

**JOE GQABI DISTRICT
MUNICIPALITY**

**CONSOLIDATED
ANNUAL REPORT**

Volume 1

2017/18 Financial Year

March 2019

TABLE OF CONTENTS

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	1
1.1 EXECUTIVE MAYOR'S FOREWORD.....	1
1.2 MUNICIPAL MANAGER'S FOREWORD	3
1.3 MUNICIPAL OVERVIEW.....	4
CHAPTER 2: GOVERNANCE.....	6
COMPONENT A: GOVERNANCE STRUCTURES	6
POLITICAL GOVERNANCE STRUCTURE.....	6
2.2 POLITICAL LEADERSHIP	7
2.3 ADMINISTRATIVE GOVERNANCE STRUCTURE	7
COMPONENT B: INTERGOVERNMENTAL RELATIONS.....	9
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION.....	9
2.4 IDP PARTICIPATION AND ALIGNMENT.....	9
COMPONENT D: CORPORATE GOVERNANCE.....	10
2.5 RISK MANAGEMENT	10
2.6 ANTI-CORRUPTION AND FRAUD	11
2.7 SUPPLY CHAIN MANAGEMENT.....	11
2.8 BY-LAWS	12
2.9 WEBSITES	12
2.10 STATUTORY ANNUAL REPORT PROCESS.....	13
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE REPORT	14
3.1 SERVICE DELIVERY SUMMARY.....	14
3.2 PERFORMANCE ON PRE-DETERMINED PERFORMANCE OBJECTIVES	17
KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE PROVISION.....	17
KPA 2: LOCAL ECONOMIC DEVELOPMENT	22
KPA 3: FINANCIAL VIABILITY AND MANAGEMENT.....	25
KPA 4: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	29
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	31
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE	46
4.1 STAFFING INFORMATION.....	46
4.2 MANAGEMENT OVERVIEW.....	47
4.3 DEPARTMENTAL ASSESSMENT	48
CHAPTER 5 – FINANCIAL PERFORMANCE.....	49
5.1 FINANCIAL INFORMATION.....	49
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS	51
6.1 COMPONENT A: AUDITOR-GENERAL OPINION 2017/18 FINANCIAL YEAR	51
COMPONENT B: ADDRESSING AUDITOR-GENERAL OPINION.....	58
6.2 AUDIT ACTION PLAN 2016/17 FINANCIAL YEAR.....	58
6.3 AUDIT ACTION PLAN 2017/18 FINANCIAL YEAR.....	58
APPENDIX A: REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2018.....	60
APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE	63
APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE.....	64

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY	65
APPENDIX E: DETAILED PERFORMANCE OF CAPITAL PROJECTS.....	67
APPENDIX F: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP	83
APPENDIX G: PERFORMANCE ON COGTA-EC INDICATORS	96
APPENDIX H: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE	101
Appendix I: OVERSIGHT REPORT ON THE ANNUAL REPORT OF JOE GQABI DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2018	
VOLUME 2:.....	108
ANNUAL FINANCIAL STATEMENTS.....	108

Acronyms

AG	Auditor General
AIDS	Acquired Immune Deficiency Syndrome
ASGISA	Accelerated and Shared Growth Initiative
BBBEE	Broad-based Black Economic Empowerment
CASP	Comprehensive Agricultural Support Programme
CBO	Community-Based Organization
CIDB	Construction Industries Development Board
CTO	Community Tourism Organisation
DEAT	Department of Environmental Affairs and Tourism
DEDEA	Department of Economic Development Environment Affairs
DLA	Department of Land Affairs
DLGTA	Department of Housing, Local Government & Traditional Affairs
DM	District Municipality
DME	Department of Minerals and Energy
DoE	Department of Agriculture
DoE	Department of Education
DORA	Division of Revenue Act
DoRT	Department of Roads and Transport
DPW	Department of Public Works
DSRAC	Department of Sports, Recreation, Arts & Culture
DTO	District Tourism Organisation
DWAF	Department of Water Affairs and Forestry
ECDC	Eastern Cape Development Corporation
ECDOH	Eastern Cape Department of Health
ECPB	Eastern Cape Parks Board
ECSECC	Eastern Cape Socio Economic Consultative Council
ECTB	Eastern Cape Tourism Board
EIA	Environmental Impact Assessment
EPWP	Expanded Public Works Programme
ESTA	Extension of Security of Tenure Act
EU	European Union
GGP	Gross Geographic Product
GRAP	General Regulations on Accounting Practice
HDI	Human Development Index
HR	Human Resources
ICT	Information and Communication Technologies
IDP	Integrated Development Plan
IDT	Independent Development Trust
IGR	Intergovernmental Relations
IMATU	Independent Municipal and Allied Trade Union
ISRDP	Integrated and Sustainable Rural Development Programme
IWMP	Integrated Waste Management Plan
JIPSA	Joint Initiative on Priority Skills Acquisition
KPI	Key Performance Indicator
LED	Local Economic Development
LM	Local Municipality
LRAD	Land Redistribution and Agricultural Development
LTO	Local Tourism Organisation
LUPO	Land-Use Planning Ordinance
M&E	Monitoring & Evaluation

MFMA	Municipal Finance and Management Act of 2003
MHS	Municipal Health Services
MIG	Municipal Infrastructure Grant
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NAFCOC	National African Federation of Chambers of Commerce
NEMA	National Environmental Management Act
NSDP	National Spatial Development Perspective
OTP	Office of the Premier
PDI	Previously Disadvantaged Individual
PGDP	Provincial Growth and Development Plan
PHC	Primary Healthcare
PMS	Performance Management System
PPP	Public-Private Partnership
RDP	Reconstruction and Development Plan
RDS	Rural Development Strategy
RSS	Rapid Services Survey
SAHRA	South African Heritage Resources Agency
SALGA	South African Local Government Association
SANRA	South African National Roads Agency
SAPS	South African Police Services
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SEDA	Small Enterprises Development Agency
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SMME	Small, Medium & Micro Enterprises
SPU	Special Programmes Unit
TAS	Turn Around Strategy
TB	Tuberculosis
WSDP	Water Sector Development Plan

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 EXECUTIVE MAYOR'S FOREWORD

This Annual Report provides an account of the service delivery efforts and strides that were implemented by the Joe Gqabi District municipality during the 2017/18 financial year. Our programme of implementation is in line with the priorities of the national and provincial government with regard to extending universal access to basic services, creation of job opportunities, rural development, improving education and health, fighting crime and corruption in an environment that creates sustainable and resilient communities. To further these goals and aspirations it requires government to build a democratic developmental state capable of mobilising all sectors of society towards a common goals of improving the quality of life for all our residents, with a particular focus on the poor. Promotion of social cohesion and nation building will contribute immensely towards the attainment of our goals.

The District has managed to maintain a high-level alignment and linkages between its programmes and those of national and provincial government. The relationship between the medium term strategic framework (MTSF), 12 Priority Outcomes and role of Local Government, Provincial Strategic Priorities, Outcome 9 Agreement inform the Strategic Focus Areas of the JGDM. Our Strategic focus areas are also clearly linked to the social and economic development trajectory of the District as directly informed by the District communities. As contained in the annual performance matrixes of the JGDM and JoGEDA it is evident that there are performance areas that either fall or are dependent on the actions of other spheres of government to be achieved. The blue drop and green drop results, Working for Water and Working for Wetlands, capturing of job opportunities created, revenue collection, etc are some of the examples of performance area that are influenced by actions of other spheres of government. Thus, we will continue our strides towards ensuring improved intergovernmental relations with regard to planning, implementation and reporting.

On the front of public participation and accountability, the JGDM implemented various programmes aimed at ensuring community and stakeholder participation in the planning, implementation and monitoring of our service delivery interventions. The IDP preparation process involved an extensive consultation and participation of communities, role players and key stakeholders in order to achieve a shared understanding of the municipal development trajectory and alignment. Various community and stakeholder participation initiatives were undertaken during the year under review.


The Executive Mayor's Community consultation programme with the community was concluded in March 2019 with a State of the District Address that was held in Sterkspruit. This was preceded by the community participation engagements that were held in all our local municipalities. The District also participated in Mayoral Outreaches of the local municipalities between March and May 2017. Issues identified through these engagements range from matters District and local municipality competence to those of other spheres of government. Key issues include lack of water and sanitation services, high youth unemployment, unavailability of government service departments in most small towns, illegal connections to the municipal services infrastructure, rising crime rate and poor condition of roads.

Other critical consultative and engagement structures such as the traditional leaders' forum, District Mayors' forum, technical support group, IDP and budget representative forum, disaster management forum, transport forum, agricultural forum, Women Economic Empowerment forum, IGR clusters, etc continued to function throughout the year. With regard to the functionality of IGR clusters, initiatives to strengthen cluster engagements are underway as only the Social Cluster continued to work throughout the period under review.

With regard to labour issues, the Local Labour Forum has been established in terms of the bargaining Council agreement. The forum continued to meet and three meetings were held during the last financial year. The District has two unions operating: viz; South African Municipal Workers Union (SAMWU) and IMATU. The LLF subcommittee meetings were held bimonthly. This resulted in the existence of functionally professional and cordial relations between labour and the employer.

The positive and professional interface between the political and administrative arms of the District municipality also had an immense contribution on the achievement of the planned initiatives and actions.

We once again pride ourselves as this District Council for having attained a clean audit opinion from the Auditor General for the 2017/18 financial year. This is in the backdrop of the audit results for the 2014/15 and 2015/16 financial years which were also clean. One of the 2018 institutional strategic planning session goals was to deal with all issues that led to the District achieving an unqualified audit opinion. It pleases me to report to our communities that we have achieved this goal. This goes to confirm that public funds under the custody of the District municipality are indeed in good and safe hands.



Cllr. ZI Dumzela
Executive Mayor

Date: 05 April 2019

1.2 MUNICIPAL MANAGER'S FOREWORD

In terms of Section 155 of the Constitution of the Republic of South Africa, the Joe Gqabi District municipality is a category C municipality, which means that it has municipal executive and legislative authority in an area that includes more than one municipality. The JGDM is legislated to perform a number of functions. The service delivery functions of the District municipality are water, sanitation, municipal health services, municipal planning, and disaster management. The District shares the responsibility on tourism, planning and fire fighting with its local municipalities. Additional powers and functions are allocated to the District municipality through service level agreements such as the roads function in which there is an active agreement between the Department of Roads and Transport with the District Municipality whereby the District maintains gravel roads in the Walter Sisulu local municipality.

The Joe Gqabi Economic Development Agency (JoGEDA), which is an economic development entity of the District, has a mandate to deliver on the economic outcomes envisioned in the District's GDS Summit Agreements. JoGEDA's mandate is further aligned to the IDPs of all the municipalities within the Joe Gqabi District. JoGEDA primary purpose is to be a strategic and robust economic growth special purpose vehicle focusing on investment promotion in key priority areas that would stimulate trade and industry whilst providing opportunities for job creation within the District. The combined efforts of assessing through feasibility studies, packaging through investment promotion and facilitation of economic development through the various catalytic projects will enable the region to meet its growth targets. JoGEDA has now reached full blown operational phase. The main focus is to ensure the implementation of the catalytic projects. JoGEDA co-ordinates local economic development activities and catalytic interventions, with the support of JGDM and also engages with public sector departments and private sector companies for the implementation of the identified projects and other development programmes. With regard to the provision of access to a basic level of water, the new water installations constituted repairs of old infrastructure and therefore the target was not achieved resulting in material misstatement in the reported performance.

With regard to changes in management changes in relation to senior managers directly reporting to the Municipal Manager, all post were filled and incumbents signed performance agreements. Top Management posts include the Municipal Manager, Director Community Services, Chief Operations Officer, Director Corporate Services, Director Technical Services, Water Services Provision Manager and CFO. A new directorate called Institutional Advancement and Support was established and the post was filled in the third quarter of the year and a performance agreement was signed.

The commitment of the Political and Administrative leadership of the District to sound and accountable government has led the District retaining its clean audit outcome from the Auditor General. This confirms the effectiveness and efficiency of our governance structures such as the Council, Mayoral Committee, Municipal Public Accounts Committee, Audit Committee, Risk Committees and other structures of Council. The professional and responsible conduct by all the employees of the District played an important part in the achievements realised during the year under review.



ZA Williams
Municipal Manager

Date: 05 April 2019

1.3 MUNICIPAL OVERVIEW

The Joe Gqabi District Municipality (JGDM) is one of the six District Municipalities in the Eastern Cape Province. The JGDM consists of three local municipalities; viz: Elundini, Walter Sisulu and Senqu. The Walter Sisulu local municipality was established following the merger of the Maletswai and Gariep local municipalities after the August 2016 Local Government elections. Towns that form the District are Aliwal North, Barkly East, Burgersdorp, Jamestown, Lady Grey, Maclear, Mount Fletcher, Oviston, Rhodes, Rossouw, Sterkspruit, Steynsburg, Ugie and Venterstad. The seat of JGDM is in Barkly East. Neighbouring district municipalities are Alfred Nzo, OR Tambo and Chris Hani District Municipalities.

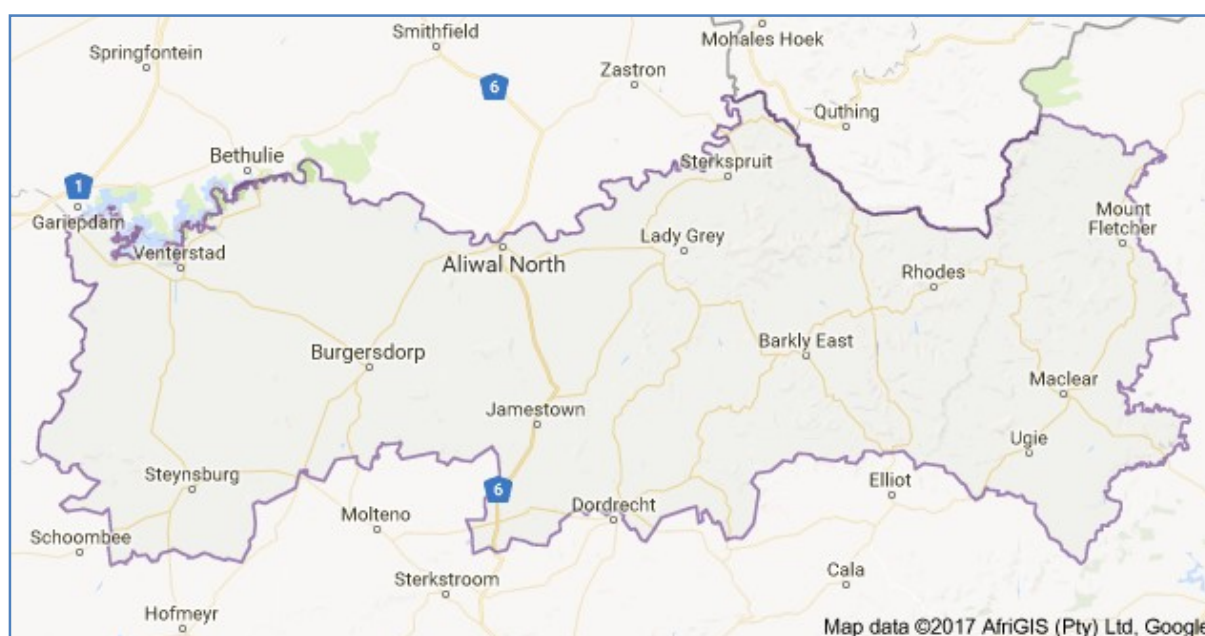


Figure 1: Map of the District

The demography of the District is depicted in the table below. The data shown in the table come from various sources. The table shows that the majority of the population is within the working group category with high dependency ratios of 70%. The growth of the population continues to be modest at a rate of 1.5% between 2011 and 2016. Only about 6% of the population has an education attainment of higher education.

Table 1: JGDM demography

	2016	2011
Population	372 912	348 667
Age Structure		
Population under 15	36.8%	34.1%
Population 15 to 64	58.2%	58.4%
Population over 65	5.0%	7.5%

Dependency Ratio		
Per 100 (15-64)	71.7	71.3
Sex Ratio		
Males per 100 females	89.8	89.8
Population Growth		
Per annum	1.53%	n/a
Labour Market		
Unemployment rate (official)		
Youth unemployment rate (official) 15-34		
Education (aged 20 +)		
No schooling	8.0%	14.5%
Matric	19.5%	14.1%
Higher education	5.8%	5.9%
Household Dynamics		
Households	95 107	97 470
Average household size	3.9	3.4
Female headed households	46.9%	49.3%
Formal dwellings	69.6%	60.4%
Housing owned	71.7%	61.3%
Household Services		
Flush toilet connected to sewerage	28.2%	23.9%
Weekly refuse removal	34.1%	28.1%
Piped water inside dwelling	19.2%	17.6%
Electricity for lighting	80.0%	69.1%

CHAPTER 2 – GOVERNANCE

Governance is defined as the exercise of political, economic and administrative authority in the management of a municipality’s affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.

Component A: Governance Structures

Political Governance Structure

The Joe Gqabi District Municipality has an executive mayoral system. The District has five standing committees which are chaired by portfolio councillors. With regard to the frequency of meetings, the Council met at least quarterly as well as and when required. Furthermore, for all the above-mentioned structures, special meetings were convened as and when necessary. The high level accountability structure of the District is depicted in figure 2 below.

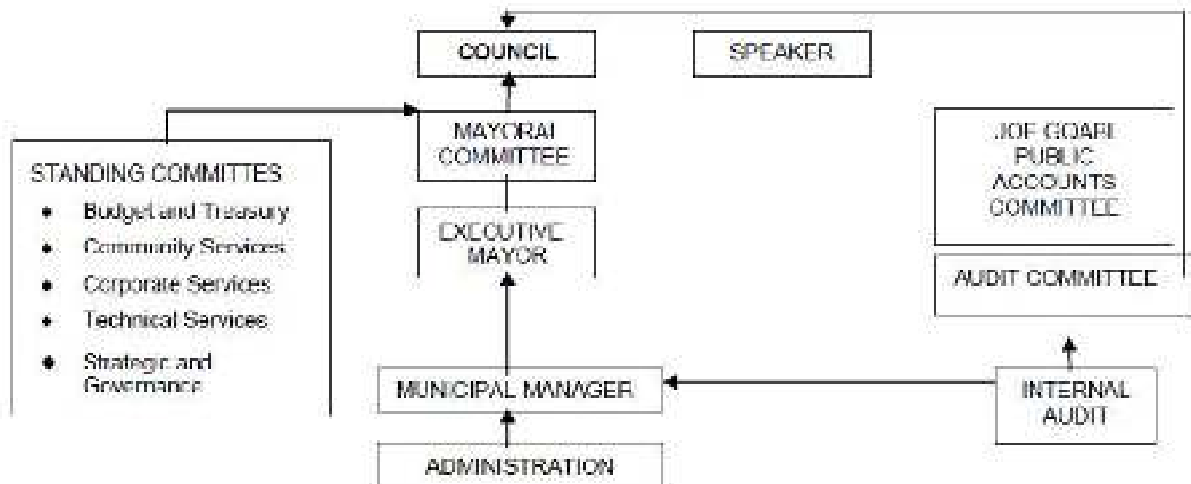


Figure 2: High level accountability structure of the District

2.2 Political Leadership



Figure 3: Political leadership

2.3 Administrative Governance Structure

The Municipal Manager and his team of seven senior managers lead the institution. A new Directorate, Institutional Support and Advancement, was established by Council during the year under review and an incumbent was appointed in December 2017. All the senior management posts were filled during the year under review with signed performance agreements.

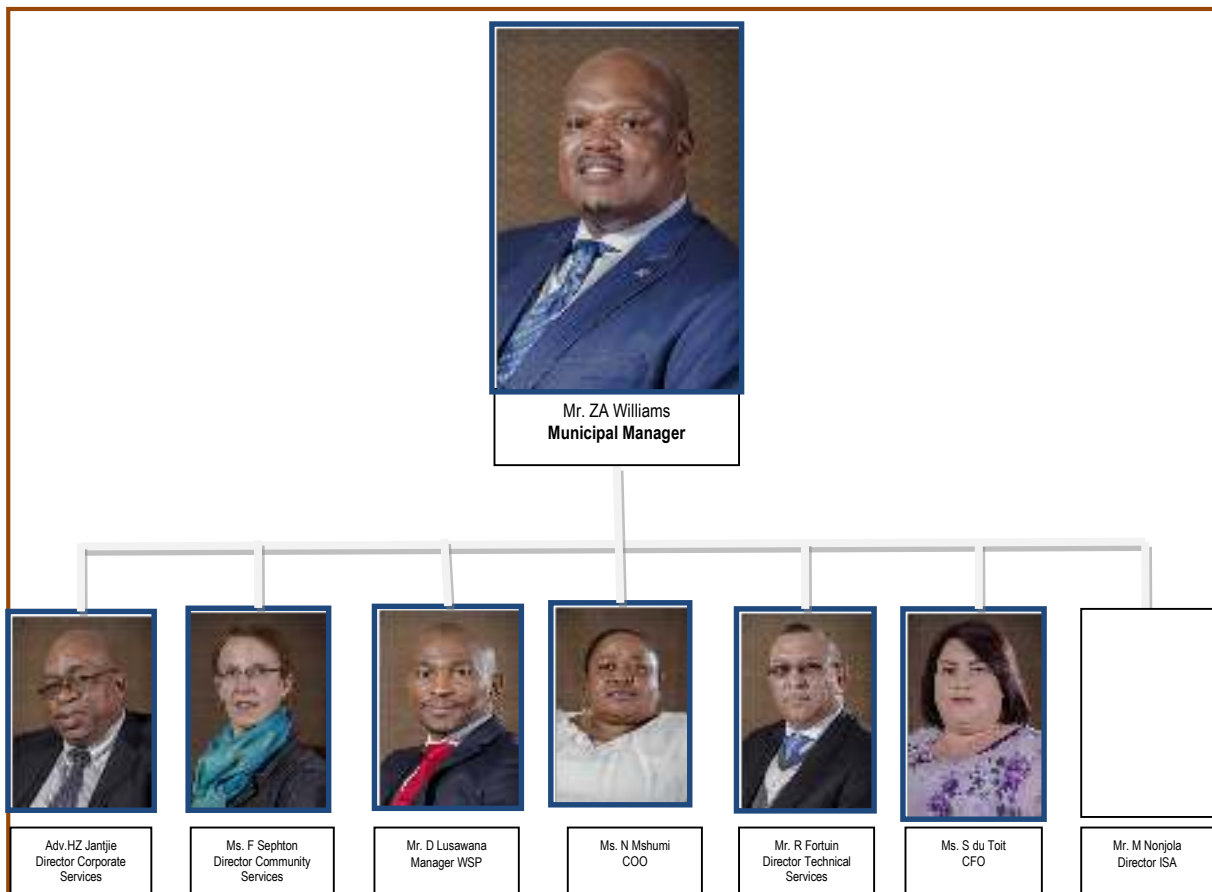


Figure 4: Administration

In terms of the Municipal Structures Act, 117 of 1998, Section 18(2), a municipal council must meet at least quarterly. A municipal Council may also establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers (Municipal Structures Act, 117 of 1998, Section 79). The table below provides an overview of the number of meetings held in 2016/17 and 2017/18.

Table 2: Meetings held

DC14	2016/17	2017/18
Council meetings	12	13
MPAC meetings	6	5
Mayco meetings	11	10
Audit and risk meetings	5	6
Ward committee meetings	N/A	N/A

Component B: Intergovernmental Relations

The IDP and Budget Representative Forum allow members to represent the interests of their constituents in the IDP and budget processes. It also provides an organizational mechanism for discussion, negotiation and decision making between the stakeholders including the municipal government. The forum met quarterly.

The traditional leader's forum, which is chaired by the Speaker of the District was functional throughout the year and various meetings were held focusing on the initiation programme. The main purpose of the forum is to create a dialogue and discussion platform between the municipality and traditional leadership and it ensures participation of traditional leadership in matters of local government. Traditional leaders also participated in Council meetings.

A number of LED related stakeholder forums existed during the year including the Agricultural Forum and the District Tourism Organisation. Various community and stakeholder participation initiatives were undertaken on an ongoing basis

Component C: Public Accountability and Participation

The Executive Mayor's Community outmarch programme with the community was conducted in all local municipalities. The District also participates in Mayoral Outreaches of the local municipalities. Issues identified through these engagements range from matters of the District and local municipality competence to those of other spheres of government.

2.4 IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
	<i>T 2.5.1</i>

Component D: Corporate Governance

2.5 Risk management

All entities face uncertainty and the challenge for management is to determine how much uncertainty it is prepared to accept as it strives to grow stakeholder value. Enterprise risk management will enable management to identify, assess the face of uncertainty and is therefore integral to value creation and preservation. With regard to risk management within the District, risk registers were developed and are reviewed annually. Actions plans are reviewed quarterly. A risk committee was established and is functional. The committee evaluates progress on the action plans.

The top five risks for the institution are as follows:

No	Risk description	Mitigation / intervention
1.	Social economic status of local area <ul style="list-style-type: none"> • High unemployment and dependency • Rural nature and vastness of the District • Limited economic activities 	<ul style="list-style-type: none"> ▪ Comprehensive LED strategy and implementation plan (that is under review) ▪ Platforms in place for Stakeholder and Community Participation (agricultural forum, tourism forums, cooperative forums etc.) ▪ Approved LED structure in the organogram ▪ EPWP Programme ▪ Coordination of various economic programmes ▪ Economic programmes coordinated in the district area
2.	Governance <ul style="list-style-type: none"> • Constant communications with communities • Ability to address community priorities 	<ul style="list-style-type: none"> ▪ IDP prepared each year to try to focus interventions in a coordinated manner ▪ JGDM has developed and approved Community Participation Strategy. ▪ IDP reviewed and amended annually. ▪ Planning processes reviewed in order to factor in disaster occurrences i.e. Trend analysis.
3.	Regulatory compliance <ul style="list-style-type: none"> • Risk of legislative non-compliance 	<ul style="list-style-type: none"> ▪ Legal section is in place. ▪ Appointment of an external legal firm for additional support ▪ "Mbuli Commission" visits staff once a year to disseminate information on policies of the institution ▪ Compliance framework has been implemented ▪ New HR legislation and amendments have been implemented
4.	Staff attraction and retention <ul style="list-style-type: none"> • Risk of high staff turnover • Risk of institutional continuity 	<ul style="list-style-type: none"> ▪ Policies allow for possible deviations in remuneration package (example Retention policy) ▪ Recruitment and selection policies and procedures implemented ▪ Majority of S56 positions are filled ▪ Skills Development Policy developed ▪ Reviewed relevant HR policies including the

		recruitment policy. <ul style="list-style-type: none"> ▪ Performance Management policy in place
5	Implementation of systems and processes <ul style="list-style-type: none"> • Risk of internal control lapses 	<ul style="list-style-type: none"> ▪ Staff are trained on performances and implementation of IDPs and Workplace skills plans ▪ IDP policy in place ▪ IDP office coordinates all plans and monitors compliance ▪ Staff keep abreast with skills for new legislative changes ▪ Staff in all sections prepare or coordinate development of statutory plans and service delivery obligations / performance obligations for all management.

2.6 Anti-Corruption and Fraud

As its policy stance on fraud and corruption, the policy of the JGDM is zero tolerance to fraud and corruption. All fraud and corruption allegations are investigated and followed up once reported and all remedies available are applied within the full extent of the law. Prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of Joe Gqabi District Municipality. In order to minimize the occurrence of fraud and corruption the District has implemented various mechanisms which include division of duties, internal audit review of processes and adherence thereto, Audit Committees that exclude politicians and officials as voting members, condemnation by mayor and municipal manager of corrupt practices and involvement of the police as soon as grounds for suspicion become evident.

2.7 Supply Chain Management

The Supply Chain Management (SCM) function of the District is centralized under the Finance Department. This was implemented with a view of strengthening the capacity and ability of the District to comply with the MFMA and National Treasury Regulations. All these mechanisms and systems seek to ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. The District has an approved SCM policy which is reviewed annually. Key policy objectives of the policy include the following:

- The Policy includes empowerment goals and objectives which strives towards ensuring that historically disadvantaged individuals (HDIs) are presented an opportunity to participate and function in the mainstream of the economy.
- A supplier development programme is also under consideration.

2.8 By-laws

The JGDM has the following by-laws:

Newly Developed	Revised	Public Participation Conducted Prior to Adoption (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Community Fire Safety	N/A	Yes	October 2009	Yes	11 September 2009
Passenger Transport	N/A	Yes	October 2009	Yes	11 September 2009
Water Services	N/A	Yes	March 2008	Yes	07 March 2008

With regard to the development and review of MHS bylaws, a number of public participation engagements took place during the year under review. There were 29 public participation engagement meetings from July 2017 until March 2018. The District is committed to ensuring that all its by-laws are fully implemented. Technical capacity in terms appointment of staff, training of available staff, exploration of partnership possibilities and sourcing additional funding are some of the options being considered by the District.

2.9 WEBSITES

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's / Entity's Website	Yes / No
Current annual budget and all budget-related documents	Yes
Current Adjustment Budget	Yes
All current budget-related policies	Yes
The previous annual report (2016/17 FY)	Yes
The annual report (2017/18 FY) published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2017/18 FY) and resulting scorecards	Yes
All service delivery agreements (2017/18 FY)	Yes
All long-term borrowing contracts (2017/18 FY)	N/A
All supply chain management contracts above a prescribed value	Yes
An information statement containing a list of assets over a prescribed value that were disposed of in terms of section 14 (2) or (4) during 2017/18 FY	N/A
Contracts agreed in 2017/18 FY to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes
Public-private partnership agreements referred to in section 120	N/A
All quarterly reports tabled in the council in terms of section 52 (d)	Yes

Currently all the information required is and as it becomes available placed on the website for public attention. The relevant staff were exposed to various training initiatives which are intended to continue to improve compliance.

