### 8. INVESTMENT PROPERTY

	2018		2017			
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Buildings	13,685,028	(4,525,713)	9,159,315	13,685,028	(3,621,066)	10,063,962

#### RECONCILIATION OF INVESTMENT PROPERTY - 2018

Buildings	Opening balance	Depreciation	Total
	10,063,962	(904,647)	9,159,315

#### RECONCILIATION OF INVESTMENT PROPERTY - 2017

Buildings	Opening balance	Depreciation	Total
	10,967,990	(904,028)	10,063,962

#### PLEGGED AS SECURITY

None of the investment property assets were pledged as security during the current or previous financial year.

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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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

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### 9. PROPERTY, PLANT AND EQUIPMENT

	2018		2017	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land	172,443,983	-	172,443,983	172,443,983
Buildings	69,620,302	(24,721,324)	44,898,978	68,831,727
Infrastructure	2,746,852,774	(298,133,669)	2,448,719,105	2,216,717,953
Community	179,866,121	(54,878,077)	124,988,044	176,179,575
Other property, plant and equipment	97,697,259	(52,785,341)	44,911,918	78,566,831
Work in progress (WIP)	498,163,816	-	498,163,816	601,479,248
Other Assets (WIP)	-	-	-	5,918,419
<b>Total</b>	<b>3,764,644,255</b>	<b>(430,518,411)</b>	<b>3,334,125,844</b>	<b>3,320,137,736</b>
				<b>(328,390,676)</b>
				<b>2,991,747,060</b>

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand

### 9. PROPERTY, PLANT AND EQUIPMENT (continued)

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 30 JUNE 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	172,443,983	-	-	-	-	-	172,443,983
Buildings	48,965,827	788,575	-	-	(4,855,424)	-	44,898,978
Infrastructure	1,992,096,816	18,688,881	-	511,446,001	(66,673,544)	(6,839,049)	2,448,719,105
Community	131,388,033	-	-	3,686,545	(10,086,534)	-	124,988,044
Other property, plant and equipment	39,454,734	13,142,907	(3,885)	6,688,630	(13,260,925)	(1,109,543)	44,911,918
Work in progress (WIP)	601,479,248	411,817,158	-	(515,132,546)	-	-	498,163,816
Other Assets (WIP)	5,918,419	770,211	-	(6,688,630)	-	-	-
	<b>2,991,747,060</b>	<b>445,207,732</b>	<b>(3,885)</b>	<b>-</b>	<b>(94,876,427)</b>	<b>(7,948,592)</b>	<b>3,334,125,844</b>

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

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### 9. PROPERTY, PLANT AND EQUIPMENT (continued)

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 30 JUNE 2017

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Total
Land	236,139,811	-	(1,068,000)	-	-	(62,627,828)	-	172,443,983
Buildings	49,862,986	1,281,533	(1,536,922)	4,514,876	-	-	(5,156,646)	48,965,827
Infrastructure	1,590,752,488	15,488,503	(400,241)	442,956,304	-	-	(56,700,238)	1,992,096,816
Community	116,942,321	5,141,409	-	20,637,009	-	-	(11,332,706)	131,388,033
Other property, plant and equipment	26,245,493	20,145,766	(292,802)	-	1,329,156	-	(7,972,879)	39,454,734
Work in progress (WIP)	499,710,129	569,877,308	-	(468,108,189)	-	-	-	601,479,248
Other Assets (WIP)	4,025,136	1,893,283	-	-	-	-	-	5,918,419
	<b>2,523,678,364</b>	<b>613,827,802</b>	<b>(3,297,965)</b>	<b>-</b>	<b>1,329,156</b>	<b>(62,627,828)</b>	<b>(81,162,469)</b>	<b>2,991,747,060</b>

#### PLEGGED AS SECURITY

None of the tangible assets were pledged as security during the current or previous financial year.

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Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

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### 9. PROPERTY, PLANT AND EQUIPMENT (continued)

#### RECONCILIATION OF WORK-IN-PROGRESS 2018

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	601,479,248	-	5,918,419	607,397,667
Additions	411,817,158	-	770,211	412,587,369
Transferred to completed items	(511,446,002)	(3,686,545)	(6,688,630)	(521,821,177)
	<b>501,850,404</b>	<b>(3,686,545)</b>	<b>-</b>	<b>498,163,859</b>

#### RECONCILIATION OF WORK-IN-PROGRESS 2017

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	499,710,129	4,025,136	503,735,265
Additions	569,877,308	1,893,283	571,770,591
Transferred to completed items	(468,108,189)	-	(468,108,189)
	<b>601,479,248</b>	<b>5,918,419</b>	<b>607,397,667</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.

### 10. INTANGIBLE ASSETS

	2018		2017	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software	4,828,947	(4,196,899)	4,828,947	(3,937,906)
		632,048		891,041

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## Notes to the Annual Financial Statements for the year ended 30 June 2018

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### 10. INTANGIBLE ASSETS (continued)

#### RECONCILIATION OF INTANGIBLE ASSETS -30 JUNE 2018

Computer software

Opening balance	Amortisation	Total
891,041	(258,993)	632,048

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

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### 10. INTANGIBLE ASSETS (continued)

#### RECONCILIATION OF INTANGIBLE ASSETS - 30 JUNE 2017

	Opening balance	Additions	Amortisation	Total
Computer software	982,722	805,243	(896,924)	891,041

#### PLEGGED AS SECURITY

None of the intangible assets were pledged as security during the current or previous financial year.

