



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

<p>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</p>	<ul style="list-style-type: none"> • Conduct constant monitoring of municipal services • Facilitate appropriate response for identified priority needs
<p>Goal 5: Building a modern and performance driven municipality</p>	<ul style="list-style-type: none"> • Implement performance management system • Create awareness and buy-in to BLM strategy • Improve communication strategy • Continuous assessment and staff development through PMS

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.

Number	Key Performance Area		Weight
2.1	INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICES DELIVERY	WATER SERVICES AND MUNICIPAL WORKS	25%
2.2	MUNICIPAL INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	COMMUNITY SERVICES AND CORPORATE SERVICES	15%
2.3	LOCAL ECONOMIC DEVELOPMENT (LED)	EDPE	20%
2.4	MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT. • SCM	FINANCE management and SCM	10%
2.5	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	PMS, IDP	10%
TOTAL			100%

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	Improvement 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	Improvement 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	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	Improve ment 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
BEREAVEMENT	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 on 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	POF
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 implem ented 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 NPBR	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				POE
							Annual Achievement	Reasons for variance	Improve ment Measures		
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	3rd quarter not projected	-	Reports	
ROAD TRAFFIC SERVICES	Create Awareness and buy-in to BLM strategy	Number of summons to issued	Law enforcemen t 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	
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	2 Risk reports done	3rd and 4th 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	Improvement Measures	POE
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 th assessment still outstanding	Reschedule the assessment by 1 st quarter on 2018/19	Performance compacts
IMPLEMENTATION OF COUNCIL RESOLUTIONS	Ensure implementation of IDP priorities	Number of reports on the implementation of council resolution	20 Council resolution to be implemented	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	Ordinary / Revised Budget	Revised target	APR departmental layer 2017/2018				
							Annual Achievement	Reasons for variance	Improve ment Measures	POE	
PROCUREMENT	Ensure implementation of IDP priorities	Development of departmental procurement plan and submit to SCM unit	Procurement plans for 2016/2018 submitted and implemented	Procurement plans for all four quarters and monitor the implementation	Internal driven	Procurement plans for all four quarters and monitor the implementation	Procurement plan done and listed	-	-	Procurement plan for community services	
HRM	Assess the capacity of Bushbuckridge Local Municipality	Number of departmental meetings 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 meetings 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 Miscoa system
	Fire & Rescue Smoke Detectors	1 700 000	-	-	Budget not captured on the Miscoa 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
	Mapulameng 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
Human Resource Management (Staff establishments)	To manage human resources and offer support Administrative to all departments	An updated staff establishments report	Filled posts in the organisation 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 establishments reports
HRM (Recruitment of staff)	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			
HRM (Organogram)	Reviewed staff establishment in line with the IDP	An approved Organogram	Approved Organizational Structure 2015/2016	An approved reviewed organogram	Internal driven	-	Appointme nt of Deloitte still in progress	Speed up the process	Council resolution on the approved organogram	
Proper utilisation of staff (Leave management)	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	-	Complied leave management reports	
Payrolls and head count	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
Labour Relations Management (Training and workshops)	Ensure sound work relation is maintained within BLM	Number of workshops on labour relations to be conducted to employees		Four workshops to be conducted monthly basis.	Internal driven	Four workshops to be conducted	3 workshop done	1 workshop for 3rd quarter not achieved due unavailability of employees	Planned to be done in the next financial year	Attendance registers, minute and agenda
			accounts to employees.				monthly bases			

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	
Labour Relations Management (Disciplinary enquiries / grievances)	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 4th quarter	Do reports even if there are no cases	Reports and proof of submission.	
LLF	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	Alignment 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	
OHS (meetings)	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	
OHS (protective clothing & equipment)	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	
OHS (medical examination)	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 practitioner	Not achieved	Appointment of medical practitioner not done	Finalise the appointment and examine employee before end of the 1 st 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
Skills development and Staff Training Workshop	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 EDPWP 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
Skills development for councillors	To ensure capacity building within BLM staff	Number of 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 councillor's, Attendance registers and training report
Adult Education Training	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
Workplace Skills Plan	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
Bursaries	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
Preparation of EE plan.	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
Implementation of EE Plan	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
Submission of annual report to Department of Labour.	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 th 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
Contract Development and Management	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.
Legal Advisory and Administrative Services.	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, Contingent 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
AUXILIARY SERVICE (Fleet management)	To ensure proper utilisation of council fleet	Number of fleet management reports	4 quarterly fleet management reports	Comply 4 fleet management reports	-	-	4 fleet management reports achieved	-	-	Council resolutions of fleet management report
Administrative support services	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
Registry	Provision of administration functional 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
Stationery	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
Printing	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
Provision of insurance	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 mid-term	Plan be included during the initial planning	Insurance Reports
Implementation of council resolutions	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 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
							4 ICT Steering Committee meetings achieved	-	-	ICT Steering Committee Minutes and attendance registers
		Implementation of ICT Strategic Plan and	1	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									
Risk Management	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	
Performance Management	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 4 quarterly PMS reports		-	Develop plans and 4 quarterly PMS reports done	-	-	Assessed Performance compacts	
Departmental meetings	Effective and efficient utilisation of municipal human resource	Number of departmental meetings addressing HR issues	A schedule of departmental meetings was scheduled	Conduct 12 departmental meetings		-	8 departmental meetings	Only meeting done during 3rd and 4th quarter	Alignment of meeting calendars	Attendance registers and minutes of departmental meetings	

APR 2017/2018

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 SDEIP CORPORATE SERVICES: BUDGET

Vote No	Description	Ordinary Budget	Adjusted Budget	Annual Performance Report		Reason For Variance
				Total Expenditure		
BLMCCORPOPEX031	Filing system	530,000.00	-	266,832.20	Actual payment happened in the second quarter.	
BLMCCORPOPEX001	Maintenance Motor Vehicles	1,000,000.00	-	2,262,328		
BLMCCORPOPEX003	Employee's Bursaries	588,000.00	-	1,060,664		
BLMCCORPOPEX004	Cell phone Contract	4,857,000.00	-	2,313,567	Under projected.	
BLMCCORPOPEX006	Conference and Workshop	565,000.00	-	664,000		
BLMCCORPOPEX005	Books and Periodicals	65,000.00	-	-		
BLMCCORPOPEX007	Occupational Health & Safety: Testing and Check-ups	-	-	-		
BLMCCORPOPEX008	Advertising	714,000.00	-	1,000		
BLMCCORPOPEX009	Fuel Vehicles	2,920,000.00	-	1,537,825	Budget over estimated.	
BLMCCORPOPEX030	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
BLMORPOPEX019	Equipment IT: Chargers Laptop	300 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMORPOPEX020	Equipment IT: Computer consumables	300 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMORPOPEX021	Equipment IT: Hardware Componets	200 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMORPOPEX022	Equipment IT: Small Printers cartridges and toners	10 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMORPOPEX023	Software Licensing	840 000	-	-	Budget not implement and withdrawn during budget adjustment
BLMORPOPEX024	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		Reason For Variance
				Total Expenditure		
BLM CORP OPEX 033	ICT Infrastructure & Maintenance: Backup server	400 000	-	-	-	Expenditure not reported
BLM CORP OPEX 034	ICT Infrastructure & Maintenance: Domain Server	400 000	-	-	-	Expenditure not reported
BLM CORP OPEX 035	ICT Infrastructure & Maintenance: UPS	60 000	-	-	-	Expenditure not reported
BLM CORP OPEX 018	Staff Training Workshop	350,000.00	-	358 000	-	Budget under estimated
BLM DCS 020 LGSETA MANDATORY GRANT	Staff training workshop	1 460 000.00	-	-	-	Expenditure not reported
BLM CORP OPEX 019	SALGA Bargaining Council	-	-	-	-	Expenditure not reported
BLM CORP OPEX 020	SALGA Membership Fees	3,4000 000.00	1 600 000.00	1 600 000.00	-	-
BLM CORP OPEX 021	Cleaning Material	381,000.00	381 000.00	17 453.16	-	Purchase for Head Office only.
BLM CORP OPEX 022	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
BLM CORPOPEX023	Interview Attendance	26,000.00	-	3,000	Outstanding claim for senior managers
BLM CORPOPEX024	Service Level Agreement	650,000.00	3,650,000.00	5,318,453	Budget under estimated
BLM CORPOPEX025	Wall Picture	65,000.00	-	-	Not procured
BLM CORPOPEX026	Refreshments	98,000.00	-	48,000	Cost curtailment measures
BLM CORPOPEX037	Salaries	48,000,000.00	240,000,000.00	297,994,000	Additional of new employees.
BLM CORPOPEX038	Overtime	323,000.00	3,278,000.00	3,142,000	Over estimated
BLM CORPOPEX039	Bonus (13 th Cheque)	3,900,000.00	22,416,000.00	1,900,000	Over estimated
BLM CORPOPEX040	Performance Reward	245,000.00	4,245,000.00	4,245,000.00	-
BLM CORPOPEX041	Leave	110,000.00	-	3,939,000	Budget under estimated
BLM CORPOPEX042	Housing	55,000.00	-	412,000	Budget under estimated
BLM CORPOPEX043	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
BLMCCORPORATION044	Skills Dev. Levy	125 000.00	-	3 933 000	Budget under estimated
BLMCCORPORATION045	Temporary Workers	1,200 000.00	-	-	Not implemented
BLMCCORPORATION046	Employees' Pension Fund	12,300 000.00	22 300 000.00	42 891 000	New employees appointed
BLMCCORPORATION047	Unemployment Insurance	491 000.00	-	9 741 000	Budget under estimated
BLMCCORPORATION048	Medical Aid	2,450 000.00	10 450 000.00	12 330 000	New employees appointed
BLMCCORPORATION049	Standby Allowance	5 000.00	-	3 425 000	New employees appointed
BLMCCORPORATION050	Shift Allowance	-	-	2 701 000	Wrong allocation.
BLMCCORPORATION051	Subsistence & Travelling	410 000.00	-	4 168 000	New employees appointed
BLMCCORPORATION052	Relocation Expenses	15 000.00	-	-	Premiums fluctuates, it is not stable.
BLMCCORPORATION053	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
CAPITAL BUDGET					
	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
OFFICE OF THE SPEAKER					
	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 Councilors	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 Councilors	23,320 000.00	21 320 000.00	4 643 000	Over budgeted
	Pension Councilors	2,332 000.00	1 332 000.00	357 000	Over budgeted
	Medical Aid Councilors	365 000.00	365 000.00	257 000	Over budgeted
	Councilors Travel Allowance	6,360 000.00	6 360 000.00	1 995 000	Budget under estimated
	Councilors risk Insurance	-	-	-	
OFFICE OF THE MAYOR					