2.10 Statutory Annual Report Process

No.	Activity	Time frame	Status
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July	Done
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).		Done
3	Finalise the 4th quarter Report for previous financial year		Done
4	Submit Annual Performance Report to Internal Audit and Auditor-General		Done
5	Submit draft 2017/18 FY Annual Report to Internal Audit and Auditor-General		Done
6	Municipal entities submit draft annual reports to MM		Done
7	Audit / Performance committee considers draft Annual Report of municipality and entities (where relevant)	August	Done
8	Mayor tables the unaudited Annual Report		Done
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General		Done
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase		Done
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October	Done
12	Municipalities receive and start to address the Auditor General's comments	November	Done
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report		Done
14	Audited Annual Report is made public and representation is invited		Done
15	Oversight Committee assesses Annual Report		Done
16	Council adopts Oversight Report	March	In process
17	Oversight report is made public		In process
18	Oversight report is submitted to relevant provincial councils		In process
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	March	In process

3.1 Service delivery summary

As depicted in the annual performance report, the District is continuing to make significant strides in addressing service delivery backlogs. Moving forward, key initiatives that must be undertaken include a focus on reducing water losses through various means that include more efficient use of water, addressing water losses occurring within the water and sanitation infrastructure, installation of water meters for both bulk infrastructure and consumers, eliminating illegal connections, improving the billing system, recruitment and appointment of peace officers to deal with water wastage and leaks as well as a hydro-survey of all water sources to determine sustainability and availability of potable water source. The aged bulk water and sanitation infrastructure all needs to be revived through targeted investments in operations and maintenance. Thus, the following are critical issues the District is currently trying to address:

Table 3: Water and sanitation issues

AREA	CHALLENGE	SOLUTION EMPLOYED	SOLUTION PLANNED
Mt Fletcher	Full VIP Toilets	Emptying of VIP (started)	In progress
Maclear	Full VIP Toilets	Emptying of VIP (started)	Started
	Aged Water Supply Infra	Refurbishment of Aucamp WTW about to be completed	In progress
	Insufficient Water Supply to Greenfield and Sonwabile	New water supply scheme started but slow	Front loading will ensure adequate funds and speedy implementation of new project from July onward.
Ugie	Lack of sanitation infrastructure in most areas	Construction of bigger septic tanks started	A proper sanitation project is needed. This is planned but not yet started by PMU
Barkly East	Inadequate raw water supply and clear water storage	Construction of a bigger pumping main (stalled)	Completion of the pumping main, upgrade of the WTW and augmentation of the clear water storage.
Lady Grey	Water Shortage	In process	Planned new dam
Rossouw	Water Shortage - Drought.	Water Carting	Continued water carting. Attempts for more boreholes failed as no water was found underground.
Aliwal North	Sewage spillages	Daily honey suckig and high pressure jetting/repairs	New sewer lines needed for Area 13, Dukathole and Hilton
Jamestown	Sewage spillages	Daily Honey Sucking	New sewer lines needed for the whole town
Burgersdorp	Water Shortage	Water Restrictions	New pipeline needed to convey water from Steynsburg to Burgersdorp
	Sewage spillages	Service Provider appointed to construct some sections for a midterm relief. Otherwise more work is required for a long term relief	Scope of work needs to be extended for a long term relief. To cover parts of the town and WWTW.
Sterkspruit	Water Shortage	Water Carting and quick-wins project	Joveloni Water Supply and Herschel Pipeline Projects should continue for a huge impact. Quick wins project to be completed elsewhere in the villages. Illegal connection a HUGE challenge

The District is implementing water conservation and demand management which aims to:

- Improve efficiency of asset operation and maintenance
- Reduce and regulate water consumption
- The conservation of scarce water resources
- To improve revenue collection

	2017/18 FY	2016/17 FY	2015/16 FY	2014/15 FY	2013/14 FY
Water					
Blue Drop Score	n/a	n/a	n/a	n/a	74.69
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	No

	2017/18 FY	2016/17 FY	2015/16 FY	2014/15 FY	2013/14 FY
Is the service outsourced/ commercialised?	No	No	No	No	No
Number of households provided with potable water service	0	0	5934		8823
Number of domestic households	73 257	73 257	73 257	73 088	70 182
Inside the yard	41 774	41 774	41 774	41 678	41 297
Less than 200m from yard	31 483	31 483	31 483	31 410	18 745
More than 200m from yard	0	0	0	0	10 140
Domestic households with access to free basic service	14 176	14 176	14 176	11 178	11 178
Sanitation					
Green Drop Score	n/a	n/a	n/a	n/a	n/a
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced/commercialised?	No	No	No	No	No
Number of households provided with sanitation service	5065	6190	6334	6454	8823
Number of households using					
Flush toilet - public sewerage	23 699	23 699	23 699	23 523	23 009
Flush toilet - septic tank	2 914	2 914	2 914	2 906	2 880
Ventilated pit latrine	67178	62133	55 943	48 467	46 294
Bucket system (informal settlements)	1 729	1 729	1 729	1 729	1 729
Other	0	0	0	0	0
Domestic households with access to free basic service	14 176	14 176	14 176	11 178	0

3.2 PERFORMANCE ON PRE-DETERMINED PERFORMANCE OBJECTIVES

KPA 1: Service Delivery and Infrastructure provision

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	Evidence	DIRECTORATE
				Target	Actual	Target	Actual					
Provide access to basic services	SD01: Develop and maintain water and sanitation infrastructure	SD01-01	% compliance with SANS 241 for drinking water quality	97%	95.18%	97%	94.5%	👍	Quality compromised due to old and aging infrastructure that compromises clean water when distributed	JGDM will continue to lobby for funding to replace old and aging infrastructure and reservoirs	BDS report	WSP
		SD01-02	Number of reservoirs constructed	N/A	N/A	15	18	👍	Additional budget was allocated to the reservoirs due to the need to mitigate against possible droughts	None.	1. Report to Standing Committee 2. Closeout report	WSP
		SD01-03	Number of new water sources provided	N/A	N/A	5	6	👍	Efficient use of existing budget allowed for additional boreholes due to the need to mitigate against possible droughts same budget	None.	1. Report to MayCo	WSP
		SD01-04	Number of monthly water quality reports submitted	N/A	N/A	12	12	👍	None	None	1. Reports to Standing committee	WSP

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	Evidence	DIRECTORATE
				Target	Actual	Target	Actual					
	SD02: Provide responsive and efficient disaster management, emergency and rescue services	SD02-01	Ratio of fire incidents responded to as a proportion of entries in the Occurrence Book	01:01	01:01	01:01	01:01	👍	None	None	Report to top Management as per the Incident Occurrence Book	Community Services
	SD03: Expand and fast-track the provision of universal access to basic services	SD03-01	% of households earning less than R1100 per month with access to free basic services (water and sanitation)	100% of registered households (indigents)	100% of registered households (indigents)	100% of registered households (indigents)	100% of registered households (indigents)	👍	None	None	1.Council Resolution 2.List of Beneficiaries 3.Report to Top Management	Finance
		SD03-02	% of households with access to basic level of water	82%	0%	88%*	74%	👉	No new household connections were added due to delays in the Orio programme approval process. No budget implication.	JGDM will await the Orio approval process to unfold..	Report to MayCo.	Community Services
		SD03-03	% of households with access to a basic level of sanitation	95%	94%	100%**	84%	👍	None	None	Report to MayCo	Community Services

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	Evidence	DIRECTORATE
				Target	Actual	Target	Actual					
		SD03-04	Number of households provided with potable water connections	N/A	N/A	5000	0	🖐️	The Elundini rural water project was delayed at procurement stage due to stringent Orio (funder) compliance conditions. This resulted in no new potable water connections. The Orio budget is still available	JGDM will await the Orio approval process to unfold. A clearance certificate has been received to allow works to proceed.	1. Report to Standing Committee 2. Closeout report	Technical Services
		SD03-05	Number of households provided with sanitation service (toilets)	N/A	N/A	5000	5065	👍	The increase over the target was due to the audit of the prior FY which resulted in some VIP toilets being indicated as being relevant in the current FY. No budget implication	None.	1. Report to Standing Committee 2. Closeout report	Technical Services
	SD04: Render effective municipal health services	SD04-01	Number of monthly inspections on each of urban waste site	12 inspections of 13 waste sites	12 inspections of 13 waste sites	12 inspections of 12 waste sites	12 inspections of 12 waste sites and 1 inspection of an additional site for part of the year	👍	The Sterkspruit waste site started to operate again which increased the number of sites monitored. There was no impact on budget.	None.	Waste Inspection report	Community Services

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	Evidence	DIRECTORATE
				Target	Actual	Target	Actual					
		SD04-02	Number of inspections on food premises	4 Inspection in each formal food premises in 210 premises	27 premises inspected 4 times 162 premises inspected 3 times 31 premises inspected 2 times 21 premises inspected 1 time (Total 241)	4 inspections of 210 premises	4 inspections of 246 food premises. In addition 16 were inspected 5 times while 14 were inspected 3 times, 8 were inspected twice and 40 were inspected once	👍	During the year food premises opened and closed so some were not inspected four times in the year. Some premises are meeting standards and are therefore inspected less while some did not meet standards and needed to be inspected more than the standard. Additional inspections negatively impacted on time to address other health issues.	Update number of premises for the following financial year.	Inspection report	Community Services

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	Evidence	DIRECTORATE
				Target	Actual	Target	Actual					
	SD05: Support rehabilitation of road networks in the District	SD05-01	Number of kilometres of gravel roads graded	2800 km	2429 km	2800km	2158 kms	<p>There were insufficient truck drivers and heavy plant operators due to OHS limitations. For the first time in 2018(from the 12-year period of the contract with DPW) the DoL issued a directive to stop operations until licences and competency certificates were issued. This did not negatively impact on budget as the DoRT had decreased the budget available for the year due to their own financial challenges which would have affected the attainment of the target.</p>	<p>Non-compliance issues were addressed. Licences and COCs were issued in July 2018. Work is since proceeding. No new staff will be employed without a valid operator certificates. A register of operator certificates has been established to ensure timeous renewal.</p>	1. Report to Standing Committee	Technical Services	

KPA 2: Local Economic Development

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
Facilitate and implement job creation and poverty alleviation initiatives	LED01: Implement and expand implementation of EPWP and other job creation initiatives	LED01-01	Number of jobs created through local economic development initiatives including capital projects	2 000 job opportunities created (capital projects)	888	2050	655	👉	A total of 614 work opportunities were captured on the MIS for the year. Target could not be met due to a number of projects being completed and some being delayed. No budget implication	Projects that were on hold are now starting to move. The municipality is in the process of recruiting an EPWP Technologist and two Data Capturers which will allow JGDM to capture on the MIS and ensure all employees are captured.	1. Report to Standing Committee 2. Employment report to the funder	Technical Services & WSP
	LED02: Implement working for water and working for wetlands	LED02-01	Number of jobs created through working for water and working for wetlands	1256 job opportunities created (Working for Water and Working for Wetlands)	1 228	104***	Q1: 102 Q2: 102 Q3: 91 Q4: 42	👉	Only Working for Wetlands funds received for employment due to Working for Water contract extension non-compliance by DEA. An extension was granted due to inclement weather. No new contracts signed (no budgets provided) due to DEA's internal processes to allow for additional work	Engaged DEA in attempting to set up a meeting with the Minister of DEA. JGDM will continue to request progress on the NRM contract signature for the 2018/19 financial year.	1. Report to Standing Committee 2. Employment report to the funder	Community Services

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
									in quarter4			
	LED03: Support and facilitate rural development and poverty alleviation programmes	LED03-01	Number of initiatives implemented on livestock improvement	N/A	N/A	1	0	👍	None	Management will report on the number of initiatives implemented at year end based on the number of initiatives implemented on livestock improvement	Report to Standing Committee	OMM
	LED04: Facilitate and actively participate in youth, women and disability development programmes	LED04-01	Number of SMME Economic Empowerment initiatives implemented	N/A	N/A	1	1	👍	None	None	1. Report to Standing Committee	OMM
Facilitate and support regional economic development initiatives	LED05: Facilitate and support local economic development initiatives	LED05-01	% of procurement allocated to local businesses	N/A	N/A	30%	0	👍	No new capital infrastructure projects were procured during the year as all are currently multiyear projects	None. Continue to monitor in the 2018/19 FY	1. Procurement report to Standing Committee	Technical Services

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
		LED05-02	Number of spots where free WI-FI is implemented/ installed	N/A	N/A	Free Wi-Fi hotspot in Sterkspruit	Not achieved	🖐️	USAASA requested that the project be delayed in order to partner with the JGDM to enhance impact of the project. The budget was not spent.	An MoU is in the process of drafting. The plan is to achieve the target in the second quarter of 2018/19 FY.	1. Proof of installation 2. Reports to Standing Committee	Institutional Support & Advancement
		LED05-03	Number of community members trained	N/A	N/A	50	0	🖐️	Training was arranged but could not materialise due to procurement technicalities. Budget was not spent	A training agent has been appointed. Training has been scheduled to July/August 2018.	1. Attendance Registers 2. Training reports to Training Committee	Corporate Services
	LED06-01	Number of partnerships initiated on revitalization of towns	N/A	N/A	1 (Sterkspruit)	1 (Sterkspruit)	👍	None	None	1. Signed SLA 2. Report to Standing Committee	OMM	
	LED07-01	Number of reports on tourism awareness campaigns conducted	N/A	N/A	1	1	👍	None	None	1. Report to Standing Committee 2. Attendance Register	OMM	

KPA 3: Financial Viability and Management

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
Ensure sound and effective financial management and reporting	FM01: Comply with all statutory financial management and reporting requirements	FM01-01	% of capital budget actually spent on capital projects identified in the IDP	100%	84%	100%	64%	👉	In the unbundling of capital assets at year end, operational costs were identified under the capital vote. These were then reallocated negatively affecting the attainment of this indicator. However all grant conditions were met.	Improve planning around operational and capital expenditure in the WSP	Income and expenditure report	Technical Services
		FM01-02	Cost coverage ratio	2.02	15	2.02	1	👉	There were cashflow challenges during the year that required careful management.	Improve cashflow through collection of outstanding monies	S71 Report to Council	Finance

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
		FM01-03	% of budget actually spent on implementing workplace skills plan	100%	100%	100%	75%		Delay in expenditure owing to procurement challenged in the appointment of a Training Agent. The budget was not spent.	A training agent has been appointed. Training will be conducted in the first quarter of the new financial year.	Income and Expenditure report	Corporate Services
		FM01-04	% of operational budget allocated for repairs and maintenance	N/A	N/A	8%	8%		None	None	1. Approved budgeted	Finance
		FM01-05	Debt coverage ratio	2.03	14	2.03	20		The institution does not have debt and the long term loans are nearing the end of their term	None	S71 Report to Council	Finance
		FM01-06	Outstanding service debtors to revenue ratio	1.8	3.85	1.8	0.31		There is insufficient revenue collected from service debtors due to the inability to cut off water on outstanding accounts	Continue to install prepaid water meters	Debtors Report	Finance

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
		FM01-07	Annual Financial statements developed by August 2017	Annual Financial statements developed by August	Annual financial statements developed internally by August	Annual Financial Statements developed by August 2017	Annual Financial Statements developed by August 2017	👍	None	None	1. AFS 2. Council resolution 3. Proof of submission to AG	
		FM01-08	% of operational budget actually spent	100%	86.5%	100%	95%	👍	None	None	1. Income and Expenditure report 2. Audited AFS	Finance
		FM01-09	% of conditional grants spent	100% (MIG)	100% (MIG)	100%	100%	👍	None	None	Income and expenditure report	Finance
		FM01-10	% of Working for Wetland rehabilitation programme budget spent	100%	100%	100%	113%	👍	Spent all of current years received funds and amounts remaining from the three year allocation and all interest.	None	1. Grant expenditure report 2. Income and Expenditure report	Community Services
		FM01-11	% of alien plants eradication programme (working for water budget spent	100%	99.69%	100%	0%	🖐️	No new contracts signed (no budgets provided) due to DEA's internal processes	Follow up with DEA on new contract	1. Grant expenditure report 2. Income and Expenditure report	Community Services

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
	FM02: Implement revenue collection and enhancement strategy initiatives	FM02-01	% of billed revenue collected	N/A	N/A	100%	30%	👍	Water cannot be terminated due to nonpayment.	Continue to implement installation of prepaid meters	1. Report to Standing Committee	Finance
		FM02-02	Install pre-paid meter readers	N/A	N/A	Prepaid meters installed in Maclear and Aliwal North	Prepaid meters installed in Aliwal North and not achieved in Maclear	👍	Due to the challenges of availability of water in all parts of Maclear the programme was initiated in all of Walter Sisulu and Senqu towns. 1396 meters were installed	Improve public participation to accept pre paid installations across the district	1. Closeout report 2. Report to Standing Committee	Finance
	FM03: Implement anti-fraud and anti-corruption measures	FM03-01	Number of anti-fraud and anti-corruption workshop	1	1	1	1	👍	None	None	1. Attendance Register 2. Report to Standing Committee	OMM
		FM03-02	Number of SCM quarterly reports submitted to the Council	4 reports	3 reports	4	4	👍	None	None	1. SCM reports submitted to the Council 2. Council resolution	Finance

KPA 4: Institutional Development and Transformation

STRATEGIC OBJECTIVE	PROGRAM ME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE Baseline		CURRENT PERIOD (2017/18 FY)		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Qrt. 4 Actual					
Improve human resource capacity and potential	ID01:Effectively empower and develop the Council's workforce and communities	ID01-01	Number of people from employment equity target groups employed in the three highest levels of management in compliance with EEP	2	10	23	23	👍	None	None	Report to Standing Committee	Corporate Services
		ID01-02	Number of Councillor' training initiatives undertaken	3	5	5	8	👍	Additional SALGA initiated councillor trainings took place. There was implications on Subsistence and Travel costs	None.	1. Attendance registers 2. Quarterly training reports to Training Committee	Corporate Services
		ID01-03	Number of MSCOA training initiatives undertaken for Staff and Councillors	N/A	N/A	2	2	👍	None	None	1.Attendance registers 2. Training report to Standing Committee	Corporate Services
		ID01-04	Number of internships &learnerships opportunities created	53	70	53	53	👍	None	None	1. Report to Standing Committee	Corporate Services

STRATEGIC OBJECTIVE	PROGRAM ME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE Baseline		CURRENT PERIOD (2017/18 FY)		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Qrt. 4 Actual					
	ID02: Attract, retain and develop a base of scarce skills encourage skills transfer initiatives	ID02-01	Fill all budgeted vacant posts	N/A	N/A	All vacant budgeted posts filled	Not achieved	👉	All critical budgeted positions have been filled. However protracted recruitment and selection processes contributed to this target not being achieved. Some posts were re-advertised where applicants did not meet the standards. There were also delays in the verification of qualifications. The budget was not spent.	Recruitment process will be strictly monitored term tender for the staff verification has reached bid evaluations and the process should be concluded in the first quarter of the 2018/19 FY.	1. Report to management	Corporate Services
	ID03: Maintain conducive working conditions for staff	ID03-01	Number of LLF meetings held	4 meetings	4 meetings	4	3	👉	Meeting could not be held due to a disagreement between Labour and Management on interpretation of LRA and collective agreement	SALGA was sourced for interpretation (meeting held on 15 June 2018).	1. Minutes 2. Attendance Registers	Corporate Services

KPA 5: Good Governance and Public Participation

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
Facilitate intergovernmental cooperation and coordination	GG01: Support and participate in intergovernmental cooperation initiatives	GG01-01	Number of DIMAFO meetings held	2 meetings	2 meetings	2	2	👍	N/A	N/A	1. Minutes 2. Attendance Register	Institutional Support and Advancement
	GG02: Create and maintain stakeholder engagement initiatives	GG02-01	Number of Council meetings held	9 meetings	11 meetings	9	11	👍	Additional meetings were held to finalise upper limits of Councillors and budget adjustment. There were subsistence and Travel and sitting allowance budget implications.	Budget adjustment meeting is incorporated in Calendar of meetings.	1. Minutes 2. Attendance Register	Corporate Services
		GG02-02	Conduct Community satisfaction survey	Community Satisfaction Survey conducted	Community Satisfaction Survey conducted	Community Satisfaction Survey conducted	Community satisfaction survey conducted at Elundini LM	👍	Meetings in other LMs could not be held as the Director ISA was only appointed in the last quarter of the year	Senqu and WSLM scheduled for the second quarter of the 2018/19 FY. Budgeted in the 2018/19 FY	1. Community satisfaction survey report 2. Report to Standing Committee	Institutional Support and Advancement
		GG02-03	Number of Mayoral outreach programs held in each Local Municipality	1 Mayoral outreach program held in each Local Municipality	1 Mayoral outreach program held in each Local Municipality	1 Mayoral outreach held in each Local Municipality	1 Mayoral outreach were held in each Local Municipality	👍	None	None	1. Attendance Registers 2. Outreach report	OMM

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
		GG02-04	Hold State of the District Address	N/A	N/A	Annual State of the District Address held	Annual State of the District event was held	👍	None	None	1.Report to Standing Committee	Institutional Support and Advancement
	GG03: Provide support to local municipalities	GG03-01	Number of IDP/PMS, IT and Internal Audit support initiatives with local municipalities	N/A	N/A	3	3	👍	None	None	1. Report to Standing Committee 2. Attendance Registers	Support and Advancement &
	GG04: Facilitate environmental management and conservation	GG04-01	Number of reports on implementation of working for water and wetlands programme	N/A	N/A	1	1	👍	None	None	1. Report to Standing Committee	Community Services
Communicate effectively with communities	GG05: Ensure effective internal communications and communities with communities	GG05-01	Number of public participation engagements held	N/A	N/A	1 public participation engagement held in each local municipality	1 public participation engagement held in each local municipality	👍	None	None	1.Reports to Standing Committee 2.Attendance registers	Institutional Support and Advancement

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
	GG06: Work closely with traditional leaders	GG06-01	Number of traditional leaders forum meetings held	4 meetings	3 meetings	4	4	👍	None	None	1. Minutes 2. Attendance Register	Institutional Support and Advancement
Establish and support municipal oversight systems, mechanisms and processes	GG07: Ensure and maintain clean governance	GG07-01	Compile 2016/17 FY annual report	2015/16 FY Annual Report approved by Council	2015/16 FY Annual Report approved by Council	Annual Report approved by Council	Annual Report was approved by Council	👍	None	None	1. Approved Annual Report. 2. Council Resolution	OMM
		GG07-02	Compile 2018/19 FY MTEF Budget	2016/17 FY MTEF Budget approved by Council	2017/18 MTEF Budget approved by Council	2017/18 MTEF Budget approved by Council	2018/19 MTEF Budget was approved by Council	👍	None	None	1. Approved Budget 2. Council Resolution	Finance
		GG07-03	Compile 2018/19 FY IDP	2017/18 IDP reviewed and approved by council	2017/18 IDP reviewed and approved by council	2018/19 FY IDP compiled and approved by Council	2018/19 FY IDP was compiled and approved by Council	👍	None	None	1. 2018/19 FY IDP 2. Council resolution	OMM

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
		GG07-04	Number of signed performance agreements for Directors & Managers directly reporting to the Municipal Manager including the Municipal Manager	7	7	8	8	👍	None	None	8 signed performance agreements	OMM
		GG07-05	Number of Institutional Risk Assessment workshops conducted	1 Institutional Risk Assessment conducted	1 Institutional Risk Assessment conducted	1	1	👍	None	None	1. Attendance Register 2. Institutional Risk Register	OMM
		GG07-06	Maintain clean audit outcomes	Clean audit maintained	Unqualified Audit opinion	Clean audit maintained	Clean audit maintained	👍	TBD	TBD	Audit report	All Directors
		GG07-07	Number of MPAC meetings held	4 meetings	4 meetings	4	4	👍	None	None	1. Minutes 2. Attendance Registers	OMM

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
		GG07-08	Number of Audit and Performance Committee meetings held	5 meetings	5 meetings	5	6	👍	An extra meeting was called to look at the draft AFS and APR. There were Sitting allowance implications.	The extra meeting has been effected in the plan for the 2018/19 FY.	1. Minutes 2. Attendance Registers	OMM
		GG07-09	Number of institutional quarterly performance reports tabled before Council	4 quarterly institutional performance reports tabled before Council	4 quarterly institutional performance reports tabled before Council	4	4	👍	None	None	1. Quarterly report 2. Council resolution	OMM
Facilitate the development of a healthy and inclusive society	GG08: Facilitate Implementation of HIV and AIDS programmes	GG08-01	Number of HIV& AIDS staff and councillor's workshops conducted	N/A	N/A	1	1	👍	None	None	1.Attendance Registers 2. Report to Standing Committee	OMM
		GG08-02	Number of HIV & AIDS Community awareness campaigns conducted per LM	N/A	N/A	1	1	👍	None	None	1. Attendance Registers 2. Report to Standing Committee	OMM

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE 2016/17 FY		CURRENT PERIOD 2017/18 FY		Snapshot	Variance	Corrective Action	EVIDENCE	DIRECTORATE
				Target	Actual	Target	Actual					
	GG09: Facilitate Implementation of programmes supporting the special groups (SPU)	GG09-01	Hold District Mayoral Cup	Annual District Mayoral Cup held	Not Achieved	District Mayoral Cup held	District Mayoral Cup was held	👍	None	None	1. Report to the Standing Committee 2. Attendance Registers	OMM
		GG09-02	Hold District Sondela Youth Festival	N/A	N/A	District Sondela Youth Festival held	District Sondela Youth Festival was held	👍	None	None	1. Report to Standing Committee	OMM

- *The annual target based on the 2016 CS together with 2016/17 actual figures and the planned connections for 2017/18 should have been 79%. There was a change in the methodology of calculation and now used the community survey 2016 from StatsSA as the baseline as this is the most accurate relevant information.

**the annual target based on the 2016 CS together with 2016/17 actual figures and the planned connections for 2017/18 should have been 84%. There was a change a change in the methodology of calculation and now used the community survey 2016 from StatsSA as the baseline as this is the most accurate relevant information

- *** this figure changed from the original SDBIP following review. This figure is not an accumulative figure but is a target for each of the quarters over the year. The number was to be maintained across the year.



ANNUAL PERFORMANCE REPORT FOR PERIOD 01 JULY 2017 TO 30 JUNE 2018

KPI No.)	SUN PROGRAMME OBJECTIVE			INFRASTRUCTURE AND PROPERTY DEVELOPMENT				STRATEGIC GOAL 3.1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE SOGASE DISTRICT			
	Strategic Indicators			= Target achieved								= Target not achieved	
	Project	Specific Deliverable (SFD)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Milestone/ Verification for Annual Target	Signified	Deviation Explanation	Corrective Measures	Responsible Person	
Planned (2016/17)				Actual (2016/17)	Planned (2017/18)	Actual (2017/18)							
KPI1	Water Tap Water	Number of Applications for water supply approved	= no restriction on planning approval submitted	None Indicator	None Indicator	1 Report on water supply (2016/17) submitted to process of approval	1 Report on water supply (2017/18) submitted to process of approval	1 Report on water supply (2017/18) submitted to process of approval	📈	None	None	Chief Executive Officer	
		Number of Applications for water supply approved by JoGEDA		1. Completion of water supply applications	0. Completion of water supply applications	1. Annual Report on water supply (2016/17)	1. Annual Report on water supply (2017/18)	1. Annual Report on water supply (2017/18)	📈	None	None	Business Development Project Manager	
KPI2	Land Use Change	Approved property transactions	Alternative had submitted to the relevant authorities for approval	None Indicator	None Indicator	Property applications for approval	Property applications for approval	Agreement on the use of land (2017/18)	📈	None	None	Business Development Project Manager	
		Number of physical planning and consultation reports		None Indicator	None Indicator	1 Report	1 Report	Technical and valuation reports	📈	None	None		

KPI No.)	SUD PROGRAMME TITLE			INFRASTRUCTURE AND PROPERTY DEVELOPMENT				STRATEGIC GOAL 5.1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GOADI DISTRICT		
	Strategic Indicators			👉 =Target achieved				🟣 = Target not achieved				
	Project	Specific Deliverable (SD)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Strategic	Deviation Explanation	Corrective Measures	Responsible Person
Planned (2015/17)				Actual (2018/19)	Planned (2017/18)	Actual (2017/18)						
1.15	Sleepy Small Town Regeneration Project	Appoint Property Improvement Agent	Kilometer land available for the development of middle income housing secured	New Indicator	New Indicator	Property Developer Appointed	1. Awaiting secure development consents. 2. Agreement to secure developer was not achieved.	Actual agreement, requirement letter to AMDCI	🟣	The agency has identified for the development of the site and the developer must also be securing the site before the DCC and the local Municipality can proceed with the council resolution which affects how the agency will deal with the developer that is currently on a lease with DCC to allow that facility we desire to develop.	1. Finalize formal agreement with the DCC regarding the facility this will be done in Q1 2019/19. 2. Finalize the application for the future that will be done by Q2 2019/19. 3. Conduct social facilities for the business that are currently operating in these premises.	Business Analyst/ Project Managers
1.18		Number of individuals working and available in region		New Indicator	New Indicator	1 Report	1 Report	1 Technical and evaluation report	🟣	None	None	
KPI No.)	SUD PROGRAMME TITLE			INFRASTRUCTURE AND PROPERTY DEVELOPMENT				STRATEGIC GOAL 5.1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GOADI DISTRICT		
	Strategic Indicators			👉 =Target achieved				🟣 = Target not achieved				
	Project	Specific Deliverable (SD)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Strategic	Deviation Explanation	Corrective Measures	Responsible Person
Planned (2018/17)				Actual (2018/17)	Planned (2017/18)	Actual (2017/18)						
1.17	Water and Sanitation programme	Sign Service Level Agreement with JSCM	New Indicator	New Indicator	New Indicator	Service Level Agreement Signed	Service Level Agreement Signed	Signed Agreement	🟢	None	None	Business Analyst/ Project Managers
1.18		Establish Project Steering Committee		New Indicator	New Indicator	Project Steering Committee was Established	Project Steering Committee was Established	Meeting TOR Agreement	🟢	None	None	
1.19		Establish Construction schedule		New Indicator	New Indicator	Expansion of Interest	Expansion of Interest	Expansion of Interest achieved	🟢	None	None	

KPI (No.)	SUB-PROGRAMME TITLE			AGRI PARK AND AGRI BUSINESS DEVELOPMENT				STRATEGIC GOALS 4		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GQABI DISTRICT			
	Stop sheet indicators			👍 = Target achieved 🖐️ = Target not achieved									
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snapshot	Deviation Explanation	Corrective Measures	Responsible Person	
			Planned (2016/17)	Actual (2016/17)	Planned (2017/18)	Actual (2017/18)							
1.110	Meats Meat Hub	Develop stakeholder matrix for the operators of the Meats Meat Hub...	Business Plan completed in 2015	1 Stakeholder matrix developed	0 Stakeholder matrix developed	1 Social Facilitator appointed. 2 Stakeholder Matrix developed	1 Social Facilitator appointed. 2 Stakeholder Matrix developed	1. Social facilitation Agreement. 2. Stakeholder matrix	👍	None	None	Business Analyst / Project Manager	
1.111		Develop an operational model		1 Operational model developed	0 Operational model developed	1 Operational model developed	1 Operational model developed	Operational Business Model Report	👍	None	None		
1.112		Number of Signed Strategic partnership agreements with retail/industry for market access.		2 Signed strategic partnership agreement	0 Signed strategic partnership agreement	2 Signed strategic partnership agreement	2 Signed Strategic partnership agreements	Signed Agreement	👍	None	None		
1.113		Number of activities to secure an operator for the Meats Meat Hub.		1 Operator secured for the operations of the Meats Meat Hub	0 Operator secured for the operations of the Meats Meat Hub	1 Expression of Interest	0 Expression of Interest	Expression of Interest Active	🖐️	There has been a set back, after the completion of the Meats Meat Feedlot structure galls force made operational the structure and the completed iron rod electrical cables which lead to will have resulting the site and surrounding lands.	BAMC has confirmed that they will rebuild and reinforce the structure.		

KOT (K4)	SUB-PROGRAMME TITLE			AGRI PARK AND AGRI BUSINESS DEVELOPMENT				STRATEGIC GOALS :		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GOABI DISTRICT			
	Key Indicators			👉 = Target achieved				🖱️ = Target not achieved					
	Project	Specific Deliverable (SDT)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Risk level	Deviation explanation	Corrective Measures	Responsible Person	
Planned (2016/17)				Actual (2016/17)	Planned (2017/18)	Actual (2017/18)							
1.114	Agri Park and Agri-business support	Number of signed Partnership initiatives with agricultural enterprise development.	New Targets	2 Partnership agreements for agricultural enterprise development.	0 Partnership agreements for agricultural enterprise development.	2 Partnership agreements for agricultural enterprise development.	1 Partnership agreements for agricultural enterprise development.	Service level Agreement/Memorandum of Understanding	🖱️	Signed Partnership initiatives can only happen once the Agri Park has being built, the funds for the establishment of the Agri Parks were supposed to come from National Government, these funds are yet to materialize hence there are no Partnership Agreements with Agri Enterprises.	Efforts to get funds released from National Government will have to be initiated. It is therefore difficult to put a timeline on the activity as it is externally dependent.		
1.115		Conduct social facilitation.		2 Agri Business Projects to have social facilitation conducted	0 Agri Business Projects to have social facilitation conducted	2 Agri Business Projects to have social facilitation conducted	0 Agri Business Projects to have social facilitation conducted	Attendance register of the social facilitation	🖱️	Signed Partnership initiatives can only happen once the Agri Park has being built, the funds for the establishment of the Agri Parks were supposed to come from National Government, these funds are yet to materialize hence there are no Partnership Agreements with Agri Enterprises. Social facilitation could not be conducted until the issue is resolved.	Efforts to get funds released from National Government will have to be initiated. It is therefore difficult to put a timeline on the activity as it is externally dependent.	Ruzweni Awoyo/Project Manager	
1.116		Number of signed or Strategic partnership agreements for market access.		2 Signed partnership agreements for market access	2 Signed partnership agreements for market access	2 Signed partnership agreements for market access	0 Signed partnership agreements for market access	Agreement/Service level Agreement/Memorandum of Understanding	🖱️	Signed Strategic Partnership agreements for Market Access are only possible once primary agricultural produce has been harvested, with no prospects of production can be off take agreements.	The establishment of the Agri Parks infrastructure is key here, hence that has to happen first before we can encourage farmers to plant the desired category of produce. So efforts must be made to motivate National Government to release funds for the development of the Agri Park.		