### 11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	221,277,520	286,357,870
Retention and Surety	106,227,251	91,610,314
Accrued bonus	11,253,503	10,124,900
Other payables	(3,892,652)	17,312,908
Sundry creditors	101,715,673	145,879,689
	<b>436,581,295</b>	<b>551,285,681</b>

### 12. CONSUMER DEPOSITS

Consumer Deposit	2,454,242	2,440,536
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### 13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

#### UNSPENT CONDITIONAL GRANTS AND RECEIPTS COMPRISES OF:

#### UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Regional Bulk Infrastructure Grant	330,595	3,765,317
Integrated National Electrification Programme	-	3,815,012
	<b>330,595</b>	<b>7,580,329</b>

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

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## Notes to the Annual Financial Statements for the year ended 30 June 2018

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### 14. PROVISIONS

#### RECONCILIATION OF PROVISIONS - 30 JUNE 2018

Environmental rehabilitation provision			
Leave provision			
Long service awards			
Provision for bulk purchases			
	Opening Balance	Additions	Total
	23,413,761	1,108,231	24,521,992
	25,302,839	4,393,643	29,696,482
	25,061,000	3,344,227	28,405,227
	29,068,537	-	29,068,537
	<b>102,846,137</b>	<b>8,846,101</b>	<b>111,692,238</b>

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

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### 14. PROVISIONS (continued)

#### RECONCILIATION OF PROVISIONS - 30 JUNE 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Environmental rehabilitation provision	17,848,176	5,565,585	-	-	23,413,761
Leave provision	26,322,480	-	(1,019,641)	-	25,302,839
Long service awards	24,299,000	4,573,000	(1,289,654)	(2,521,346)	25,061,000
Provision for bulk purchases	29,068,537	-	-	-	29,068,537
	<b>97,538,193</b>	<b>10,138,585</b>	<b>(2,309,295)</b>	<b>(2,521,346)</b>	<b>102,846,137</b>

Non-current liabilities  
Current liabilities

59,034,940  
52,657,298  
**111,692,238**

45,114,761  
57,731,376  
**102,846,137**

#### ENVIRONMENTAL REHABILITATION PROVISION

The municipality has an obligation to rehabilitate the landfill sites in the Bushbuckridge municipal area.

The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landfill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation. It is carried at the amortised cost.

The rehabilitation costs were determined by OnePangea, who are qualified and experienced engineers.

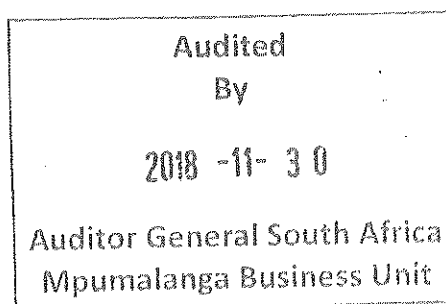
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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>14. PROVISIONS (continued)</b>		
<b>LONG SERVICE AWARDS</b>		
<p>Long service awards consist of an obligation to pay out a bonus in the year of the employee attaining the required length of service. The obligation presents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the municipality's current policy.</p> <p>The municipality offers long service bonuses for every five(5) years of continuous service completed, starting from ten(10) years to forty-five(45) years. Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially settled in cash.</p> <p>The key assumption used in the valuation;</p> <ul style="list-style-type: none"> <li>• Discount rate 8.98% (2017:8.84%)</li> <li>• CPI 5.48% (2017:5.64%)</li> <li>• Salary increase rate 6.48% (2017:6.64%)</li> <li>• Net Discount rate 2.35% (2017:2.06%)</li> <li>• Mortality SA85-90 (2017:SA85-90)</li> </ul> <p>The actuarial valuation of the long service awards accrued liability was carried out by D.T. Mureriwa, a fellow of the Institute of Actuaries.</p>		
<b>15. SERVICE CHARGES</b>		
Water reconnection fees	45,837	60,303
Refuse	6,906,069	5,180,485
Sewerage and sanitation charges	3,906,993	2,902,972
Sale of water	26,724,679	31,244,678
	<b>37,583,578</b>	<b>39,388,438</b>
<b>16. RENTAL OF FACILITIES AND EQUIPMENT</b>		
<b>PREMISES</b>		
Premises	551,882	825,380
<b>FACILITIES AND EQUIPMENT</b>		
Rental of facilities	141,662	154,226
Rental of equipment	102,357	128,924
	<b>244,019</b>	<b>283,150</b>
	<b>795,901</b>	<b>1,108,530</b>
<b>17. AGENCY INCOME</b>		
Agency services	11,614,736	10,353,927
<p>The municipality receives the 20% agents income on all funds collected on behalf of the Department of Safety Security and Liason</p>		
<b>18. LICENCES AND PERMITS</b>		
Licences and permits	589,885	153,310
<p>This represents funds received in relation to business, trading and traffic income licensing.</p>		





# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand 2018 2017

### 19. OPERATING INCOME

Administration fee	167,984	14,042
Amendment of names	1,310	3,403
Eskom: Free basic electricity	-	8,283,773
Cemetery	50,269	63,824
Clearance certificates	733	350
Insurance refund	800,253	-
Library fees	6,886	13,471
Photocopies	99,638	142,864
Plan approval	933,402	286,877
Proof of residence	2,385,397	1,838,781
Sale of tender documents	440,032	1,386,788
Site inspection	37,137	47,780
Sundry income	98,148	93,881
	<b>5,021,189</b>	<b>12,175,834</b>

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### 20. INTEREST

#### INTEREST REVENUE

Interest	123,785,323	121,533,340
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The amount of R13 457 755 represents interest earned from positive bank balances maintained during the year.

The amount of R110 327 568 represents interest levied to outstanding debtors.