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	18 events to be held	Due to partnership with other stakeholders	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 the service provider	Not achieved	Delays on SCM processes	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 DARD/EA	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)	Integrated waste management plan (IWMP)	Reviewed integrated waste management plan by June 2018	638 035.00	Reviewed Integrated waste management plan by June 2018	Achieved	-	-	Copy of Final 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 Councilors 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 Councilors by June 2017	Operational	4 workshops to be held with the Traditional Authorities (TA), Community and Councilors 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, Isington and Dumphries)	To provide well planned and secure sustainable human settlement	Number of Layout Plans drawn	7 layout plans drawn	4 layout plans for new settlements	R 2 170 000	Status Quo & scoping Reports for 3 Townships submitted	Achieved	-	Finalised the procurement processes before the beginning of the new f/Y	Status Quo & scoping Reports
Formalisation of all R293 township (Shatale, Dwarisloop, Mkhuhlu 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	400 Title Deeds to be produced	729 title deeds issued	Reluctance of communities to submit documents	Community awareness to be conducted	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	
URR& 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	Preinct 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 1A	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	Pre-dict 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 (Rooboklaagte, Burlington, Rolfe, Gasteel 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	Achieved	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 businesses	-	-	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	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 EDPPE 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 developed 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	Uncoordinated procurement	Procurement plan for all programmes to be submitted to SCM by June 2016		Procurement plan for all programmes to be submitted to SCM by June 2016	93 requisition submitted and approved	-	-	Copies of all submitted requisitions
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		Reason for Variance
				Total Expenditure		
	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 Thulamashhe 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, Dwarisloop, Mkhulu and Thulamashhe 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		Reason for Variance
				Total Expenditure		
	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					
	- Rooibooklaagte					
	- Burlington					
	- Casteel					
	- Lillydale					
	URP: Precinct plan: Bushbuckridge/Mavlihan CBD	300 000	300 000	-		Not implemented
	Formalisation of Matsikitsane/Setfoma	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			POEs	
								Annual Achievement	Reasons for variance	Improve ment measure		
Revenue Management	Billing	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
		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
	Revenue collection	Allocate available funds to identified priorities on a Multi-year Plan	% 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	Revenue collection	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	-	-	Reduced customer queries on non-receipt of statements
Revenue Enhancement	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	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 reporting		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	
EXPENDITURE MANAGEMENT	Compliance	Improve the IDP and budget planning process	Submit Sec 66 expenditure reports to CFO	Ensure that Salaries are paid and reported within the prescribed period	Reviewed Financial Procedure Manual review	Internally driven	-	Achieved	-	-	Updated procedure manuals
								70% paid within 30 days	Delays in receiving documents due to Mscoa implementation	Fully utilisation of Financial systems	Proof of submission of Quarter Section 66 reports
					Payment of all creditors within 30 days from the date received	Internally Driven	-	4 Quarterly cash flow statements prepared	-	-	Quarterly cash flow report
		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	-	-	

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
	Creditors	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
	Payment document control	Conduct constant monitoring of municipal services	Improve filling of current documents	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			POEs	
								2017/2018	2017/2018	2017/2018		
Main Expenditure Management Continued	Creditors	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	-	12 monthly project control reconciliation with zero (0) exceptions achieved	-	-	Project accounts recons per month
	Payroll	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	-	Achieved	-	-	-	Monthly Payroll reports
		Accurate payment and recording of salary transactions	Accurate payment and recording of salary transactions	Implementa tion of VIP system for payroll management	Ensure seamless integration of Sage VIP and Evolution systems	Internally Driven	-	Not achieved during 4th quarter	Implementa tion of Mscoa new account	Capturing of transactions on the new account		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	Conduct constant monitoring of municipal services	To develop, draft formulate and review policies and procedure manuals	Approved procurement plan	Directorate's never submitted individual PP, as such SCM Unit could not produce yearly Procurement Plan	Approved consolidated Procurement Plan for 2017/18	Internally Driven	-	Achieved	-	Approved Procurement Plan 2017/18	Quarter reports on implementation of PPs
	Demand Management	Conduct constant monitoring of municipal services	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 PPA 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 none 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
Suppliers database	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
Contract Management	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 3rd and 4th 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 Management, reporting & control	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 review 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	Inventory management	Municipal financial viability and management	To ensure optimum inventory is kept at stores and accounted for in full	Number of stock counts reports produced	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	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	Municipal financial viability and management	Ensure equitable allocation of movables to employees and accounted for in full	Reliable and up to date asset register	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	Municipal financial viability and management	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	Risk Management	Assess the capacity of Bushbuckridge Local Municipality	Manage all risk related to EDPE KPA	Developme nt Of Risk Action Log And Reports On The Quarterly Basis	Risk register developed and implemented	3 Quarter risk management reports	Internally driven	-	-	-	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			POEs
								2017/2018	Reasons for variance	Improvement measure	
PMS	Performance Management	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	Council resolutions	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	Departmental meeting	Assess the capacity of Bushbuckridge Local Municipality	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		Reason for Variance
				Total Expenditure		
	Assets Register development				611 000	Late Appointment Of The Service Provider
	Property Valuation Roll	1 020 000			-	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 Mscosa 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/Measuremnt	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 maintain ed 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/Measure	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-Nghungnyane School	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	% Construction of Culvert Bridge at Ka-Nghungnyane School	Lack of access across stream	100% Construction of Culvert Bridge at Ka-Nghungnyane School	R1 400 000,00	R1 000 000,00	100% Construction of Culvert Bridge at Ka-Nghungnyane 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	R1 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 Variatio n 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/ Measure ment	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 Dwarssloop	Ensure implementation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Rehabilitation of number of KM tarred streets at Dwarssloop	Road with potholes	Rehabilitation of 1.0 KM tarred streets at Dwarssloop	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/ Measure ment	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 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/Measure	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 Dwarssloop 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 Dwarssloop Phase 1 & 2	No storm water drainage	2km Construction of storm water drainage at Dwarssloop Phase 1 & 2	R800 000.00	R0.00	2 KM Construction of storm water drainage at Dwarssloop Phase 1 & 2	0	The project was replaced by drainage at Bolknuts due to community unrest.	The project will be implemented next financial year	Completion certificate

Vote	KPA/ Project	Strategic objective as per the IDP	Objective	KPI/ Measureme nt	Baseline	Annual target	Total Budget	Adjuste d Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achieve ment	Reason for Variance	Improvem ent measure	
	Construct ion of storm water drainage at Thulamaha she	Ensure implemen tation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of km of storm water drainage to constructed at Thulamahshe	Roads without storm- water drainage	1.0 km storm water drainage at Thulamah she	R800 000,00	R0,00	None, the project will not be implemented due to budget shortfall	-	-	-	None
	Construct ion of walkways on the R533 roads and guardrails	Ensure implemen tation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of walkway km of road to be constructed on the R533	0% constructi on of walkways	1.2 km of walkway road to be constructe d 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/ Measure ment	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achieve ment	Reason for Variance	Improvement measure	
	Road Markings at BLM Traffic Intersection	Ensure implemen tation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Number of km of road markings in BLM Traffic Intersection	Routine maintenan ce	2 km road markings	R600 000,00	R0:00	None, the project will not be implemented due to budget shortfall	-	-	-	None
	Installation of road signs at BLM Access Roads	Ensure implemen tation 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 maintenan ce	Completion of road signs installatio n as per the O&M plan	R400 000,00	R300 000,00	Completion of road signs installation as per the O & M plan	Comple tion of road signs installati on as per the O & M plan done	None	None	Advertisemen t and progress report

Vote	KPA/ Project	Strategic objective as per the IDP	Objective	KPI/ Measureme nt	Baseline	Annual target	Total Budget	Adjuste d Budget	Revised Target	Annual Performance Report 2017/18			POEs
										Annual Achieve ment	Reason for Varianc e	Improvem ent measure	
	Installation of carports in all BLM facilities	Ensure implemen tation of IDP priorities	Provision of Roads, bridges and storm water infrastructure	Carports installation in 3 municipal buildings	-	carports installatio n in Accorhoo k library, hluvukani library and lilydale 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 accessibl e roads and bridges	% completion of 3,8KM of roads to be paved at calcutta mashonamin	95% constructi on progress of 3,8km of layer works, base and sub base.	5% completi on of 3,8KM of roads to be paved at calcutta mashonamin	R5 344 021,96	R3 017 802,23	5% completion of 3,8KM of roads to be paved at calcutta mashonamin	5%	None	none	Completion certificata (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 WWWTW	50% construction progress	40% Upgrading of Dwarssloop WWWTW	R 4 000 000,00	R 14 156 891,62	40% Upgrading of Dwarssloop WWWTW	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/ Measure ment	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	Quantifying the projected budget against the performance plan	maintenance report