RFI (No.)	SUB PROGRAMME TITLE			INDUSTRIAL PARK AND MANUFACTURING				STRATEGIC GOALS 1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GOAB DISTRICT		
	Snap shot Indicators			👉 =Target achieved				🖱️ = Target not achieved				
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person
Planned (2016/17)				Actual (2016/17)	Planned (2017/18)	Actual (2017/18)						
1.1.17	Seven Industrial Park	Number of activities to secure an operator for for Seogu Plastic Manufacturing	Secured land for the development of Seogu industrial park.	New Indicator	New Indicator	1. Source Expression of interest 2. 1 Project Report on securing operator	1. Expression of interest Secured 2. 1 Project Report on securing operator	1. Expression of interest identified in list of interest sourced from service provider. 2. Report on the status of securing an operator	🖱️	None	None	Business Analyst/Project Manager
1.1.18	Upgraded Industrial Park	Conduct a feasibility study	Signed partnership Agreement between Coagu Development, Corporate and JICRTA and Project Closure	New Indicator	New Indicator	1 Feasibility Study Report Conducted	1 Feasibility Study Report Conducted	Feasibility Study Report.	👉	None	None	Business Analyst/Project Manager
1.1.19	SME Development	Number of SME cases	25	41 Trained and developed entrepreneurs of the district	152 Trained and developed entrepreneurs of the district	36-SME Trained	50 Trained and developed entrepreneurs of the district	Skills development and training programme / attendance register by QMBE's co-funding workshop	👉	None	None	Business Analyst/Project Manager
1.1.20		Number of entrepreneurial information sharing workshops conducted	4	4 information sharing workshops conducted	4 information sharing workshops conducted	4 information sharing workshops conducted	4 information sharing workshops conducted	Entrepreneurial information sharing workshop programme attendance register	👉	None	None	

KPI (No.)	SIB PROGRAMME TITLE			SIB DEVELOPMENT AND INVESTMENT PROMOTION				STRATEGIC GOALS 1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GQABI DISTRICT			
	Snap shot Indicators			=Target achieved				= Target not achieved					
	Project	Specific Deliverable (SP)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person	
Planned (2016/17)				Actual (2016/17)	Planned(2017/18)	Actual (2017/18)							
1.1.1	Akhil North Private Hospital	Sign development facilitation agreement	New Indicator	New Indicator	1 Development facilitation agreement Signed	0 Development facilitation agreement Signed	Agreement	👍	A development facilitation agreement is developed but has not yet been signed by the funding partners due to the issue of land being not resolve.	1. The agency facilitate a successful deal around the issue of land or existing building by Catholic church that will be used to build the private hospital. 2. Ensure that the facilitation agreement is signed by all parties before end quarter 1 for financial year 2018/19.	Business Analyst/Project Manager		
1.1.2		Develop project investment Memorandum	New Indicator	New Indicator	1 Project Investment Memorandum developed	1 Project Investment Memorandum developed	Investment Memorandum report	👍	None	None			
1.1.3		Appoint Project Board	New Indicator	New Indicator	1 Project board appointed	1 Project board appointed	Accountable appointment letters or Service level Agreement/Memorandum of Understanding	👍	None	None			
KPI (No.)	SIB PROGRAMME TITLE			INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL PERFORMANCE				STRATEGIC GOALS 1.1		TO ESTABLISH A WELL STAFFED INSTITUTION THAT SUPPORTS THE AGENCY STRATEGY			
	Snap shot Indicators			=Target achieved				= Target not achieved					
	Reporting Period	Specific Deliverable (SP)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person	
			Planned (2016/17)	Actual (2016/17)	Planned(2017/18)	Actual (2017/18)							
2.1	Annually	Approval (Review) organisational structure aligned to the mandate of JGDC	Organisational Structure 2016/17	1 Approved Organisational structure	1 Approved Organisational structure	1 Organisational Structure (Placement approved by the board)	1 Organisational Structure (Review) approved by the board	Approved Organogram	👍	None	None	Chief Executive Officer/Deputy Manager	
2.1.2	Annually	Number of reviewed Job profiles for all funded position as compiled by management	Organisational Structure 2016/17	100% Job profile for all position compiled by management	100% Job profile for all position compiled by management	7 Job profiles were reviewed by management	7 Job profiles were reviewed by management	Appointment Letters, payroll and approved organogram	👍	None	None		
2.1.3	Annually	Number of filled funded positions in the approved organogram	Organisational Structure 2016/17	100% of approved funded position is filled	100% of the approved funded position is filled	7 funded positions filled in the approved organogram	7 funded positions filled in the approved organogram	Appointment Letters/Staff contracts	👍	None	None		

KPI (No.)	SUB PROGRAMME TITLE			INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL PERFORMANCE				STRATEGIC GOALS 2.2 TO BUILD A CULTURE OF ORGANISATIONAL PERFORMANCE AND EXCELLENCE				
	Strap shot indicators			👍 = Target achieved 🙋 = Target not achieved				Means of Verification for Annual Target	Strap shot	Deviation Explanation	Corrective Measures	Responsible Person
	Reporting Period	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE						
			Planned (2016/17)	Actual (2016/17)	Planned (2017/18)	Actual (2017/18)						
221	Annually	Performance management policy revised and approved by the board	Performance Management Policy	1 Performance management system approved by the board	1 Performance management system approved by the board	1 Performance management policy revised	1 Performance management policy revised	Performance Management Policy	👍	None	None	Chief Executive Ultimate Finance Manager
222	Annually	Performance agreements signed annually	Performance Management Policy	100% Performance agreements signed	100% Performance agreements signed	1 Performance agreement meeting to sign performance agreement for each individual employee	1 Performance agreement meeting to sign performance agreement for each individual employee	Performance Agreements	👍	None	None	
223	Quarterly	Number of performance evaluation performed quarterly	Performance Management Policy	4 performance evaluation performed	4 performance evaluation performed	4 performance evaluation performed quarterly	4 performance evaluation performed quarterly	Quarterly performance evaluation	👍	None	None	
224	Quarterly	Number of performance management reports submitted quarterly	2016/17 performance reports	4 Performance management reports submitted	4 Performance management reports submitted	4 Performance management reports submitted	4 Performance management reports submitted	Performance Management Report	👍	None	None	
225	Annually	Report on organisational performance targets achieved annually	2016/17 Annual Report	80% Organisational performance targets achieved	5% Organisational performance targets achieved	1 Annual Organisational Performance report Developed	1 Annual Organisational Performance report Developed	2016/17 Annual Report	👍	None	None	

KPI (No.)	SUBPROGRAMME TITLE			COMMUNICATION AND GOVERNANCE				STRATEGIC GOALS 3		TO ESTABLISH EFFECTIVE GOVERNANCE PROCEDURES AND EFFICIENT MANAGEMENT SYSTEMS			
	Snap shot indicators			👍 = Target achieved				🖐️ = Target not achieved					
	Reporting Period	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Parties	
			Planned (2016/17)	Actual (2016/17)	Planned (2017/18)	Actual (2017/18)							
3.1.1	Annually	Report on Board (and Board Committees) effectiveness assessment completed annually.	Board Assessment Report	1 Board assessment report compiled.	1 Board assessment report compiled.	1 Board assessment report.	1 Board assessment report.	Board Assessment Report	👍	None	None	Chief Executive Officer/Treasury Secretary	
3.1.2	Quarterly	Number of board reports submitted (7 days before meetings) to Board.	Minutes of Board meetings – 2016/17	4 Board reports submitted to the Board.	4 Board reports submitted to the Board.	4 Board reports submitted to the Board.	4 Board reports submitted to the Board.	Company Secretary Report Minutes	👍	None	None		
3.1.3	Quarterly	Compliance of JoGESA based or compliance register.	Compliance Register	100% compliance with the compliance register	100% compliance with the compliance register	100% compliance with the compliance register	100% compliance with the compliance register	Compliance register or company secretary report	👍	None	None		
3.1.4	Annually	Operational policies reviewed annually	Organisational Policies	1 Organisational Policy reviewed	0 Organisational Policy reviewed	Policy Documents or plan to be reviewed by Management	Policy Documents or plan to be reviewed by Management	Policy Documents or plan reviewed by CEO and approved by board chairperson	🖐️	None	None	Chief Executive Officer/ Finance Manager	
3.1.5	Annually	Annual General Meetings Held	Minutes of previous AGM	1 Annual General Meeting	1 Annual General Meeting	1 Annual General Meeting Held.	1 Annual General Meeting Held.	Minutes of the Annual General Meeting	👍	None	None		
3.1.6	Annually	Number of risk management register approved by Board and implemented quarterly.	2017/17 Risk Register	1 Risk Management plan approved and implemented.	1 Risk Management plan approved and implemented.	1 Risk Management register approved and implemented on Quarterly Basis.	1 Risk Management register approved and implemented on Quarterly Basis.	Risk Register	👍	None	None		
3.1.7	Annually	Audit General: Unqualified Audit Opinion	AG Report for 2016/17	1 Unqualified Audit Opinion	1 Unqualified Audit Opinion	Audit General Report 2016/17 – Unqualified Audit Opinion obtained.	Audit General Report 2016/17 – Unqualified Audit Opinion obtained.	Audit General's Report 2016/17	👍	None	None		
3.1.8	Annually	Report of previous audit findings that have been resolved.	AG Report	100% Audit findings resolved	100% Audit findings resolved	1 Resolved Audit Findings Report developed	1 Resolved Audit Findings Report developed	Audit Action Plan	👍	None	None		
3.1.9	Annually	Conduct Fraud Awareness.	New Indicator	New Indicator	New Indicator	Fraud Awareness was Conducted	Fraud Awareness was Conducted	Fraud Awareness Attendance Register	👍	None	None		

KPI (No.)	SUB-PROGRAMME TITLE			FINANCIAL MANA/GPM/NT				STRATEGIC GOALS 1.2		TO ENSURE FINANCIAL SUSTAINABILITY		
	Strategic Indicators			👍 = Target achieved				🟡 Target not achieved				
	Reporting Period	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Measure of Verification for Annual Target	Flag shot	Deviation Explanation	Corrective Measures	Responsible Person
			Planned (2016/17)	Actual (2016/17)	Planned (2017/18)	Actual (2017/18)						
1.21	Annually	Number of annual budget approved and submitted to JGDM	2016/17 Annual Budget	1 Annual budget approved	1 Annual budget approved	1 Annual budget approved	1 Annual budget approved	Trial balance, funding agreements, evidence of the approved budget and submission to JGDM	👍	None	None	Chief Executive Officer / Finance Manager
1.22	Quarterly	Number of monthly budget statements complete and submitted to JGDM	Monthly budget statements for 2016/17	12 Monthly budget statements submitted to JGDM and Chairperson of the Board	12 Monthly budget statements submitted to JGDM and Chairperson of the Board	12 Monthly budget statements submitted to JGDM and Chairperson of the Board	12 Monthly budget statements submitted to JGDM and Chairperson of the Board	Proof of submissions, e-mails	👍	None	None	
1.23	Quarterly	Number of Financial Statements prepared and submitted (quarterly and annually)	2016/17 Financial statements	4 Financial Statements prepared and submitted	4 Financial Statements prepared and submitted	4 Quarterly Financial Statements prepared and submitted	4 Quarterly Financial Statements prepared and submitted	Proof of submission, Tabling to relevant committees	👍	None	None	
1.24	Annually	Amount of additional funding raised (over baseline)	R723 500,00	20% additional funding raised	20% additional funding raised	R 2 300 000,00	R 2 000 000,00	Funders letter of commitments/ Service Level Agreements	👍	None	None	

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 Staffing information

The table below provides an overview of staffing levels in the municipality, including total staff, approved positions and funded vacancies. In this municipality, 97% of staff were permanent employees. There was a vacancy rate of 22%.

Table 4: Staffing levels

	DC14
Total municipal staff currently employed	956
Total permanent currently employed	931
Total temporary staff currently employed	25
Total approved positions	1225
Total funded vacancies	1217
Percentage of funded vacancies	99%

The qualifications of staff (from technical to postgraduate) are detailed below. The table shows that 11,99% of staff have some form of tertiary qualification.

Table 5: General qualifications

	DC14
Number of staff with postgraduate degrees	12
Percentage of staff with postgraduate degrees	1,26
Number of staff with Bachelor's degrees	38
Percentage of staff with Bachelor's degrees	3.97
Number of staff with technical qualifications	59
Percentage of staff with technical qualifications	6.17

In 2007, National Treasury introduced minimum competencies for municipal officials responsible for financial and supply chain management. This was done in order to modernise and professionalise financial management in municipalities, in keeping with the principles of accountability, transparency, effective and efficient utilisation of public resources.

The regulations cover the following aspects for the relevant financial and supply chain management positions: minimum higher education qualifications; work related experience, core managerial and occupational competencies and the financial and financial and supply chain management competencies that the relevant municipal officials should have to enable them to discharge their responsibilities under the MFMA and the related reforms.

A structured training programme was introduced in support of the minimum competency requirements for existing and new incumbents in the municipal sector. A graduate internship programme was also introduced and additional financial resources were made available to municipalities in the form of Financial Management Grant over the medium term. This was augmented by additional funding from the donor community, LGSETA and municipal own resources. The table below indicates the number of people in the municipality that have completed MFMA competency courses.

Table 6: MFMA competency

	DC14
Number of municipal officials that have completed the MFMA Competency 1: Budgeting	41
Number of municipal officials that have completed the MFMA Competency 2: Costing	41
Number of municipal officials that have completed the MFMA Competency 3: Income expenditure	41
Number of municipal officials that have completed the MFMA Competency 4: Ethics	41
Number of municipal officials that have completed the MFMA Competency 5: IG Fiscal relations	41
Number of municipal officials that have completed the MFMA Competency 6: Auditing planning implementation	41
Number of municipal officials that have completed the MFMA Competency 7: Performance management	41
Number of municipal officials that have completed the MFMA Competency 8: Internal control	41
Number of municipal officials that have completed the MFMA Competency 9: Risk management	41
Number of municipal officials that have completed the MFMA Competency 10: ICT and finance	41

Some of the relevant numbers and figures as far as organisational development function of the District are summed up below.

Employment	2017/18	2016/17	2015/16
Employee Costs (R'000)	210 133 486	186 85 9168	163 740 000
Remuneration of councillors (R'000)	5 953 332	5 201 912	5 310 000
Total Employee Positions	956	901	813
Total Vacant Employee Positions	269	324	177
Managerial Positions - S56/S54A	8	7	6
Vacant Managerial Positions - S56	0	1	1
Managerial Positions - by organogram	19	19	19
Vacant Managerial Positions - by organogram	1	2	3

4.2 Management overview

The table below provides an overview of senior management in the municipality, including total number of Section 56 positions, as well as the percentage of vacancies in 2016/17 and 2017/18. In this municipality, 33% of Section 56 positions were vacant in 2016/17, while 0% were vacant in 2017/18.

Table 7: Senior management

	DC14
Total Section 56/54A positions in the municipality (2017/18FY)	8
Percentage of Section 56/54A positions vacant for more than three months in 2016/17	14%
Percentage of Section 56/54A positions vacant for more than three months in 2017/18	0%

4.3 Departmental assessment

Total budget and staffing information for the three groups of functions (Development and town planning services; Technical services; Community services) are provided in the table below. This is followed by a detailed assessment by function in the following section.

An analysis of data for each department finds the following:

Function	Operation budget			Capital budget		
	2016/17 FY (R)	2017/18 FY (R)	% increase	2016/17 FY (R)	2017/18 FY (R)	% increase
Office of the Municipal Manager	54 306 638	42 137 860	-22%	2 600 000	26 000	99%
Corporate Services	48 019 003	49 678 485	3%	1 433 000	1 190 000	-17%
Institutional Support and Advancement	0	14 196 484	100%	0	971 354	100%
Finance	72 889 693	103 276 462	29%	200 000	0	0%
Community Services	56 174 429	51 681 898	-8%	0	15 216 594	100%
Technical Services	315 523 333	330 597 914	5%	265 610 000	213 848 000	-19%

CHAPTER 5 – FINANCIAL PERFORMANCE

5.1 Financial information

The District Municipality is cognisant of the financial environment in the country and abroad on issues such as Eskom Tariff increases, the volatile Rand, sluggish economic growth, high rates of unemployment and uncertainty of fuel prices. The municipality has reviewed its financial policies and the reviewed policies were approved by the rules and ethics committees during February 2018. A final approval was made by Council in May 2018. A tariff restructuring for water and sanitation function has been implemented since 2007 so that income matches expenditure and to ensure there is funding for replacement costs and maintenance. The District is also investigating the possibility of recovering some service costs for Municipal Health Services (MHS) through the implementation of fines and certificate of acceptability.

Billing is based on accurate data which status changes from time to time. Initiatives such as annual review of indigent registers and customer data are in place to ensure continued accuracy and consistency of billing data. The effectiveness of the billing systems have been assessed with the review of the revenue enhancement strategy (RES) and the WSDP review and the system is effective and efficient. The municipality has embarked on a project of installing pre-paid water meters in order to improve revenue collection.

High staff turnover is a challenge that leads to capacity gaps. Training of staff on effective usage of the financial system and other financial year has been prioritised. A new financial system, SEBATA, was sourced as an integrated system for the District. There has been significant reduction in wasteful and fruitless expenditure which enhances the revenue of the institution. To limit payment of interest charged by creditors for late payment of accounts, the District has strict controls on overdue accounts. To further improve revenue management bulk and individual meters are prioritised for implementation in all towns and later in all served areas. This measure will be implemented in the shortest time possible. The focus shifted from the implementation of Pre-paid water meters within the Aliwal North Town area during 2016/2017 to the whole District, on a request basis at no charge to the consumers, which will improve on the collection of monies due.

The Municipality's depreciable asset base increases significantly on an annual basis as result of the significant capital investments in infrastructure within the District in the last ten years. The increase in the depreciable asset base increased the annual depreciation beyond normal tariff increases.

In terms of national policy, municipalities should provide Free Basic Services to their communities. The table below indicates whether free basic water and electricity is provided, the quantity thereof, and the number of households benefitting from this policy. In this municipality, free basic services for water costs roughly 4% of the total operating expenditure. This benefited 16,82% of households in the municipality.

Table 8: Free basic services

	DC14
Free Basic Services policy (water)	Yes
Quantity of free basic water	6 kl
Cost to municipality for free basic water	22,433,818
Number of households benefitting from free basic water	16304
Free Basic Services policy (electricity)	N/A
Quantity of free basic electricity	N/A

Cost to municipality for free basic electricity (Kwh)	N/A
Number of households benefitting from free basic electricity	N/A

The table below depicts other important financial indicators for the municipality.

All values: R'000	2017/18	2016/17	2015/16
AUDIT OUTCOME	Clean	Financially unqualified with findings	Clean audit outcome
FINANCIAL PERFORMANCE			
Revenue			
Service charges	77 137 650	91 671 035	102 810 763
Investment revenue	26 745 244	27 401 827	4 385 210
Government grants and subsidies - capital	132 635 748	250 801 995	203 356 888
Transfers recognised operational	404 607 810	315 173 467	326 436 927
Other own revenue	14 270 825	1 023 737	1 283 144
Total Revenue	655 397 277	700 255 006	655 270 689
Expenditure			
Employee costs	210 133 486	190 580 905	167 090 606
Remuneration of councillors	5 953 332	5 201 912	5 309 512
Depreciation and Amortization	49 158 583	48 698 284	46 362 765
Finance charges	5 645 688	5 916 126	5 735 402
Bulk purchases	4 458 788	4 163 900	988 976
Grants and subsidies paid	8 495 130	7 879 344	1 192 980
Repairs and maintenance	6 975 583	12 012 116	6 315 416
Contracted services	14 872 932	14 441 985	15 138 059
Total Expenditure	305 693 522	480 095 516	468 227 157
Total current assets	192 808 699	5 684 207	8 532 307
Total noncurrent assets	1 687 526 349	1 678 558 968	1 500 403 879
Total current liabilities	144 928 084	30 808 730	25 482 835

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

6.1 COMPONENT A: AUDITOR-GENERAL OPINION 2017/18 FINANCIAL YEAR

Joe Gqabi District Municipality

Audit Report

For the year ended 30 June 2018

Report of the auditor-general to Eastern Cape Provincial Legislature and the council on Joe Gqabi District Municipality

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the Joe Gqabi District Municipality and its subsidiary (the group) set out on pages x to x, which comprise the consolidated and separate statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2018, and their financial performance and cash flows for the year then ended in accordance with South African Standards of General Accounting Practise (SA Standards of GRAP) and the requirements of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2017) (Dora).

Context for the opinion

3. 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 consolidated and separate financial statements section of this auditor's report.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 40 to the consolidated financial statements, the corresponding figures for the previous balance sheet were restated as a result of an error in the financial statement of the municipality at, and for the year ended 30 June 2018.

Material losses

8. As disclosed in note 46 to the consolidated financial statements, material losses of R45 million was incurred due to aging infrastructure.

Impairment – Receivables from Exchange Transactions

9. As disclosed in note 4 to the consolidated financial statements, material losses of R188.9 million (2017: R142.8 million) was incurred as a result of significant impairment of debtors due to poor collection practises.

Property, plant and equipment – Work-in-progress

10. As disclosed in note 7 to the consolidated financial statements, the municipality has disclosed capital infrastructure projects that are delayed with explanations for the delays.

Responsibilities of Accounting Officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

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

13. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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.
14. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

15. 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.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Joe Gqabi District Municipality (municipality). I have not evaluated the completeness and appropriateness of the performance indicators/ measures 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.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development priorities	Pages in the annual performance report
KPA 1: service delivery and infrastructure provision	x – x
KPA 2: local economic development	x – x

18. 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.
19. I did not raise any material findings on the usefulness and reliability of the reported performance information for these development priorities.

Other matters

20. I draw attention to the matter below.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA

Other information

24. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
25. 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.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

28. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the findings on the annual performance report.
29. Management has not adequately reviewed the annual performance report as a result there were misstatements identified in the annual performance report.
30. The annual performance report submitted for audit were not supported by supporting information and was found not to be reliable. IT governance has weakened leading to municipality not implementing mSCOA on treasury deadline.

East London

Auditor-General

13 December 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

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

COMPONENT B: ADDRESSING AUDITOR-GENERAL OPINION

6.2 Audit Action Plan 2016/17 FINANCIAL YEAR

Auditor-General Report on Financial Statements 2016/17 FY	
Status of audit report:	Financially unqualified with findings
Non-Compliance Issues	Remedial Action Taken
Corrections of a material nature were made to the financial statements	Ensure that there is sufficient oversight over the preparation of the AFS including filling the post of Chief Financial Officer and allowing sufficient time for all oversight committees to review and give comment prior to submission Ensure that there is supporting information for all items in the financial statements
T 6.2.1	

Auditor-General Report on Service Delivery Performance: 2016/17 FY	
Status of audit report	Unqualified with findings
Non-Compliance Issues	Remedial Action Taken
Corrections were made to the Annual Performance Report	Ensure that there is sufficient, reliable and complete information to support each indicator and that this evidence has been interrogated and reviewed prior to submission for audit
T 6.2.2	

6.3 Audit Action Plan 2017/18 FINANCIAL YEAR

Auditor-General Report on Financial Statements 2017/18 FY	
Status of audit report:	Clean
Non-Compliance Issues	Remedial Action Taken
Other information not received by the AG prior to finalisation of the auditor's report	Systems will be strengthened to ensure timeous availability of information.
T 6.2.1	

Auditor-General Report on Service Delivery Performance: 2017/18 FY	
Status of audit report	Clean
Non-Compliance Issues	Remedial Action Taken
Misstatements in the annual performance report	Strengthen review of portfolio of evidence to support reported achievements throughout the year.
Non-implementation of mSCOA and weakened IT governance	The municipality has reviewed its targets and action plan from mSCOA implementation. Implementation is underway.
T 6.2.2	

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

APPENDIX A: REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2018

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF THE JOE GQABI DISTRICT MUNICIPALITY

In accordance with Section 166 of the Municipal Finance Management Act 56 of 2003 (the MFMA), the Audit Committee has been established as an Independent Committee of Council. The Committee has adopted formal terms of reference, which are reviewed annually and approved by Council.

The Committee presents its report for the financial year ended 30 June 2018.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee's terms of reference requires a minimum of three members. In the year under review the Committee consisted of the members as indicated below. The committee met at the required frequency and in addition held separate exclusive meetings with the Auditor General as well as with the Head of Internal Audit. Internal Audit facilitates Audit Committee meetings and the Auditor General is a standing invitee at these meetings.

Name of member

Mr J Emslie (Chairperson)
Ms F Ntlemenza
Ms P Ntswana

AUDIT COMMITTEE RESPONSIBILITY

The responsibility of the Audit Committee is governed by a combination of the MFMA, the Companies Act and King Reports on Corporate Governance, with the MFMA being the overriding legal authority. The overall responsibility of the Audit Committee is to perform an oversight function on the effectiveness or otherwise of good corporate governance at the Municipality. The MFMA goes further and details specific responsibilities that the Audit Committee must fulfil. This annual report therefore is fulfilling the responsibility of this committee in accounting to the Council on its legislated mandate.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Municipality's internal controls are appraised during the year by Internal and External audit. The Audit Committee reviews the outcomes of these appraisals and the appropriateness of managements actions in response to weaknesses identified and provides recommendations thereon. Follow up audits are conducted by internal audit were applicable to ensure the necessary matter has been addressed.

The drivers of internal control are Leadership; Financial and Performance management and Governance. The Auditor General did not report any significant deficiencies within the internal controls during the year under review. However their general findings and recommendations, together with those of Internal Audit, must be implemented and monitored to avoid these becoming significant deficiencies in future.

INTERNAL AUDIT

Internal Audit executed and fulfilled its mandate as envisaged by Section 165 of the Municipal Finance Management Act encapsulated in the internal audit plan and the internal audit charter.

Internal audit maintains a findings register to enable tracking of progress in any identified areas where improvement may be required. Matters that would enhance effectiveness are raised through the Audit Committee and these receive management and the unit's consideration.

In terms of fulfilling its mandate the Internal Audit Unit is fulfilling its responsibility and the Audit Committee considers Internal Audit to be partially effective. Factors impacting this assessment include:

- An external quality assessment as required by auditing standards has not been timeously completed.

The unit however initiated an internal quality assessment in the interim.

- The unit did not have sufficient human resource capacity (including recommended IT skills) during the year under review to enable it to complete its operational plan.

The unit's effectiveness could be improved through addressing such shortcomings, and this would contribute to good governance in the Municipality.

RISK MANAGEMENT

The Risk Management function continues to assist the municipality in the areas of risk management, anti-fraud and corruption. Risk management meetings are occurring with emerging risks being considered and risk libraries updated where applicable.

The committee also considers anti-corruption and ethical considerations. The Municipalities risk management unit completed Provincial Treasury's Financial Management Capacity Maturity Model during the year for the Provincial Treasury to assess and monitor progress in the area of risk and others.

ACCOUNTING POLICIES

Accounting policies adopted by the Municipality in the current year were in accordance with GRAP (Generally Recognised Accounting Practice) standards and where applicable, were in accordance with the IAS (International Accounting Standards). There were no audit findings on accounting policies and there were no significant changes from the prior year.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Audit Committee has reviewed and discussed the financial statements and predetermined objectives for 2017/2018 financial year with management.

During the review process of the financial statements the committee:

- Made enquiries into abnormal and significant transactions;
- Obtained reasonable explanations for variances between the financial statements and budgeted amounts;
- Reviewed any new or proposed legislation that may have an impact on policies, the financial statements and disclosure therein;
- Made enquiries into the adequacy, reliability and completeness of supporting information as supporting these financial statements

PERFORMANCE REPORTING

The Audit Committee is satisfied with the quality of reported performance against predetermined objectives. The Audit Committee however recommends a closer alignment between financial and performance reporting with controls set in place to timeously detect anomalies in this regard.

In terms of achieving the predetermined performance objectives, the institution has achieved the majority of the agreed performance objectives. Internal audit has engaged with management on the nature and extent of evidence supporting the achievement to ensure support for the achievement. Implementing their recommendations and improving this review process will contribute to avoiding corrections during the external audit.

GOVERNANCE

Governance at the Municipality for the year ended 30 June 2018 continued to be effective and accordingly there were no material audit findings on governance, neither from the Auditor General nor from Internal Audit.

COMPLIANCE WITH THE MFMA AND OTHER APPLICABLE LEGISLATION

No material non-compliance with legislation was identified during the year under review nor reported through external audit. During the year the Municipality developed and implemented a compliance monitoring tool to aid management in ensuring compliance with laws and regulations.

Cash flow pressures increasingly expose the municipality to risks of fruitless and wasteful expenditure through late payments of suppliers and potential breaches of the 30 day payment rules. The Municipality has not implemented an MSCOA system in the timeframes directed by the National Treasury. The Municipality reported potentially Irregular expenditure on an historical contract. Management continues to monitor these matters while seeking to implement recommendations.

The Audit Committee reports that it is not aware of any material occurrence or omission resulting in non-compliance with the Municipal Finance Management Act; the Annual Division of Revenue Act; the Water Services Act and any other key legislation applicable to the District Municipality.

CONCLUSION

We concur with and accept the opinion of the AGSA on the financial statements of the Municipality for the year ended 30 June 2018. We express our appreciation to all involved in contributing to this outcome.