### 21. PROPERTY RATES

#### RATES LEVIED

Business and Commercial	39,306,954	33,360,604
Residential Developed	17,289,774	13,836,229
Vacant Land	3,729,614	3,555,545
Industrial Properties	2,054,573	1,943,515
State Owned Properties	120,438,684	104,969,329
Agricultural Property, Protected Areas, Public Benefit Organisation and Public Service Infrastructure	2,804,646	2,615,578
	<b>185,624,245</b>	<b>160,280,800</b>

#### VALUATIONS

Agriculture	94,845,000	94,845,000
Commercial	629,524,200	629,524,200
Public Benefit Organisations	25,668,000	25,668,000
Public Service Infrastructure	53,500	53,500
Residential	1,918,184,800	1,918,184,800
State	3,257,749,050	3,257,749,050
Vacant land	155,644,600	155,644,600
Municipality	247,263,000	247,263,000
Protected Area	23,338,113,000	23,335,673,000
Protected Area Business	550,665,000	550,665,000
Protected Area Individual	192,890,000	192,890,000
	<b>30,410,600,150</b>	<b>30,408,160,150</b>

Valuations on land and buildings are performed every 4 (four) years. The last general valuation done by Valuers Africa came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations. Various rates are used for the different categories which are applied to property valuations to determine assessment rates.

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>22. TRANSFERS AND SUBSIDIES</b>		
<b>Operating grants</b>		
Equitable Share	683,632,000	647,298,000
Financial Management Grant	2,145,000	1,810,000
Local Government Sector Education Training Authority	312,546	2,500,928
Expanded Public Works Programme Grant	9,355,000	3,780,000
	<b>695,444,546</b>	<b>655,388,928</b>
<b>Capital grants</b>		
Integrated National Electrification Programme	5,000,000	2,360,883
Municipal Infrastructure Grant	394,080,000	393,773,000
Municipal Water Infrastructure Grant	-	40,000,000
Regional Bulk Infrastructure Grant	2,669,405	36,234,683
Human Settlement Grant	-	44,000,000
Water Services Infrastructure Grant	110,000,000	150,000,000
	<b>511,749,405</b>	<b>666,368,566</b>
	<b>1,207,193,951</b>	<b>1,321,757,494</b>

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### CONDITIONAL AND UNCONDITIONAL

All allocations to the municipality were received from National Treasury and has complied interms of section 214(1)(c) of the constitution.

### EQUITABLE SHARE

This grant is used to enable the municipality to provide basic services and perform functions allocated to it.

In terms of Section 227 of the Constitution, the Equitable Share Grant provides funding for the municipality to deliver free basic services to poor households and subsidises the cost of administration and other core services for the municipality.

### MUNICIPAL INFRASTRUCTURE GRANT (MIG)

Current-year receipts	394,080,000	393,773,000
Conditions met - transferred to revenue	(394,080,000)	(393,773,000)
	-	-

The grant is mainly used to fund infrastructure related projects (mainly as part of services delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included in current liabilities.

### FINANCIAL MANAGEMENT GRANT (FMG)

Current-year receipts	2,145,000	1,810,000
Conditions met - transferred to revenue	(2,145,000)	(1,810,000)
	-	-

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

### EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)

Current-year receipts	9,355,000	3,780,000
Conditions met - transferred to revenue	(9,355,000)	(3,780,000)
	-	-

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>22. TRANSFERS AND SUBSIDIES (continued)</b>		
The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, in compliance with EPWP guidelines.		
<b>REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)</b>		
Balance unspent at beginning of year	3,765,317	-
Current-year receipts	3,000,000	40,000,000
Conditions met - transferred to revenue	(2,669,405)	(36,234,683)
Rollover	(3,765,317)	-
	<u>330,595</u>	<u>3,765,317</u>

Conditions still to be met - remain liabilities (see note 13).

The purpose of this grant is to construct bulk water line that will enable the municipality to reticulate water in its various areas.

### INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

Balance unspent at beginning of year	3,815,012	1,175,895
Current-year receipts	5,000,000	5,000,000
Conditions met - transferred to revenue	(5,000,000)	(2,360,883)
Rollover	(3,815,012)	-
	<u>-</u>	<u>3,815,012</u>

The purpose of the grant is to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Figures in Rand	2018	2017
<b>22. TRANSFERS AND SUBSIDIES (continued)</b>		
<b>HUMAN SETTLEMENTS GRANT</b>		
Current-year receipts	-	44,000,000
Conditions met - transferred to revenue	-	(44,000,000)
	<u>-</u>	<u>-</u>

The purpose of the grant is to assist in the reticulation of water for the community through increased water storage capacity.

### WATER SERVICES INFRASTRUCTURE GRANT

Current-year receipts	110,000,000	150,000,000
Conditions met - transferred to revenue	(110,000,000)	(150,000,000)
	<u>-</u>	<u>-</u>

The purpose of the grant is to reticulate water in various areas of the municipality .

### MUNICIPAL WATER INFRASTRUCTURE GRANT

Current-year receipts	-	60,000,000
Conditions met - transferred to revenue	-	(40,000,000)
Other	-	(20,000,000)
	<u>-</u>	<u>-</u>

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service.

### 23. PUBLIC CONTRIBUTIONS AND DONATIONS

Public contributions and donations	<u>7,041,592</u>	<u>11,120,498</u>
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1. The municipality received R20 000 and R25 000 from Standard bank & First National Bank respectively
2. Enhlanzeni District Municipality funded and implemented the upgrading of Agincourt booster and pumpstation in Bushbuckridge municipality.

### 24. FINES AND PENALTIES

Current year	<u>44,454,673</u>	<u>11,761,564</u>
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The figure relates to traffic fines for the current year