6.1.3 WATER PROVISION

Vot e	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			POE
										Annual Achievement	Reason for variance	Improvement Measure	
	New Forest and Orinocco Bulk Supply (B14)	Provision of portable water	Provision of portable water	% of construction of New Forest and Orinocco Bulk Supply (B14)	60% of construction of New Forest and Orinocco Bulk Supply (B14) done	40% of 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 the construction 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%)

Vot e	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			POE
										Annual Achievement	Reason for variance	Improvement Measure	
	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	R13,496,24 7,72	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
	Chavelagaza Bulk water supply	Ensure implementation of IDP priorities	To provide water to the residents of Bushbuck ridge	% construction of 3,5KM Chavelagaza Bulk water supply	No bulk connection to reservoir	100% construction on 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 ot e	KPA	Strategic objective as per IDP	Objective	KPI/ Measure ment	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			POE
										Annual Achievement	Reason for variance	Improvem ent Measure	
	Water reticulatio n at Kumani phase 1	Provision of portable water	Provision of portable water	Number households to be reticulated at kumani phase 1	New project	533 household s to be reticulated at kumani phase 1	R11 000 000	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	-

Vot 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			POE
										Annual Achievement	Reason for variance	Improvem ent Measure	
	Water reticulatio n at Allendale A and B	Provision of portable water	Provision of portable water	Number 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 reticulatio n at Orrinocco A west	Provision of portable water	Provision of portable water	Number households to be reticulated at Orrinocco A west	New project	1259 households to be reticulated at Orrinocco A west	R46 000 000.00	52 000 000.00	1 259	1 603	New strands were also reticulated	Alignment of target with newly developed areas	List of beneficiaries & 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 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 year due to 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

Vot 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			POE
										Annual Achievement	Reason for variance	Improvem ent Measure	
	Water reticulatio n at Alexandria	Provision of portable water	Provision of portable water	Number 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 reticulatio n at Sandford	Provision of portable water	Provision of portable water	Number households to be reticulated at Sandford	New project	259 households to be reticulated at Sandford	R 15 000 000.00	R22 830,64 3.33	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

Vot e	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			POE
										Annual Achievement	Reason for variance	Improvement Measure	
	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% of 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/Measure ment	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			POE
										Annual Achievement	Reason for variance	Improvement Measure	
	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 to be 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/Measure ment	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 of 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 year due to financial constraints	-	-	-	-
	Water reticulation at Kgapapama di and Mamelodi	Provision of portable water	Provision of portable water	Number of households to be reticulated at Kgapapamadi and Mamelodi	New project	485 households to be reticulated at Loudlow Kgapapama di and Mamelodi	R 10 000 000,00	R0,00	None, the project will be implemented next financial year due to financial constraints	-	-	-	-

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measure ment	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			POE	
										Annual Achievement	Reason for variance	Improvement Measure		
	Water reticulation at Khalanyoni, Tskani and Madlle	Provision of portable water	Provision of portable water	Number of households to be reticulated at Khalanyoni, Tskani and Madlle	New project	969 households to be reticulated at Khalanyoni, Tskani and Madlle	R 20 000 000.00	R0.00	None the project will be implemented next financial due financial constraints	-	-	-	-	
	Water reticulation at Matsikitsane and Fenyani	Provision of portable water	Provision of portable water	Number of 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

Vot e	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			POE
										Annual Achievement	Reason for variance	Improvement Measure	
	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	R 11 200 000.00	R 11 200 000.00	497 households to be reticulated at Ceko	497	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 The project was completed in the second quarter	509	None	None	List of beneficiaries and Completion certificates

Vot 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			POE
										Annual Achievement	Reason for variance	Improvem ent Measure	
	Water reticulatio n at Madras	Provision of portable water	Provision of portable water	Number households to be reticulated at Madras	New project	485 households to be reticulated madras	R 10 000 000,00	R0,00	None, the project will be implemented next financial due financial constraints	-	-	-	-
	Water reticulatio n at Mphenyatsatsi	Provision of portable water	Provision of portable water	Number households to be reticulated at Mphenyatsatsi	New project	967 households to be reticulated Mphenyatsatsi	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/Measure ment	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 to 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

Vot 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 Soweto	Provision of portable water	Provision of portable water	Number of households to be reticulated at Soweto	New project	968 households to be reticulated Soweto	R 20 000 000.00	R 36 000 000.00	968 households to be reticulated Soweto	1756	More stands with complete structures were more what was planned	Alignment of the plan with extensions before implement ation	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 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/Measure	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			POE
										Annual Achievement	Reason for variance	Improvement Measure	
	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 to financial constraints	-	-	-	-
	Water reticulation at Isington	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 to financial constraints	-	-	-	-

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

Vot e	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			POE
										Annual Achievement	Reason for variance	Improvement Measure	
	Water provision at Belfast	Bulk water provision in Belfast	Provision of Water	% construction of Belfast bulk water provision	EIA and Water use licence applications done, awaiting approvals 20% construction progress	100% construction of Belfast bulk water provision	R4 000 000	None	80% of construction in Belfast bulk water provision	80%	-	-	Progress reports
	Water provision	Bulk water provision in Sethlare	Refurbishment of a package plant	% construction of Bulk water package plant in Sethlare	The infrastructure is existing	100% construction of Bulk water package plant in Sethlare	R1 500 000	R1 500 000	100% construction of Bulk water package plant in Sethlare	80%	Delays of appointment of the services provider.	Monitor the performance of EDM	Progress reports

Vote	KPA	Strategic objective as per IDP	Objective	KPI/Measure	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual performance Report 2017/18			POE
										Annual Achievement	Reason for variance	Improvement Measure	
	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 & BUILDING

Vote	KPA	Strategic objective as per IDP	Objective	KPI/ Measure ment	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for Variance	Improve ment 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/ Measure ment	Baseline	Annual target	Total Budget	Adjusted Budget	Revised Target	Annual Performance Report 2017/2018			
										Annual Achievement	Reason for Variance	Improve ment 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 (Mkhulu Comm Hall, Mavijan Comm Hall & Merriam Mogakane Hall)	R 3 000 000,00	R 3 500 000,00	3 Maintenance projects. (Mkhulu Comm Hall, Mavijan Comm Hall & Merriam Mogakane Hall)	0	Bid Committees did not appoint a service provider on time for Mkhulu. Mavijan (SGM 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	Improvement 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
Council Support	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	
Mayoral IMBIZO	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
Ward Committees	Ensure functionality of ward committees.	Number of consolidated 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

8. MUNICIPAL MANAGER UNITS

Targets under the office of Municipal Manager were not revised.

Functional Area	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Ordinary/ adjusted budget	Annual Performance Report 2017/2018			POIs
						Annual Achievement	Reason for Variance	Improvement Measure	
SDBIP	Ensure compliance	Number of SDBIP and quarterly Reports to be 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			POFs
						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	Internal	Achieved	-	-	Process plan and council resolution.
Sectoral plans	Ensure renewal 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	Reviewed 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 timely 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

8.1.1 PERFORMANCE PLAN INTERNAL AUDIT

The internal audit did not revised its targets.

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
					-	Achieved	-	-	Reports
					-	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

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

8.1.2 COMMUNICATION

This section did not revised and its budget remains the same.

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	
Customer Care and Complaints Management	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
Effective and Improved communication both internal and external	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							
Newsletter Production and Delivery	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 4 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.
Establish And Maintain Media Relations, Media Monitoring And Analysis	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	
Positive Corporate Image, Marketing and Branding	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

8.2 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 1724 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 Mkhulu 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 Marte Regional Office	50 000	14 000	Expenditure incurred by the vote for maintenance
	Operational Support Mavlijan Regional Office	50 000	-	Expenditure incurred by the vote for maintenance
	Operational Support Dwarisloop Regional Office	50 000	-	Expenditure incurred by the vote for maintenance
	Operational Support Shatiale Regional Office	50 000	-	Expenditure incurred by the vote for maintenance
	Operational Support Thulamashhe 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- Huvukani 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

8.3 REPORT OF EXTERNAL SERVICE PROVIDERS FINANCE 2017/2018 F/Y

8.3.1 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.

8.3.2 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 instrmt	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
		35,417,035.24	215,943,611.97	171,452,848.07	64,800,000.00		

8.3.3 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 2017/1 financial 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	INV6858		18,000.00	mScoa Implementation	CFO
27/11/2017	Consultation	INV6925		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
15/12/2017	Consultation	INV6977		1,050.00	mScoa Implementation	CFO
	Consultation			68,193.00	mScoa Implementation	CFO

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15/12/2017	Consultation	INV6980		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
02/02/2018	Consultation	INV7093		4,400.00	mScoa Implementation	CFO
09/02/2018	Consultation	INV6975		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

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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		57,062.25	mScoa Implementation	CFO
24/05/2018	Consultation	FO01666		34,000.00	mScoa Implementation	CFO
28/05/2018	Consultation	INV8398		52,229.31	mScoa Implementation	CFO
28/05/2018	Consultation	INV8025		276.00	mScoa Implementation	CFO
28/05/2018	Consultation	INV8078		227,230.50	mScoa Implementation	CFO
28/05/2018	Consultation	INV8079		227,493.00	mScoa Implementation	CFO
28/05/2018	Consultation	INV8395		36,216.00	mScoa Implementation	CFO
01/06/2018	Consultation	INV8248		69,369.83	mScoa Implementation	CFO
08/06/2018	Consultation	INV8130		86,993.00	mScoa Implementation	CFO
11/06/2018	Consultation	INV8483		36,320.40	mScoa Implementation	CFO
11/06/2018	Consultation	INV8484		10,626.00	mScoa Implementation	CFO
11/06/2018	Consultation	INV8485		33,592.00	mScoa Implementation	CFO
11/06/2018	Consultation	INV8487		97,347.00	mScoa Implementation	CFO
11/06/2018	Consultation	INV8489		37,132.30	mScoa Implementation	CFO
11/06/2018	Consultation	INV8495		23,542.60	mScoa Implementation	CFO
11/06/2018	Consultation	INV8496		42,472.98	mScoa Implementation	CFO
18/06/2018	Consultation	INV8497		32,336.10	mScoa Implementation	CFO

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18/06/2018	Consultation	INV8498		42,594.28	mScoa Implementation	CFO
18/06/2018	Consultation	INV8499		12,696.00	mScoa Implementation	CFO
28/06/2018	Consultation	INV8270		32,183.90	mScoa Implementation	CFO
28/06/2018	Consultation	INV8271		53,996.60	mScoa Implementation	CFO
29/06/2018	Consultation	INV8393		68,193.00	mScoa Implementation	CFO
29/06/2018	Consultation	INV8394		139,191.00	mScoa Implementation	CFO
				4,480,865.07		

8.3.4 I-CHAIN

BLM signed a Service Level Agreement with I-chain during 2014/2015 financial year. The amount paid during the financial year is R1, 313,736.00. This service provider was appointed to assist with updating the assets register in compliance with the standards of GRAP 17. The performance of I-Chain was satisfactory.