Mr J Emslie CA(SA)
Audit Committee Chairperson
For and on behalf of the Audit Committee
18 January 2018

APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Top Management	To discuss Administrative matters concerning each Directorate, to provide expert inputs in preparation of every meeting within the power of the Institution and to serve as a network for experience sharing.
Audit Committee	To provide independent, objective assurance and consulting services designed to add value and improve the District Municipality's operations. It helps the District Municipality accomplish its objectives by bringing a systematic, discipline approach to evaluate and improve the effectiveness of risk management, governance and control processes.
Council Meeting	To develop mechanism to consult the community and community organisations in performing its functions and exercising its powers as per the legislation.
Mayoral Committee	To discuss and report to the Municipal Council on all decisions taken by the committee as per the delegation assigned to the Mayoral Committee.
DIMAFO	To facilitate effective co-operation between municipalities in the Joe Gqabi District. Its main aim is to enhance integrated development and to consider priorities in the whole district. It is also aimed at affecting the constitutional imperatives relating to co-operative governance as enshrined in Chapter 3 of the Constitution.
MPAC	To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report in the annual report. To perform any other functions assigned to it through a resolution of Council within its area of responsibility, excluding policy formulation or prioritization matters.
Broad Management	To discuss administrative matters concerning each Section.
Corporate Services Standing Committee	To advise the Mayoral Committee on matters related to Corporate Services
Community Services Standing Committee	To advise the Mayoral Committee on matters related to Community Services
Technical Services Standing Committee	To advise the Mayoral Committee on matters related to Technical Services
Financial Services Standing Committee	To advise the Mayoral Committee on matters related to Financial Services
Strategic & Governance Committee	To advise Council on matters related to Strategic and Governance
Rules & Ethics	To advise Council on matters related to Rules and Ethics
Remuneration Committee	To advise Council on matters related to Remuneration
	T B

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE


Third Tier Structure	
Directorate	Director/Manager
Office of the Municipal Manager	Manager Mainstreaming: Mr MP Dyantyi
	Manager Internal Audit: Ms A Mahamba
	Manager IDP and PMS: Mr T Phintshane
Institutional Support and Advancement	Manager IGR and Communications: Mr G Gceya
	Manager IT: Mr L. Gush
Community Services	Manager Environmental Health Services: Mr M Saule
	Manager Water Services Authority: Mr S Pongoma
	Manager Disaster Rescue and Fire Services: Mr Moko
Manager Water Services Provision	Manager WSP: Mr D Lusawana
Technical Services	Manager Roads: Mr L Labuschagnie
	Manager PMU: Mr L Wana
Corporate services	Manager Council Support: M L Matyesini
	Manager HR: Mr S Botha
	Manager Skills Development: Ms N Nelani
Finance	Manager Budget and Treasury: Mr C Samuels
	Manager Expenditure: Ms T Nqgongqwana
	Manager SCM: Ms M Mlotywa
	<i>T C</i>



APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

	Authority for function	Provided by	Performance management system in place	By laws in place	Where is service rendered	Equipment and infrastructure available for function
Air pollution	District	DEDEAT	N/A	No	Entire area	N/A
Building regulations	N/A	N/A	N/A	N/A	N/A	N/A
Local tourism	Shared (District and local)	Shared (District and local)	Yes	No	Entire Area	N/A
Municipal Airports	N/A	N/A	N/A	N/A	N/A	N/A
Municipal Planning	District	District	Yes	No	Entire Area	Yes
Pontoons, ferries, jetties, piers, harbours	N/A	N/A	N/A	N/A	N/A	N/A
Trading regulations	N/A	N/A	N/A	N/A	N/A	N/A
Beaches and Amusement Facilities	N/A	N/A	N/A	N/A	N/A	N/A
Billboards and Public Advertisements	N/A	N/A	N/A	N/A	N/A	N/A
Control of public nuisances	N/A	N/A	N/A	N/A	N/A	N/A
Control of public liquor trading	N/A	N/A	N/A	N/A	N/A	N/A
Facilities for care, burial of animals, pounds	N/A	N/A	N/A	N/A	N/A	N/A
Fencing and fences	N/A	N/A	N/A	N/A	N/A	N/A
Licensing of dogs	N/A	N/A	N/A	N/A	N/A	N/A
Licensing of public food trading	N/A	N/A	N/A	N/A	N/A	N/A
Municipal abattoirs	N/A	N/A	N/A	N/A	N/A	N/A
Noise pollution	N/A	N/A	N/A	N/A	N/A	N/A
Pounds	N/A	N/A	N/A	N/A	N/A	N/A
Street trading	N/A	N/A	N/A	N/A	N/A	N/A



	Authority for function	Provided by	Performance management system in place	By laws in place	Where is service rendered	Equipment and infrastructure available for function
Environment and Nature Conservation	N/A	N/A	N/A	N/A	N/A	N/A
Vehicle licensing	N/A	N/A	N/A	N/A	N/A	N/A
Economic Development	District	District	Yes	No	Entire Area	No



APPENDIX E: DETAILED PERFORMANCE OF CAPITAL PROJECTS



(A) Project Name	(B) Description	(C) Budgets (‘000)	(D) Funding Source	(E) Location (Ward/ Local Municipality)	(F) Start Date End Date	(G) Progress on Expenditure ()	(H) Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Snapshot	Progress 2017/18
Maclear Water Treatment and Distribution Upgrade (Phase 1)	The project constitute the following activities for the financial year: (1) The construction pipeline linking the reservoirs, (2) Installation of fittings for the link pipeline	Total Budget R95 995 638 2017/18 R 0	MIG	Elundini LM	29/10/2015 29/03/2019	Total Exp. Prev. FYs = R17 207 351.31 2017/18 R 0	Progress: Construction <=75%, (On hold until the appointment of a new service provider)		Phase 1 The Consultant which was appointed on turnkey basis failed to perform, and was subsequently terminated. The plan was to increase the scope of the consultant that is appointed for Phase 2 of the project through securing a Council endorsement. However the item could not be submitted to Council in 2017/18 and now is planned to be secured as early as possible in 2018/19 FY There was no budget that was allocated for this phase in 2017/18 FY

Maclear Water Treatment and Distribution Upgrade (Phase 2)	The project constitute the following activities for the financial year: 1) Completion of project designs and tender document for procurement of construction services	2017/18 R12,655,000 Adjusted Budget R 4 000 000	MIG	Elundini LM	11/03/2016 30/05/2021	Total Exp: 2017/18 FY R2 947 974.65	Phase 2: Progress: Design & Tender		<p>Phase 2</p> <p>The Professional Service Provider (PSP) has completed the designs for the project, and the project is now ready for procurement of a Construction Service Provider (CSP).</p> <p>There was a slight change on the approved scope of work, which required a presentation to the funder (CoGTA), before the process of appointing a CSP can commence. The date for presentation has been secured early in 2018/19 FY (first quarter)</p> <p>The budget was adjusted in January 2018 from R 12 655 000.00 to R 4 000 000.00 after analysis of expenditure trends, and delays in amendment of the project.</p>
Mt Fletcher Bulk Water Supply Scheme Phase 2 (Upper and Lower Tokwana Villages Project)	The project constitute the following: (1) Construction of 13,6km of primary gravity pipelines (2) Construction of 15,8 km of village reticulation lines (3) And construction two reservoirs in Upper & Lower Tokwana	Total Budget: 2017/18 R2 000 000.00 Adjusted Budget R 9 000 000	MIG	Elundini LM	26/01/11 Complete	2017/1/ Expenditure R 0	Progress:100% complete, (retention)		Retention payment.



<p>Mt Fletcher Bulk Water Supply Scheme Phase 2 (Upper and Lower Tsolobeng and Mpharane Project)</p>	<p>The project entails the provision of water to Tsolobeng and Mpharane villages in Elundini. The project was divided to 9 contracts which were awarded to 9 Learner Contractors who had debts coming from the Vuk'uphile programme so the plan was for the debts to be settled out of these projects.</p>	<p>2017/18 R2 000 000.00 Adjusted Budget R 9 000 000</p>	<p>MIG</p>	<p>Elundini LM</p>	<p>16/09/2013 30/06/2018</p>	<p>2017/18 Exp. = R 2 845 514.14</p>	<p>Progress: Construction<=99%,</p>	<p>👍</p>	<p>8 Vuk' uphile Learner Contractor have attained Completion on the project and only 1 was left with snag to be completed. Reservoir in Mpharane was found to be leaking. The contractor attended to the leak and it was lined as well as water tightness was done and it passed. However in January 2018, it was discovered that there was still dampness on the walls, and more time had to be given to monitor dampness to ascertain the cause. It was later discover that in fact the walls were not leaking but the reservoir was filled beyond the internal wall lining which exposed the walls to water and hence dampness that was still there. By the end of June 2018 the PSP was still monitoring the wall before final completion can be signed off.</p> <p>The budget that could not be spent on this project was moved to the back-up project (Upscaling and upgrading of Barkly East Bulk Water Infrastructure) in order to be able to finish the grant allocation.</p>
<p>Bulk Sanitation Infrastructure Upgrade for MaclearError! Reference source not found. : Phase 3B:</p>	<p>The project for 2017/18 financial year entail the following: (1) Completion of project designs and tender documentation</p>	<p>2017/18 R17 000 000 Adjusted Budget R 8 000 000</p>	<p>MIG</p>	<p>Elundini LM</p>	<p>11/03/2015 30/06/2021</p>	<p>2017/18 Exp. = R624 179.14</p>	<p>Progress: Design & Tender</p>	<p>👍</p>	<p>The PSP has completed the designs and development of tender document. The Tender document has since been submitted to JGDM for approval which is expected towards the end of August 2018. Construction is planned to commence in December 2018. This project has been submitted to DBSA as part of frontloading.</p> <p>This project has two phases which are allocated budget under one project, which is just below, the overall project has over spent on its adjusted allocation</p>


Bulk Sanitation Infrastructure Upgrade for Maclear: (Phase 3)	The project entails the following; (1) Upgrading of WWTW from 0.7 to 1.4 Ml/day (2) Pump station and rising main	2017/18 R17 000 000 Adjusted Budget R 8 000 000	MIG	Elundini LM	11/05/2015 30/10/2018	2017/18 Exp. = R8 581 195.64	Progress: Construction <=70%		Up until end 2016/17 the following was achieved 1) Activated Sludge Reactor 2) Chlorine contact tank 3) Gravity pipeline from Fourie Str. to Pump Station (PS) 4) Gravity pipeline from KFC to PS 5) Sludge Drying beds 6) Pumping main from PS to manhole (MH) 23 During 2017/18 the following was achieved: Main Constructor struggled with cash flow problems and ended ceding the entire outstanding work to its M&E sub-contractor. The following have been completed by the sub-contractor: 1) Clarifier 99% complete, awaiting testing 2) PS 40% complete – had to breakdown a portion that was casted incorrect by the main contractor The project is planned to be completed by October 2018. The Budget of R 17 000 000.00 was adjusted during the Budget Adjustment period in January 2018 to R 8 000 000.00 after analysis of expenditure trend mid-term.
Bulk Sanitation Infrastructure Upgrade for Maclear: Phase 4	The project for 2017/18 is still under design development for: (1) Sewer Reticulation of the entire Maclear town	TBA	MIG	Elundini LM	TBA	Total Exp. Prev. FYs = 0 2017/18 Exp. = 0	Progress: Design & Tender		




Ugie Bulk Water Infrastructure Phase 3B	This is Phase B of the project which still at design and tender documentation for following activities: (1) Upgrading of the water treatment facility (2) Construction of Phase 2 of the bulk supply lines for Ugie (3) Provision of a water reticulation system for Ugie town (4) Construction of the Ugie Dam (5) And Construction of a 15 Ml reservoir for Ugie and Maclear	2017/18 R13 000 000 Adjusted Budget: R 5 000 000	MIG	Elundini LM	July 2015 TBA	2017/18 Exp. = R0	Progress: Design and Tender		
Elundini Rural Water Programme (Orio Project)	The project entails the provision of water to 107 villages in Elundini without any formal water supply.	2017/18 R 10 000 000	MIG ORIO	Elundini LM	TBA	2017/18 Exp. = R3 749 416.01	Progress: Design & Tender		Update on 2017/18 progress A lead PSP has been appointed and a start up meeting was held. The PSP presented the designs in January 2018. In March 2018, a meeting with ORIO (Counter funder) was held for the presentation of the overall progress and their requirements for further procurements. The PSP is still busy with designs, while JGDM just received an approval from ORIO on the tender document for procurement of Sub-consultants which will now proceed in 2018/19 FY The budget that could not be spent on this project was moved to the back-up project (Upscaling and upgrading of Barkly East Bulk Water Infrastructure) in order to be able to finish the grant allocation.




<p>Sterkspruit: Upgrading of WTW and Bulk Lines 200mmØ Hershel Pipeline (Under construction)</p>	<p>The project was to be implemented in three phase as follows:</p> <ol style="list-style-type: none"> 1. Ph1: 5MI Baling Reservoir (Complete) 2. Ph2: 4MI/day Flocculation chamber(Complete) 3. Ph3: WTW Upgrade 4. Ph4: 2.1km x 160mmØ Voyizana pipeline (Complete) 5. Ph5: 200mmØ Hershel Pipeline (Under construction) 	<p>2017/18 R17,500,000.0 Adjusted Budget: R 7 500 000</p>	<p>MIG</p>	<p>Senqu LM</p>	<p>10/2009</p>	<p>2017/18 Exp. = R 7 854 494.55</p>	<p>Progress: Construction <=50%</p>		<p>JGDM, the Implementing Agent, Consultant and Contractor met on 25/01/2018 where a resolution to terminate the contract with the Contractor on mutual grounds was reached.</p> <p>The PSP was tasked to assist the Implementing Agent (IA) with the termination process. The IA experienced an exodus of personnel which were working on this project and it was difficult to get updates until late in June 2018 where JGDM finally got a feedback from the IA. The termination was through and a process of appointing a new contractor is planned to start in July 2018. The budget was adjusted during Budget Adjustment period from R 17 500 000.000 to R 7 500 000.00</p> <p>The remaining budget that could not be spent on the project was moved to the back –up project (Upscaling and upgrading of Barkly East Bulk Water Infrastructure) in order to finish the allocation.</p>
<p>Jamestown Bucket Eradication and Sanitation - Phase 2 Contract: JGDM 2014/15-009 (Pipelines)</p>	<p>The project constitute the following: (1) Construction of sewer reticulation in Jamestown</p>	<p>2017/18 R15 400 000 Adjusted Budget: R 4 000 000.</p>	<p>MIG</p>	<p>Walter Sisulu LM</p>	<p>TBA</p>	<p>2017/18 Exp. = R1,810,430.81</p>	<p>Progress: Construction <=50%</p>		<p>The sewer line project was challenged when it was at 50% complete and therefore was instructed by a Supreme Court of Appeals to stop. The judgement was received only late in June 2018, where the SCA instructed that procurement should start from scratch. The budget was adjusted during Budget Adjustment period from R 15 400 000.00 to R 4 000 000.00. after it was noticed that the court case was delaying</p>



Jamestown Bucket Eradication and Sanitation - Phase 2 Contract: JGDM 2014/15-001 (Pump stations)	The project constitute the following: 1. Construction of two Pump stations	2017/18 R15 400 000 Adjusted Budget: R 4 000 000.	MIG	Walter Sisulu LM	TBA	2017/18 Exp. R 4 202 301.35	Progress: Construction <=99%	👍	<p>The main contractor has ceded the M&E work to a specialist sub-contractor and they are on site already Pumps have already been installed.</p> <p>The project is practically complete and now the pump stations are awaiting ESKOM for electrification. The budget was adjusted during Budget Adjustment period from R 15 400 000.00 to R 4 000 000.00. The project picked up pace later on in the financial year and ended up going over the adjusted budget, however still within the overall grant allocation.</p>
Senqu Rural Sanitation VIP Toilet Programme	Project is implemented by Implementation Agent for JGDM. The project scope is basically the construction of VIP toilet in various Senqu LM villages	2017/18 R25 000 000.00 Adjusted Budget: R 45 500 000	MIG	Senqu LM	TBA	2017/18 Exp. = R43 860 473,30	Progress: Construction <=100% This does not talk to the actual in APR	👍	<p>The project has started and there are 26 Local SMMEs appointed in Senqu area to complete the VIP toilets. A total of 2585 VIP toilets have been completed this FY. Most of the budget that was adjusted from other slow moving project was moved to this project from R 25 000 000.00 to R 45 500 000.00. The budget that could not be spent on this project moved to over spending projects and back-up project (Upscaling and upgrading of Barkly East Bulk Water Infrastructure)</p>


Elundini Rural Sanitation VIP Toilet Programme	Project is implemented by Implementation Agent for JGDM. The project scope is basically the construction of VIP toilet in various Elundini LM villages	2017/2018 R24 500 000 Adjusted Budget R 45 655 000	MIG	Elundini LM	TBA	2017/2018 R43 237 996,12	Progress: Construction <=100%		The project has started and there are 32 Local SMMEs appointed in Elundini area to complete the VIP toilets. A total of 3918 VIP have been completed this FY. This does not talk to the actual in APR. Most of the budget that was adjusted from other slow moving project was moved to this project from R 24 500 000.00 to R 45 655 000.00. The budget that could not be spent on this project moved to over spending projects and back-up project (Upscaling and upgrading of Barkly East Bulk Water Infrastructure)
Senqu Rural Water Supply: Network Extension	The scope of the project can be summarised as follow: Water supply to the FF: 1. The rural areas (zones 1 to 5 and zone 9) supplied with water from the Jozana's Hoek dam (surface water supply) 2. A total of 30 remote rural villages (zones 6 to 8) with an average size of 330 households per village (803 largest and 74 smallest) supplied with water from standalone borehole schemes..	2017/18 R25 000 000	MIG	Senqu LM	TBA	2017/18 Exp. = R 22 672 634	Progress: Construction <=70%		There were four contracts under this project, and three are still on site while one has completed its portion of the work. There were challenges with regards to the Implementing Agent not paying the contractors, however that has been sorted and contractors are back on site. One of the 3 PSP left has completed its portion of work in June 2018 which was in Penhoek, the other 2 are still working as they started a bit late.

Upscaling and Upgrading of Barkly East Bulk Water Supply	<p>The project entails the following activities for 2017/18 FY:</p> <ol style="list-style-type: none"> 1) Source Funding for the project as it was dropped by the initial funder 2) Settle unpaid invoices from the previous funder 3) Kick start the project and bring back service providers on site 4) The project scope was initially to upgrade water abstraction infrastructure at the river, upgrade rising main to the WTW, upgrade the WTW, construction of a pipeline from the WTW to the reservoir, construction of a reservoir and bulk gravity pipeline from the reservoir to Barkly East 298 new settlement. 	2017/18 Budget Back-up project R 15 216 594	MIG	Senqu	01/09/2018 30/06/2020	2017/18 FY Exp = R12 969 199,27	Progress: Construction <=50%		<p>The project was initially funded by the Department of Human Settlement (DoHS), however they never honoured their commitment and the project was left hanging.</p> <p>JGDM engaged provincial CoGTA and they agreed to fund the project through MIG, and applications were done and were approved in June 2018.</p> <p>The outstanding invoices of Service providers were paid in June 2018, and the rest will be processed in 2018/19 financial year</p> <p>The project is now included in the MIG implementation plan for 2018/19 and 2019/2020 FYs.</p> <p>The PSP is already reviewing the project design as MIG approved to fund the entire project scope.</p> <p>The contractor is expected to establish site at the end of August 2018 next financial year.</p> <p>This project was included as a back-up project and the difference from budget and expenditure was moved to overspending projects</p>
--	--	---	-----	-------	--------------------------	---------------------------------	-------------------------------------	---	--





RBIG Funded Sterkspruit Reg. WWTW & Bulk Infrastructure	Provision of Professional Services for Feasibility and Implementation Ready Studies; And Design and Construction Management of Sterkspruit Regional WWTW and Associated Bulk Infrastructure in Senqu LM	2017/18 R 3 000 000	RBIG	Senqu LM	12/08/2014 completed	2017/18 Exp. =R2 373 584.86	Progress: Design & Tender	& 	<p>The Sterkspruit Regional WWTW has been endorsed by Department of Water and Sanitation (DWS) at the Eastern Cape Technical Appraisal Committee (ECTAC) meeting that was on 13/03/2018 and a go ahead for implementation has been granted. JGDM is now awaiting funding letter in order to proceed with the procurement of the contractor</p> <p>By the end of June 2018, there was still no response from DWS Total allocation for these two projects funded by RBIG was R 6 000 000 for 2017/18 FY, and the allocation was 100% spend.</p>
RBIG Funded: Lady Grey Bulk Water Supply	The Zachtevei Dam and Karringmelkspruit projects currently form part of the broader RBIG funded project to address Lady Grey's medium- to long-term water requirements (the EC Treasury funded projects address Lady Grey's immediate water needs).	2017/18 R3 000 000	RBIG	Senqu LM	12/08/2014 completed	2017/18 Exp. =R 3 626 415	Progress: Design & Tender	& 	<p>The project has been presented to the DWS through their ECTAC meeting on 13/03/2018 and has been endorsed by ECTAC and now will be presented to ECPCC to approval of project funding.</p> <p>By the end of June 2018, there was still no response from DWS Total allocation for these two projects funded by RBIG was R 6 000 000 for 2017/18 FY, and the allocation was 100% spend.</p>
Sub-Project 1: Lady Grey: Borehole Pump stations and Storage Reservoirs	The project entails the following: (1) Equipping 7 Boreholes with complete pump houses propelled with electrical power (2) 50kl storage reservoir, (3) 160mm gravity main into the reticulation network, and (4) inclusive of certain emergency works.	Total budget R20M 2017/18 R10M	ECPT	Senqu LM	26/04/2016 14/07/2017	Total Exp. Prev. FYs = R19.4M 2017/18 Exp. = R498K	Progress: Completed (retention)		<p>The PSP was appointed on a turnkey basis (i.e. design and construct).</p> <ul style="list-style-type: none"> The project is complete with the following snags: Installation of Eskom electricity and connection to pump stations – All payments have been done and we are awaiting Eskom installation The Water Use License application for water abstraction is in process.


Sub-Project 4: Lady Grey: Additional Storage Reservoirs and Groundwater supplies	The project entails the following: (1) Equipping 3 boreholes with complete pump houses propelled with electrical power, (2) 3 Storage Reservoirs (1ML, 300KL & 100KL), (3) 250mm bulk line and (4) 160mm gravity main into the reticulation network	Total Budget R35.8M 2017/18 R35.8M	ECPT	Senqu LM	22/04/2017 30/04/2018	Total Exp. Prev. FYs = R4.4M 2017/18 Exp.= R21 603 475	Progress: Construction <= 60%		The Contractor experienced cash flow constraints and requested to appoint a sub that has financial capacity <ul style="list-style-type: none"> The Contractor then appointed a sub-contractor to complete the three reservoirs in the contract. The Sub-contractor struggled with cash flows as well and have since pulled out of the project The Municipality is weighing the options of terminations as the situation of the main contractor is still the same <p>This grant is a schedule 6, and therefore the monitoring of the budget sits with Eastern Cape Provincial Treasury.</p>
Aliwal North: The Outfall sewer from SPA to the Nursery PS	The project entails the Construction of the East Sewer Line and Associated Works	Total Budget R21.5M 2017/18 R5M	ECPT	Walter Sisulu LM	8/04/2016 3/11/2017	Total Exp. Prev. FYs = R17.8M 2017/18 Exp.= R3,077,628.09	Progress: 100% Complete (retention)		Certificate of Completion was issued on 2 November 2017. <ul style="list-style-type: none"> The servitudes where the sewer crosses erven have to be surveyed and registered by a Land Surveyor.
Aliwal North: Reconstruction of the Nursery Pump Station (NPS)	The works constitute the construction of the following: (1) New pump station fitted with adequate modern submersible pumps and a stand-by generator. (2) Emergency sewer reconstruction in Dukathole was also included in the project.	Total Budget R4.1M 2017/18 R800,000.00	ECPT	Walter Sisulu LM	8/10/2015 10/11/2016	Total Exp. Prev. FYs = R4,043,377.07 2017/18 Exp.= R202,168.82 (Retention Release)	Progress: 100% Complete		Practical Completion –Certificate of Practical Completion issued on 10 November 2016 <ul style="list-style-type: none"> Certificate of Completion – Certificate of Completion issued on 24 November 2016 Final Approval Certificate – Final inspection was done, Final Approval Certificate was issued on 20 November 2017.

Aliwal North: Rehabilitation of the pumping and gravity main between the Nursery Pump Station and Phola Park Pump Station	The works constitute the following; (1) Construction of a new pumping main along a new alignment, (2) increasing the diameters (315mm Ø) to cope with the increased and future flow volumes.	Total Budget R5M 2017/18 R700,000.00	ECPT	Walter Sisulu LM	6/04/2016 6/10/2016	Total Exp. Prev. FYs = R4,829,484.60 2017/18 Exp.= R0 (Retention Release: Retention is invoiced. A guarantee is in place in lieu of the retention)	Progress: Complete	100%		Practical Completion –Certificate of Practical Completion issued on 6 October 2016 <ul style="list-style-type: none"> • Certificate of Completion – Certificate of Completion issued on 20 November 2016 • Final Approval Certificate – Final inspection was done, Final Approval Certificate was issued on 20 November 2017.
Aliwal North: Reconstruction of the Pumping Main from PPPS to the Waste Water Treatment Works	The works on this project constituted the following; (1)Reconstruction of the Pumping Main from PPPS to the Waste Water Treatment Works	Total Budget R4M 2017/18 R500,000.00	ECPT	Walter Sisulu LM	6/04/2016 6/10/2016	Total Exp. Prev. FYs= R3,794,540.98 2017/18 Exp.= R189,727.05 (Retention Release)	Progress: Complete	100%		Practical Completion –Certificate of Practical Completion issued on 28 October 2016 <ul style="list-style-type: none"> • Certificate of Completion – Certificate of Completion issued on 9 November 2016 • Final Approval Certificate – Final inspection was done, Final Approval Certificate was issued on 20 November 2017.

<p>Aliwal North: Rehabilitation of the Mechanical Plant at the Waste Water Treatment Works and the Phola Park Pump Station</p>	<p>The works on this project constituted of the following; (1) Rehabilitation of the Mechanical Plant at the Waste Water Treatment Works, (2) and the Phola Park Pump Station</p>	<p>Total Budget R 45,934,844.60 2017/18 R500,000.00</p>	<p>ECPT</p>	<p>Walter Sisulu LM</p>	<p>6/04/2016 15/11/2017</p>	<p>Total Exp. Prev. FYs= R44,779,016.97 2017/18 Exp.= R189,727.05 (Retention Release)</p>	<p>Progress: Construction <=99%,</p>	<p></p>	<p>Tecroveer Plant</p> <ul style="list-style-type: none"> • The Tecroveer Plant is in operation. • Old Activated Sludge Plant • All mechanical equipment has been refurbished. • Cleaning of the sludge is now complete. <p>Phola Park Pump Station</p> <ul style="list-style-type: none"> • The motor of one of the pumps is malfunctioning. This has been taken up with the supplier, who will see to the repair thereof. • The project is now approaching completion. <p>VO's need to be approved, in order to reach completion for BD board which is not functioning well. The Funder is still reluctant to approve this VO as there are saying that it more operational and it's something that can be funded by JGDM. The PSP has been requested to make a presentation of which the date falls on 2018/19 FY</p>
--	---	--	-------------	-------------------------	---------------------------------	--	---	--	---

Replacement of Water Mains in La Rochelle Street, in Burgersdorp	The project was to replace the pipeline system in La Rochelle street in Burgersdorp	Total Budget R9,598,843.09 2017/18 R500,000.00	ECPT	Walter Sisulu LM	14/03/2016 04/10/2017	Total Exp. Prev. FYs= R9,365,536.01 2017/18 Exp.= R0	Progress: 100% complete (Retention)	👍	Lead PSP held a meeting on the 16th of November 2017 with JGDM maintenance to resolve the issue of house connections and commissioning of the new line which were not done, as problems that were not detected during construction were picked up after the final completion was issued. And it was agreed that the contractor that is working there Burgersdorp on a related project should complete the connections <ul style="list-style-type: none"> • Material have been purchased and the contractor plans to install the fitting by August 2018 • The project is complete and it is on defects liability period. • This grant is a schedule 6, and therefore the monitoring of the budget sits with Eastern Cape Provincial Treasury.
Replacement of Water Mains in Queenstown Road, in Burgersdorp	The objective of the project was to replace the pipeline system in Queenstown Road in Burgersdorp	Total Budget R7,616,844.52 2017/18 R1,000,000.00	ECPT	Walter Sisulu LM	14/03/2016 16/05/2017	Total Exp. Prev. FYs= R6,632,064.64 2017/18 Exp.= R0	Progress: 100% Complete (Retention)	👍	Lead PSP held a meeting on the 16th of November 2017 with JGDM maintenance to resolve the issue of house connections and commissioning of the new line which were not done, as problems that were not detected during construction were picked up after the final completion was issued. And it was agreed that the contractor that is working there Burgersdorp on a related project should complete the connections <ul style="list-style-type: none"> • Material have been purchased and the contractor plans to install the fitting by August 2018 • The project is complete and it is on defects liability period.