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

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## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>25. Employee related costs</b>		
Basic	268,357,038	240,919,867
Bonus	27,763,466	24,324,342
Medical aid - company contributions	15,476,023	13,809,540
UIF	2,030,270	1,794,724
SDL	3,317,996	2,819,395
Leave pay provision charge	3,684,952	(267,428)
Pension	52,277,083	47,559,228
Overtime payments	5,489,199	3,318,208
Long-service awards	1,264,773	2,503,000
Acting allowances	2,058,483	1,444,541
Car allowance	20,480,920	17,318,474
Housing benefits and allowances	373,516	490,895
South African Local Government Association	110,333	98,293
Shift and Standby Allowance	3,122,882	6,215,971
	<b>405,806,934</b>	<b>362,349,050</b>
<b>Remuneration of municipal manager</b>		
Annual Remuneration	548,228	915,502
Car Allowance	355,586	596,979
Performance Bonuses	72,093	35,024
Contributions to UIF, Medical and Pension Funds	14,550	45,836
Acting Allowance	107,163	-
Rural Allowance	57,778	114,825
SDL, SALGA, Leave Payout and Reimbursement (km)	170,615	21,966
	<b>1,326,013</b>	<b>1,730,132</b>
<p>The Municipal Manager Mr C Lisa was appointed in January 2015 and contract ended 31 January 2018.</p> <p>Mr E Mashava acted from 1 February till 30 June 2018</p>		
<b>Remuneration of Chief Finance Officer</b>		
Annual Remuneration	999,634	1,140,028
Car Allowance	628,902	372,616
Performance Bonuses	78,289	37,682
Contributions to UIF, Medical and Pension Funds	48,237	48,237
SDL, SALGA, Leave Payout and Reimbursement (km)	16,374	15,311
	<b>1,771,436</b>	<b>1,613,874</b>
<p>Mrs CA Nkuna was the Chief Financial Officer during the year under review.</p>		
<b>Remuneration of Director Technical Services</b>		
Annual Remuneration	787,904	726,828
Car Allowance	496,693	461,472
Performance Bonuses	58,933	37,021
Contributions to UIF, Medical and Pension Funds	1,785	1,785
Acting Allowance	70,775	-
SDL, SALGA, Leave Payout and Reimbursement (km)	97,377	11,421
	<b>1,513,467</b>	<b>1,238,527</b>
<p>Mr E Mashava was the Technical Director during the year under review.</p> <p>Mr E Rikhotso was acting as Technical Director from 01 February 2018 to 30 June 2018</p>		

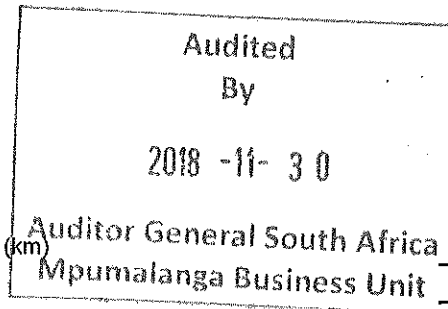
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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Figures in Rand	2018	2017
<b>25. Employee related costs (continued)</b>		
<b>Remuneration of Director Corporate Services</b>		
Annual Remuneration	764,202	726,828
Car Allowance	468,504	446,875
Performance Bonuses	58,933	11,346
Contributions to UIF, Medical and Pension Funds	24,765	19,716
SDL, SALGA, Leave Payout and Reimbursement (km)	16,450	12,540
	<b>1,332,854</b>	<b>1,217,305</b>



Mr R Khoza was the Director Corporate and Human Resources during the year under review.

### Remuneration of Director Local Economic Development Planning and Environment

Annual Remuneration	715,472	670,240
Car Allowance	450,085	415,527
Performance Bonuses	60,135	28,366
Contributions to UIF, Medical and Pension Funds	48,237	48,237
13th Cheque	88,177	55,510
SDL, SALGA, Leave Payout and Reimbursement (km)	95,892	11,419
	<b>1,457,998</b>	<b>1,229,299</b>

Mrs S Mogakane was the Director for Local Economic Development, Planning and Environment for the year under review. Additional

### Remuneration of Director Community Services

Annual Remuneration	767,864	726,828
Car Allowance	496,693	461,472
Performance Bonuses	58,933	28,366
Contributions to UIF, Medical and Pension Funds	1,758	1,785
SDL, SALGA, Leave Payout and Reimbursement (km)	14,334	12,569
	<b>1,339,582</b>	<b>1,231,020</b>

Dr LZ Mkhabela was the Director for Community Services Directorate for the year under review.

## 26. REMUNERATION OF COUNCILLORS

Mayor	829,677	829,677
Mayoral committee members	6,019,826	5,033,855
Speaker	682,821	682,812
Councillors	20,539,709	21,529,409
	<b>28,072,033</b>	<b>28,075,753</b>

### IN-KIND BENEFITS

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is provided with a Council owned vehicle for official duties.

The Executive Mayor has two full time bodyguards

The remuneration of councillors and political office-bearers are within the upper limits.

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>27. DEPRECIATION AND AMORTISATION</b>		
Property, plant and equipment	<u>95,974,687</u>	<u>83,131,938</u>
<b>28. IMPAIRMENT OF ASSETS</b>		
<b>IMPAIRMENTS</b>		
Property, plant and equipment	<u>7,944,908</u>	<u>-</u>
<b>29. FINANCE COSTS</b>		
Trade and other payables	<u>19,331,593</u>	<u>22,850,016</u>
The interest disclosed is mainly current interest cost for the year.		
<b>30. DEBT IMPAIRMENT</b>		
Debt impairment traffic	16,473,586	3,192,786
Impairment of consumer receivables	144,540,458	66,354,362
	<u>161,014,044</u>	<u>69,547,148</u>
<b>31. BULK PURCHASES</b>		
Water	<u>196,493,342</u>	<u>212,877,636</u>
<b>32. CONTRACTED SERVICES</b>		
Outsourced	78,814,554	62,085,678
Professional Services and Consultants	44,622,162	33,514,144
Contractors	22,615,693	13,654,162
	<u>146,052,409</u>	<u>109,253,984</u>
<b>33. TRANSFERS AND SUBSIDIES</b>		
<b>OTHER SUBSIDIES</b>		
Indigent relief	<u>13,617,199</u>	<u>16,600,813</u>