Month	Objective	Invoice no	Amount Per Invoice	Amount Paid	Date of Payment	Responsible Official
01/08/2017	Consultation	102549	378480	378480	06/10/2017	CFO
07/09/2017	Consultation	102563	696676.8	696676.8	18/10/2017	CFO
30/11/2017	Consultation	102598	238579.2	238579.2	15/12/2017	CFO

1,313,736.00	1,313,736.00
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8.3.5 VALUERS AFRICA

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 completion 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.

Month	Objective	Invoice no	Amount Per Invoice	Amount Paid	Date Paid	Responsible official
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
			294,550.77	294,550.77		

8.3.6 SAGE VIP

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

Month	Objectize	Invoice no	Amount Per Invoice	Amount Paid	Date Paid	Responsible official
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		

8.4 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.

8.4.1 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
Billing	R55,750,881.71	R 56,316,010.12	R 56,494,279.92	R 56,199,819.51	R 224,760,991
Collection	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 Mathala, ACFO
 Bushbuckridge Local Municipality

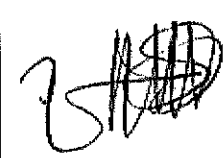
8.5 REPORT OF EXTERNAL SERVICE PROVIDERS TECHNICAL SERVICES 2017/2018 F/Y

8.5.1 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

8.5.2 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.

TITLE	INITIALS AND SURNAME	COMMENTS	SIGNATURE	DATE
MAYOR	C S NXUMALO	Approved		
MUNICIPAL MANAGER	C A NKUNA	Supported		

10. AUTHORIZATION

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.

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. Regardless of this it is anticipated that this plan does justice to the situation on the ground and that it achieves what it purport to achieve.

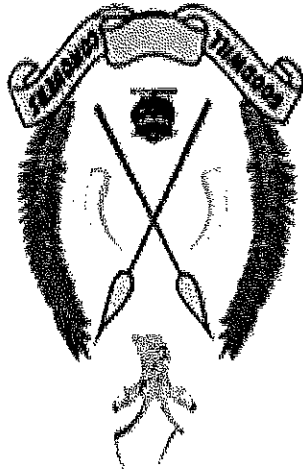
9. CONCLUSION

DATE	SIGNATURE	COMMENTS	INITIALS AND SURNAME	TITLE
				Municipal Manager
				Executive Mayor

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

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

BUSHBUCKRIDGE LOCAL MUNICIPALITY



BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

General Information

LEGAL FORM OF ENTITY	NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES
Local Municipality	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

Speaker

Chief Whip

Member of Mayoral Committee

Member of Mayoral Committee

Member of Mayoral Committee

Member of Mayoral Committee

Member of Mayoral Committee

Member of Mayoral Committee

Service Delivery Committee Chairperson

Municipal Public Accounts Committee Chairperson

Councillors

- Nxumalo CS
- Raganya BR
- Makaringe TM
- Selowe PT
- Mathabula S
- Malandule BV
- Malomane LM
- Sitshole L
- Mokoena BR
- Nkuna BK
- Malebe LR
- Mapheye AM
- Chadi SM
- Chiloane LB
- Dube KI
- Gudayi P
- Gumede MP
- Kgoedi A
- Khoza LE
- Lekhueni ML
- Leshaba P
- Maatsie-Mlambo VT
- Mageza K
- Makhubela SO
- Malahle C
- Malele E
- Malibe TD
- Malomane SC
- Mashava IS
- Mashgo D
- Mashile ET
- Mashiloane SM
- Mathabula AM
- Mathabula G
- Mathabula M
- Mathabula O
- Matjia HR
- Mbhandze F
- Mduli DV
- Mgwenya MJ
- Mhaule LS
- Mhlabi RS
- Mikansel VM
- Mikhonto VM - Deceased February 2018

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

General Information

Mhisi ML
Mnhabane MM

Mokoena PD
Mokoena SD

Mokome MP
Moropane BD

Mhisi CR
Mthombeni LI

Mzimba VN
Ndhlovu L

Ndlovu ML
Ngomane TW

Nkope SM
Nkuna LM

Nkuna SS
Nonyane DC

Nxumalo TA
Nyundu EM

Phelophe MS
Philane KP

Qhibi R
Sambo GL

Sedibe RT
Seerane KA

Shilane MP
Sihabela HE

Siwela PF
Thabane NP

Thobakgale HP
Tivane NW

Zitha RS
Mrs. CA Nkuna (Until June 2018)

Mr. M Matlala (Acting Chief Financial Officer from 01 July 2018)

Mrs. CA Nkuna (Appointed 01 July 2018)

Mr. CJ Lisa (Contract ended 31 January 2018)

Mr. E Mashava (Acting Municipal Manager from 01 February 2018 to 30 June 2018)

R533 Graskop Road
Bushbuckridge

1280

Private Bag X9308
Bushbuckridge

1280

First National Bank

BANKERS

POSTAL ADDRESS

REGISTERED OFFICE

ACCOUNTING OFFICER

ACCOUNTING OFFICERS

CHIEF FINANCIAL OFFICER (CFO)

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

General Information

AUDITORS The Auditor General South Africa (AGSA)

Standard Bank of South Africa

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Mpumalanga Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

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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	Integrated 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

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 66 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 judgments and estimates.

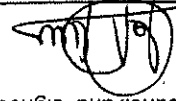
The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting 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



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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.

NUMBER OF MEETINGS ATTENDED

9 (joined 26 January 2017)
9 (joined 05 December 2015)
9 (joined 03 December 2015)
9 (joined 26 January 2017)
9 (joined 26 January 2017)
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 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:

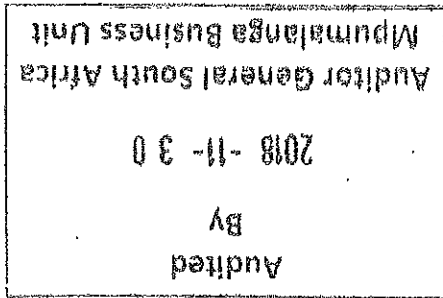
- reviewed the draft annual financial statements and management's response thereto.

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 (M/FMA) 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 agreed 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. Falling 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

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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.

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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*
Assets				
Current Assets				
Inventories	3	2,801,098	3,115,673	3,115,673
Receivables from non-exchange transactions	4	514,933,398	431,067,762	431,067,762
VAT receivable	5	73,346,266	118,158,372	118,158,372
Receivables from exchange transactions	6	295,701,816	300,779,807	300,779,807
Cash and cash equivalents	7	109,805,713	98,339,417	98,339,417
Non-Current Assets				
Investment property	8	9,159,315	10,063,962	10,063,962
Property, plant and equipment	9	3,334,125,844	2,991,747,060	2,991,747,060
Intangible assets	10	632,048	891,041	891,041
Total Assets		4,340,505,498	3,343,917,207	3,002,702,063
Liabilities				
Current Liabilities				
Payables from exchange transactions	11	436,581,295	551,285,681	551,285,681
Consumer deposits	12	2,454,242	2,440,536	2,440,536
Unspent conditional grants and receipts	13	330,595	7,580,329	7,580,329
Provisions	14	52,657,298	57,731,376	57,731,376
Non-Current Liabilities				
Provisions		492,023,430	619,037,922	619,037,922
Total Liabilities		551,058,370	664,162,683	664,162,683
Net Assets		3,789,447,128	3,290,010,411	3,290,010,411
Accumulated surplus		3,789,447,128	3,290,010,411	3,290,010,411

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* 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
2018
2017
Restated*

	2018	2017
Revenue		
Revenue from exchange transactions	37,583,578	39,388,438
Service charges	16	1,108,530
Rental of facilities and equipment	17	11,614,736
Agency services	18	589,885
Licences and permits	19	5,021,189
Operating Income	20	123,785,323
Interest earned		167,390
Gain on disposal of assets		-
Actuarial gains		2,521,346
Total revenue from exchange transactions	179,558,002	187,234,725
Revenue from non-exchange transactions		
Taxation revenue	21	185,624,245
Property rates		160,280,800
Transfer revenue	22	1,207,193,951
Transfers and subsidies	23	7,041,592
Public contributions and donations	24	44,454,673
Fines and penalties		11,761,564
Total revenue from non-exchange transactions	1,444,314,461	1,504,920,356
Total revenue	1,623,872,463	1,692,155,081
Expenditure		
Employee related costs	25	(405,806,934)
Remuneration of councillors	26	(28,072,033)
Depreciation and amortisation	27	(95,974,687)
Impairment loss/ Reversal of impairments	28	(7,944,908)
Finance costs	29	(19,331,593)
Debt impairment	30	(161,014,044)
Bulk purchases	31	(196,493,342)
Contracted services	32	(146,052,409)
Transfers and subsidies	33	(13,617,199)
Loss on disposal of assets and liabilities	34	(50,128,597)
General expenses		(47,609,855)
Total expenditure	(1,124,435,746)	(961,923,312)
Surplus for the year	499,436,717	730,231,769