Refurbishment of Chiappinni's Klip Dam 2	The objective of the project was to rehabilitate Chiappinni Klip dam	Total Budget R5,801,819.10 2017/18 R500,000.00	ECPT	Walter Sisulu LM	9/04/2016 13/02/2017	Total Exp. Prev. FYs= R4,901,649.34 2017/18 Exp.= R0	Progress: 100% Complete (Retention)		<p>The project is complete.</p> <ul style="list-style-type: none"> Penalties will be applied for late completion of project on the last Payment Certificate. Fencing and grassing will be done as a separate project.
Replacement of Water Mains in Rose Road, in Burgersdorp	The objective of the project was to replace the pipeline system in Rose Road in Burgersdorp	Total Budget R10,048,712.54 2017/18 R500,000.00	ECPT	Walter Sisulu LM	24/10/2016 26/06/2017	Total Exp. Prev. FYs= R7,404,243.23 2017/18 Exp.= R0	Progress: 100% Complete (Retention)		<p>The project is complete and is on defects liability stage.</p> <ul style="list-style-type: none"> Penalties will be applied for late completion of project on the last Payment Certificate.
Burgersdorp Plantation Sump and Boreholes	The project entails the construction of Sump next to the Burgersdorp WTW	Total Budget R8,708,192.95 2017/18 R11,500,000.00	ECPT	Walter Sisulu LM	11/05/2017 11/11/2018	Total Exp. Prev. FYs= R 0 2017/18 Exp.= R3 430 779.04	Progress: Construction <=80%		<p>It was unfortunate here that the director of the appointed contractor passed away; and while he was terminally ill he agreed to cede the entire job to his sub-contractor and this process delayed the project a bit.</p> <ul style="list-style-type: none"> The project is progressing well and is planned to be completed by the end of November 2018. This grant is a schedule 6, and therefore the monitoring of the budget sits with Eastern Cape Provincial Treasury.
Steynsburg Koppie Water Supply	The project constituted of the following: (1) Construction of Three boreholes with their pump houses (2) Bulk main and gravity main to the existing reticulation network (3) Reservoir	Total Budget R7,935,323.4 2017/18 R4,000,000.00	ECPT	Walter Sisulu LM	11/10/2016 07/11/2017	Total Exp. Prev. FYs= R 5,707,593.97 2017/18 Exp.= R 809,412.28	Progress: Construction <=100%		<p>The project was completed in December 2017, and is now on defects liability period which will end in December 2018</p>

6ML Storage Reservoir at Burgersdorp WTW	Construction of reservoir next to the 6ML reservoir at Burgersdorp WTW	Total Budget R26,667,014.80 2017/18 R18,853,986	ECPT	Walter Sisulu LM	09/11/2017 28/11/2018	Total Exp. Prev. FYs= R 0 2017/18 Exp.= R1 006 000.00	Progress: Construction <=25%		It was unfortunate here that the director of the appointed contractor passed away; and while he was terminally ill he agreed to cede the entire job to his sub-contractor and this process delayed the project a bit. <ul style="list-style-type: none"> The project is progressing well and is planned to be completed by the end of November 2018 This grant is a schedule 6, and therefore the monitoring of the budget sits with Eastern Cape Provincial Treasury.
--	--	--	------	------------------	--------------------------	--	------------------------------	---	--

APPENDIX F: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

Non-Infrastructure Projects

BID NO	DESCRIPTION OF SERVICE	END-USER/ PROJECT MANAGER	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
07/2011	Provision of Banking services	Mr C. Samuels	ABSA Bank	60 Months	01/10/2011	30/09/2016 Extended to 31/12/2018	Rate base	R683 829 955.34 (13-09-2011 to 30-06-2018)	N/A	Contract still running satisfactorily
22/2011	Provision of Municipal Insurance	Ms. N. Mlotywa	Lateral Unison Insurance Brokers (Pty) Ltd	36 Months	01/09/2012	30/06/2016 Extended to 31/12/2018	R86 640.00	R15 573 934.28 (Yearly premium) (25-09-2012 to 30-06-2018)	Yes (Premium Adjustment etc)	Contract still running satisfactorily. The end-user has included some items and thus increased premium.
Single Source	Loading of Franking Machine (Postage stamps)	Corporate Services	Fin Tech Creditor Postage	24 Months	01/08/2000	Ongoing	Rate based	R43 384.28 Initially (10/09/2012 to 20/05/2013), but now on a month to month basis.	N/A	Contract still running satisfactorily
JGDM2012/13-002	Provision of Internal Audit, Information technology and Forensic Services	Ms. A. Mahamba	KPMG	36 Months	20/01/2013	30/06/2017 Extended to 31/10/2017	Rates based	R5 664 469.34 (20/11/2012 to 31/10/2017)	Yes	Contract Expired
JGDM2013/14-Q034	Provision of employment checks	S. Botha	Managed Integrity Evaluation (Pty) Ltd	36 Months	01/12/2014	31/11/2017	Rates base	R92 756.84 (31/03/2015 to 30/11/2017)	N/A	Contract Expired
JGDM2014/15-004	Supply and Delivery of Tyres, Tubes and Flaps	U. Rozani	Celeba cc t/a Hi- Q Aliwal North	36 Months	11/12/2014	11/12/2017 Extended to 30/09/2018	Rates base	R2 723 791.31 (13/01/2015 to 30-06-2018)	N/A	Contract still running satisfactorily

BID NO	DESCRIPTION OF SERVICE	END-USER/ PROJECT MANAGER	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
JGDM2013/14-002	Appointment of a service provider to offer Financial Service support to JGDM	S. Du Toit	Price Waterhouse Coopers	36 Months	17/11/2014	17/11/2017 Extended to 31/12/2018	Rates base	R2 849 729.86 (01/05/2014 to 30/06/2018)	N/A	Contract still running satisfactorily
Single Source	Implementation and continuation of the billing function	Ms S. Du Toit	Sebata Municipal Solutions	36 Months	09/06/2014	31/05/2017 Extended to 31/12/2018	Rates basis	R58 056 225.01 (06/08/2015 to 31/0/2018)	N/A	Contract running satisfactory
JGDM2015/16-004	Appointment letter of a service provider to offer Certificate in Municipal Finance Management Learnership	Ms N. Nelani	Kgolo Business Trust t/a Kgolo Institute	12 Months	01/10/2015	31/09/2016 Extended	R683 088.00	0.00	N/A	Order not yet placed. Awaiting funds transfer by LGSETA.
JGDM2014/15-Q002	Supply and Delivery of Cutting Edge Grader Blades and nuts	Mr U. Rozani	Universal Equipment (Pty)Ltd	24 Months	01/01/2015	31/12/2017	Rates base	R425 501.02 (09/02/2015 to 31/12/2017)	N/A	Contract Expired
JGDM2014/15-003	Provision of Security Services - Gariep	Ms L. Matyesini	ImbokothoMkhomto Security Services	36 Months	01/07/2015	27/06/2018	Rates based	R1 609 660.85 (20/08/2015 to 30/06/2018)	N/A	Contract still running satisfactorily
JGDM2014/15-007	Supply and Delivery of Stationery	Mr D. Van Wyk	Mbuzone Holding NRG Office Solutions Life Junkiez (Pty) Ltd	36 Months	02/04/2015	02/03/2018	Rates base	R611 797.48 R1 293 628.71 R1 552 502.88	N/A	Contract Expired
JGDM2014/15-008	Review of Water Services Development Plan for JGDM	Mr B. Makhehle	Element Consulting Engineers (PTY) Pty	36 Months	01/01/2015	31/12/2017	Rates base	R1 105 235.12 (24/07/2015 to 31/03/2018)	N/A	Contract Expired
JGDM2014/15--018	Appointment of a service provider to supply, delivery and offloading of Coagulants, Ga, Liquid, Granular Chlorine Soda Ash and Lime	Mr B. Makhehle	Metsi Water Solutions (Pty) Ltd	36 Months	04/04/2016	03/04/2019	Rates base	R6 416 079.82 (20/06/2016 to 30/06/2018)	N/A	Contract still running satisfactorily

BID NO	DESCRIPTION OF SERVICE	END-USER/ PROJECT MANAGER	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
JGDM2014/15-020	Provision of Security Services - Senqu	Ms L. Matyesini	ImbokothoMkhomto Security Services	36 Months	01/10/2015	30/09/2018	Rates based	R4 156 445.13 (01/10/2015 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2014/15-020	Provision of Security Services - Elundini	Ms L. Matyesini	ImbokothoMkhomto Security Services	36 Months	01/10/2015	30/09/2018	Rates based	R2 786 927.43 (01/10/2015 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2014/15-020	Provision of Security Services - Maletswai	Ms L. Matyesini	Yolihle Security Services	36 Months	01/10/2015	30/09/2018	Rates based	R1 303 588.30 (01/10/2015 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2014/15-021	Appointment of a Service Provider to offer Legal Service Support to JGDM	Ms N. M Libasi	Clark Laing Inc Attorneys	36 Months	01/10/2015	31/09/2018	Rates Based	R2 509 341.53 (03/11/2015 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2014/15-Q035	Supply and Delivery of barriers	U. Rozani	Hi - Q Aliwal North	36 Months	01/06/2015	30/05/2018 Extended to 30/09/2018	Rates base	R235 297.04	N/A	Contract running satisfactorily
SINGLE SOURCE	Laboratory services	Mr B. Makhehle	East London Industrial Development zone	36 Months	01/01/2015	31/12/2018	Rates basis	R6 556 442.71 (07/04/2015 to 30/06/2018)	N/A	Contract running satisfactory
133/2015-HR	Appointment of a service provider for provision of support in Human Resources management	Mr S. Botha	Charmaine van Schalkwyk Consulting	36 Months	17/12/2015	17/12/2018	Rates basis	R1 683 537.69 (18/12/2015 to 30/06/2018)	N/A	Contract running satisfactory
	Provision of Travel Agency Services	Ms N. Mlotywa	LithabaBasadi Investments t/a Lithaba Travels	36 Months	01/03/2016	28/02/2019	Rates basis	R16 349 844.49 (01/03/2016 to 30/06/2018)	N/A	Contract running satisfactory
LETS/Tel/01	Appointment of a service provider to supply and install a monitored system	Mr L. Gush	Singa Tel (Pty) Ltd t/a NET 15	36 Months	01/07/2016	30/06/2019	Rates Basis	R3 079 939.42 (01/02/2017 to 30/06/2018)	N/A	Contract running satisfactory
RT-25 2016	Procurement of an integrated Financial Management and Internal control system	Ms S Du Toit	Sebata Municipal Solutions (Pty) Ltd	36 Months	01/12/2016	30/11/2019	Rates based	R4 745 125.60	N/A	Contract running satisfactory

BID NO	DESCRIPTION OF SERVICE	END-USER/ PROJECT MANAGER	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
	as it relate to the utilization of transversal tender									
JGDM2015/16-023	Appointment for Supply and Delivery of Fencing Material	Ms N. Kilishe	Songo- Qholo (Pty) Ltd	36 Months	01/02/2017	31/01/2020	Rates based	0.00	N/A	Order not yet placed
JGDM2015/16-030	Appointment of a service provider to perform duties of a company secretary and provider Legal services for JOGEDA	Ms N. Kethwa	Clark Laing Inc	36 Months	01/10/2016	30/09/2019	Rates basis	R713 991.84	N/A	Contract running satisfactory
JGDM2015/16-022	Appointment of a service provider to Supply and Deliver all-purpose cement	Ms N. Kilishe	S and J Dynamic Trading	36 Months	01/10/2016	30/09/2019	Rates basis	R472 777.50 (18/10/2016 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2016/17-Q006	External Audit Services	Ms N. Kilishe	Morar Incorporated	36 Months	01/09/2016	31/08/2019	R84 672 per annum	R337 726.22	N/A	Contract running satisfactory
JGDM2016/17-005	Appointment of an Events Agent to manage and facilitate event management and catering for Joe Gqabi District Municipality Events	Mr M. Dyantyi	Igqabi Solutions	36 Months	17/05/2017	17/05/2020	15% for every event management	R2 345 016.39	N/A	Contract running satisfactory
JGDM2016/17-010	Supply and Delivery of Lubricants	Mr U. Rozani	Barkly East Motors	36 Months	01/07/2017	30/06/2020	Rates based	R458 519.92	N/A	Contract running satisfactory
JGDM2016/17-Q015	Supply and Delivery of Steel Reinforcement Mesh	Ms N. Kilishe	S and J Dynamic Trading	36 Months	01/07/2017	30/06/2020	Rates based	0.00	N/A	Order not yet placed
JGDM2016/17-018	Supply and Delivery of Computers and Other IT Equipment.	Mr L. Gush	SMS ICT CHOICE (PTY) LTD	36 Months	01/08/2017	31/07/2020	Rates based	R46 910.20	N/A	Contract running satisfactory
JGDM2016/17-018	Supply and Delivery of Computers and Other	Mr L. Gush	Genbiz Trading 1001 (Pty) Ltd t/a	36 Months	01/08/2017	31/07/2020	Rates based	R52 193.99 (09/08/2019 to	N/A	Contract running satisfactory

BID NO	DESCRIPTION OF SERVICE	END-USER/ PROJECT MANAGER	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
	IT Equipment.		Aloe Office and Business Equipment					30/06/2018)		
JGDM2016/17-019	Supply and Delivery of Sprinklers	Mr R. Labuschagne	Yebo Sales Wildcoast cc	36 Months	01/08/2017	31/07/2020	Rates based	0.00	N/A	Order not yet placed
JGDM2016/17-004	Supply and Delivery of Corporate gifts	Ms L. Brummer	BLB Printing corner (Pty) Ltd	36 Months	01/10/2017	30/09/2020	Rates based	R15 226.00	N/A	Contract running satisfactory.
JGDM2016/17-006	Supply, Installation, Commissioning and Management of water and wastewater services infrastructure telemetry system inclusive of online water quality monitoring system.	Mr D. Lusawana	Hybrid Control Corporation	36 Months	05/10/2017	05/10/2020	Rates based	R8 485 226.34	N/A	Contract running satisfactory.
JGDM2016/17-003	Supply, Delivery, Installation of Branding Material	Ms L. Brummer	Bravo Afrika Holdings cc	36 Months	01/12/2017	30/11/2020	Rates Based	0.00	N/A	Order not yet placed
JGDM2016/17-003	Supply, Delivery, Installation of Branding Material	Ms L. Brummer	Amended Recline Trading & Projects	36 Months	01/12/2017	30/11/2020	Rates Based	0.00	N/A	Order not yet placed
JGDM2016/17-Q008	Supply and Delivery of Consumables and other Cleaning Material	Ms L. Matyesini	MXT Construction and Services	36 Months	01/11/2017	31/10/2020	Rates Based	R36 242.15	N/A	Contract running satisfactory.
JGDM2016/17-Q008	Supply and Delivery of Consumables and other Cleaning Material	Ms L. Matyesini	Inzaliseko Trading Enterprise	36 Months	01/11/2017	31/10/2020	Rates Based	R159 299.25	N/A	Contract running satisfactory.
JGDM2016/17-Q008	Supply and Delivery of Consumables and other Cleaning Material	Ms L. Matyesini	Chongwa Investments Holdings	36 Months	01/11/2017	31/10/2020	Rates Based	R17037.42	N/A	Contract running satisfactory.
JGDM2016/17-Q008	Supply and Delivery of Consumables and other Cleaning Material	Ms L. Matyesini	Copper Leaf Trading 580 cc	36 Months	01/11/2017	31/10/2020	Rates Based	R42 220.32	N/A	Contract running satisfactory.

BID NO	DESCRIPTION OF SERVICE	END-USER/ PROJECT MANAGER	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
JGDM2016/17-Q014	Supply and Delivery of Agricultural Lime	Ms N. Kilishe	Magricor (Pty) Ltd	36 Months	01/12/2017	30/11/2020	Rates Based	0.00	N/A	Order not yet placed
JGDM2017/18-001	Infrastructure Assets Management Support	MrR. Fortuin	Aurecon South Africa (PTY) Ltd	36 Months	01/06/2018	31/05/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017/18-002	Provision of Vacuum Tankers Services	Mr D. Lusawana	Buyanako Projects (Pty) Ltd	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017/18-002	Provision of Vacuum Tankers Services	Mr D. Lusawana	Monguni Investment cc	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017/18-003	Provision of Training Agent	Ms N. Nelani	Academy of Training Agent Services	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017/18-003	Provision of Training Agent	Ms N. Nelani	LizwaNtlabati Trading cc	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017/18-008	Supply and Delivery of Personal Protective Clothing and Equipment	Mr N. Mayosi	Heed SA (Pty) Ltd	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017/18-010	Supply, Delivery, Installation and Servicing of Fire Equipment	Mr N. Mayosi	Magnum Fire	36 Months	01/06/2018	31/05/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017/18-010	Supply, Delivery, Installation and Servicing of Fire Equipment	Mr N. Mayosi	Technofire Services	36 Months	01/06/2018	31/05/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017/18-015	Annual Medical Surveillance	Mr N. Mayosi	Liqhayiya Investment t/a Liqhayiya Occupational Health and Safety Consultants	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed

INFRASTRUCTURE RELATED PROJECTS

BID NO	DESCRIPTION OF SERVICE	END-USER / PROJECT MANAGER	CONTRACTOR / SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION /VARIATION	COMMENTS
21/2011	Vacuum Tanking Services @ Maclear	Mr. D. Lusawana	Escay Catering & Other Services cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 100.00 daily rates. Rate reviewed to R3 000/day.	R9 570 984.95 (05/10/2012 to 30/06/2018)	Yes	Contract still running satisfactorily
21/2011	Vacuum Tanking Services @ Mount Fletcher	Mr. D. Lusawana	Umngcunube Trade & Invest cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 100.00 daily rates. Rate reviewed to R3 000/day.	R4 716 897.38 (05/10/2012 to 30/06/2018)	Yes	Contract still running satisfactorily
21/2011	Vacuum Tanking Services @ Sterkspruit	Mr. D. Lusawana	Eagle Ukhozi Transport cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 100.00 daily rates. Rate reviewed to R3 000/day.	R959 393.23 (05/10/2012 to 30/06/2018)	Yes	Contract terminated due to poor performance.
21/2011	Vacuum Tanking Services @ Jamestown	Mr. D. Lusawana	Amadwala Trading 363 cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R1 600.00 daily rates. Rate reviewed to R3 000/day.	R11 863 739.71 (21/09/2012 to 30/06/2018)	Yes	Contract still running satisfactorily
21/2011	Vacuum Tanking Services @ Burgersdorp	Mr. D. Lusawana	Algoa Plant Hire cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 100.00 daily rates. Rate reviewed to R3 000/day.	R6 258 647.64 (27/09/2012 to 30/06/2018)	Yes	Contract still running satisfactorily
21/2011	Vacuum Tanking Services @ Venterstad	Mr. D. Lusawana	Non SoSo Construction cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 050.00 daily rates. Rate reviewed to R3 000/day.	R9 330 700.53 (05/10/2012 to 30/06/2018)	Yes	Contract still running satisfactorily
21/2011	Vacuum Tanking Services @ Steynsburg	Mr. D. Lusawana	Ramalo Construction cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 028.00 daily rates. Rate reviewed to R3 000/day.	R5 803 163.27 (04/10/2012 to 30/06/2018)	Yes	Contract still running satisfactorily.
Single Source	Implementation of the Rural Water and Sanitation Programme (RWSP)	Mr. R. Fortuin	The Mvula Trust	60 Months	01/08/2016	31/07/2021	12% of the total cost of the programme	R167 508 405.71 (19/08/2016 to 30/06/2018)	N/A	Contract renewed. Contract still running satisfactorily.

BID NO	DESCRIPTION OF SERVICE	END-USER / PROJECT MANAGER	CONTRACTOR / SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
JGDM2013/14-006	Construction of Bulk Sanitation Infrastructure Upgrade for Maclear : Upgrading of Waste Water treatment works phase 3	Mr Z. Mduba	Amadwala Trading 363 cc	15 Months	01/05/2015	31/08/2016 Extended to 30/10/2018	R23 806 967.96	R13 428 172.41	N/A	Contract still running satisfactorily.
JGDM2013/14-008	Provision of professional services for the design and construction supervision of Maclear water treatment and distribution upgrade	Z. Mduba	GIBB (Pty) Ltd	36 Months	01/05/2015	30/04/2018	R5 391 262.67	R6 377 010.94	N/A	Contract running satisfactorily.
JGDM2013/14-018	Appointment of professional service provider for Sterkspruit Regional Waste Water Treatment Plant and associated Bulk Infrastructure	Mr. R. Fortuin	Dibanani Consulting cc	48 Months	23/07/2014	23/06/2018	R8 711 951.25	R13 684 263.40 (28/11/2014 to 30/06/2018)	N/A	Contract still running satisfactorily
JGDM2014/15-007	Provision of Professional Services for Design and Construction Supervision of Maclear Bulk Sanitation Infrastructure Upgrade- Phase 4	Z. Mduba	GIBB (Pty) Ltd	18 Months	01/05/2015	30/12/2016 Extended TBA	R1 797 922.15	R12 568 533.98	Yes	Contract running satisfactorily.

BID NO	DESCRIPTION OF SERVICE	END-USER / PROJECT MANAGER	CONTRACTOR / SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
JGDM2014/15-001	Jamestown Bucket Eradication Phase 2: Stage 2 Pumpstations	Z. Mduba	Amadwala Trading 363 cc	12 Months	01/06/2015	04/07/2016 Extended to 01/12/2017	R18 510 767.40	R11 621 116.97 (30/06/2015 to 30/06/2018)	N/A	Contract running satisfactorily. Penalties currently being affected.
JGDM2014/15-009	Jamestown Bucket Eradication Phase 2: Stage 2, Pipeline Sewers	Z. Mduba	Amadwala Trading 363 cc	12 Months	02/05/2017	07/12/2017	R12 020 082.82	R4 669 479.81	N/A	Contract stalled due to court challenge
Single Source	Joe Gqabi Disaster relief 2014-STEYNSBURG	Mr R. Fortuin	SBA/Sinakho Consulting JV	36 Months	01/07/2015	30/06/2018	Rates basis	R30 797458.42 (12/10/2015 to 30/06/2018)	N/A	Contract running satisfactorily
Single Source	Joe Gqabi Disaster relief 2014-ALI WAL NORTH	Mr R. Fortuin	Iskofu Property Development t/a SKC Engineers Maletswai	36 Months	01/04/2017	30/06/2018	Rates basis	R8 100 754.38 (12/10/2015 to 30/06/2018)	N/A	Contract running satisfactorily
Single Source	Lady Grey Bulk water project.MG/EC0652	Mr R. Fortuin	Sektor Consulting Engineers/UWP	36 Months	01/07/2017	30/06/2018	Rates basis	R38 220 009.13 (12/10/2015 to 30/06/2018)	N/A	Contract running satisfactorily
JGDM2015/16-001	Provision of upscaling and extension of the Barkly East Bulk water Infrastructure to accommodate the new development of 298 houses in Barkly East	Mr R. Fortuin	Bosch Stemele (Pty) Ltd	11 Months	01/05/2016	30/04/2017 Extended to 30/06/2020	R19 606 609.45	R7 252 501.20	N/A	Contract running satisfactorily

BID NO	DESCRIPTION OF SERVICE	END-USER / PROJECT MANAGER	CONTRACTOR / SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
JGDM2015/16-020	Appointment of a service provider to undertake the water conservation and demand management implementing agent duties	Mr D. Lusawana	MFS Chartered Accountants	36 Months	01/10/2016	30/09/2019	Rates basis	R24 978 460.67 (20/01/2017 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2015/16-010PT	Rehabilitation of Mechanical plant for the waste water treatment works and phola park pump station	R. Fortuin	Lwazcon Earthworks & Plant Hire cc	6 Months	01/04/2016	09/12/2016 Extended to 30/01/2018	R2 924 879.68	R472 561.77 (26/05/2016 to 30/06/2018)	Yes R197 557.00	Project complete
JGDM2015/16-016PT	Gariep Municipality-SteynsburgKoppie Water Supply	R. Fortuin	Batabile Construction Services	6 Months	11/10/2016	11/05/2017 Extended to 28/11/2017	R7 935 323.40	R4 249 880.32	Yes R441 650.56	Project completed.
JGDM2016/17-001PT	New Reservoirs and Ground water suppliers	R. Fortuin	RadeeCivils	18 Months	18/04/2018	18/10/2018	R35 815 345.59	R11 501 023.87	N/A	Contract running satisfactorily
JGDM2016/17-002PT	Burgersdorp Plantation sump and Boreholes	R. Fortuin	DDX/ Mvezo Plant Hire	24 weeks	11/05/2017	11/11/2017 Extended to 30/06/2018	R8 708 192.95	R3 497 873.76	N/A	Contract running satisfactorily
JGDM2016/17-003PT	Burgersdorp Water Treatment works – 6ML storage reservoir	R. Fortuin	DDX/ Mvezo Plant Hire	32 weeks	09/11/2017	11/11/2018	R26 667 014.80	R7 644 350.05	N/A	Contract running satisfactorily

Leases and maintenance contracts

BID NO	DESCRIPTION OF SERVICE	END-USER/ PROJECT MANAGER	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION /VARIATION	COMMENTS
83/2009	Financial System Support Agreement	Ms S. Du Toit	Bytes Systems Integration (Pty) Ltd	14 Months	01/09/2014	26/07/2017 Extended to 31/12/2018 (Maintenance contract – ongoing)	R281 880.00	R1 858 583.19 (21/04/2015 to 30/06/2018)	N/A	Contract still running satisfactorily.
42/2010	Supply, Delivery & Maintenance of Printers	Mr. L. Gush	NRG Office Solution t/a Gestetner	36 Months	01/07/2010	Month basis	R845 665.00	R3 433 347.57 (08/09/2010 to 30/06/2018)	N/A	Contract still running satisfactorily.
Single Source	Escalator Maintenance	Mr. S. Schanick	Otis	60 Months	01/06/2011	31/05/2016 Extended to 31/05/2021	R2 043.29 with escalations every year	R285 167.51 (08/08/2011 to 30/06/2018)	Renewed for a 5 year period.	Satisfactory maintenance regularly performed.
Single Source	Alarm System	Mr. S. Schanick	Guardian Security	12 Months	01/07/2013	Ongoing	R289.99 per building	R114 555.70 (3/12/2010 to 30/06/2018)	Yes Ongoing	Contract still running satisfactorily.
Single Source	Payroll Administrator	Ms T. Ngqongqwana	Payday Software System (Pty) Ltd	24 Months	01/08/2011	31/07/2013 extended to 30/06/2018	Rate based	R1 858 606.92 (01/08/2011 to 30/06/2018)	Yes	Contract still running satisfactorily.
Single Source	Lease of offices and a strong room @ MPCC Building in Sterkspruit	Ms. L.A. Matyesini	Senqu Municipality	12 Months	01/04/2011	31/03/2014 Extended to 31/03/2016 to 31/03/2019	R3 003.00 with escalations yearly	R52 723.00 (29/06/2011 to 30/06/2018)	Yes Renewed (01/04/2012 to 31/03/2014) extended to 31/03/2019	Contract has been extended to end on 31/03/2019
Single Source	Office Accommodation	Ms. L.A. Matyesini	Christian Life Centre	24 Months	01/04/2012	31/03/2014 Extended to 31/03/2020	Rate based plus L & W (Inc yearly escalations)	R3 737 067.94 (01/04/2012 to 30/06/2018)	Yes	Agreement has been extended for a period of two years and still running satisfactory.

Q35/2011	Office Accommodation (Office in Ugie)	Ms. L.A. Matyesini	Francis Kotze	36 Months	01/04/2012	31/03/2014 Extended to 31/03/2019	R8 500.00	R622 098.16 (01/07/2012 to 30/06/2018)	Yes	Agreement still running satisfactorily
Single Source	Rental of photo copy machine for working for water.	Ms N. Kilishe	Nashua East London	60 Months	01/05/2013	Month basis	R750.00/month	R177 204.65 (28/09/2010 to 30/06/2018)	Renewed	Contract has been renewed for five (5) years from 01/05/2013 to 31/04/2018 and still running satisfactory.
Single Source	Supply, Installation and Monitoring of the AltechNetstar tracking unit on Mayor's official vehicle	Mr. S. Scharnick	AltechNetstar Fleet Solution (Pty) Ltd	36 Months	01/07/2013	Ongoing	R17 408.94	R433 326.75	N/A	Unit already supplied and installed into the vehicle. Performance is satisfactory. Additional Units were provided for additional vehicles purchased.
Single Source	Lease of Office for the Billing office in Maclear	Mr. S. Scharnick	Salabora Enterprise Projects	36 Months	01/11/2015	31/10/2018	R5 700.00pm	R186 226.95 (03/11/2015-30/06/2018)	N/A	Contract running satisfactory
Single Source	Lease of Office for the Billing office in Aliwal North	Mr. S. Scharnick	Mariata Der Walt Trust	36 Months	01/07/2014	30/06/2017 Extended till 31/07/2018	R7 200.00pm	R401 588.68 (21/01/2015-30/06/2018)	N/A	Contract running satisfactory
Single Source	Lease of Office for the Billing office in Lady Grey	Mr. S. Scharnick	PS2053 Investment cc	36 Months	01/07/2014	30/06/2017 Extended till 30/06/2020	R13 860 pm	R627 912.00 (07/12/2017 to 30/06/2018)	N/A	Contract running satisfactory
Single Source	Lease office for Cashiers in Maletswai Local Municipality	Mr. S. Scharnick	Maletswai Local Municipality	36 Months	01/04/2016	31/03/2019	R300.00pm	0	N/A	Order not placed yet

Single Source	Lease officer Cashiers office in Senqu Municipality	Mr. S. Scharnick	Senqu Local Municipality	36 Months	01/04/2016	31/03/2019	R3 700.00pm	R57 817.00 (16/11/2016 to 30/06/2018)	N/A	Contract running satisfactory
Single Source	Lease Office for Cashiers office Gariep Local Municipality	Mr. S. Scharnick	Gariep Local Municipality	36 Months	01/04/2016	31/03/2019	R3 500.00pm	0	N/A	Order not placed yet

APPENDIX G: PERFORMANCE ON COGTA-EC INDICATORS

Organisational Transformation and Institutional Development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts	261	150 (to be confirmed)	57%	Recruitment process is underway
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	8	8	100%	None
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	8	8	100%	None
4	Percentage of Managers in Technical Services with a professional qualification	12	10	83%	None
5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)	4	4	100%	None
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	100%	100%	100%	None
9	Percentage of councillors who attended a skill development training within the current 5 year term	100%	100%	100%	None
10	Percentage of staff complement with disability	956	6	0.006	Recruitment process encourages people with disabilities to apply
11	Percentage of female employees	956	308	32%	Employment Equity Plan is being implemented.
12	Percentage of employees that are aged 35 or younger	868	334	35%	Employment Equity Plan is being

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
					implemented.

Basic Service delivery performance highlights

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	5 000	17 599	5 000	0	0%
2	Percentage of indigent households with access to free basic potable water	16 928	16 928	16 928	16 928	100% (of registered indigents)
3	Percentage of households using buckets (97775	1729	0	2%	This affects informal settlement. Buckets are collected by the Municipality
4	Percentage of households with access to sanitation services	97 775	4 888	5 000	5065	101%
5	Percentage of indigent households with access to free basic sanitation services	16 928	16 928	16 928	16 928	100% (of registered indigents)
6	Percentage of clinics with access to sanitation services	N/A	N/A	N/A	N/A	N/A
7	Percentage of schools with access to sanitation services	N/A	N/A	N/A	N/A	N/A
8	Percentage of informal settlements that have been provided with basic services	1729	1729	100%	100%	100%

MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year	Comment
1	Percentage of LED Budget spent on LED related activities.	13 100 000	13 100 000	100%	None
2	Number of LED stakeholder forum held	12	18	150%	Additional forums were held
3	Percentage of SMME that have benefited from a SMME support program	10	10	100%	None
4	Number of job opportunities created through EPWP	2154	992	46%	Target could not be met due to a number of projects not being completed and some being delayed.
5	Number of job opportunities created through PPP	0	0	0%	No PPP activities during the year

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year	Comment
1	Percentage expenditure of capital budget	231 251 947	134 426 081	58%	Operational costs which were identified under the capital vote were reallocated negatively affecting the attainment of target
2	Salary budget as a percentage of the total operational budget	73 660 432	210 133 486	185%	Overtime linked to Repairs and Maintenance cost
3	Trade creditors as a percentage of total actual revenue	31 640 756	111 526 757	252%	Effect of Unspent Grants
4	Total municipal own revenue as a percentage of the total actual budget	12 186 947	1 790 333	15%	Limited revenue collection from provision of services
5	Rate of municipal consumer debt reduction	7 886	-57 226	-95% (to be confirmed)	None
6	Percentage of MIG budget appropriately spent	231 251 947	134 426 081	58%	Operational costs which were identified under the capital vote were reallocated negatively affecting the attainment of target
7	Percentage of MSIG budget appropriately spent	0	0	0%	No grant received
8	Functionality of the Audit Committee	5	6	120%	An extra meeting was called to look

					at the draft AFS and APR.
9	Submission of AFS after the of financial year	31 August 2018	31 August 2018	100%	None

GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name		
1	% of ward committees established	N/A	N/A
2	% of ward committees that are functional	N/A	N/A
3	Existence of an effective system to monitor CDWs	N/A	N/A
4	Existence of an IGR strategy	Adopted	Yes
5	Effective of IGR structural meetings	Yes	Yes
6	Existence of an effective communication strategy	Adopted	Yes
7	Number of mayoral imbizos conducted	3	100%
8	Existence of a fraud prevention mechanism	Adopted	Yes

APPENDIX H: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance			
Council Members	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
		%	%
Cllr ZI Dumzela	ANC	50%	50%
Cllr TZ Notyeke	ANC	93%	7%
Cllr LM Tokwe	ANC	93%	7%
Cllr S Mei	ANC	79%	21%
Cllr DD Mvumvu	ANC	64%	36%
Cllr NU Hokwana	ANC	79%	21%
Cllr EM Lekabane	ANC	71%	29%
Cllr Yiliwe	SCA	93%	7%
Cllr Ngendane	EFF	71%	29%
Cllr AM van Zyl	DA	93%	7%
Cllr B Msuthwana	ANC	100%	0%
Cllr M Telile	ANC	100%	0%
Cllr L Pili	DA	93%	7%
Cllr M Marubelela	ANC	64%	36%
Cllr L Booka	ANC	100%	0%
Cllr N Ntaopane	Independent	86%	14%
Cllr M Phuza	ANC	86%	14%
Cllr NP Mposelwa	ANC	79%	21%
Cllr VV Stokhwe	ANC	71%	29%
Cllr XG Magcai	DA	93%	7%
Cllr NM Phama	SCA	86%	14%
Cllr AM Kwinana	ANC	86%	14%
Cllr DF Harkopf	DA	93%	7%
Cllr B Khweyiya	ANC	21%	79%
Cllr KS Lange	ANC	57%	43%
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>			<i>T A</i>

APPENDIX I: OVERSIGHT REPORT ON THE ANNUAL REPORT OF JOE GQABI DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2018

PREAMBLE

The Joe Gqabi District Municipality's Municipal Public Accounts Committee (MPAC) was established in terms of the guidelines provided by the Department of Cooperative Governance and Traditional Affairs.

COMPOSITION OF THE MPAC

The MPAC members include the following Councilors:

- (i) Councilor : A P Kwinana (Chairperson);
- (ii) Councilor : DF Hartkopf;
- (iii) Councilor : NG Ntaopane;
- (iv) Councilor : L Nkunzi
- (v) Councilor : NU Hlathuka

RESPONSIBILITIES OF THE MPAC

The guidelines for the establishment of Municipal Public Accounts Committee specify the responsibilities of the MPAC as the following primary functions:-

- To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;
- In order to assist with the conclusion of matters that were not finalized, information pertaining to past recommendations made on the annual report must also be reviewed. This relates to current in-year reports including quarterly, mid-year and annual reports;
- To examine the financial statements and audit reports of the municipality and in doing so, the committee must consider improvements from the previous statements and reports and must evaluate the extent to which the Audit Committee's and Auditor General's recommendations have been implemented;
- To provide good governance, transparency and accountability on the utilization of municipal resources;
- To recommend to undertake an investigation, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

The guidelines further direct the MPAC to have permanent referral documents as they become available relating to:-

- In-year reports of the municipality and municipal entities;
- Financial statements of the municipality and municipal entities as part of the committee's oversight process;
- Audit opinion, other reports and recommendations from the Audit Committee;

- Information relating to compliance in terms of sections 128 and 133 of the MFMA;
- Information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently being put before the committee;
- Any other report from the municipality or its entity; and
- Performance information of the municipality and municipal entities.