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Figures in Rand	2018	2017
<b>34. GENERAL EXPENSES</b>		
Advertising	2,999,008	665,411
Auditor's remuneration	5,320,715	5,725,788
Bank charges	635,806	508,377
Discount allowed	5,330,611	1,210,339
Fines and Penalties	-	352,743
Hire	200,219	-
Insurance	8,734,289	9,459,454
Community development and training	-	2,631,380
IT expenses	1,236,160	985,479
Fuel and oil	4,390,342	4,097,906
Postage and courier	28,659	16,727
Printing and stationery	802,941	2,804,756
Protective clothing	3,402,047	818,423
Subscriptions and membership fees	4,813,819	108,999
Telephone and fax	267,891	100,668
Travel - local	5,584,424	166,478
Utilities - Other	1,896,619	9,722,642
Local Economic Development Expenses	436,923	4,816,477
Other expenses	4,048,124	3,417,808
	<b>50,128,597</b>	<b>47,609,855</b>

### 35. REPAIRS AND MAINTENANCE

Included in Note 32 for Contracted services is the repairs and maintenance as per the disclosure below;

REPAIRS PER ASSET CLASS		
Community Assets	3,773,874	1,978,151
Infrastructure Assets	23,561,998	15,970,737
Buildings	207,746	970,297
Other Assets	4,630,710	6,420,921
	<b>32,174,328</b>	<b>25,340,106</b>

### 36. AUDITORS' REMUNERATION

External Auditors fees	5,320,715	5,725,788
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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>37. CASH GENERATED FROM OPERATIONS</b>		
Surplus	499,436,717	730,231,769
<b>ADJUSTMENTS FOR:</b>		
Depreciation and amortisation	95,974,687	83,131,938
(Loss) gain on sale of assets and liabilities	(167,390)	9,627,119
Impairment deficit	7,944,908	-
Debt impairment	161,014,044	69,547,148
Movements in provisions	8,846,101	5,307,944
Disposal of assets	12,964	-
Actuarial gains	-	2,521,346
<b>ACTUARIAL GAINS (LOSS)</b>		
Inventories	314,575	1,667,303
Receivables from Exchange Transactions	(130,464,525)	(164,418,383)
Receivables from non-exchange transactions	(109,281,016)	(135,307,372)
Payables from exchange transactions	(114,704,390)	58,539,761
VAT	44,812,106	(30,838,864)
Unspent conditional grants and receipts	(7,249,734)	(53,875,992)
Consumer deposits	13,706	17,511
	<b>456,502,753</b>	<b>576,151,228</b>

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### 38. COMMITMENTS

#### AUTHORISED CAPITAL EXPENDITURE

##### ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR

• Property, plant and equipment	258,718,481	220,199,432
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##### TOTAL CAPITAL COMMITMENTS

Approved and Contracted for	258,718,481	220,199,432
-----------------------------	-------------	-------------

#### AUTHORISED OPERATIONAL EXPENDITURE

This committed expenditure relates to plant and equipment and will be financed by inter alia grant funds, existing cash resources and funds internally generated. The commitments disclosed is inclusive of VAT.

#### OPERATING LEASES - AS LESSEE (EXPENSE)

##### MINIMUM LEASE PAYMENTS DUE

- within one year	3,197,661	4,808,222
- in second to fifth year inclusive	-	3,197,661
	<b>3,197,661</b>	<b>8,005,883</b>

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

Operating lease payments represent rentals payable by the Municipality for certain office equipments and mobile offices. Operational lease entered with **Nashua** is negotiated for an average term of three years and rental is fixed as per the agreed appointment letter for an average of three years. No contingent rent is payable. Nashua Lowveld supplied forty photocopying machines to the Municipality for a period of 36 Months at 0% escalation. The contract for Nashua will come to an end on the 28 of February 2019.

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand 2018 2017

### 39. CONTINGENCIES

Contingencies arising from pending litigation on contractual disputes and damage claims:

Litigation is in process against the municipality relating to several contractual disputes and claims for damages. As the conclusion of the processes is dependent on the setting of dates by the respective courts, the timing of the economic outflow is therefore uncertain. Amounts disclosed do not include legal fees. Details of the claims are listed below:

#### CONTINGENT LIABILITIES

1. Gloria Bassie - The case is in relation to demolition of illegal structures	-	310,000
2. Telkom SA - Alleged damages to property by the municipality	130,323	-
3. Izingwenya 210 Investmeent CC and Juslo Security Services - Claim for payment of services	3,101,915	-
4. NAD Property Income Fund - Claim for services rendered	23,525,000	-
5. Bannie Job Ngobeni - A claim for damages suffered as a result of demolitions	-	300,000
6. Niloti/EX Services Construction - Claim against the municipality for serving the Thulamahashe site	1,138,700	1,138,700
7. MGN Security - The case is for illegally providing security services around 2007 for which the claims were never submitted to the municipality until 2009	149,454	149,454
8. Turpoise Moor Trading - Claim for damages as a result of termination of contract	-	90,922
9. Makaula Zilwa Inc/MNB Chartered Accountants - An alleged claim for services rendered	4,517,135	4,517,135
10. Malo Construction - Claim for allaged non-payment of bulk water supply project	10,180,646	10,180,646
11. Ngwenya Swenkie - A claim for damages as a results of spillage municipal reseviours	-	90,000
12. Ayeno Gabriel - A claim as a results of assultand arrest by traffic officers	-	600,000
13.0 Tsebu Brothers Holding - A claim as a results cancellation of agreement for electrification at Maluvana phase 2	4,050,157	4,050,157
14. Malikwa Fanie Mayinga - A claim for damages as a result of Thulamahashe dumping site	-	400,000
15. Coshiwe Melina on behlf of minors and others - Claim for damages	600,000	600,000
16. Hwali Business Enterprise - Claim for services rendered	4,364,330	4,364,330
17. Robert Theba - Damages	200,000	200,000
18. Defending municipality against a claim for R118 950 000	-	17,964,227
19. Employee benefits relating to notch upgrade for employees (see Accounting Officer's report on subsequent events on page (7)	-	-
	<b>51,957,660</b>	<b>44,955,571</b>

### 40. RELATED PARTIES

Key Management Personnel and Councillors in nature are related parties an a disclosure in this regard was provided. Related party transactions mainly of the supply of of goods and services to the municipality. The businesses are owned by close family members of staff, as detailed: Matlalanyapele - Ms Moripe an SCM officer with the municipality she is a sister to the Director. Richbles - Mr. Mkhabela a Salaries Accountant for the municipality, he is a cousin to the Director.