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* 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
2,626,446,958	2,625,446,958
730,231,769	730,231,769
(65,890,055)	(65,890,055)
221,739	221,739
664,563,453	664,563,453
3,290,010,411	3,290,010,411
499,436,717	499,436,717
499,436,717	499,436,717
499,436,717	499,436,717
499,436,717	499,436,717
3,789,447,128	3,789,447,128

Balance as previously reported at 01 July 2016

Surplus for the year

Prior year adjustments

Net adjustments

Total changes

Restated balance at 01 July 2017

Net income (losses) recognised directly in net assets

Surplus for the year

Surplus for the year

Total changes

Balance at 30 June 2018

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement as at 30 June 2018

Figures in Rand
2018
2017
Restated*

	2018	2017	Note(s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	159,764,298	58,661,072	
Grants	1,193,386,000	1,267,881,503	
Interest earned	13,457,755	13,355,531	
Payments	(433,878,967)	(390,424,803)	
Employee costs	(476,172,224)	(373,279,408)	
Suppliers	(54,109)	(32,667)	
Finance costs	(910,105,300)	(763,736,878)	
Net cash flows from operating activities	<u>456,502,753</u>	<u>576,151,228</u>	37
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(445,207,732)	(613,827,802)	9
Proceeds from sale of assets	171,275	1,238,517	9
Purchase of intangible assets	-	(805,243)	10
Net cash flows from investing activities	<u>(445,036,457)</u>	<u>(613,394,528)</u>	
Net increase in cash and cash equivalents	11,466,296	(37,243,300)	
Cash and cash equivalents at the beginning of the year	98,339,417	135,582,717	
Cash and cash equivalents at the end of the year	<u>109,805,713</u>	<u>98,339,417</u>	7

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

Statement of Financial Performance

Revenue				
Revenue from exchange transactions				
1	(36,333,422)	37,583,578	73,917,000	-
2	(1,590,099)	795,901	2,386,000	1,500,000
3	1,587,736	11,614,736	10,027,000	-
4	(6,883,115)	589,885	7,473,000	(4,000,000)
5	(8,587,811)	5,021,189	1,700,000	13,609,000
6	(1,224,577)	123,785,323	70,010,000	55,000,000
Total revenue from exchange transactions				
	(53,031,388)	179,390,612	54,200,000	232,422,000
Revenue from non-exchange transactions				
	(9,164,755)	185,624,245	194,789,000	-
	(18,049)	7,041,592	1,207,193,951	-1,207,212,000
7	7,041,592	7,041,592	-	-
8	37,698,673	44,454,673	4,000,000	6,756,000
Total revenue from non-exchange transactions				
	35,567,461	1,444,314,461	1,408,757,000	4,000,000
Total revenue				
	(17,473,927)	1,623,705,073	58,200,000	1,641,179,000

Expenditure				
9	38,707,066	(405,806,934)	(444,514,000)	(85,906,000)
	1,304,967	(28,072,033)	(29,377,000)	3,000,000
10	(16,974,687)	(95,974,687)	(79,000,000)	(7,000,000)
11	(7,944,908)	(7,944,908)	-	-
12	(18,789,593)	(19,331,593)	(542,000)	(200,000)
13	(87,750,044)	(161,014,044)	(73,264,000)	49,040,000
14	29,006,658	(196,493,342)	(225,500,000)	(500,000)
15	(93,550,409)	(146,052,409)	(52,502,000)	(7,550,000)
16	(3,052,199)	(13,617,199)	(10,565,000)	-
17	109,089,403	(50,128,597)	(159,218,000)	(21,263,000)
18	26,416,000	-	(26,416,000)	(577,000)
Total expenditure				
	(23,537,746)	(1,124,435,746)	(70,956,000)	(1,100,898,000)
Operating surplus				
	(41,011,673)	499,269,327	540,281,000	(12,756,000)
(Loss)/Gain on disposal of assets				
	167,390	167,390	-	-
Surplus before taxation				
	(40,844,283)	499,436,717	540,281,000	(12,756,000)
Actual Amount on Comparable Basis as Presented in the Comparative Statement				
	(40,844,283)	499,436,717	540,281,000	(12,756,000)

Actual Amount on Comparable Basis as Presented in the Comparative Statement

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

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

Reference	Difference between final budget and actual	Actual amounts on basis comparable	Final Budget	Approved budget	Adjustments	Difference between final budget and actual
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Cash Flow Statement						
Cash flows from operating activities						
Receipts	91,928,000	66,422,000	158,351,000	159,764,298	1,413,298	
Receipts	1,207,212,000	-	1,207,212,000	1,193,386,000	(13,826,000)	
Grants	27,110,000	-	27,110,000	13,457,755	(13,652,245)	30
Interest income						
Payments	(807,439,000)	-	(807,439,000)	(910,051,191)	(102,612,191)	31
Suppliers and employee costs	(342,000)	(200,000)	(542,000)	(54,109)	487,891	32
Finance costs	(10,168,000)	-	(10,168,000)	-	10,168,000	33
Transfers and subsidies	(817,949,000)	(200,000)	(818,149,000)	(910,105,300)	(91,956,300)	
Net cash flows from operating activities	508,302,000	66,222,000	574,524,000	456,502,753	(118,021,247)	

Receipts	91,928,000	66,422,000	158,351,000	159,764,298	1,413,298	
Receipts	1,207,212,000	-	1,207,212,000	1,193,386,000	(13,826,000)	
Grants	27,110,000	-	27,110,000	13,457,755	(13,652,245)	30
Interest income						
Payments	(807,439,000)	-	(807,439,000)	(910,051,191)	(102,612,191)	31
Suppliers and employee costs	(342,000)	(200,000)	(542,000)	(54,109)	487,891	32
Finance costs	(10,168,000)	-	(10,168,000)	-	10,168,000	33
Transfers and subsidies	(817,949,000)	(200,000)	(818,149,000)	(910,105,300)	(91,956,300)	
Net cash flows from operating activities	508,302,000	66,222,000	574,524,000	456,502,753	(118,021,247)	
Cash flows from investing activities	(553,041,000)	-	(553,041,000)	(445,207,732)	107,833,268	33
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
Net cash flows from investing activities	(552,291,000)	-	(552,291,000)	(445,036,457)	107,254,543	
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 beginning of the year	125,763,000	-	125,763,000	98,339,417	(27,423,583)	
Cash and cash equivalents at the end of the year	81,774,000	66,222,000	147,996,000	109,806,713	(38,190,287)	

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 Mpumalanga Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

Audited
By
2018-11-30
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Annual Financial Statements for the year ended 30 June 2018
Business Unit

Figures in Rand

2018 2017

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 reader 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.

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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, WSI 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 current 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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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 or 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 an 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.

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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.

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.

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

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

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:

1.4 Investment property

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.

Depreciation and carrying value of property, plant and equipment

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.

Allowance for doubtful debts

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.

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

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.

Provisions

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].

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.

Impairment testing

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

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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

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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Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
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

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

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.

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

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.

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

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.

The initial estimate of the costs of dismantling and restoring 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.

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.

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.

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.

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

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing 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.

Property, plant and equipment is initially measured at cost.

- the cost of the item can be measured reliably.
 - it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- The cost of an item of property, plant and equipment is recognised as an asset when:

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.

1.5 Property, plant and equipment

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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 assets' 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's 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 a 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 after 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.

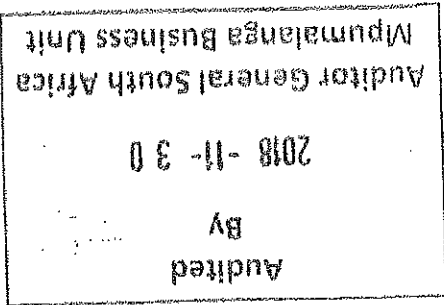
Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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.



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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies for the year ended 30 June 2018

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:

Class	Category
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:

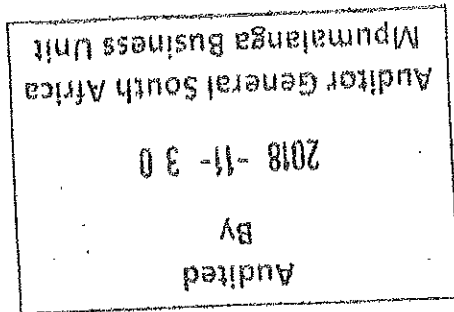
Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

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

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.

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, probably 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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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.

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

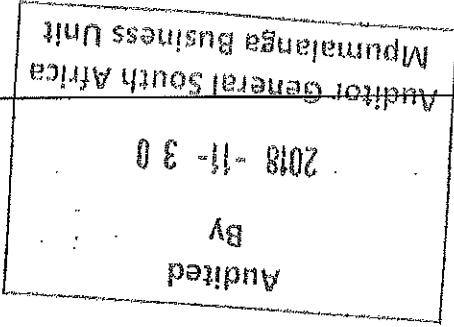
If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

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.



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.

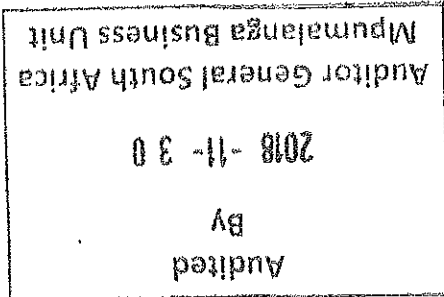
An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each 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 overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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.

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

Reversal of an impairment loss

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

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

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

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 an 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 after 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
 - 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 and are 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.

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

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

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

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

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.

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.

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.

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.

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

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.

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.

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.