PURPOSE OF THE ANNUAL REPORT

- To promote accountability to the public and communities for decisions made by the Council
- To provide information that supports the revenue and expenditure
- To provide a narrative report on service delivery and against budget
- To provide a record of activities of the municipality during a year and to report on the Service Delivery and Implementation Plan.

INTRODUCTION

The Council has the responsibility to oversee the performance of the Executive and Administration, as required by the Constitution, Section 129 of the Municipal Finance Management Act and circular 32 of the Municipal Finance Management Act. The oversight responsibility played by the MPAC is particularly important for the process of considering Annual Reports. The MFMA and the MSA emphasize and recognize that the Council has an important role to play to ensure better performance of municipal departments. Central and critical to this is the linkage between the goals set by Council through the Integrated Development Plan which are translated into budgets, programmes and projects and actual delivery and implementation on those goals. It is important for the Council to ensure that the budget gives effect to goals and priorities of the institution and that the public is informed about the achievement and non-achievement of set goals, programmes and projects.

LEGISLATIVE MANDATE

In terms of Section 121 of the MFMA municipalities are required to prepare and table an annual report which must be considered and approved by the Council within nine months of the end of the financial year. A draft of the annual report must be tabled before Council for consideration within seven months after the end of the financial year. Section 29 of the Act requires that an oversight report be considered within two months after tabling of the draft report. Circular 32 of the MFMA guides the oversight process and also provides a template for assessment of the annual report for the oversight purpose.

The Executive Mayor has, in terms of Section 127(2) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) read with Section 46(1) (a) of the Local Government Municipal Systems Act No 32 of 2000, tabled before the special meeting of the Joe Gqabi District Municipal Council held on 24 January 2019, an Annual Report for the financial year ended on 30 June 2018. It is a legal requirement, in terms of Section 129(1) of the MFMA that an oversight report on the Annual Report be tabled before Council not later than two months subsequent to the date of the tabling of the Annual Report by the Executive Mayor.

As part of its oversight responsibility, the MPAC has reviewed the Executive Mayor's report for the period ended 30 June 2018. The committee is now submitting its oversight report to Council with recommendations of the MPAC. The recommendations of the MPAC must guide the Municipal Council to adopt an oversight report containing the committee's comments on the report it examined, which must include a statement whether the Council:-

- i. Approves the report with or without reservations;
- ii. Rejects the report; or
- iii. Refers the report back for revision of those components that need revision.

MPAC COMMENTS ON ASPECTS OF THE ANNUAL REPORT

AUDITOR GENERALS REPORT

The audit opinion was achieved as the manifestation effective and transparent control environment which exists within the institution. The Auditor General did not identify any deficiencies in the internal controls material noncompliance with legislation. No findings were raised on the usefulness and reliability of reported performance information.

AUDIT COMMITTEE REPORT

It is observed and noted with appreciation that the audit committee, appraise, review the internal controls, recommend appropriate actions and conduct follow up activities to ensure that corrective action are taken.

KEY SERVICE DELIVERY PERFORMANCE AND IMPROVEMENTS

The following improvements have been noted during the period under review:

- Fifty three internship and learnership opportunities were created during the year under review.(number of people?)
- The communities have been granted an opportunity to participate in local government matters through war room, representative forums , LED Forum, Tourism forum, out reaches and special engagements and State of the District Adress.
- The local municipalities were support and engaged on IDP/PMS, IT and Internal Audit issues and challenges
- Working for wetlands has been implemented Number of reports on implementation of working for water and wetlands programme
- The number of reservoirs constructed has increased from the target of 15 to 18. This is a result of an additional budget that was allocated to the reservoirs due to the need to mitigate against possible droughts
- Number of new water sources provided increased from a target of 5 to 6. The efficient use of existing budget allowed for additional boreholes to be constructed to mitigate possible droughts. same **budget**

- Traditional leaders have been engaged on a number of issues affecting communities including initiation programmes
- The District focused its energies on financial viability and improving revenue enhancement, and maintenance of an effective and functional supply chain management function.
- Significant reduction in wasteful and fruitless expenditure (will) which enhances the revenue of the institution.
- To limit payment of interest charged by creditors for late payment of accounts, the District maintained strict controls on overdue accounts.
- The Traditional Leader's Forum (is) was in place and the traditional leadership participated in matters of District including the initiation programme.
- Section 56 managers signed performance agreements at the beginning of the financial year. The agreements were aligned to the IDP, Budget and the SDBIP.
- The Audit/Performance Audit Committee and the MPAC sat within acceptable and scheduled time frames. These committees were convened to strengthen overall oversight over the municipality's functions and activities.
- Public engagements were held, the IDP and budget were compiled and adopted by Council timeously, and both documents were assessed and found to be credible.
- Policies were reviewed and adopted by Council together with the IDP and budget.
- Risk management (including IT risk management), quality assurance of work through the internal audit activity and the audit of performance by audit committee, existence of the Risk, Anti-fraud and Anti-Corruption committee are some of the prominent manifestations of the existence of a sound corporate governance culture within the institution.
- The provision of water and sanitation was taken over by the District from all four local municipalities. *(may we should note the year and month)(also changes in Gariep and Maletswai)*
- 94.5% compliance with SANS 241 for drinking water quality as per Blue Drop System (BDS) was achieved which is a regression mainly caused by old and aging infrastructure which compromise clean water when distributed.
- The district performs an agency function for Working for Wetlands and Roads
- 2158 kilometers of Roads were graveled during the year under review while 2429 kilometers were graveled during 2017/18 financial year. This resulted to a reduction of 271kilometers graded.
- The district has provided customer care services through the customer centre and attended to the presidential hot line enquiries.
- 5065 new VIP toilets were constructed. This translates to 65 VIP toilets more than the annual target of 5000 VIP toilets.
- 4874 jobs opportunities were created through the municipality's local economic development initiatives and Working for Water and Wetlands.
- The Joe Gqabi Economic Development Agency (JoGEDA) was established with a view of promoting investment and economic growth in the region. The Agency is currently implementing the following Programmes:
 - Aliwal Spa, Revitalization;
 - Maize Meat Hub Feedlot,
 - Senqu Plastic Manufacturing
 - Elundini (UGIE) Middle Income Housing

- Aliwal North Private Hospital
- University of Stellenbosch (USB) programme
- The District has signed a grant agreement with ORIO (the facility for infrastructure development funded by the Ministry of Foreign Affairs of Netherland) for funding to the amount of R262 884 110 for the provision of water to the villages in the rural areas of Elundini municipality.
- Expenditure patterns on skills development show the commitment of the District in capacitating its workforce, Councilors and community members with a view of improving the efficiency, quality of service delivery and quality of lives of communities.
- During the year 2017/18 financial year the District together with its municipalities implemented various community participation and mayoral outreach programmers.
- Structured engagements with Sector Departments and other critical and strategic stakeholders were conducted through the IDP and budget representative forum meetings, which were held at least quarterly.
- Structures such as District Mayors Forum (DIMAFO), District Technical Task Group, IDP and Budget Representative Forum, Ward Committees, IGR Structures continued to function effectively throughout the year.
- The committee has noted the concerted effort of the institution to maintain positive unqualified audit results. The District has shown significant improvement as far as corporate governance matters are concerned. This is manifested by the consecutive achievement of unqualified audit and clean audit opinion from the Auditor-General for the and four financial years (Four Consecutive Years) and a clean audit opinion in 2014/15 clean audit, 2015/16 clean audit, 2016/17 unqualified audit and 2017/18 a clean audit opinion.

CHALLENGES

The municipality faced a number of challenges during the year under review including:

- The ageing water infrastructure and the historical backlogs, particularly in the rural areas of the District.
- The demand that surpasses the supply for services and inadequate financial resources.
- Frequent droughts and low revenue collection related to indigent status of the communities.
- Huge backlogs on water and sanitation and decreasing grant allocations.

CONCLUSION

Despite these challenges Joe Gqabi District Municipality and the JoGEDA continued to perform well with regard to the audit processes and audit findings by the Auditor General as a result both institutions obtained a Clean Audit opinions.

The MPAC takes this opportunity to congratulate the role players in the financial management of the institution and in ensuring good governance, transparency and accountability during the period under review and you are encouraged to sustain this position.

The work done by Councillors, staff, oversight committees, traditional leaders, and all structures is highly commended and appreciated. Well Done Congratulation's! All the parties involved are urged to keep up the good work (inserted)

My profuse gratitude goes to my colleagues within the MPAC and the Management team for the valuable inputs they contributed to make the compilation of this report a success.

RECOMMENDATIONS

The Municipal Public Accounts Committee therefore recommends that Council resolves as follows:-

- a) That Council having fully considered the Consolidated Annual Report for the financial year ended on 30 June 2018, adopts the oversight report; and
- b) Council approves the Consolidated Annual Report without reservations.

Thank you.



Ald. A. P. Kwinana (Chairperson)
Chairperson: Municipal Public Accounts Committee

Date: 14th March 2019

Volume 2:

Annual Financial Statements



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2018

JOE GOABI DISTRICT MUNICIPALITY

INDEX

<i>Contents</i>	<i>Page</i>
General Information	1 - 3
Approval of the Financial Statements	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes In Net Assets	7
Cash Flow Statement	8
Statement of comparison of budget and actual amounts	
- Statement of Financial Position	9 - 10
- Statement of Financial Performance	11 - 12
- Cash Flow Statement	13 - 14
Accounting Policies	15 - 51
Notes to the Financial Statements	52 - 98
APPENDICES - Unaudited	
A Schedule of External Loans	99
B Analysis of Property Plant and Equipment	100
C Segmental Statement of Financial Performance (Municipal Votes)	101
D Disclosure of Grants and Subsidies	102
E National Treasury Appropriation Statements	
- Revenue and Expenditure (Municipal Vote Classification)	103
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	105

JOE GQABI DISTRICT MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Joe Gqabi District Municipality is a district municipality performing the functions as set out in the Constitution. (Act No. 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (No. 117 of 1998)

JURISDICTION

The Joe Gqabi District Municipality includes the following areas:

Walter Sisulu Local Municipality (Burgersdorp, Venterstad, Steynsburg, Aliwal North and Jamestown)
Senqu Local Municipality (Lady Grey, Sterkspruit, Rhodes, Rossouw, Herschel and Barkly East)
Elundini Local Municipality (Maclear, Ugie and Mount Fletcher)

MEMBERS OF THE MAYORAL COMMITTEE AS FROM 3RD AUGUST 2016 ELECTIONS

Executive Mayor	Z I Dumzela	
Speaker	T Z Ntuyeke	
Councillor	E M Lakabane	Portfolio head: Financial Services
Councillor	S Mei	Portfolio head: Technical Services
Councillor	L M Tokwe	Portfolio head: Corporate Services
Councillor	D D Mvumvu	Portfolio head: Community Services

MUNICIPAL MANAGER

Mr Z A Williams

ACTING CHIEF FINANCIAL OFFICER

Ms S du Toit

OTHER DIRECTORS AND SENIOR MANAGERS DIRECTLY REPORTING TO THE ACCOUNTING OFFICER

Mr R J Fortuin	- Director: Technical Services
Ms F J Sephton	- Director: Community Services
Mr H Z Jantjie	- Director: Corporate Services
Mr M Nonjola	- Director: Institutional support and advancement
Ms N Mshumi	- Chief Operations Officer
Mr Dlusawana	- Manager Water Service provider

REGISTERED OFFICE

P/Bag X102 Barkly East 9786	C/o Cole and Graham Street Barkly East 9786
-----------------------------------	---

JOE GQABI DISTRICT MUNICIPALITY
GENERAL INFORMATION

AUDITORS

Office of the Auditor General (EC)
Vincent
East London

ATTORNEYS

Clark Laing Inc
East London
5 241

PRINCIPAL BANKERS

ABSA
P O Box 323
Bloemfontein
9300

AUDIT COMMITTEE

J Emslie	- Chairperson
F K P Ntsemeza	- Member
P Ntswana	- Member

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Labour Relation Amendment Act (Act 6 of 2014)
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations
Municipal Regulation on Standard Chart of Accounts (mSCOA)
Disaster Management Act 57 of 2002
Fire Brigade Services Act 99 of 1987
Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972
National Veld and Forest Fire Act 101 of 1998
National Water Act 36 of 1998
National Health Act of 1997
Occupational Health and Safety Act and Regulation 85 of 1993

JOE GQABI DISTRICT MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL

PROPORTIONAL ELECTED COUNCILLORS

Executive Mayor	Z I Dumzela
Speaker	T Z Ntshole
Councillors: JODM	EM LokaBane D Mvumvu S Mei I Tokwe NU Hlatuka N Ngendane AM van Zyl M Yilwe

REPRESENTATIVE COUNCILLORS

Sengu Local Municipality	AP Kwinana M Phuzo NP Mposhwa VV Stokhwa XG Magcal NM Phama
Elundini Local Municipality	B Msuthwana M Telile M Marubela L Booka L Pili N Ntaopane
Walter Sisulu Local Municipality	B Khweyiya KS Lange DF Hartkopf

JOE GQABI DISTRICT MUNICIPALITY
APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements period ended 30 June 2018, which are set out on pages 1 to 106 in terms of Section 126 (1) of the Municipal Finance Management Act (No. 56 of 2003) and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr Z A Williams
Municipal Manager

31 August 2018
Date

JOE GQABI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Note	2018 R	2017 R
ASSETS			
Current assets		15 295 278	5 084 974
Inventory	2	2 640 698	2 900 069
Cash and Cash Equivalents	3	12 654 580	2 184 906
Current assets from exchange transactions		163 137 758	149 976 895
Receivables from exchange transactions	4	154 075 734	117 290 465
South African Revenue Services	5	9 042 025	32 686 430
Current assets from non-exchange transactions		14 395 662	22 163 551
Unpaid conditional government grants and receipts	6	14 395 662	22 163 551
Non-current assets		1 687 526 349	1 613 407 446
Property, plant and equipment	7	1 681 063 130	1 606 544 571
Investment property	8	2 438 848	2 484 344
Intangible assets	9	452 822	901 023
Non-current investments	10	3 571 508	3 477 508
Total assets		1 880 335 046	1 790 632 866
Current liabilities		30 858 606	30 609 586
Current employee benefits	12	30 858 606	24 936 809
Cash and Cash Equivalents	3	-	5 672 687
Current lease liability	4,2	-	-
Current liabilities from exchange transactions		111 292 740	110 326 993
Consumer deposits	13	957 847	934 536
Payables from exchange transactions	14	108 750 019	103 445 213
South African Revenue Services	5	-	-
Current portion of long-term liabilities	15	1 584 875	5 947 344
Current liabilities from non-exchange transactions		2 776 738	4 928 428
Unspent conditional government grants and receipts	6	2 776 738	4 928 428
Non-current liabilities from Exchange Transactions		7 506 318	6 667 005
Long-term Liabilities	15	7 506 318	6 667 005
Non-current liabilities		34 276 280	34 706 207
Employee benefits	11	34 276 280	34 706 207
Total Liabilities		186 730 683	187 238 219
NET ASSETS		1 693 624 365	1 603 394 646
COMMUNITY WEALTH			
Accumulated Surplus	16	1 693 624 366	1 603 394 646

JOE GQABI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE AT 30 JUNE 2018

Note	2018 R	2017 - Restated R	2017 - Correction R	2017 - Audited R
REVENUE				
Revenue from non-exchange transactions	544 742 599	572 194 488	(2 541 587)	569 652 901
Transfer revenue	537 242 558	565 655 285	(2 541 587)	563 113 700
Government grants and subsidies - capital	322 635 745	250 821 056	(2 504 828)	248 316 228
Government grants and subsidies - operational	482 470 825	414 824 474	-	414 824 474
Public contributions and donations	-	38 761	(36 761)	-
Transfer of function	-	-	-	-
Other revenue	7 500 022	6 539 302	-	6 539 302
Foreign exchange gains	-	-	-	-
Actuarial gains	7 500 022	6 494 257	-	6 494 257
Inventory adjustments	-	44 546	-	44 546
Reversal of impairments	-	-	-	-
Revenue from exchange transactions	130 656 209	130 159 020	(12 207)	130 147 813
Service charges	77 429 659	91 621 026	-	91 621 026
Government services	5 057 594	10 105 896	-	10 105 896
Interest earned - internal investments	4 620 544	3 329 757	-	3 329 457
Interest earned - outstanding debtors	22 124 400	24 092 370	-	24 092 370
Other income	1 734 020	981 882	(12 207)	969 675
Total Revenue	655 397 276	702 354 427	(2 553 794)	699 800 633
EXPENDITURE				
Employee remuneration	230 130 486	180 893 916	-	180 893 916
Remuneration of Councilors	5 952 332	5 201 012	-	5 201 012
Debt impairment	31 503 029	37 676 467	-	37 676 467
Impairments	-	-	-	-
Foreign exchange loss	-	-	-	-
Depreciation and Amortisation	49 158 583	48 181 028	334 105	48 515 133
Repairs and maintenance	4 079 888	12 012 316	43 080	12 055 396
Finance charges	5 645 588	5 925 226	-	5 925 226
Contracted services	34 612 932	14 441 385	-	14 441 385
Bulk services	4 488 788	4 161 000	-	4 161 000
Grants and subsidies paid	2 455 130	7 879 344	(506 761)	7 372 583
Inventory adjustments	70 785	-	-	-
Funding grant expenditure	174 092 262	94 073 274	(27 466 967)	66 606 307
Emergency drought relief	1 054 824	321 350	-	321 350
General Expenditure	35 565 052	84 885 596	122 366	85 007 962
Loss on disposal of Property, plant and equipment	2 442 285	575 578	-	575 578
Total Expenditure	585 167 535	502 171 278	(22 476 687)	479 694 591
SURPLUS/(DEFICIT) FOR THE YEAR	69 229 741	200 183 149	18 922 093	220 106 042

JOE QQABI DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R Accumulated Surplus
Balance at 1 July 2016	<u>1 450 512 900</u>
Correction of error restatement - note	(47 301 456)
Restated balance at 1 July 2016	<u>1 403 211 474</u>
Net Surplus/(Deficit) for the year	200 183 149
Balance at 30 June 2017	<u>1 603 394 623</u>
Net Surplus/(Deficit) for the year	90 230 743
Balance at 30 June 2018	<u><u>1 693 624 366</u></u>

JOE QQABI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 R	2017 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		578 624 910	628 060 089
Service charges and other		35 765 297	50 924 623
Government grants		542 859 613	577 135 466
Payments		(459 521 994)	(397 195 886)
Suppliers		(236 234 848)	(202 254 884)
Employees		(223 307 146)	(194 901 002)
Cash generated from/(utilised in) operation:		<u>119 102 916</u>	<u>230 864 202</u>
Interest received		26 745 244	3 300 457
Interest paid		(1 113 131)	(5 916 176)
Net cash from operating activities	41	<u>144 734 830</u>	<u>228 257 533</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Capital Assets		(125 091 318)	(230 856 982)
(Increase)/decrease of other assets		-	-
Net cash from investing activities		<u>(125 091 318)</u>	<u>(230 856 982)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in consumer deposits		23 311	44 281
Proceeds/(repayment) of finance lease liability		(2 105 135)	(1 272 395)
Proceeds/(repayment) of other long-term liabilities		(1 419 326)	(2 081 565)
Total Expenditure		<u>(3 501 150)</u>	<u>(3 309 878)</u>
Net increase/(decrease) in cash and cash equivalents		<u>16 142 362</u>	<u>(5 909 327)</u>
Cash and cash equivalents at the beginning of the year		-3 487 782	2 421 546
Cash and cash equivalents at the end of the year	3	12 654 580	-3 487 782

JOE GQABI DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Budget)	2018 R (Final Budget)	2018 R (Actual)	
ASSETS				
Current assets				
Cash	37 860 891	17 874 240	30 076 121	90%
Call funds from deposits	-	603 590	(602 530)	100%
Consumer debtors	147 270 245	225 962 975	42 332 273	29%
Other Receivables	10 137 075	31 275 000	11 137 380	40%
Inventory	2 510 668	2 477 910	(207 442)	-17%
Total current assets	147 878 879	187 693 715	48 776 202	
Non-current assets				
Investments	3 571 528	3 205 328	266 427	5%
Investment properties	2 446 848	1 944 746	244 402	4%
Property, plant and equipment	1 681 310 171	1 697 693 171	16 272 680	1%
Intangible assets	491 807	154 114	216 608	50%
Total non-current assets	1 687 526 144	1 677 013 354	10 612 625	
TOTAL ASSETS	1 688 335 048	1 814 565 252	65 756 785	
LIABILITIES				
Current liabilities				
General liabilities	1 597 874	1 680 312	(1 094 192)	-11%
Accounts payable	857 247	895 246	47 999	5%
Trade and other payables	112 526 757	31 642 756	72 884 001	323%
Provisions and Employee Benefits	30 498 628	27 099 238	7 549 391	25%
Total current liabilities	144 420 496	40 117 452	28 806 178	
Non-current liabilities				
Accounts payable	7 526 218	11 552 291	(119 5 872)	-32%
Provisions and Employee Benefits	24 276 282	29 242 214	(24 962 224)	-62%
Total non-current liabilities	41 782 500	70 794 505	(29 015 937)	
TOTAL LIABILITIES	186 203 004	110 911 957	57 792 245	
NET ASSETS	1 482 132 044	1 693 653 295	7 964 543	
COMMUNITY WEALTH				
Accumulated Surplus	1 684 910 484	1 695 644 400	2 500 000	0%
TOTAL COMMUNITY WEALTH/EQUITY	1 684 910 484	1 695 644 400	7 964 543	

JOE GQABI DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

ASSETS

	2018 R	2018 R	2018 R	
	Proposed Budget	Adjustment	Final Budget	Explanation for material variance (use of numbers with a minus sign)
PROPERTY				
Current assets				
Cash	2 029 780	-	2 029 780	0% No Adjustment
Debtors (net of doubtful)	229 290	-	229 290	0% No Adjustment
Prepaid expenses	104 900 404	-	104 900 404	0% No Adjustment
Debtors (net of doubtful)	11 270 000	-	11 270 000	0% No Adjustment
Inventory	2 477 610	-	2 477 610	0% No Adjustment
Total Current assets	113 037 084	-	113 037 084	
Non-current assets				
Investment	4 000 000	-	4 000 000	0% No Adjustment
Investment properties	2 000 000	-	2 000 000	0% No Adjustment
Property, plant and equipment	1 814 240 424	-	1 814 240 424	0% No Adjustment
Intangible Assets	229 000	-	229 000	0% No Adjustment
Total non-current assets	4 043 240 424	-	4 043 240 424	
TOTAL ASSETS	1 151 280 508	-	1 151 280 508	
LIABILITIES				
Current liabilities				
Borrowing	2 267 074	-	2 267 074	0% No Adjustment
Contractual liabilities	800 400	-	800 400	0% No Adjustment
Trade and other payables	11 642 190	-	11 642 190	0% No Adjustment
Provision	12 900 000	-	12 900 000	0% No Adjustment
Total Current liabilities	27 610 064	-	27 610 064	
Non-current liabilities				
Borrowing	11 222 200	-	11 222 200	0% No Adjustment
Provision (Financial liabilities)	14 000 000	-	14 000 000	0% No Adjustment
Total non-current liabilities	25 222 200	-	25 222 200	
TOTAL LIABILITIES	52 832 264	-	52 832 264	
NET ASSETS	1 100 448 244	-	1 100 448 244	
GOVERNMENT WEALTH				
Accumulated surplus	1 000 040 400	-	1 000 040 400	0% No Adjustment
Reserve	-	-	-	0% No Adjustment
GOVERNMENT WEALTH	1 000 040 400	-	1 000 040 400	

JOE GOABI MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL ACCOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

COMPARISON OF ACTUALS TO THE BUDGET	2018 R (Actual)	2018 R (Final Budget)	2017 R (Actual)	Explanation for material variances (if that the item will be explained in Note)
REVENUE BY SOURCE				
Service charges	17 127 000	20 421 000	116 204 207	00%
Sales of fixed and movable equipment	-	9 000	6 000	+0.2%
Interest on financial investments	1 293 240	4 079 000	1 513 000	100%
Municipal fund - outstanding debts	22 227 406	22 527 000	2 424 400	75%
Agency services	-	993 000	993 000	117%
Transfer and Subsidies - Operating	604 507 212	315 637 400	18 673 412	55%
Other revenue	14 279 422	284 277	12 974 200	2120%
TOTAL OPERATING REVENUE	659 234 080	669 961 677	221 978 226	
EXPENDITURE BY TYPE				
Depreciation of assets	21 131 438	21 650 400	23 475 594	155%
Administration of council and committees	1 352 124	10 248 708	15 000 400	0.2%
Travel expenditure	17 961 208	4 000 000	14 132 478	400%
Depreciation of non-current assets	42 250 232	10 001 500	12 027 845	100%
Financial charges	6 845 800	2 200 000	2 922 807	300%
Other expenses	4 469 500	23 124 414	20 720 000	47%
Capital expenditure	17 674 500	17 767 500	19 000 170	400%
Other expenditure	243 983 174	28 672 000	50 120 700	410%
TOTAL OPERATING EXPENDITURE	666 167 606	209 960 516	466 660 909	170%
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	(6 933 526)	(40 000 000)	(244 682 683)	
Transfer and Subsidies - Capital	17 583 748	19 775 000	19 027 748	10%
NET SURPLUS FOR THE YEAR	10 650 222	(20 225 000)	(225 654 935)	

JOE GQABI MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

ADMINISTRATIVE APPROPRIATION	2018 R	2018 R	2018 R	Explanation for material variances (10% or thereof)
(AS A RESULT OF SOURCE)	(Approved Budget)	(Actual Amount)	(Final Budget)	
SOURCE OF FUNDS				
Service charges	181 421 857	84	181 421 857	0% Misalignment
Transfer of facilities and equipment	5 000	-	5 000	0% Misalignment
Transfer of interest on financial assets	1 000 000	-	1 000 000	0% Misalignment
Interest on loan - interest on capital assets	30 000 000	87	30 000 000	0% Misalignment
Agency services	100 000	-	100 000	0% Misalignment
GOVT TRANSFERS AND GRANTS (in Rounding)	501 427 857	15 087 871	500 340 000	0% Expenditure of grant
OTHER REVENUE	222 272	1	222 273	0% MISALIGNMENT
TOTAL OPERATING REVENUE	804 280 936	15 087 871	800 650 343	
EXPENDITURE BY TYPE				
Administrative costs	181 421 857	100 000	181 321 857	0% Expenditure is in compliance with the budget as the variance is for the final budget
Transfer of facilities and equipment	5 000	0	5 000 000	0% Misalignment
Depreciation and	1 000 000	100 000	1 100 000	0% Expenditure is in compliance with the budget as the variance is for the final budget
Interest on loan - interest on capital assets	30 000 000	200 000	30 200 000	0% Expenditure is in compliance with the budget as the variance is for the final budget
Interest on loan	1 000 000	1 000 000	1 000 000	0% Expenditure is in compliance with the budget as the variance is for the final budget
Agency services	100 000	0	100 000	0% Expenditure is in compliance with the budget as the variance is for the final budget
Capital expenditure	140 000 000	1 000 000	141 000 000	0% Expenditure is in compliance with the budget as the variance is for the final budget
Other capital assets	122 272 000	10 000	122 282 000	0% Expenditure is in compliance with the budget as the variance is for the final budget
TOTAL OPERATING EXPENDITURE	804 280 936	1 310 000	805 590 936	
OPERATING DEFICIT FOR THE YEAR	0	(1 310 000)	539 250 657	
Government Grants and Subsidies - Capital	515 210 000	15 000 000	500 210 000	0% Expenditure is in compliance with the budget as the variance is for the final budget
NET SURPLUS FOR THE YEAR	222 272 000	112 280 871	122 360 657	

JOE GQABI DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO ORIGINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Revised)	Explanation for variance between (R) of the lines
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Taxable employment income	39 295 737	37 487 157	46 707 034	37% Increase mainly due to increased tax and interest
Government - operating income	24 367 644	26 236 700	24 946 213	22% Increased from activities during restricted number of projects
Interest	26 276 731	1 153 000	32 078 275	627% Increased due to a significant increase in interest income
Payments				
Local and other employees	902 021 259	907 064 040	914 227 031	1% Increase
Interest on loans	11 113 461	3 783 040	2 481 868	81% Decrease due to interest on loans
Transfer and other				0%
NET CASH FROM OPERATING ACTIVITIES	24 224 600	24 217 280	23 447 306	
CASH FLOW FROM INVESTING ACTIVITIES				
Receipts				
Dividends	179 097 910	219 084 900	49 930 910	23% Increase mainly due to Capital Budget
NET CASH FROM INVESTING ACTIVITIES	179 097 910	219 084 900	49 930 910	
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts				
Income from sale of assets	25 111		25 431	0%
Payments				
Repayment of borrowing	15 524 461	3 075 000	731 807	71% Payment of borrowings in the course of year
NET CASH FROM FINANCING ACTIVITIES	9 611 750	1 994 900	22 624 634	
NET INCREASE (DECREASE) IN CASH AND	18 147 300	28 197 180	214 596 850	
Cash and cash equivalents at the beginning of the year	15 487 700	15 487 700		0%
Cash and cash equivalents at the end of the year	33 635 000	43 684 880	37 924 650	21% Increase due to increased cash and cash equivalents and capital budget expenditure

JOE GQABI DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R	2018 R	2018 R	
	Approved Budget	(Adjustment)	Final Budget	Dependent to material variance (100 of the total with a minimum of 50%)
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
From Council	42 565 747	(1 054 419)	41 511 328	98
Government grants	200 282 400	(22 360 000)	177 922 400	24%
Interest	4 290 000	-	4 290 000	100
Revenues				
Repayment of Employees	(402 794 081)		(402 794 081)	74
Transfer charges	(5 476 000)		(5 476 000)	76
NET CASH FROM OPERATING ACTIVITIES	238 978 066	(23 414 419)	215 563 647	
CASH FLOW FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				0%
Payments				
Capital assets	(215 428 896)		(215 428 896)	76
NET CASH USED IN INVESTING ACTIVITIES	(215 428 896)		(215 428 896)	
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts				
Increase in loanable deposits				
Revenues				
Depository of borrowing	(1 622 000)	-	(1 622 000)	33%
NET CASH USED IN FINANCING ACTIVITIES	(1 622 000)		(1 622 000)	
NET DECREASE IN CASH HELD	4 927 170	(24 873 575)	(208 729 133)	
Cash and Cash Equivalents at the beginning of the year	(1 622 170)		(1 622 170)	74
Cash and Cash Equivalents at the end of the year	4 225 000		4 225 000	100

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2017) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

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

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2016 to 30 June 2017. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- * the approved and final budget amounts;
- * actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 20	<p>Related Party Disclosure</p> <p>The objective of this standards is to establish principles for reporting financial information by segments. This Standard will be implemented as part of the Municipal Standard Chart of Accounts Regulation for SCOA.</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	1 April 2019
GRAP 32	<p>Service Concession Arrangements: Grantor</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	1 April 2019
GRAP 34	<p>Separate Financial Statements</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	To be determined by Minister

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 20	<p>Related Party Disclosure</p> <p>The objective of this standards is to establish principles for reporting financial information by segments. This Standard will be implemented as part of the Municipal Standard Chart of Accounts Regulation for SCOA.</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	1 April 2019
GRAP 32	<p>Service Concession Arrangements: Grantor</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	1 April 2019
GRAP 34	<p>Separate Financial Statements</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	To be determined by Minister

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

GRAP 35	<p>Consolidated Financial Statements</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	To be determined by Minister
GRAP 36	<p>Investments in Associates and Joint Ventures</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	To be determined by Minister
GRAP 37	<p>Joint Arrangements</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	To be determined by Minister
GRAP 38	<p>Disclosure of Interests in other Entities</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	To be determined by Minister
GRAP 108	<p>Statutory Receivables</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	1 April 2019
GRAP109	<p>Accounting by Principals and Agents</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	1 April 2019
GRAP 110	<p>Living and Non-Living Resources</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	1 April 2019
GRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an asset</p> <p>Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.</p>	1 April 2019

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.9. LEASES

1.9.1 Municipality as Lessee

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

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

Operating leases are those leases that do not fall within the scope of the above definition.