#### RELATED PARTY BALANCES

##### AMOUNTS INCLUDED IN TRADE PAYABLES REGARDING RELATED PARTIES

Richbles Trading Pty(Ltd)	-	13,920
Matlala-nyapele Investment Properties	17,060,022	1,562,598

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### 41. RISK MANAGEMENT

#### LIQUIDITY RISK

The municipality's risk to liquidity as a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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.

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

Financial instrument	2018	2017
FNB Bank	104,375,995	89,950,107
Standard Bank	5,270,740	8,429,216
Receivable from exchange transactions	295,701,816	300,779,807
Receivable from non exchange transactions	514,933,398	431,067,762
Accounts Payable	(436,581,290)	(551,285,681)

#### MARKET RISK

#### MARKET RISK

Market risk is the risk that changes in market prices such as interest rates affect the municipality income or the value of financial instruments holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters ,while optimising the return on the risk.

#### INTEREST RATE RISK

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

### 42. UNAUTHORISED EXPENDITURE

Opening balance	467,183,789	411,862,979
Current year	45,172,819	55,320,810
Written off	(120,431,810)	-
	<u>391,924,798</u>	<u>467,183,789</u>

The Internal Audit unit investigated the unauthorised expenditure for the 2016/17 financial year. The current year unauthorised expenditure is under investigation by Internal Audit unit.

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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements for the year ended 30 June 2018

Figures in Rand	2018	2017
<b>43. FRUITLESS AND WASTEFUL EXPENDITURE</b>		
Opening balance	27,607,877	390,372
Auditor General	2,983	13,283
Eskom	46,096	271,342
Fruitless and wasteful expenditure for prior year identified in current year	90,868	-
SARS penalties and interest	324,644	39,414
Nashua	-	12,094
Telkom	6,498	16,486
Rand Water	14,497,817	26,864,886
Avis Car Rental	2,260	-
Municipal truck repairs	7,718	-
	<b>42,586,761</b>	<b>27,607,877</b>

Fruitless and wasteful expenditure for the current year is largely composed of Rand water, Auditor General, Eskom and Interest on bank overdraft. The expenditure is being investigated by Internal Audit Unit.

### 44. IRREGULAR EXPENDITURE

Opening balance	1,836,770,279	1,346,765,669
Less: Amounts written off	(1,116,719,323)	-
Current year irregular expenditure	45,526,478	51,415,758
Irregular expenditure for prior year identified in current year	90,320,704	-
2016/17 irregular expenditure identified during the audit	7,170,991	-
Additional irregular identified by the auditor general	73,755,190	-
Recovered from Councillors	(683,597)	-
	-	438,588,852
	<b>936,140,722</b>	<b>1,836,770,279</b>

The municipality was in the process of conducting investigations for the 2017/18 irregular expenditure and the process could not be concluded as it was impracticable to carryout the process before finalisation of the audit.

### 45. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

#### SALGA

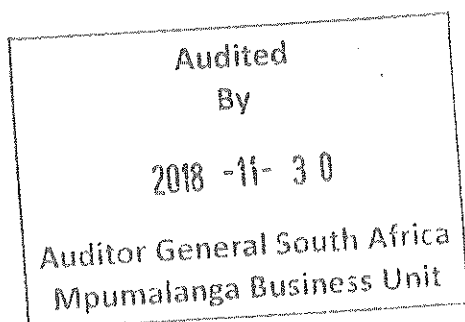
Opening balance	688,847	688,847
Current year subscription / fee	3,513,340	3,335,580
Amount paid - current year	(3,514,171)	(3,335,580)
	<b>688,016</b>	<b>688,847</b>

#### DISTRIBUTION LOSS

Billed	26,724,679	33,511,209
Add: Free basic water	107,204,356	75,119,385
Bulk purchases	(196,493,342)	(212,877,636)
	<b>(62,564,307)</b>	<b>(104,247,042)</b>

#### AUDIT FEES

Current year fees	5,320,715	5,725,708
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# BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Figures in Rand	2018	2017	
<b>45. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)</b>			
<b>PAYE, SDL AND UIF</b>			
Opening balance	3,927	-	
Current year subscription / fee	62,531,239	54,220,360	
Amount paid - current year	(62,535,166)	(54,216,433)	
	<u>3,927</u>	<u>3,927</u>	
<b>PENSION AND MEDICAL AID DEDUCTIONS</b>			
Opening balance	5,081,448	-	
Current year subscription / fee	98,599,666	92,752,354	
Amount paid - current year	(103,482,650)	(87,670,906)	
	<u>198,464</u>	<u>5,081,448</u>	
<b>VAT</b>			
VAT receivable	73,346,266	118,158,372	
VAT output payables and VAT input receivables are shown in note 8.			
In some months the municipality submitted the VAT returns late.			
<b>COUNCILLORS' ARREAR CONSUMER ACCOUNTS</b>			
The following Councillors had arrear accounts outstanding as at 30 June 2018:			
30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Mokoena BK	1,398	30,811	32,209
Nxumalo TA	2,246	16,946	19,192
	<u>3,644</u>	<u>47,757</u>	<u>51,401</u>
30 June 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Nxumalo TA	12,738	2,547	15,285
Timba FS	30,614	26,724	57,338
	<u>43,352</u>	<u>29,271</u>	<u>72,623</u>
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;"> <p style="text-align: center;"><b>Audited</b> By  2018 -11- 30  Auditor General South Africa Mpumalanga Business Unit</p> </div>			
<b>SUPPLY CHAIN DEVIATIONS</b>			
<b>INCIDENT</b>			
Emergencies		3,821,352	2,826,329
Specialised Services		466,148	91,294
		<u>4,287,500</u>	<u>2,917,623</u>

# BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Figures in Rand 2018 2017

### 46. RECLASSIFICATION

#### DISCLOSURE NOTES

2017

	Note	Audited	Added to Component	Moved to other components	2017 Restated balances
General Expenses		74,794,094	9,459,953	(36,644,192)	47,609,855
Repairs and Maintenance		25,340,106	-	(25,340,106)	-
Contracted Services		56,729,639	61,984,298	(9,459,953)	109,253,984
		<b>156,863,839</b>	<b>71,444,251</b>	<b>(71,444,251)</b>	<b>156,863,839</b>

#### RECLASSIFICATIONS

The following reclassifications adjustment occurred:

#### RECLASSIFICATION

##### General expenses and repairs and maintenance reclassified to contracted services

The reclassification in the annual financial statements provides a reliable and more relevant information about the effects of the transactions on the municipality. The reclassification was done retrospectively to allow and enable faithful representation of the status quo of each transaction or class of transactions. The expenditure is classified based on the nature of the expense to provide reliable and relevant information.

### 47. PRIOR PERIOD ERRORS

- Land values for the 2016-17 were restated. The restatement was to effect the changes as per the deeds information.
- Receivable from exchange and non exchange transactions emanated from corrections of incorrect billing done to certain customers.
- Payables from exchange transaction adjustment were due, invoicing of suppliers, write off of supplier debit balances.
- Other property plant and equipment relates to accumulated depreciation for furniture and fittings.
- Operating Income: Donations reclassified to public contributions and donations  
All donations are non-exchange transactions hence the reclassification to public contributions from other income under revenue from exchange transactions. This will give the user a more reliable and relevant information.

#### STATEMENT OF FINANCIAL POSITION

Property plant and equipment- land	(53,050,500)	-
Receivables from exchange transactions	(591,320)	-
Receivables from non exchange transactions	(55,172)	-
Trade payables-Sundry creditors	(12,193,586)	-
Other property, plant and equipment	519	-
Decrease in accumulated surplus	65,890,059	-
	-	-

Audited  
By  
2018 -11- 30  
Auditor General South Africa  
Mpumalanga Business Unit

#### STATEMENT OF FINANCIAL PERFORMANCE

Public contributions and donations	11,120,498	-
Operating Income	(11,120,498)	-
Decrease in surplus	-	-

# Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Bushbuckridge Local Municipality

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Bushbuckridge Local Municipality set out on pages 1 to 77, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Bushbuckridge Local Municipality as at 30 June 2018, and its the financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA).

### Basis for qualified opinion

#### Payables from exchange transactions

3. The municipality did not have adequate internal controls to maintain records of accounts payable for goods and services for payables from exchange transactions. This resulted in payables from exchange transactions being overstated by R5 728 409 and the accumulated surplus consequently being understated by R5 728 409.
4. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as payables from exchange transactions, as supporting documents provided did not match the creditors balance recorded. I could not confirm payables from exchange transactions by alternative means.
5. Consequently, I was unable to determine whether any further adjustments were necessary to payables from exchange transactions stated at R436 581 295 in the financial statements.

### Value-added tax (VAT) receivable

6. I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as the VAT receivable, as the municipality did not have adequate internal controls to reconcile the VAT control accounts. I was unable to confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustments were necessary relating to the VAT receivable of R73 346 266 (2016-17: R118 158 372) disclosed in the financial statements.

### Revenue – fines and penalties

7. The municipality did not recognise all the revenue from traffic fines in accordance with GRAP 23, *Revenue from non-exchange transactions*. Consequently, the traffic fines revenue amounting to R44 454 673 as disclosed in note 24 to the financial statements was understated by R20 554 097. Additionally, the receivables from non-exchange transactions was understated and there was an impact on the surplus for the period.

### Contracted services

8. Contrary to GRAP 1, *Presentation of financial statements*, the municipality did not ensure that cancelled invoices, where goods and services were not delivered, were removed. Consequently, payables from exchange transactions was overstated by R6 107 986. Furthermore, the municipality had misclassifications and inaccuracies between contracted services, transfers and subsidies and general expenditure resulting in an overstatement of R16 352 021.

### Context for the opinion

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

### Emphasis of matters

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



### **Restatement of corresponding figures**

13. As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2018.

### **Material impairments – receivables from exchange and non-exchange transactions**

14. As disclosed in notes 4 and 6 to the financial statements, the receivables balance was significantly impaired. The total impairment of consumer debtors amounted to R663 763 516 (2016-17: R519 223 058), which represented 47% (2016-17: 42%) of the total consumer debtors. The contribution to the provision for debt impairment was R161 014 044 (2016-17: R69 547 148).

### **Material losses – water**

15. As disclosed in note 45 to the financial statements, material water losses of R62 564 307 (2016-17: R104 247 042) were incurred, which represented 32% (2016-17: 49%) of the total water purchased.

### **Irregular expenditure**

16. As disclosed in note 44 to the financial statements, the municipality incurred irregular expenditure of R216 773 363, as it did not comply with the Supply Chain Management (SCM) Regulations.

### **Unauthorised expenditure**

17. As disclosed in note 42 to the financial statements, the municipality incurred unauthorised expenditure of R45 172 819 due to overspending on the votes.

### **Fruitless and wasteful expenditure**

18. As disclosed in note 43 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R14 978 884 due to the late payment of invoices.