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.

1.18 Revenue from non-exchange transactions

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

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

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

Interest, royalties and dividends

1.17 Revenue from exchange transactions (continued)

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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.

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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.

1.23 Irregular expenditure

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.

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

1.22 Fruitless and wasteful expenditure

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.

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.

1.21 Unauthorised expenditure

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

1.20 Comparative figures

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

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

1.19 Borrowing costs

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.

Gifts and donations, including goods in-kind

Requests 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.

Government grants

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

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

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

Fines

1.18 Revenue from non-exchange transactions (continued)

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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:

1.27 Events after reporting date

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

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.

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.

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.

1.26 Related parties

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

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

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

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.

1.25 Budget information

Distribution losses are calculated as the difference between water consumed and billed, water freely given to the community and water purchased.

1.24 Distribution losses

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial 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.

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 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.

1.23 Irregular expenditure (continued)

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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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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 incurrances 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, Due property valuation roll and asset register verification costs, software support costs and security services costs. Due to MSCOA repairs and maintenance is now classified 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.

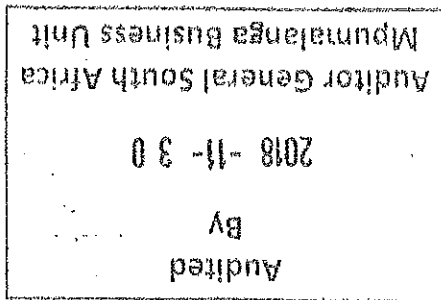
An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

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

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 further 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.

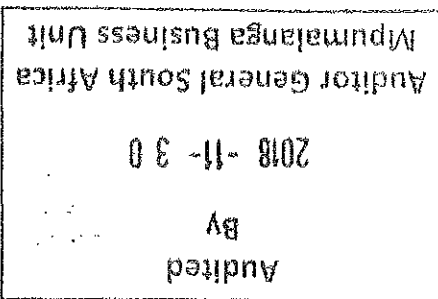
GRAP 108: Statutory Receivables

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.



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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 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 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 IPSAS 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.

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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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 to IPSASs 2014 issued in January 2016.

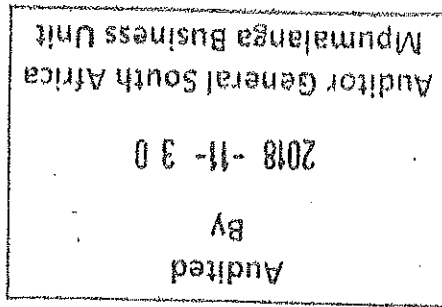
The most significant changes to the Standard are:

- 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.



BUSHBUCKRIDGE LOCAL MUNICIPALITY

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

Figures in Rand

3. INVENTORIES

Maintenance materials

2018	2,801,098
2017	3,115,673

INVENTORY PLEDGED AS SECURITY

None of the inventory was pledged as security during the year or the previous financial year.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Fines

Eskom deposits

Other taxes

Grant rollover declined- Equitable share withheld

Property Rates

2018	38,915,050
2017	39,915,050
2018	4,491,374
2017	4,491,374
2018	12,366,342
2017	12,366,342
2018	1,768,922
2017	1,768,922
2018	26,240
2017	26,240
2018	416,906,258
2017	431,067,762

RECEIVABLES FROM NON - EXCHANGE TRANSACTIONS

None of the receivables from non-exchange transactions were pledged as security during the current or previous financial year.

ESKOM DEPOSITS

0-365 days

>365 days

FINES

Gross balances

Provision for impairment

2018	62,702,649
2017	62,702,649
2018	(23,787,599)
2017	(23,787,599)
2018	38,915,050
2017	38,915,050
2018	19,680,356
2017	19,680,356
2018	(7,314,013)
2017	(7,314,013)
2018	12,366,343
2017	12,366,343

PROPERTY RATES

Gross balances

Provision for impairment

2018	781,791,589
2017	781,791,589
2018	(319,376,877)
2017	(319,376,877)
2018	462,414,712
2017	462,414,712
2018	727,341,341
2017	727,341,341
2018	(310,378,935)
2017	(310,378,935)
2018	416,962,406
2017	416,962,406

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Opening balance

Provision for impairment

2018	310,378,935
2017	310,378,935
2018	8,997,942
2017	8,997,942
2018	29,505,463
2017	29,505,463
2018	310,378,935
2017	310,378,935

5. VAT RECEIVABLE

VAT

VAT CONTROL ACCOUNT

VAT OUTPUT

VAT INPUT

2018	20,106,725
2017	20,106,725
2018	(35,140,100)
2017	(35,140,100)
2018	88,379,641
2017	88,379,641
2018	37,146,590
2017	37,146,590
2018	(30,041,559)
2017	(30,041,559)
2018	111,053,341
2017	111,053,341
2018	118,158,372
2017	118,158,372

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5. VAT RECEIVABLE (continued)

VAT is accounted for on a payments basis.

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

GROSS BALANCES
Eskom -Free basic services
Water
Waste water
Rental
Waste
Interest
Housing
Service Charges

10,905,848
214,886,936
32,135,377
1,804,945
43,695,597
328,004,774
2,601,804
6,053,174

640,088,455

8,283,773
191,720,244
28,115,533
947,735
41,474,396
217,753,593
2,601,804
18,726,852

509,623,930

LESS: ALLOWANCE FOR IMPAIRMENT

Water
Waste water
Rental
Waste
Interest
Housing
Service Charges

(99,585,947)
(14,913,052)
(837,611)
(20,277,692)
(204,745,257)
(1,207,405)
(2,819,675)

(344,386,639)

(82,033,468)
(12,007,637)
(404,428)
(17,719,906)
(92,923,875)
(1,110,270)
(2,644,539)

(208,844,123)

NET BALANCE

Eskom -Free basic services
Water
Waste water
Rental
Waste
Interest
Housing rental
Service Charges

10,905,848
115,300,989
17,222,325
967,334
23,417,906
123,259,517
1,394,399
3,233,499

10,905,848

8,283,773
109,686,776
16,107,896
543,307
23,754,490
124,829,718
1,491,534
16,082,313

300,779,807

ESKOM-FREE BASIC SERVICES

Current (0 -30 days)

1,456,462
1,391,089
1,152,969
302,594
110,997,874

115,300,988

4,896,501
2,157,689
3,349,475
2,877,876
96,922,046

110,203,587

WATER

Current (0 -30 days)
31 - 60 days
61 - 90 days
91 - 120 days
> 121days

243,424
172,746
292,011
192,058
22,517,666

23,417,905

40,765
(3,255)
588,837
586,149
14,918,538

16,131,034

WASTE WATER

Current (0 -30 days)
31 - 60 days
61 - 90 days
91 - 120 days
> 121 days

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6. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

	2018	2017	
WASTE	173,143	173,143	Current (0-30 days)
	166,392	166,392	31 - 60 days
	162,669	324,297	61 - 90 days
	204,832	586,148	91 - 120 days
	16,564,755	22,387,466	> 121 days
	17,222,326	23,804,884	
RENTAL	37,821	16,720	Current (0-30 days)
	37,749	9,548	31 - 60 days
	37,749	16,174	61 - 90 days
	37,749	143,708	91 - 120 days
	816,266	357,157	> 121 days
	967,334	543,307	
INTEREST	3,694,735	9,652,892	Current (0-30 days)
	3,687,880	15,078,738	31 - 60 days
	3,538,931	9,338,467	61 - 90 days
	3,344,359	13,345,855	91 - 120 days
	108,993,611	77,413,776	> 121 days
	123,259,516	124,829,718	
HOUSING	1,394,399	1,491,534	> 121 days
SERVICE CHARGES	(189,481)	10,699	Current (0-30 days)
	(43,330)	6,285	31 - 60 days
	(2,022,722)	71,463	61 - 90 days
	(865,700)	96,464	91 - 120 days
	6,344,732	15,898,402	> 121 days
	3,233,499	16,082,313	

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6. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

SUMMARY OF DEBTORS BY CUSTOMER CLASSIFICATION

HOUSEHOLDS AND OTHER

Current (0-30 days)	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	> 151 days
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30,325,507	(17,714)	9,581,728	9,981,502	21,528,272	461,294,300
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532,693,696

5,536,997	6,936,691	7,152,329	6,874,250	6,925,073	316,464,744
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349,890,084

COMMERCIAL

Current (0-30 days)	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	> 151 days
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6,429,215	17,621	3,027,461	3,045,151	5,738,801	126,746,982
-----------	--------	-----------	-----------	-----------	-------------

145,005,231

4,062,727	4,373,456	4,060,022	3,951,882	3,886,959	151,509,594
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171,844,640

GOVERNMENT

Current (0-30 days)	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	> 151 days
---------------------	--------------	--------------	---------------	----------------	------------

30,262,349	13,151	14,721,001	14,552,475	30,219,610	654,182,508
------------	--------	------------	------------	------------	-------------

743,951,094

4,481,719	6,312,163	6,992,488	6,605,588	6,534,480	664,085,051
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695,011,489

TOTAL

Current (0-30 days)	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	> 151 days
---------------------	--------------	--------------	---------------	----------------	------------

67,017,071	13,058	27,330,190	27,579,128	57,486,683	1,242,223,790
------------	--------	------------	------------	------------	---------------

1,421,649,920

14,081,444	17,622,310	18,204,839	17,431,720	17,346,512	1,132,059,390
------------	------------	------------	------------	------------	---------------

1,216,746,215

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
Allowance for impairment

208,844,122	135,542,515
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344,386,637

171,995,223	36,848,899
-------------	------------

208,844,122

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7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

2018	2017
158,979	110,633
15,840,833	8,407,323
93,805,901	89,821,461
109,805,713	98,339,417