1.9.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per CRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

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

- * Unspent conditional grants are recognised as a liability when the grant is received.
- * When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- * The cash which backs up the creditor is invested as individual investment or
- * Interest earned on the investment is treated in accordance with grant

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.12. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at
 - * the business or part of a business concerned;
 - * the principal locations affected;
 - * the location, function and approximate number of
 - * the expenditures that will be undertaken; and
 - * when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.13 EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (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.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.13.1 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% of contributions and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at 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, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.13.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.13.3 Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.13.4 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee. Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.13.5 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.13.6 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees and middle management, is recognised as it accrues to Section 57 employees and middle managers. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.13.7 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (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. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.13.8 Other Short term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- * as a liability (accrued expense), after deducting any amount already paid, if the
- * as an expense, unless another Standard requires or permits the inclusion of the

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

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 year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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 asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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 assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.14.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years
Infrastructure	
Water	7 – 118
Sewerage	8 – 101
Land and Buildings	
Buildings	20 – 30
Other	
Special Vehicles	10 – 16
Motor vehicles	5 – 17
Office Equipment	7 – 15
Furniture and Fittings	7 – 16
Tool and Equipment	5 – 15
Computer Equipment	3 – 17
Fire Engines	5 – 12

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.14.4 De-recognition

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it

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

The Municipality recognises an intangible asset in its Statement of Financial Position only 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- * the Municipality intends to complete the intangible asset for use or sale;
- * it is technically feasible to complete the intangible asset;
- * the Municipality has the resources to complete the project;
- * it is probable that the municipality will receive future economic benefits or
- * the Municipality can measure reliably the expenditure attributable to the

Intangible assets are initially recognised at cost.

Where an intangible asset 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 is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.15.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.15.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	<u>Years</u>
Computer	3 -10
Software	

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.15.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16. INVESTMENT PROPERTY

1.16.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- * it is probable that the future economic benefits or service potential that are
- * the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.16.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	20 - 30

1.16.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. IMPAIRMENT OF NON FINANCIAL ASSETS

1.17.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

(a) External sources of information

* During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

* Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.

* Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

* Evidence is available of obsolescence or physical damage of an asset.

* Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

* Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation 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 shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.17.2 Non-cash generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

(a) External sources of information

* Cessation, or near cessation, of the demand or need for services provided by the asset.

* Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

* Evidence is available of physical damage of an asset.

* Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

* A decision to halt the construction of the asset before it is complete or in a usable condition.

* Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

* depreciation replacement cost approach - the present value of the remaining service potential of an 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 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.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

* restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

* service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an 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 an 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. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.18. INVENTORIES

1.18.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.18.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.19. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.19.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.19.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.19.2.1 Receivables

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.19.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.19.2.3 Cash and Cash Equivalents

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

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

1.19.2.4 Non Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.19.3 De-recognition of Financial Instruments

1.19.3.1 Financial Assets

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

- * the rights to receive cash flows from the asset have expired? or
- * the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.19.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.19.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.20 REVENUE

1.20.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a 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 present 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 will be recognised as revenue.

1.20.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

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.
- * The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Service charges relating to water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the

* The prevailing rate for a similar instrument of an issuer with a similar credit rating,

* A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.21 TRANSFER OF FUNCTION (Municipality as the acquirer)

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

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

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

An asset is identifiable if it either:

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

The Municipality accounts for each transfer of functions between entities not under common

control by applying the acquisition method. Applying the acquisition method requires:

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

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.22. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

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.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person’s family is related to the Municipality if that person:

- * has control or joint control over the Municipality.
- * has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- * is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality 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 Municipality or an entity related to the Municipality. 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).
- * a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.23. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24. IRREGULAR EXPENDITURE

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.27. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.27.1 Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 12 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.27.2 Impairment of Receivables

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, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.27.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings 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 in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- * The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.

- * Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

- * The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

1.27.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. 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.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.27.5 Investment Property

The useful lives of investment property are based on management's estimation. 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 economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- * The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

- * The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

1.27.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.27.7 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.27.8 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.27.9 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.28. SOUTH AFRICAN REVENUE SERVICES (VALUE ADDED TAX)

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

1.29. CAPITAL COMMITMENTS

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

1.30. EVENTS AFTER REPORTING DATE

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

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

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1,31 BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
2 INVENTORY		
Fuel and oil – at cost	653 066	465 628
Stationery and materials - at cost	538 805	804 267
Spare parts - at cost	1 021 837	1 206 101
Water stock - net realisable value	426 990	424 072
Total Inventory	2 640 698	2 900 069
Consumable stores materials (gains)/losses identified during stock counts	-	-
Inventory recognised as an expense during the year	753 294	4 305 557
No inventory was pledged as security.		
Inventory Adjustments made for the year (surplus)/loss	70 785	(44 146)
Fuel were purchased on a needs basis as from March 2017 resulting in the decrease on the inventory recognised as an expense during the year.		
Council took a decision to replace the conventional water meters with pre paid water meters. Below are the detail of the meters procured and		
Number of pre paid meters procured for the period:	3500	2000
Number of pre paid meters in stores at year end:	3916	1812
3 CASH AND CASH EQUIVALENTS		
Primary Bank Account	651 107	(5 672 687)
Call and short-term investments deposits	11 967 873	2 155 106
Cash floats	300	300
Petty cash	35 300	29 500
Total	12 654 580	(3 487 782)
Due to the short term nature of cash deposits, all balances included above are in line with their fair value.		
Cash and Cash Equivalents are disclosed as follow:		
Current assets	12 654 580	2 184 906
Current liability	-	5 672 687
	12 654 580	(3 487 782)
Primary Bank Account:		
ABSA Bank - Barkly East Branch - 23 800 000 19		
Bank statement balance - Opening balance	1 158 163	4 341 332
Bank statement balance - Closing balance	651 107	1 158 163
Cashbook balance - Opening balance	(5 672 687)	(2 615 344)
Cashbook balance - Closing balance	651 107	(5 672 687)

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Call Deposits		
ABSA - Acc no 9084169245	9 003 253	480 902
ABSA - Acc no 9185426744	319 752	300 567
ABSA - Acc no 9072226158	38 380	36 077
ABSA - Acc no 9122637071	268 135	612 504
ABSA - Acc no 9270029895	255 287	240 036
ABSA - Acc no 9276836949	2 083 061	485 019
Total	11 567 873	2 155 106

RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents as per the disclosure above	12 654 580	(3 487 782)
Less:		
Unspent Committed Conditional Grants - note 6	2 776 738	4 928 428
Net cash resources available for Internal distribution	9 877 842	8 416 210

The unspent committed conditional grants are subject to approval by National Treasury. The values disclosed are excluding the Unpaid grants (Monies due to the District) to the value of:

14 395 662	22 163 551
------------	------------

The municipality experienced cashflow challenges towards the end of the financial year due to the high outstanding unpaid grants. An amount of R15 928 055 is due to the municipality (2017: R22 163 551) as at year end (disclosed in note 6 and was received subsequent to year end.

4 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Water	220 527 747	162 768 256
Sewerage	95 582 014	74 924 568
Local Municipalities	17 056 184	17 056 184
Walter Sisulu Local Municipality	17 056 184	17 056 184
Other Receivables:	7 097 766	5 341 064
Working for Wetlands	2 050 218	-
Deposits	144 961	144 961
Other Debtors	2 061 601	1 475 293
Staff Debtors	509 561	523 431
Pensioners	2 331 475	2 063 847
Expenses paid in advance	-	1 033 537
	341 063 711	260 090 072
Less: Allowance for Doubtful Debts	(186 987 978)	(142 799 607)
Total Net Receivables from Exchange Transactions	154 075 734	117 290 465

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate +2% is charged on overdue accounts.

Walter Sisulu Local Municipality (Previously known as Gariap Local Municipality and Maletswai Local Municipality) owe the Municipality for revenue received for water and sanitation as per the billing agreement. The amount disclosed is not the same as in the records of Walter Sisulu Local Municipality. The transactions processed by the said entity is under dispute and is therefore also resulting in no movement in the balance.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Reconciliation of the Total Doubtful Debt Provision		
Balance at beginning of the year	142 799 608	208 947 722
Contributions to provision	36 200 765	44 916 410
Doubtful debts written off against provision	7 987 605	(111 064 524)
Balance at end of year	186 987 978	142 799 608
Water	116 573 645	84 823 306
Sewerage	52 959 771	40 521 739
Local Municipalities	15 409 620	15 409 620
Other Receivables	2 044 942	2 044 942

The allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large consumer base over which the outstanding receivable balance is spread. Pre paid meters are also being installed throughout the district, which management believe will decrease non-payment risk and also ensure collection of arrear amounts.

Municipality

	Gross Balance	Allowance for impairment	Net Receivable
2018			
Water	220 927 747	(116 573 645)	104 354 102
Sewerage	95 982 014	(52 959 771)	43 022 243
Local Municipalities	17 056 184	(15 409 620)	1 646 564
Other Receivables	7 097 766	(2 044 942)	5 052 824
Total	341 063 711	(186 987 978)	154 075 734

	Gross Balance	Allowance for impairment	Net Receivable
2017			
Water	162 768 256	(84 823 306)	77 944 950
Sewerage	74 924 568	(40 521 739)	34 402 829
Local Municipalities	17 056 184	(15 409 620)	1 646 564
Other Receivables	5 341 064	(2 044 942)	3 296 121
Total	260 090 072	(142 799 607)	117 290 465

Ageing of Receivables from Exchange Transactions

Water:

Current (0 - 30 days)	8 536 177	8 961 293
Past Due (31 - 60 Days)	7 985 659	7 780 832
Past Due (61 - 90 Days)	7 802 080	7 575 219
Past Due (90 Days +)	196 603 831	138 450 912
Total	220 927 747	162 768 256

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<u>Sewerage:</u>		
Current (0 - 30 days)	4 461 295	3 819 891
Past Due (31 - 50 Days)	3 438 643	3 297 112
Past Due (61 - 90 Days)	3 336 908	3 129 102
Past Due (90 Days +)	84 745 168	64 678 463
Total	95 982 014	74 924 568
<u>Other Receivables: Ageing</u>		
Current (0 - 30 days)	-	-
Past Due (31 - 50 Days)	-	-
Past Due (61 - 90 Days)	-	-
Past Due (90 Days +)	24 153 950	22 098 920
Total	24 153 950	22 098 920
5	<u>SOUTH AFRICAN REVENUE SERVICES</u>	
VAT Receivable	25 760 780	41 313 687
VAT Payable	(33 495 418)	(21 211 837)
Less: VAT on Provision for Debt Impairment	16 776 652	12 584 579
Total South African Revenue Services	9 042 025	32 686 430
Balance previously reported 30 June 2017		32 226 817
Correction of VAT implication on duplication of order as per note 14		(18 354)
Restated balance as at 30 June 2017		32 208 463
VAT is accounted for on the cash basis.		
No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.		
<u>Disclosed as follows:</u>		
Current Liabilities from Exchange Transactions	-	-
Current Assets from Exchange Transactions	9 042 025	32 686 430
<u>Reconciliation of VAT on Provision for Debt Impairment</u>		
Opening balance	12 584 579	19 332 287
VAT on Provision for bad debts - Note 28	4 192 083	(6 747 708)
Closing balance	15 776 662	12 584 579
6	<u>UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</u>	
National Government Grants	874 277	2 613 476
Provincial Government Grants	1 610 101	2 239 808
Other Grant Providers	292 360	75 145
Unspent Grants	2 776 738	4 928 428
National Government Grants	12 267 810	15 253 037
Provincial Government Grants	2 127 853	6 910 514
Other Grant Providers	-	-
Less: Unpaid Grants	14 395 662	22 163 551
Total Conditional Grants and Receipts due to Municipality	11 618 924	17 235 122

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Balance previously reported 30 June 2017		14 730 152
Correction of understatement of grant income recognised on MIG 2016/2017		<u>2 504 970</u>
Restated balance as at 30 June 2017		<u>17 235 122</u>

JOE GOABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018

1. FINANCIAL PERFORMANCE

1.1.1.1.1

Information on page 20

Accounting element	2017					2016					Accounting element
	Revenue	Expenses	Transfer from other departments	Transfer to other departments	Change balance	Revenue	Expenses	Transfer from other departments	Transfer to other departments	Change balance	
Revenue	1 192 118 000					1 192 118 000					1 192 118 000
Expenses		1 192 118 000					1 192 118 000				1 192 118 000
Transfer from other departments			1 192 118 000					1 192 118 000			1 192 118 000
Transfer to other departments				1 192 118 000					1 192 118 000		1 192 118 000
Change balance											
Total	1 192 118 000	1 192 118 000	1 192 118 000	1 192 118 000		1 192 118 000	1 192 118 000	1 192 118 000	1 192 118 000		1 192 118 000

1.1.1.1.2

Information on page 20

Accounting element	2017					2016					Accounting element
	Revenue	Expenses	Transfer from other departments	Transfer to other departments	Change balance	Revenue	Expenses	Transfer from other departments	Transfer to other departments	Change balance	
Revenue	1 192 118 000					1 192 118 000					1 192 118 000
Expenses		1 192 118 000					1 192 118 000				1 192 118 000
Transfer from other departments			1 192 118 000					1 192 118 000			1 192 118 000
Transfer to other departments				1 192 118 000					1 192 118 000		1 192 118 000
Change balance											
Total	1 192 118 000	1 192 118 000	1 192 118 000	1 192 118 000		1 192 118 000	1 192 118 000	1 192 118 000	1 192 118 000		1 192 118 000

JOS GRABU DISTRICT MUNICIPALITY
NETS TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 APRIL 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Project Name	RMB 000 000	RMB 000 000	RMB 000 000	RMB 000 000				RMB 000 000	RMB 000 000	RMB 000 000	RMB 000 000	Notes to Financial Statements
				2017	2018	2017	2018					
Capital expenditure	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000		
Operating expenditure	200 000	200 000	200 000	200 000	200 000	200 000	200 000	200 000	200 000	200 000		
Revenue	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000		
Subsidies	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000		
Grants	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000		
Other income	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000		
Total	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000		

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
8 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	2 484 344	2 529 839
Cost	2 883 357	2 883 357
Accumulated Depreciation	(399 013)	(353 517)
Additions		
Depreciation for the year	(45 496)	(45 496)
Net Carrying amount at 30 June	2 438 848	2 484 344
Cost	2 883 357	2 883 357
Accumulated Depreciation	(444 509)	(399 013)
Balance previously reported 30 June 2017		2 277 174
Correction of overstatement of the depreciation on investment property during the 2016/2017 financial year.		211 085
Restated balance as at 30 June 2017		2 488 259

Revenue derived from the rental of investment property. -

No operating expenditure was incurred on investment property during the 2016/2017 and 2017/2018 financial years.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop the investment property or for repairs, maintenance or enhancements.

9 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July	901 023	1 349 223
Cost	4 395 577	4 395 577
Accumulated Amortisation	(3 494 554)	(3 046 354)
Additions and transfers from work in progress		-
Amortisation	(448 201)	(448 200)
Net Carrying amount at 30 June	452 822	901 023
Cost	4 395 577	4 395 577
Accumulated Amortisation	(3 942 754)	(3 494 554)

No intangible assets were assessed as having an indefinite useful life. There are no internally generated intangible assets at the reporting date. There are no intangible assets whose title is restricted and no intangible assets are pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

		2018 R	2017 R
10	NON-CURRENT INVESTMENTS		
	Financial Instruments		
	Fixed Deposits	1 677 453	1 583 453
	Unlisted		
	Municipal Entity - Joe Gqabi Economic Development Agency (Soc)	1 894 055	1 894 055
	Cost	6 886 141	6 886 141
	Provision for Impairment	(4 992 086)	(4 992 086)
	Total Non-Current Investments	3 571 508	3 477 508

The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd (JoGEDA). The purpose of the entity is to promote economic development in the district.

Prior to 1 July 2012, JoGEDA was still in its establishment phase. All contributions made by the Municipality during the establishment phase was capitalised as part of the investment. In the 2012/13 year, JoGEDA has become operational as a result thereof. Contributions made by the Municipality are no longer capitalised. These contributions are treated as Grants and Subsidies Paid.

The provision for impairment is based on the difference between the amount invested and the net asset value of JoGEDA at a time when the Agency had other income than only being funded by the Municipality. The value was not revalued in the last three financial years due to the municipality being the sole funders. The provision for impairment is calculated on an annual basis. Net asset value of JoGEDA as disclosed in their annual financial statements is R3 242 938 (2017 - R3 338 841).

Fixed Deposits are investments with a maturity period of more than 12 months and an average interest rate of 9.13% per annum. (2017 - 9.13%). Interest rates are considered to be market related. The carrying amount of these fixed deposits approximates their fair value.

Investments are made in terms of the Municipality's Cash Management and Investment Policy, as required by Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

Fixed deposit consist of the following accounts:

ABSA	- Acc no 66000 - Building - DBSA Loan	1 677 453	1 583 453
------	---------------------------------------	-----------	-----------

The fixed deposit serve as collateral security for the DBSA Building loan as per note 15

JOE GQABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
11 EMPLOYEE BENEFITS		
Post-employment Medical Obligations - refer to note 11.1	27 800 277	29 033 131
Ex-Gratia Gratuities - refer to note 11.2	122 075	187 418
Long service Awards - refer to note 11.3	6 273 625	6 683 649
Total Non-current Employee Benefit Liabilities	34 276 977	36 904 198
Post-employment Medical Collections		
Revenue 1 July	11 731 978	12 162 070
Contribution for the year	4 086 288	4 602 281
Expenditure for the year	(3 984 280)	(4 076 988)
Accrual Gain	7 034 030	16 455 298
Total post-employment medical obligation 30 June	19 867 986	21 143 671
Less: Transfer of current portion to Current Employee Benefits - note 12	(3 020 710)	(3 396 817)
Balance 30 June	16 847 276	17 746 854
Ex-Gratia Gratuities		
Balance 1 July	375 652	435 514
Contribution for the year	60 756	54 890
Expenditure for the year	(37 390)	(107 418)
Accrual Gain	63 750	3 610
Total ex-gratia provision 30 June	362 768	386 606
Less: Transfer of current portion to Current Employee Benefits - note 12	(211 970)	(188 214)
Balance 30 June	150 798	198 392

JOE GQABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Current Period Assets		
Balance 1 July	9 905 099	2 715 905
Contributions for the year	7 809 495	1 076 198
Expenditure for the year	(481 964)	(242 687)
Accrual (Gain)/Loss	(142 522)	79 185
Total long service accruals	7 890 008	3 528 601
Liabilities - Transfer of current period to current employee benefits - note 12	(2 257 084)	(849 244)
Balance 30 June	6 279 424	2 679 357
Current Period Liabilities		
Balance 1 July	37 215 509	37 226 214
Contributions for the year	8 771 985	7 794 379
Expenditure for the year	(2 521 243)	(2 423 071)
Accrual (Gain)	(7 525 671)	(8 854 957)
Total employee benefits 30 June	36 219 960	33 118 565
Liabilities - Transfer of current period to current employee benefits - note 12	(2 983 684)	(2 314 021)
Balance 30 June	33 236 276	30 804 544
	2018	2017
15.1 Post-Retirement Medical Obligations	Employees	Employees
The Post-Retirement Medical Obligation is a defined benefit plan, of which the members are made up as follows:		
Inclusive employees (note 10)	156	158
Contractual members (e.g. retirees, who are included)	47	54
Total Members	203	212

JOE GQABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	In Service Members R	2018 R Continuation Members R	2017 R Provisional of Fund Allocation R
The liability in respect of past service is captured in the Statement of Financial Position as follows:			
30 June 2018	15 908 000	12 055 000	29 400 000
30 June 2017	19 275 154	12 767 000	29 500 000
30 June 2016	11 510 171	10 640 415	10 300 000
30 June 2015	13 050 000	5 031 300	25 310 000
30 June 2014	19 230 000	8 164 300	29 500 000
30 June 2013	15 915 000	5 055 000	25 000 000
30 June 2012	7 515 000	10 000 000	30 000 000

The Municipality has elected to recognise the full expense in the defined benefit liability in accordance with IAS 19.

Supervisory adjustments were calculated as follows:

	Available Funds (Loss) R	Share Gain (Loss) R
30 June 2018	(1 422 000)	—
30 June 2017	(1 314 000)	—
30 June 2016	175 000	—
30 June 2015	275 000	—
30 June 2014	7 000 000	—
30 June 2013	5 000 000	—
30 June 2012	(75 000)	—

Reconciliation of provisions of fund allocations:

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Present value of fund obligations at the beginning of the year	11 253 573	12 180 029
Total contributions	5 500 953	5 523 254
Current service cost	2 507 433	2 681 981
Interest Cost	4 087 794	3 898 308
Benefits Paid	(3 071 280)	(2 370 552)
Actuarial (Gain)/Loss	(7 336 030)	(6 415 206)
Present value of fund obligations at the end of the year	26 482 450	11 253 573
NET Transfer of current portion to Current Employees Benefits - note 4	(1 200 720)	(1 270 501)
Balance 30 June	25 281 730	20 028 181

Sensitivity Analysis on the Current service and Interest Costs

		Current Service Cost (R)	Interest Cost (R)	Total (R)	
Assumption	Change				% Change
General Assumptions		2 507 400	4 087 800	6 595 200	
Health care inflation	+1%	2 125 700	4 700 400	7 028 100	20%
Health care inflation	-1%	2 027 200	3 522 000	5 549 200	-16%
Discount rate	+1%	2 000 000	3 407 000	5 407 000	-18%
Discount rate	-1%	3 086 000	4 208 800	7 294 800	22%
Post-retirement mortality	+1 year	3 027 600	4 785 400	7 813 000	20%
Post-retirement mortality	-1 year	2 580 000	4 088 000	6 668 000	-15%

JOE GQABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018	2017	
	R	R	
	%	%	
11.2 Ex-Gratia Gratuities			
<p>The Ex-Gratia Gratuities plans are defined benefit plans. As at year-end 102 employees (2017 - 104) were eligible for Ex-Gratia Gratuities.</p> <p>Key actuarial assumptions used:</p>			
Ø Rate of interest			
Discount rate	8.45	8.47	
<p>The discount rate used is a composite of all government bonds and is calculated using a technique known as "telescoping".</p>			
			Present value of fund obligations
<p>The liability in respect of past service recognised in the Statement of Financial Position is as follows:</p>			
30 June 2018			334 655
30 June 2017			373 650
30 June 2016			424 515
30 June 2015			488 945
30 June 2014			488 828
30 June 2013			458 511
30 June 2012			528 447
<p>The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.</p>			

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R Liabilities (Loss) / Gain	2017 R Assets Liab / (Loss)
Experience adjustments were calculated as follows:		
30 June 2016	(55 930)	
30 June 2017	5 404	
30 June 2018	55 123	-
30 June 2015	442 444	-
30 June 2014	(7 526)	-
30 June 2013	76 208	-
30 June 2012	31 003	-
Reconciliation of present value of fund obligation		
Present value of fund obligation at the beginning of the year	325 657	415 514
Total contributions	24 796	(97 412)
Current and past service cost:		
Interest Cost	(11 981)	(18 779)
Benefits Paid	(17 930)	(209 430)
Actual (Gain)/Loss	(63 758)	8 812
Present value of fund obligation at the end of the year	299 694	375 634
NOTE: Transfer of current service to Current Employee Benefits – report 1	(211 975)	(208 234)
Present value of fund obligation at the end of the year	127 629	127 418
The liability is unfunded.		

JOE GQABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

		2018 R	2017 R		
Contributory Analysis on the Current services and Internal Costs:					
Account type	Change	Current Services Cost (R)	Internal Costs (R)	Level (R)	% change
General Income Item		10 000	10 000	60 000	
Transfer from	47%	47 000	10 000	60 000	25
Contribution	1%	10 000	10 000	60 000	20
Revenue with no cost	-28%	-28 000	10 000	10 000	100

2.1.2 Long service benefits

The long service benefits are not defined benefit plan. Long service benefits were calculated for all employees (RPA, RCP, RAL) and they are not a liability for payment at the end of year.

Any total liability is shown as follows:

Long service benefits		2018 R	2017 R
Provision for		2 000	2 000
Cost of long service benefits		1 000	2 000
RPA/RCP/RAL Contributions transferred to a long service fund		2 000	2 000

The above amounts are the responsibility of government employees and is not a liability of the municipality.

JOE GQABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R Percent value of 2018 obligations R
The liability in respect of assets and/or recognised in the Statement of Financial Position is as follows:		
30 June 2018		7 951 000
30 June 2017		5 507 000
30 June 2016		4 715 000
30 June 2015		2 633 740
30 June 2014		4 085 100
30 June 2013		2 365 000
30 June 2012		7 715 733
The Municipality has entered into capital lease transactions in the Statement of Financial Position as per IFRS 17.		
	Liabilities (Gain / Loss) R	Assets (Gain / Loss) R
Difference adjustments were calculated as follows:		
30 June 2018	273 860	
30 June 2017	148 071	
30 June 2016	(243 254)	
30 June 2015	577 525	-
30 June 2014	48 824	-
30 June 2013	122 483	-
30 June 2012	128 553	-

JOE GQABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Reconciliation of present value of fund obligations		
Present value of fund obligation at the beginning of the year	6 026 679	4 715 480
Total contributions	2 072 551	842 469
Current service cost (incl. cost)	2 998 226	306 038
Interest Cost	417 081	370 132
Benefits Paid	(911 964)	(753 651)
Actuarial loss/(gain)	(100 923)	(88 169)
Present value of fund obligation at the end of the year	7 401 038	6 000 079
NOTE: Transfer of current period's Current Employee Benefits - note 4	(2 227 853)	(529 342)
Balance 30 June	6 273 185	4 680 737
The liability is unsecured		

Sensitivity Analysis on the Current service and Interest Costs:

Assumption	Change	Current Service Cost R	Interest Cost R	Total R	% Change
Central Assumption		870 180	417 720	1 287 900	
General salary inflation	+1%	888 080	430 220	1 318 300	6%
General salary deflation	-1%	754 280	399 020	1 153 300	-10%
Discount rate	+1%	793 180	425 020	1 218 200	-7%
Discount rate	-1%	882 280	436 220	1 318 500	6%
Average retirement age	2 years	793 080	392 020	1 185 100	-9%
Average retirement age	10 years	881 080	428 120	1 309 200	7%
Withdrawal Ratio	0.0%	1 075 280	436 020	1 511 300	17%

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

2018	2017
R	R

11.4 Retirement Funds

The Cape Retirement Fund is a multi-employer plan. This means that there are multiple local authorities that participate in the fund. In terms of IASB 19, a multi-employer plan is defined as defined benefit plan. IASB 19 also states that when sufficient information is available to use defined benefit accounting for a multi-employer plan, a Municipality will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Fund's assets from the Fund administrator. The fund administrator confirmed that assets of the retirement funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets allocated to CGM 18.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data is confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the account liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Retirement Fund is defined as a defined benefit plan, it will be accounted for as a defined contribution plan.

CAPE RETIREMENT FUND

The contribution rate payable is 2% by members and 20% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund was in a sound financial position with a funding level of 100.2% (30 June 2017 - 82.0%).

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Contributions paid recognised in the Statement of Financial Performance	10 083 110	9 543 303

DEFINED CONTRIBUTION FUNDS

Council contributes to the Government Employees Pension Fund, Municipal Councilors Pension Fund, NWU Retirement Fund, SASSU National Provident Fund and SAA Pension Fund which are defined contribution funds. The retirement benefits fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	609 009	662 406
Municipal Councilors Pension Fund	440 712	353 381
NWU Retirement Fund	1 588 223	636 149
SASSU National Provident Fund	2 710 967	2 762 527
SAA Pension Fund	1 489 583	1 420 558
	7 237 694	5 835 021

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
13 CURRENT EMPLOYEE BENEFITS		
Staff Bonuses Accrued	5 720 246	5 104 624
Provision for Staff Leave	15 800 828	13 464 815
Provision for Performance Bonuses	5 814 809	3 371 716
Other Provisions	582 342	582 342
Current Portion of Non-Current Employee Benefits:	2 940 382	2 413 402
Current Portion of Post-Retirement Benefits - note 11	1 520 723	1 355 827
Current Portion of Ex-Gratia Gratuities - note 11	211 976	188 234
Current Portion of Long-Service Awards - note 11	1 207 683	829 341
Total Current Employee Benefits	30 858 606	24 936 899

The movement in current employee benefits is reconciled as follows:

Staff Bonuses Accrued

Balance at beginning of year	5 020 657	4 427 358
Contribution to current portion	10 625 420	9 880 073
Expenditure incurred	(10 009 799)	(9 286 775)
Balance at end of year	5 636 278	5 020 657

Bonuses are being paid to all municipal staff, excluding Directors Technical Services and Community Services who have structured their packages differently. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle. This bonus will be paid out in December 2018, or pro-rata when employment is terminated.

Provision for Staff Leave

Balance at beginning of year	13 464 815	11 450 111
Contribution to current portion	3 804 200	3 380 050
Expenditure incurred	(1 468 288)	(1 370 351)
Balance at end of year	15 800 828	13 464 815

Staff leave is accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance Bonuses

Balance at beginning of year	3 371 716	4 427 359
Contribution to current portion	5 057 942	1 630 097
Expenditure incurred	(2 614 849)	(2 687 740)
Balance at end of year	5 814 809	3 371 716

Performance bonuses are being provided for and only paid to the Municipal Manager, Directors and middle management after an evaluation of performance by the council. During the year under review, performance bonuses were paid for the

Other Provisions

Balance at beginning of year	582 342	522 819
Finance charges		59 493
Balance at year end	582 342	582 342

Other provisions are non-recurring provisions which consist out of the following at year end:

- Shortfall in annual earnings of Cape Joint Pension Fund

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<p>It was reported that the established investment return of the fund for the 2009 financial year was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.</p>		
13 CONSUMER DEPOSITS		
Water	957 847	934 536
Total Consumer Deposits	957 847	934 536

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer deposits were transferred from the local Municipalities and not all accounts had consumer deposits. All new accounts however are being charged a consumer deposit when consumers do open the account themselves, in cases where the municipality opened an account to ensure completeness of billing, deposits might not have been paid.

	2018 R	2017 R
14 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	92 447 712	89 663 206
Retention - On capital projects	7 334 384	3 892 015
Interest Accrued	200 547	248 384
Other Payables	1 928 081	28 406
Unallocated Receipts	121 749	93 555
Payments received in advance	1 635 621	9 311 842
Working for Water	-	460 743
Working for Wetlands	-	0
Joe Gqabi Economic Development Agency (SoC) Ltd	105 535	509 742
Local Municipalities	4 976 389	5 237 202
Elundini Local Municipality	456 572	456 572
Senqu Local Municipality	4 519 817	4 780 630
Total Payables from Exchange Transactions	108 750 019	108 445 113
Balance previously reported		97 331 315
Correction due to invoices received during 2017/2018 - Trade payables		
Restatement of Monies paid over by the Agency set off against expenditure incurred		509 742
Restatement for retentions not previously recorded under payables		3 892 015
Restatement of trade payables due to the duplication of an order subsequently corrected		(149 450)
Restated balance		101 583 631

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

Deposits amounting to R144 961 (2017 - R144 961) serve as security for Payables. The remainder of Payables are unsecured.