### **Other matter**

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

### **Unaudited disclosure notes**

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

## **Responsibilities of the accounting officer for the financial statements**

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

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

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

## **Report on the audit of the annual performance report**

### **Introduction and scope**

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

27. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development priority	Pages in the annual performance report
KPA 2 – infrastructure development and basic services delivery	26 to 30 Top layer and 90 to 120 Departmental layer

28. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

29. The material findings in respect of the usefulness and reliability of the selected development priority are as follows:

### **KPA 2 – infrastructure development and basic services delivery**

#### **Reported achievements not consistent with planned and reported indicator and target**

##### **Indicator: Water reticulation at Orinoco A west**

30. The planned indicator was 'Water reticulation at Orinoco A west' but the target was '1 259 households to be reticulated at Allendale A and B'.

##### **Indicator: % RBIG expenditure**

31. The planned indicator was '% RBIG expenditure' but the target was '0% because were not provided by DWS (discontinue)'.

##### **Indicator: % completion of number of households connected electricity to be monitored**

32. The planned indicator was '% completion of number of households connected electricity to be monitored' but the planned target was '100% completion of 322 households electricity connected progress' and the reported achievement was '100% completion of 322 households electricity connected done'.

### Performance indicators not well defined and targets not specific and measurable

#### Indicator: % Construction of outstanding works Tsakani

33. The planned target for this indicator was not specific in clearly identifying the nature of performance.

### Comparison between performance of year under review and previous year

#### Indicator: % construction for Agincourt and Ireagh bulk water supply(B22)

34. A comparison between the performance of the year under review and that of the previous year was overstated in the annual performance report by 28%.

### Reliability: disagreement misstatements

#### Various indicators

35. The reported achievements in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:

Indicator description	Reported achievement	Audited value
% Construction of bulk water package plant in Setlhare	80% (construction of Setlhare package plant)	80%(Refurbishment of Setlhare package plant)
% construction of culvert bridge at Rolle D,E,F & G	90%	95%
Number of households reticulated at Soweto	1756	1503
Indicator : % completion of number of households connected electricity to be monitored	3482	3820

### Reported achievement not complete

#### Various indicators

36. The achievement for targets reported in the annual performance report was not complete when compared to the supporting evidence for the following indicators:

Indicators description	Projected misstatement
Number of households to be reticulated at Soweto	753

Indicators description	Projected misstatement
Number of households to be reticulated at Matsikitsane	158
Number of households to be reticulated at Orinoco A west	802
Number of households reticulated at Mphenyatsatsi	80
Number of households to be reticulated at MP Stream	819
Number of households to be reticulated at Belfast	208
Number of households to be reticulated at Sanford	302
Number of households to be reticulated at Kumani	527
Number of households to be reticulated at Ceko.	71

### Performance indicators not verifiable

#### Indicator: number of households to be reticulated at Maviljan A & B Matenting

37. The systems and processes that enable reliable reporting of achievements against indicators were not adequately designed, as I was unable to obtain sufficient appropriate evidence for the reported achievement of this indicator.

#### Other matters

38. I draw attention to the matters below.

#### Achievement of planned targets

39. Refer to the annual performance report on pages 15 to 31 of the top layer and 6 to 138 of the departmental layer for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 30 to 37 of this report.

#### Adjustment of material misstatements

40. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 2 – infrastructure development and basic services delivery. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### Introduction and scope

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

### Annual financial statements, performance report and annual report

43. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were subsequently provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

### Expenditure management

44. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
45. Reasonable steps were not taken to ensure that the municipality implemented and maintained an effective system of expenditure control, as required by section 65(2)(a) of the MFMA.
46. An adequate management, accounting and information system was not in place to recognise expenditure when it was incurred and to account for creditors, as required by section 65(2)(b) of the MFMA.
47. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R216 773 363 as disclosed in note 44 is not complete, as management was still in the process of quantifying the full extent of the irregular expenditure.
48. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R14 978 884, as disclosed in note 43 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure (R14 497 817) was caused by interest charges on late payments of Rand Water for bulk water purchases.

49. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R45 172 819, as disclosed in note 42 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on employee costs in the corporate services vote.

#### **Revenue management**

50. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

#### **Asset management**

51. An effective system of internal control for assets (including an adequate asset register) was not in place, as required by section 63(2)(c) of the MFMA.

#### **Liability management**

52. An adequate management, accounting and information system was not in place to account for liabilities, as required by section 63(2)(a) of the MFMA.
53. An effective system of internal control for liabilities (including an adequate liability register) was not in place, as required by section 63(2)(c) of the MFMA.

#### **Procurement and contract management**

54. Sufficient appropriate audit evidence could not be obtained that the contract for water reticulation in MP Stream phase 1 was awarded in accordance with the legislative requirements, as management did not submit the contract for auditing.
55. Some contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations.
56. Some bid documentation for the procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by preferential procurement regulation 8(2) of 2017.
57. Some commodities designated for local content and production were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by preferential procurement regulation 8(5) of 2017.
58. The performance of some contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
59. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.

## Consequence management

60. All of the irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
61. All fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

## Other information

62. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported in this auditor's report.
63. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
64. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
65. I have read the other information included in the draft annual report and have nothing to report in this regard.

## Internal control deficiencies

66. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
67. Adequate oversight responsibility was not exercised regarding financial and performance reporting, compliance and related internal controls.
68. The developed action plan to address external and internal audit findings was not adequate, as recurring audit findings were identified during the audit.
69. Management did not adequately review the annual financial statements.



70. Management did not implement adequate record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting in a timeous manner.
71. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions.
72. Management did not adequately review and monitor compliance with applicable laws and regulations.
73. The audit committee could not adequately discharge their duties over the review of the annual financial statements due to the late submission by the municipality as well as missing sections in the submitted financial statements.
74. The internal audit unit was not adequately resourced and did not comply with all regulations in terms of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000). In the year under review, the quality control report indicated areas of improvement.
75. The audit committee did not timeously report to the council on their review of the municipality's year-end financial statements.

*Auditor - General*

Mbombela

30 November 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

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

### **Financial statements**

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

### **Communication with those charged with governance**

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