Cash on hand
Current account balances
Call account balances

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	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	7,774,039	7,774,039
FNB Bank IA09538	7,774,039	2,765,818	2,873,878	2,765,818	7,774,039	7,774,039
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
FNB Bank IA09538	5,270,740	8,429,516	68,275,439	5,270,740	8,429,516	68,275,439
Standard Bank IA09518	109,646,735	98,229,085	135,486,628	109,646,735	98,228,785	135,486,628
Total	109,646,735	98,229,085	135,486,628	109,646,735	98,228,785	135,486,628

Bank statement balances

Cash book balances

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8. INVESTMENT PROPERTY

	2018		2017			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated 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

	Opening balance	Depreciation	Total
Buildings	10,063,962	(904,647)	9,159,315

RECONCILIATION OF INVESTMENT PROPERTY - 2017

	Opening balance	Depreciation	Total
Buildings	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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9. PROPERTY, PLANT AND EQUIPMENT

	2018		2017			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	172,443,983	-	172,443,983	172,443,983	-	172,443,983
Buildings	69,620,302	(24,721,324)	44,898,978	68,831,727	(19,865,900)	48,965,827
Infrastructure	2,746,852,774	(298,133,669)	2,448,719,105	2,216,717,953	(224,621,137)	1,992,096,816
Community	179,866,121	(54,878,077)	124,988,044	176,179,575	(44,791,542)	131,388,033
Other property, plant and equipment	97,697,259	(52,785,341)	44,911,918	78,566,831	(39,112,097)	39,454,734
Work in progress (WIP)	498,163,816	-	498,163,816	601,479,248	-	601,479,248
Other Assets (WIP)	-	-	-	5,918,419	-	5,918,419
Total	3,764,644,255	(430,518,411)	3,334,125,844	3,320,137,736	(328,390,676)	2,991,747,060

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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	(66,573,544)	(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)	-	-	-
	2,991,747,060	445,207,732	(3,885)	-	(94,876,427)	(7,948,592)	3,334,125,844

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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
	2,523,678,364	613,827,802	(3,297,965)	-	1,329,156	(62,627,828)	(81,162,469)	2,991,747,060

PLEGGED AS SECURITY

None of the tangible assets were pledged as security during the current or previous financial year.

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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)
	501,850,404	(3,686,545)	-	498,163,859

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)
	601,479,248	5,918,419	607,397,667

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 impairment	Cost / Valuation	Accumulated amortisation and impairment
Computer software	4,828,947	(4,196,899)	632,048	891,041
			4,828,947	(3,937,906)

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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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10. INTANGIBLE ASSETS (continued)

RECONCILIATION OF INTANGIBLE ASSETS - 30 JUNE 2017

	Opening balance	Additions	Amortisation	Total
Computer software	982,722	805,243	(386,924)	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
	436,581,295	551,285,681

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
	330,595	7,580,329

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14. PROVISIONS

RECONCILIATION OF PROVISIONS - 30 JUNE 2018

	Opening Balance	Additions	Total
Environmental rehabilitation provision	23,413,761	1,108,231	24,521,992
Leave provision	25,302,839	4,393,643	29,696,482
Long service awards	25,061,000	3,344,227	28,405,227
Provision for bulk purchases	29,068,537	-	29,068,537
	102,846,137	8,846,101	111,692,238

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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	(1,019,641)	-	23,413,761
Leave provision	26,322,480	-	(1,289,654)	(2,521,346)	25,302,839
Long service awards	24,299,000	4,573,000	-	-	29,068,537
Provision for bulk purchases	29,068,537	-	-	-	29,068,537
	97,538,193	10,138,585	(2,309,295)	(2,521,346)	102,846,137

Non-current liabilities
Current liabilities

59,034,940	45,114,761
52,657,298	57,731,376
111,692,238	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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14. PROVISIONS (continued)

LONG SERVICE AWARDS

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.

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 bonuses accumulated leave must be taken within one year of receiving such leave or may be wholly or partially settled in cash.

The key assumption used in the valuation:

- Discount rate (2017:8.84%)
- CPI (2017:5.64%)
- Salary increase rate 6.48% (2017:6.64%)
- Net Discount rate 2.35% (2017:2.06%)
- Mortality SA85-90 (2017:SA85-90)

The actuarial valuation of the long service awards accrued liability was carried out by D.T. Murethwa, a fellow of the Institute of Actuaries.

15. SERVICE CHARGES

	2018	2017
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
Total	37,583,578	39,388,438

16. RENTAL OF FACILITIES AND EQUIPMENT

	2018	2017
Premises	551,882	825,380

FACILITIES AND EQUIPMENT

	2018	2017
Rental of facilities	141,662	154,226
Rental of equipment	102,357	128,924
Total	244,019	283,150

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17. AGENCY INCOME

	2018	2017
Agency services	11,614,736	10,353,927

The municipality receives the 20% agents income on all funds collected on behalf of the Department of Safety Security and Liaison

18. LICENCES AND PERMITS

	2018	2017
Licences and permits	589,885	153,310

This represents funds received in relation to business, trading and traffic income licensing.

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19. OPERATING INCOME

Administration fee	14,042	167,984
Amendment of names	3,403	1,310
Eskom: Free basic electricity	8,283,773	-
Cemetery	63,824	50,269
Clearance certificates	350	733
Insurance refund	-	800,253
Library fees	13,471	6,886
Photocopies	142,864	99,638
Plan approval	286,877	933,402
Proof of residence	1,838,781	2,386,397
Sale of tender documents	1,386,788	440,032
Site inspection	47,780	37,137
Sundry income	93,881	98,148
Total	12,175,834	5,021,189

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20. INTEREST

INTEREST REVENUE

Interest	121,533,340	123,785,323
Total	121,533,340	123,785,323

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	33,360,604	39,306,954
Residential Developed	13,836,229	17,289,774
Vacant Land	3,555,545	3,729,614
Industrial Properties	1,943,515	2,054,573
State Owned Properties	104,969,329	120,438,684
Agricultural Property, Protected Areas, Public Benefit Organisation and Public Service Infrastructure	2,615,578	2,804,646
Total	160,280,800	185,624,245

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	23,338,113,000
Protected Area Business	550,665,000	550,665,000
Protected Area Individual	192,890,000	192,890,000
Total	30,408,160,150	30,410,600,150

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

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

Figures in Rand

22. TRANSFERS AND SUBSIDIES

Operating grants	Capital grants
Equitable Share	Integrated National Electrification Programme
Financial Management Grant	Municipal Infrastructure Grant
Local Government Sector Education Training Authority	Municipal Water Infrastructure Grant
Expanded Public Works Programme Grant	Regional Bulk Infrastructure Grant
	Human Settlement Grant
	Water Services Infrastructure Grant

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2018	2017
683,632,000	647,298,000
2,145,000	1,810,000
312,546	2,500,928
9,355,000	3,780,000
695,444,546	655,388,928
5,000,000	2,360,883
394,080,000	393,773,000
-	40,000,000
2,669,405	36,234,683
-	44,000,000
110,000,000	150,000,000
511,749,405	666,368,566
1,207,193,951	1,321,757,494

CONDITIONAL AND UNCONDITIONAL

All allocations to the municipality were received from National Treasury and has complied in terms 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
(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
(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
(9,355,000)	(3,780,000)
-	-

Conditions met - transferred to revenue

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2018

22. TRANSFERS AND SUBSIDIES (continued)

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.

REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)

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>330,596</u>	<u>3,765,317</u>

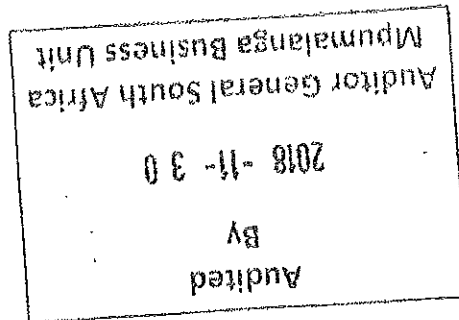
Conditions still to be met - remain liabilities (see note 13).

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.



BUSHBUCKRIDGE LOCAL MUNICIPALITY

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	2018	2017
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22. TRANSFERS AND SUBSIDIES (continued)

HUMAN SETTLEMENTS GRANT

Current-year receipts

	-	-
Conditions met - transferred to revenue	-	-
	44,000,000	(44,000,000)

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)
	-	-

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	60,000,000
Conditions met - transferred to revenue	-	(40,000,000)
Other	-	(20,000,000)
	-	-

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

	7,041,592	11,120,498
--	-----------	------------

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

	44,454,673	11,761,564
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The figure relates to traffic fines for the current year

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2017	2018
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25. Employee related costs

Basic	240,919,867
Bonus	24,324,342
Medical aid - company contributions	13,809,540
Uf	1,794,724
SDL	2,819,396
Leave pay provision charge	(267,428)
Pension	47,569,228
Overtime payments	3,318,208
Long-service awards	3,318,208
Acting allowances	2,503,000
Car allowance	1,444,541
Housing benefits and allowances	17,318,474
South African Local Government Association	490,895
Shift and Standby Allowance	98,293
	6,215,971
Total	362,349,050

Remuneration of municipal manager

Annual Remuneration	915,502
Car Allowance	596,979
Performance Bonuses	35,024
Contributions to Uf, Medical and Pension Funds	45,836
Acting Allowance	-
Rural Allowance	114,825
SDL, SALGA, Leave Payout and Reimbursement (km)	21,966
Total	1,730,132

The Municipal Manager Mr C Lisa was appointed in January 2015 and contract ended 31 January 2018.

Mr E Mashava acted from 1 February till 30 June 2018

Remuneration of Chief Finance Officer

Annual Remuneration	1,140,028
Car Allowance	372,616
Performance Bonuses	37,682
Contributions to Uf, Medical and Pension Funds	48,237
SDL, SALGA, Leave Payout and Reimbursement (km)	15,311
Total	1,613,874

Mrs CA Nkuna was the Chief Financial Officer during the year under review.

Remuneration of Director Technical Services

Annual Remuneration	726,828
Car Allowance	461,472
Performance Bonuses	37,021
Contributions to Uf, Medical and Pension Funds	1,785
Acting Allowance	-
SDL, SALGA, Leave Payout and Reimbursement (km)	11,421
Total	1,238,527

Mr E Mashava was the Technical Director during the year under review.
Mr E Rikhotso was acting as Technical Director from 01 February 2018 to 30 June 2018

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

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	2018	2017
25. Employee related costs (continued)		
Remuneration of Director Corporate Services	764,202	726,828
Annual Remuneration	468,504	446,875
Car Allowance	58,933	11,346
Performance Bonuses	24,765	19,716
Contributions to UIF, Medical and Pension Funds	16,450	12,540
SDL, SALGA, Leave Payout and Reimbursement (km)	1,332,854	1,217,305
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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
1,457,998	1,229,299	

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
1,339,582	1,231,020	

Dr LZ Mkhabela was the Director for Community Services Directorate for the year under review.

26. REMUNERATION OF COUNCILLORS

Mayor	829,677	829,677
Mayor committee members	6,019,826	5,033,855
Speaker	682,821	682,812
Councillors	20,539,709	21,529,409
28,072,033	28,075,753	

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

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	2018	2017
27. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	95,974,687	83,131,938
28. IMPAIRMENT OF ASSETS		
IMPAIRMENTS		
Property, plant and equipment	7,944,908	-
29. FINANCE COSTS		
Trade and other payables	19,331,593	22,850,016
The interest disclosed is mainly current interest cost for the year.		
30. DEBT IMPAIRMENT		
Debt impairment traffic	16,473,586	3,192,786
Impairment of consumer receivables	144,540,458	66,354,362
31. BULK PURCHASES		
Water	196,493,342	212,877,636
32. CONTRACTED SERVICES		
Outsourced	78,814,554	62,086,678
Professional Services and Consultants	44,622,162	33,514,144
Contractors	22,615,693	13,654,162
33. TRANSFERS AND SUBSIDIES		
OTHER SUBSIDIES		
Indigent relief	13,617,199	16,600,813
	146,052,409	109,253,984

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34. GENERAL EXPENSES

2018	2017
2,999,008	665,411
5,320,715	5,725,788
635,806	508,377
5,330,611	1,210,339
-	352,743
200,219	-
8,734,289	9,459,454
-	2,631,380
1,236,160	985,479
4,390,342	4,097,906
28,659	16,727
802,941	2,804,756
3,402,047	818,423
4,813,819	108,999
267,891	100,668
5,584,424	166,478
1,898,619	9,722,642
436,923	4,816,477
4,048,124	3,417,808
50,128,597	47,609,855

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	1,978,151	3,773,874
Infrastructure Assets	15,970,737	23,561,998
Buildings	970,297	207,746
Other Assets	6,420,921	4,630,710
	25,340,106	32,174,328

36. AUDITORS' REMUNERATION

External Auditors fees	5,725,788	5,320,715
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	2018	2017
37. CASH GENERATED FROM OPERATIONS		
Surplus	499,436,717	730,231,769
ADJUSTMENTS FOR:		
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
ACTUARIAL GAINS (LOSS)	314,575	1,667,303
Inventories	(130,464,525)	(164,418,383)
Receivables from Exchange Transactions	(109,281,016)	(135,307,372)
Receivables from non-exchange transactions	(114,704,390)	58,539,761
Payables from exchange transactions	44,812,106	(30,838,864)
VAT	(7,249,734)	(53,875,992)
Unspent conditional grants and receipts	13,706	17,511
Consumer deposits	466,502,753	576,151,228
38. COMMITMENTS		
AUTHORISED CAPITAL EXPENDITURE		
ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR	258,718,481	220,199,432
• Property, plant and equipment		
TOTAL CAPITAL COMMITMENTS	258,718,481	220,199,432
Approved and Contracted for		
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
	<u>3,197,661</u>	<u>8,005,883</u>

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Operating lease payments represent rentals payable by the municipality for certain office equipments and mobile offices. Operating lease payments represent rentals payable by the municipality for certain office equipment. Leases are negotiated for an average term of three years and rentals are fixed for an average term of three years. No contingent rent is payable. Operating lease payments represent rentals payable for a period of 36 Months at 0% escalation. The contract for Nashua will come to an end on the 28 of February 2019.

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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

	2017	2018
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. Izlingwenya 210 Investment 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. Nilot/EX Services Construction - Claim against the municipality for serving the Thulamashashe 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. Turgoise 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 alleged non-payment of bulk water supply project	10,180,646	10,180,646
11. Ngwenya Swenkie - A claim for damages as a result of spillage municipal reservoirs	90,000	-
12. Ayeno Gabriel - A claim as a result of assault and arrest by traffic officers	600,000	-
13.0 Tsebu Brothers Holding - A claim as a result of cancellation of agreement for electrification at Maluvana phase 2	4,050,157	4,050,157
14. Mallikwa Fanie Mayinga - A claim for damages as a result of Thulamashashe dumping site	400,000	-
15. Coshwhe Melina on behalf of minors and others - Claim for damages	600,000	600,000
16. Hwall Business Enterprise - Claim for services rendered	600,000	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 Officers' report on subsequent events on page (7))	-	-
Total	44,955,571	51,957,660

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 goods and services to the municipality. The businesses are owned by close family members of staff, as detailed: Matlanyapele - 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

Parties	2017	2018
Richbles Trading Pty(Ltd)	13,920	-
Matlanyapele Investment Properties	1,562,598	17,060,022

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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	614,933,398	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
Current year
Written off

467,183,789	391,924,798
46,172,819	(120,431,810)
55,320,810	
411,862,979	467,183,789
467,183,789	467,183,789

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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43. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	27,607,872	27,607,872
Auditor General	2,983	13,283
Eskom	46,096	271,342
Fruitless and wasteful expenditure for prior year identified in current year	90,668	-
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	-
	<u>42,586,761</u>	<u>27,607,872</u>

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 expenditure identified by the auditor general	73,755,190	-
Recovered from Councilors	-	438,588,652
	<u>936,140,722</u>	<u>1,836,770,279</u>

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	688,847	688,016
Opening balance	688,847	688,847
Current year subscription / fee	3,513,340	3,335,560
Amount paid - current year	(3,514,171)	(3,336,580)
	<u>688,847</u>	<u>688,847</u>

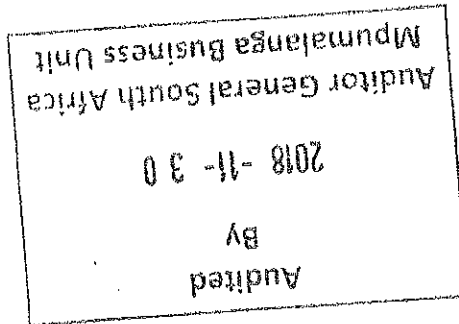
DISTRIBUTION LOSS

Billed
Add: Free basic water
Bulk purchases

AUDIT FEES

Current year fees

28,724,679	5,320,715
107,204,366	(62,564,307)
(196,493,342)	(212,877,636)
75,119,385	(104,247,042)
33,511,209	5,726,708



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45. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

PAYE, SDL AND UIF

	2018	2017
Opening balance	3,927	-
Current year subscription / fee	62,531,239	(62,535,166)
Amount paid - current year	(54,220,360)	(54,216,433)
	3,927	3,927

PENSION AND MEDICAL AID DEDUCTIONS

	2018	2017
Opening balance	5,081,448	-
Current year subscription / fee	98,599,666	(103,482,660)
Amount paid - current year	(92,752,364)	(87,670,906)
	5,081,448	5,081,448

VAT

	2018	2017
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.

COUNCILLORS' ARREAR CONSUMER ACCOUNTS

The following Councillors had arrear accounts outstanding as at 30 June 2018:

	30 June 2018	30 June 2017
Mokoena BK	1,398	12,738
Nxumalo TA	2,246	30,614
	less than 90 days	less than 90 days
	3,644	43,352
	Outstanding	Outstanding
	more than 90 days	more than 90 days
	30,811	2,547
	16,946	26,724
	R	R
	47,757	29,271
	Outstanding	Outstanding
	more than 90 days	more than 90 days
	32,209	15,285
	19,192	57,338
	R	R
	51,401	72,623
	Total	Total

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 Mpumalanga Business Unit

SUPPLY CHAIN DEVIATIONS

	2018	2017
INCIDENT	3,821,352	2,826,329
Emergencies	466,148	91,294
Specialised Services	4,287,500	2,917,623

**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 xx to xx, 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 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 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:

Pages in the annual performance report	Development priority
xx – xx	KPA 2 – infrastructure development and basic services delivery

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 Sellhare	80% (construction of Sellhare package plant)	80%(Refurbishment of Sellhare 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

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.

Adjustment of material misstatements

39. Refer to the annual performance report on pages xx to xx 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.

Achievement of planned targets

38. I draw attention to the matters below.

Other matters

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.

Indicator: number of households to be reticulated at Maviljan A & B Matenting

Performance indicators not verifiable

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

Introduction and scope

41. In accordance with the PA 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 findings on 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

The accounting officer
Bushbuckridge Local Municipality
Private Bag X9308
Bushbuckridge
1280

Date: 30 November 2018

Reference: 60053REG17/18

Dear Madam

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Bushbuckridge Local Municipality for the year ended 30 June 2018

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
3. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:

- Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
- The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

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

Kindly acknowledge receipt of this letter.

Auditing to build public confidence



Senior Manager: Mpumalanga Business Unit
Enquiries: Izak van der Walt
Telephone: (013) 756 0800
Fax: (013) 756 0879



Signed

Yours sincerely