	2018 R	2017 R
15 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	9 091 193	17 614 349
Less: Current Portion transferred to Current Liabilities	(1 584 875)	(5 947 344)
Total - At amortised cost using the effective interest rate method	7 506 318	5 667 005

Annuity loans at amortised cost are calculated at 10.00% - 11.52% interest rate, with the first maturity date of 30 June 2016 and the last maturity date of 31 December 2024. The loans are for

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

the main municipal building in Barkly East, water meters and sanitation infrastructure. A new finance lease was taken up with ABSA for twenty five (25) hakkie's and three (3) TI R's in the water service department and the period is 3 years only

Included in Non-current Investments as per note 15 is an amount of R1 677 453 (2017 - R1 583 453) held as guarantee by the DBSA.

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

	2018 R	2017 R
Payable within one year	2 218 809	2 181 587
Payable within two to five years	5 200 717	6 526 032
Payable after five years	1 453 275	2 422 126
	8 872 801	11 129 745
Less: Future finance obligations	(7 204 497)	(5 043 415)
Present value of annuity obligations	6 668 309	8 086 330

The obligations under finance leases are scheduled below:

Amounts payable under annuity loans:

	2018 R	2017 R
Payable within one year	1 488 941	4 605 973
Payable within two to five years	1 108 218	-
Payable after five years	-	-
	2 597 159	4 605 973
Less: Future finance obligations	-	(77 954)
Present value of annuity obligations	2 422 883	4 528 018

17

GOVERNMENT GRANTS AND SUBSIDIES

	2018 R	2017 R
Unconditional Grants	239 266 500	224 850 320
Equitable Share	239 160 000	223 621 000
LG Seta	106 500	1 229 320
Conditional Grants	297 977 058	340 768 305
EPWP Programme	2 227 000	1 474 000
Finance Management Grant (FMG)	1 249 958	1 249 984
Municipal Infrastructure Grant (MIG)	149 093 219	151 574 709
Water Services Infrastructure Grant (WSIG)	63 613 576	71 827 698
Regional Bulk Infrastructure Grant	6 000 000	9 728 835
Provincial Treasury drought relief programme	48 724 944	74 608 740
Public Works - Special Programme	23 226 485	24 001 747
Rural Roads Asset Management Grant	2 284 464	1 256 300
Department of Human Settlement	-	4 546 791
FC Conga Amalgamation support grant	-	500 000
MIS Asset Management	957 400	-
Total Government Grants and Subsidies	537 243 558	565 618 625
Government Grants and Subsidies - Capital	132 635 748	250 801 995
Government Grants and Subsidies - Operating	404 607 810	314 816 629

The Municipality does not expect any significant changes to the level of grants.

Balance previously reported 30 June 2017	563 113 799
- Correction on under statement of operating conditions met on MIG expenditure	2 504 826
Restated balance	565 618 625

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	239 160 000	229 621 000
Management Services	957 400	500 000
Financial Services	1 249 958	1 249 984
Corporate Services	106 500	1 229 920
Technical Services	295 769 700	396 513 492
Community Services	-	-
Joe Gqabi Economic Development Agency (SOC) Ltd	-	-
	537 243 558	563 113 796

17.01 Equitable share

Opening balance	-	-
Grants received	232 532 000	229 621 000
Conditions met - Operating	(232 532 000)	(223 621 000)
Conditions met - Capital		
Grant funds deducted for Unapproved rollovers		
Conditions still to be met/(Grant expenditure to be recovered)	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act No. 108 of 1996) to the Municipality by the National Treasury.

17.02 Finance Management Grant (FMG)

Opening balance	(123)	(139)
Grants received	1 250 000	1 250 000
Conditions met - Operating	(1 249 958)	(1 249 984)
Conditions met - Capital		
Monies returned to National Treasury		
Conditions still to be met	(82)	(123)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act, No 56 of 2003 (MFMA). The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

17.03 Regional Bulk Infrastructure Grant (RBIG)

Opening balance	2 608 690	4 285 910
Grants received	6 000 000	16 573 484
Conditions met - Operating		-
Conditions met - Capital	6 000 000	9 728 835
Monies returned to National Treasury		-
Conditions still to be met	2 608 690	2 608 690

The purpose of the grant is to support municipalities in implementing new systems as provided in the Municipal Systems Act, Municipal Structures Act and other related local government policy and legislation so that they can carry out mandated functions effectively.

17.04 Municipal Infrastructure Grant (MIG)

Opening balance	72	(27 239)
Grants received	159 725 000	151 602 000
Conditions met - Operating	(103 212 536)	(61 484 278)

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Conditions met - Capital	(46 480 683)	(87 585 605)
Human settlement project now funded by MIG	(10 031 781)	
Correction of understatement of Conditions met 2016/2017		(2 504 826)
Conditions still to be met	-	72,000,000
Balance previously reported 30 June 2017		2 504 898
- Correction of previously under statement of operating conditions met 2015/2016		-
Restated balance		2 504 898

The vision of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The Municipality's programmes covers both Sanitation and Water projects.

17,05 Public Works - Special Programme

Opening balance	(5 088 757)	(3 883 893)
Grants received	19 288 826	22 796 884
Conditions met - Operating	(23 226 495)	(24 001 747)
Conditions met - Capital		
Grant expenditure to be recovered	(9 026 426)	(5 088 757)

This grant is used for the maintenance of gravel roads in the Gariep and Maletswai parts of the district. At times special projects are also allocated to the Municipality by the Department of Roads and Public Works in other parts of the district.

17,06 Water Services Operating Subsidy

Opening balance	558	998 558
Grants received	-	
Conditions met - Operating	-	
Conditions met - Capital	-	
Monies returned to National Treasury	-	998 000
Conditions still to be met	558	558

This grant is used for the refurbishment of water infrastructure.

17,07 Department of Human Settlement

Opening balance	(10 031 781)	(5 485 490)
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(4 546 291)
Human settlement project now funded by MIG	10 031 781	-
Conditions still to be met/(Grant expenditure to be recovered)	(0)	(10 031 781)

This grant is used to facilitate the planning, acceleration and implementation of various projects that will insure water supply to communities identified as not receiving a basic water supply service.

17,08 Water Services Infrastructure grant

Opening balance	302	-
Grants received	64 500 000	71 828 000
Conditions met - Operating	(32 183 456)	-
Conditions met - Capital	(31 430 121)	(71 827 698)
Conditions still to be met	886 725	302

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
This grant is used to provide specific capital funding for the water service infrastructure. This grant replace the previous know Water Services Operating grant and Municipal Water Infrastructure grant.		

17.09 PT Drought programme

Opening balance	(4 887 126)	(12 966 954)
Grants received	54 833 072	82 688 568
Conditions met - Operating	-	-
Conditions met - Capital	(48 724 944)	(74 608 740)
Foreign Exchange Gains		
Grant expenditure to be recovered	<u>1 221 001</u>	<u>(4 887 126)</u>

This grant is used to provide for the upgrade of critical Water and Sanitation infrastructure.

17.10 Other Grants

Opening balance	163 189	(2 152 772)
Grants received	4 730 715	6 775 580
Conditions met - Operating	(3 348 364)	(4 459 619)
Conditions met - Capital	(2 227 000)	-
Grant expenditure to be recovered	<u>(5 575 364)</u>	<u>163 189</u>

Other Grants consist of the following and is utilised as follows:

EPWP Programme

Incentive grant for creating jobs, whereby unemployed persons get employed on projects to create employment.

Rural Roads Asset Management Grant (Public Transport)

This grant is to determine the extent of the municipal road network, the condition and maintenance requirements.

LG Seta

This grant is used to assist with the training needs of the Municipality.

Total Grants

Opening balance	(17 234 977)	(27 753 818)
Grants received	54 289 613	57 135 466
Conditions met - Operating	(3 957 528)	(3 148 162)
Conditions met - Capital	(134 862 748)	(248 297 169)
Paic back to Treasury/Provided for as impairment		(998 000)
Grant expenditure to be recovered	<u>(4 990 922)</u>	<u>(14 730 150)</u>

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Disclosed as follows as per note 8		
Unspent Conditional Government Grants and Receipts	2 270 758	4 928 428
Unpaid Conditional Government Grants and Receipts	14 395 662	22 163 551
18 PUBLIC CONTRIBUTIONS AND DONATIONS		
Donated printers received	0	35 751
	-	<u>35 751</u>
Public contributions previously recognised		-
Recognition of printers donated to the institution at market value		<u>35 751</u>
Restated balance		<u><u>35 751</u></u>
19 ACTUARIAL (GAINS)/LOSS		
Post Retirement Medical Obligations - Refer to note 11.1	(7 336 930)	(5 455 399)
Ex Gratia Gratuities - Refer to note 11.2	(63 758)	8 610
Long Service Awards - Refer to note 11.3	(302 928)	(98 169)
Total Actuarial (Gains)/Losses	<u>(7 503 611)</u>	<u>(5 494 957)</u>
Actuarial gains or losses are calculated at year-end when the actuarial valuation is performed.		
20 REVERSAL OF IMPAIRMENTS		
Investment in Municipal Entity - note 12		
Total Reversal of Impairments	<u>-</u>	<u>-</u>
21 SERVICE CHARGES		
Water	67 970 544	77 562 320
Sewerage and Sanitation Charges	31 592 954	37 527 693
	<u>99 571 468</u>	<u>115 090 613</u>
Less: Rebates (including free basic services for indigents)	<u>(22 433 818)</u>	<u>(23 419 578)</u>
Total Service Charges	<u><u>77 147 650</u></u>	<u><u>91 674 035</u></u>
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
22 GOVERNMENT SERVICES		
Working for Water	-	982 598
Working for Wetlands	5 053 196	9 123 297
Total Government Services	<u>5 053 196</u>	<u>10 105 896</u>
23 INTEREST EARNED - EXTERNAL INVESTMENTS		
Call Investment Deposits	3 691 466	2 794 759
Primary Bank Account	929 361	514 097
Fixed Deposits	-	-
Total Interest Earned - External Investments	<u>4 620 844</u>	<u>3 309 457</u>

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
24 INTEREST EARNED - OUTSTANDING DEBTORS		
Water Debtors	15 727 853	15 298 257
Sewerage Debtors	6 396 547	8 794 113
Total Interest Earned - Outstanding Debtors	22 124 400	24 092 370
25 OTHER INCOME		
Sundry Income	948 857	331 281
Administration fee	395 304	470 623
Rental of Facilities and Equipment	9 252	15 232
Insurance claims	360 608	164 046
Total Other Income	1 714 020	981 182
Public contributions previously recognised		968 975
Recognition of Insurance income due to replacement of asset paid for by Insurance		12 207
Restated balance		981 182
26 EMPLOYEE RELATED COSTS		
Bonuses	10 625 420	10 236 911
Contribution to current employee benefits - Staff Leave - Note 12	3 804 280	3 385 056
Contribution to non-current employee benefits - Long Service Awards - Note 12	2 048 224	706 034
Contribution to non-current employee benefits - Post Retirement Medical - Note	2 507 439	2 601 983
Contribution to non-current employee benefits - Ex Gratia Gratuities - Note 12	33 885	29 779
Contributions for UIF, Pensions and Medical Aids	29 109 270	25 834 510
Salaries and Wages	128 723 044	117 929 759
Housing Benefits and Allowances	1 310 253	1 303 823
Overtime Payments	13 041 442	10 717 989
Performance Bonuses	5 057 942	1 632 097
Travel, Motor Car, Telephone, Subsistence and Other Allowances	13 872 287	12 480 976
Unemployment Fund	-	-
Workmens Compensation Contributions	-	-
Total Employee Related Costs	210 133 486	186 858 916

REMUNERATION OF MANAGEMENT PERSONNEL

The Municipal Manager and all Section 57 Managers as well as those directly reporting to the Municipal are appointed on a 5-year fixed contract.

Municipal Manager - Z A Williams

Salary and other allowances	1 634 728	1 558 511
Performance Bonuses 13-14	-	210 094
Performance bonuses 14-15	-	224 359
Performance Bonuses 15-16	322 757	-
Travel Allowance	-	64 200
Telephone allowance	34 200	33 000
Contributions to UIF, Medical and Pension Funds	260 574	247 866
Total	2 252 259	2 338 031

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018	2017
	R	R
Salary and other allowances	1 320 234	1 303 083
Performance Bonus 13-14	-	170 580
Performance bonus 14-15	-	190 706
Performance Bonus 15-16	274 344	-
Travel Allowance	233 480	170 220
Telephone allowance	20 400	19 200
Contributions to UIF, Medical and Pension Funds	105 251	92 463
Total	1 959 689	1 954 251

Director Corporate Services - H Z Janjje

Salary and other allowances	1 202 083	1 506 784
Performance Bonus 13-14	-	153 009
Performance bonus 14-15	-	190 706
Performance Bonus 15-16	274 344	-
Travel Allowance	84 000	84 000
Telephone allowance	20 400	19 200
Contributions to UIF, Medical and Pension Funds	305 583	33 840
Total	1 945 409	2 047 539

An Acting Chief Financial Officer has been appointed effective 13 April 2015 until the position will be filled.

Acting Director Financial Services - S du Toit - Effective 15 April 2015

Salary and other allowances	1 130 411	1 184 310
Performance bonus 14-15	-	22 703
Performance Bonus 15-16	234 795	-
Acting allowance	142 223	135 731
Travel Allowance	60 000	120 000
Telephone allowance	20 400	19 200
Contributions to UIF, Medical and Pension Funds	61 836	57 278
Total	1 628 669	1 498 258

Director Community Services - F J Seshkon

Salary and other allowances	1 487 197	1 579 425
Performance Bonus 13-14	-	178 580
Performance bonus 14-15	-	190 706
Performance Bonus 15-16	274 244	-
Travel Allowance	155 000	156 000
Telephone allowance	20 400	19 200
Contributions to UIF, Medical and Pension Funds	21 036	22 024
Total	1 958 876	2 146 734

Chief Operations Officer - N Mkhuni

Salary and other allowances	1 084 433	1 013 040
Performance Bonus 13-14	-	151 900
Performance bonus 14-15	-	162 310
Performance Bonus 15-16	233 495	-
Travel Allowance	60 000	60 000
Contributions to UIF, Medical and Pension Funds	257 401	243 162
Total	1 635 328	1 630 507

Manager Water Service provision Manager - D Luwemba

Salary and other allowances	546 594	883 380
Performance bonuses 14-15	-	67 200
Performance Bonus 15-16	193 544	-
Contributions to UIF, Medical and Pension Funds	232 136	215 178
Total	1 072 274	1 165 758

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
27 REMUNERATION OF COUNCILLORS		
Councillors	5 164 846	4 584 264
Councillors' Pension and Medical Aid Contributions	788 486	617 648
Total Remuneration of Councillors	5 953 332	5 201 912

In-kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor and the Speaker may utilize official Council transportation when engaged in official duties.

2018	Remuneration	Contributions	Total
Members of the Mayoral Committee	3 537 598	666 051	4 253 651
D Dumaqa - Executive Mayor	715 524	161 928	877 453
TZ Nonyoko - Speaker	421 490	80 112	501 602
DM Lokobane - Portfolio Head: Finance	537 626	128 082	665 708
D Mkhuvu - Portfolio Head: Commu	388 355	78 853	467 209
S Mthi - Portfolio Head: Technical	507 438	99 143	606 581
L Tokwe - Portfolio Head: Corpora	356 926	108 934	465 861
Proportional elected Councillors	1 432 188	121 551	1 613 741
MJ Holweni	583 366	80 557	663 923
N Ngondane	271 816	35 190	307 006
AM van Zyl	316 916	2 723	319 639
W Yilwa	320 050	3 063	323 117
Representative Councillors	35 050	861	35 911
Total Councillors Remuneration	5 164 846	788 486	5 953 332

2017	Remuneration	Contributions	Total
Members of the Mayoral Committee	3 310 490	516 215	3 826 705
D Dumaqa - Executive Mayor	679 504	181 754	861 258
TZ Nonyoko - Speaker	605 383	40 161	645 543
DM Lokobane - Portfolio Head: Finance	435 151	88 300	523 451
D Mkhuvu - Portfolio Head: Commu	547 837	52 972	600 809
S Mthi - Portfolio Head: Technical	519 861	55 243	575 104
L Tokwe - Portfolio Head: Corpora	432 744	99 582	532 326
Proportional elected Councillors	1 137 548	80 440	1 277 988
MJ Holweni	488 288	48 143	536 431
N Ngondane	252 211	16 234	268 445
AM van Zyl	233 818	15 220	249 038
W Yilwa	252 211	16 487	268 698
Representative Councillors	36 493	10 836	57 329
Total Councillors Remuneration	4 584 264	617 648	5 201 912

28 DEBT IMPAIRMENT

Contributions to provision - note 4	56 200 763	44 916 430
Less: Portion relating to VAT - note 5	(3 209 751)	(7 239 943)
Total Debt Impairment	52 991 012	37 676 487

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
29 IMPAIRMENTS		
Investment in Municipal Entity - note 10	-	-
Property Plant and Equipment - note 7	-	-
Investment Property - note 8	-	-
Intangible assets - note 9	-	-
Total Impairments	-	-
30 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment - Note 7	48 664 887	47 687 938
Investment Property - Note 8	45 496	45 498
Intangible Assets - Note 9	148 203	148 200
Total Depreciation and Amortisation	49 158 586	48 181 636
31 REPAIRS AND MAINTENANCE		
Repairs and Maintenance is removed as a line item from the Statement of Financial Performance with the implementation of mSCOA as it does not reflect the nature of the expense. It is disclosed in various other expenditure line items as stated below:		
<u>SIAP 17 require disclosure of repairs and maintenance per asset class:</u>		
Infrastructure	4 306 986	10 941 032
Land and Buildings	553 940	373 137
Other Assets	2 112 651	667 826
Total Repairs and Maintenance	6 973 577	12 012 136
Repairs and Maintenance cost previously reported		12 056 056
Restatement of capital assets included under repairs and maintenance cost before		43 930
Restated Grants and Subsidies paid to Joe Gqabi Economic Development Agency		12 012 136
It should be noted that a substantial amount of Repairs and Maintenance that were done are reflecting under the Operating Grant expenditure votes as well as Employee related cost due to the fact that bulk of the repairs and maintenance are done internally		
32 FINANCE CHARGES		
Long-term Liabilities	834 519	960 256
Finance leases	276 839	467 750
Non-current Employee Benefits	4 532 357	4 456 120
Other	1 972	-
Total Finance Charges	5 645 687	5 914 126
33 CONTRACTED SERVICES		
Sanitation Services	14 872 932	14 441 985
Local Municipalities	-	-
Other Contractors	14 872 932	14 441 985
Total Contracted Services	14 872 932	14 441 985
The other contractors relate to Honey Sucking that has been done by outside contractors throughout the district for the year under review.		
34 BULK PURCHASES		

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Water	4 458 788	4 163 900
Total Bulk Purchases	4 458 788	4 163 900
35 GRANTS AND SUBSIDIES PAID		
Gariep Local Municipality	-	108 861
Pauper burials	-	2 600
Joe Gqabi Economic Development Agency (SoC) Ltd	8 495 130	7 767 883
Total Grants and Subsidies Paid	8 495 130	7 879 344
Grant and subsidies paid to Joe Gqabi Economic Development Agency (SoC) Ltd		7 258 142
Restatement of Monies paid over by the Agency set off against expenditure incurred		509 741
Restated Grants and Subsidies paid to Joe Gqabi Economic Development Agency		7 767 883
<p>The Economic Entity has been in the process of taking over water service provision from local municipalities. The grant paid to Joe Gqabi Economic Development Agency (SoC) Ltd (JoGEDA) is in terms of the service level agreement with the IDC. This grant is used for operating activities by JoGEDA.</p>		
36 OPERATING GRANT EXPENDITURE		
Management Services	839 825	-
Financial Services	1 904 450	859 591
Corporate Services	102 202	1 123 305
Technical Services	1 184 173 333	83 768 887
Community Services	3 686 453	8 323 001
Total Operating Grant Expenditure	1 249 50 262	94 074 779
Total operating expenditure previously reported		71 608 417
Restatement of operating grant expenditure for cost incurred during construction of assets, now identified as operational of nature during		22 471 700
Restatement of expenditure included before as operating expenditure that was suppose to be capitalised		(5 333)
Restated Grants and Subsidies paid to Joe Gqabi Economic Development Agency		94 074 779
37 EMERGENCY DROUGHT RELIEF		
Water carting	1 054 614	321 930
Total Operating Grant Expenditure	1 054 614	321 930
38 GENERAL EXPENSES		
Advertising Fees	742 275	486 401
Audit Fees	5 342 136	5 106 458
Bank Charges	378 101	359 311
Chemicals	6 915 006	7 116 639
Consulting Fees	14 703 292	6 947 168
Cultivating and Capacitation		500 000
Entertainment	76 185	91 497
Fire Extinguishers	-	214 554
Fuel and oil	9 001 667	8 350 508
Insurance	4 070 422	5 105 828
IT Cost	930 790	454 019
Legal Fees	1 658 826	1 426 012
Marketing	409 627	368 189
Material and protective clothing	433 935	234 195
Membership Fees	2 046 090	2 480 724

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018	2017
	R	R
Occupational Health	610 392	-
Other	2 379 988	2 245 822
Postage	14 799	4 073
Printing and Stationery	2 509 353	1 241 238
Rentals	1 497 966	678 588
Revitalising Urban	323 187	-
Security	3 953 837	3 216 899
Services	1 903	1 903
Shared Fire Services	998 741	-
Special Programmes	3 926 363	1 482 076
SPLUMA	30 850	31 867
Telephone	2 687 025	4 026 507
Tourism	26 329	-
Training	802 485	1 481 047
Travel and Subsistence	17 213 382	15 942 880
Vehicle Rental	1 833 511	2 456 811
Water and Electricity	11 944 369	9 745 731
Water Testing & Quality Monitoring	1 502 220	3 069 454
Total General Expenses	98 965 059	84 866 598
Grant and subsidies paid to Joe Gqabi Economic Development Agency (SoC) Ltd		84 987 964
Restatement of capital assets previously included in stationary cost		(21 975)
Restatement of capital assets previously included in Other general expenses		(5 403)
Restatement of capital assets previously included in Consultancy fees		(105 378)
Restatement of Other expenses due to it being capitalised before		11 469
Restated Grants and Subsidies paid to Joe Gqabi Economic Development Agency		84 866 598

The take over of water services from Gqirip Local Municipality and Amatola Water Board resulted in changes in expenditure patterns to the prior year. The average increase in General expenditure is only 4% for the year. There has been a shift of spending between types of expenditure and not necessarily a material increase overall.

39 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Carrying value of Property, Plant and Equipment disposed or written off	1 907 832	575 578
Value recovered from insurance	(465 548)	
Total Loss on Disposal of Property, Plant and Equipment	1 442 285	575 578

The loss on disposal of assets to the amount of R1 000 363 (R575 578- 2017) relates to assets that were written off.

39 CORRECTION OF ERROR IN TERMS OF GRAP 3

	2016
	R
40,01 NET SURPLUS/(DEFICIT) FOR THE YEAR 2016	
Certain errors were detected which relates to the prior year and were restated retrospectively. The effects of these restatements are listed below:	
Surplus reported on 30 June 2016	1 450 512 930
General Expenses incurred due to invoices received late and dispute resolved - Refer to note 15	(1 934 591)
Restatement of salary related cost due to over payments in the past, debt was never created, however deductions were done	298 329
Restatement of the total Infrastructure Work in progress figures due to operational cost identified during the unbundling process - Refer to note 7	(45 998 915)

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Restatement of depreciation on 15/15 due to correction of error on RUL of water and sanitation infrastructure assets.		264 528
Reallocation of unpaid monies due to an employee. The full payment was recognised against the expenditure and an other payable was created. Payment was done in May 2015 - Refer note 14.		73 108
Correction of understatement of depreciation/amortisation of investment property during the 2015/2016 financial year		(3 915)
Restated surplus for the year ended 30 June 2016		<u>1 403 211 474</u>
40,02 PAYABLES FROM EXCHANGE TRANSACTIONS		
Balance previously reported		76 670 614
Correction on understatement of Trade payables due to late receipt of invoices and a dispute that has been resolve - Note 38,1		1 934 591
Reallocation of unpaid monies due to an employee. The full payment was recognised against the expenditure and an other payable was created. Payment was done in May 2015.		(73 108)
Restated Balance on 30 June 2016		<u>78 532 097</u>
40,02 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Balance previously reported		59 765 369
Correction of staff debtor balances not recognised prior to July 2016		298 329
Restated Balance on 30 June 2016		<u>60 063 698</u>
40,03 PROPERTY PLANT AND EQUIPMENT		
Balance previously reported		1 492 421 836
Reallocation of capital expenditure previously recorded as part of WIP, now being classified as operational cost		(45 998 915)
Restatement of depreciation on 15/15 due to correction of error on RUL of water and sanitation infrastructure assets.		264 528
Restated Balance on 30 June 2016		<u>1 446 687 449</u>
40,04 INVESTMENT PROPERTY		
Balance previously reported		2 533 755
Correction of the understatement of depreciation/amortisation on Investment property for the 2015/2016 financial year		(3 915)
Restated Balance on 30 June 2016		<u>2 529 840</u>
41 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS		
Net Surplus/(Deficit) for the year	90 229 743	200 183 149
Adjusted for:		
Non-Cash Expenditure and Revenue	80 620 622	84 396 836
Actuarial Gains	(7 503 611)	(6 494 957)
Gain on disposal of PPE		
Debt impairment	32 991 005	37 676 467

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Depreciation and amortisation	49 158 583	48 181 628
Impairments		
Actuarial losses		
Finance charges	4 532 357	4 458 120
Fair Value Adjustments		
Loss on disposal of PPE	1 442 285	575 578
Contributions - Provisions and Employee Benefits	28 609 547	22 693 142
Post Retirement Medical Benefits	6 595 233	6 600 291
Long Service Awards	2 465 916	1 076 166
Ex-Gratia	60 756	59 966
Performance bonuses	5 057 942	1 632 097
Bonuses	10 625 420	9 880 073
Staff leave	3 804 280	3 385 056
Compensation for injury on duty		
Other Provisions	-	59 493
Expenditure - Provision and Employee Benefits	(15 614 156)	(14 764 938)
Post Retirement Medical Benefits	(1 051 280)	(1 076 935)
Long Service Awards	(391 964)	(233 697)
Ex-Gratia	(37 996)	(109 438)
Performance bonuses	(2 614 849)	(2 687 740)
Bonuses	(10 009 799)	(9 286 775)
Staff leave	(1 468 268)	(1 370 351)
Compensation for injury on duty		
Other Provisions		
Other adjustments	7 987 605	(111 064 524)
Bad debts Written off	7 987 605	(111 064 524)
Compensation for injury on duty (penalty)		
Operating surplus before changes in working capital	191 833 361	181 443 666
Movement in working capital	(47 098 532)	46 813 867
Receivables from exchange transactions	(82 372 416)	59 256 507
Inventory	259 371	277 771
Payables from exchange transactions	5 304 905	(178 506)
Unspent Conditional Government Grants	(2 151 690)	3 912 263
Unpaid Conditional government grants	7 767 888	6 606 433
Taxes	24 093 410	(23 060 601)
Cash Flow from Operating Activities	144 734 829	228 257 533

41 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - note 3	12 654 580	-	3 487 782
Less:			
Unspent Committed Conditional Grants - note 7	2 776 738		4 928 428
Net cash resources available for internal distribution	9 877 842	-	8 416 210

42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 10% and 11.52% and will be repaid by 2024.

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Unauthorised expenditure

Reconciliation of unauthorised expenditure:

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Opening balance	164 753	164 753
Unauthorised expenditure current year - operating		
Unauthorised expenditure current year - capital		
Authorised by Council		
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	164 753	164 753

The municipality did not incur any unauthorised expenditure for the 2017/2018 and 2016/2017 financial periods.

44 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance		717 107
Fruitless and wasteful expenditure current year	-	-
Written off by Council		(717 107)
Transfer to receivables for recovery		-
Fruitless and wasteful expenditure awaiting write-off approval	-	-

Incident	Disciplinary steps
Interest paid to Telkom	Name - The invoice was paid within 30 days of receipt of the invoice

45 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	-	0 102 350
Irregular expenditure - current and prior identified in current year	63 219 408	-
Written off by Council awaiting condonation	-	(9 192 959)
Irregular expenditure	63 219 407,52	-

A contract was entered into between JGDM and Mvula Trust utilising the Municipal SCM Regulation 32(1) which states that a SCM policy may allow the accounting officer to procure goods or services for the municipality under a contract secured by another organ of the state, for managing the implementation of Rural Water and Sanitation Programme as an implementing agent. This was following a process allowed in terms of section 110 of the MFMA. In March 2011 JGDM participated in a Regulation 32 contract after establishing the below:

- A contract was secured by the Eastern Cape Department of Human Settlements by means of a competitive bidding process applicable to the Eastern Cape Department of Human Settlements (organ of state) with Mvula Trust.
- In line with sub-regulation (1)(a) and (1)(b) the municipality had confirmed there was no reason to believe that such contract was not validly procured by the Eastern Cape Department of Human Settlements.
- There were demonstrable benefits for the municipality to do so; and
- The Eastern Cape Department of Human Settlements, JGDM and Mvula Trust had consented to such procurement in writing.

In application of Regulation 32, the municipality had a proper demand management plan in place that was based on the service delivery and budget implementation plan. As an implementing agent, Mvula Trust procured goods and services through the use of competitive bidding processes to secure contractors and service providers.

The contract between Eastern Cape Department of Human Settlements and Mvula trust expired in September 2013. The

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
contract of JGDM expired in June 2016. It was further extended in line with section 116 of the MFMA and this was reviewed during the 2015/17 audit by the AG and determined as compliant.		
46 MATERIAL LOSSES		
Water distribution losses		
Kilo litres raw	14 435 490	14 580 712
Kilo litres treated	10 873 738	11 016 722
Kilo litres sold	(6 054 361)	(7 838 740)
Kilo litres lost during cleaning	3 561 752	3 563 990
Kilo litres lost from treated	2 819 377	3 177 982
Kilo litres lost from raw	6 381 129	5 741 972
Percentage water lost during cleaning	74,7%	74,4%
Percentage lost: from treated vs billed	25,93%	28,85%
Percentage water lost since abstraction	44,20%	46,24%
Average cost per kilolitre in Rands	7.19	7.38
Loss in Rand value (Raw)	45 880 318	49 755 753
Loss in Rand value (Treated)	20 271 311	23 453 507

The improvement in water losses is due to major refurbishments and repairs to aging infrastructure as well as ongoing water restrictions to reduce demand so as to manage drought risks. This has been coupled with improved awareness around water conservation and demand management and also improvements in metering.

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

47,01 SALGA Contributions - [MFMA 125 (1)(b)]

Opening balance	-	-
Council subscriptions	2 023 260	2 153 161
Amount paid - current year	(2 023 260)	(2 153 161)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

The prior year figure was updated with an amount of R208 731 due to additional subscription fees billed by SALGA

47,02 Audit fees - [MFMA 125 (1)(b)]

Opening balance	20 846	361 896
Current year audit fee	5 118 632	4 691 500
Amount paid	(4 958 376)	(4 670 655)
Amount paid - previous year	(20 846)	(361 896)
Balance unpaid (included in payables)	160 257	70 846

47,03 VAT - [MFMA 125 (1)(b)]

Opening balance	32 686 430	0 625 820
Amounts received - current year	(57 588 828)	(8 627 258)
Amounts claimed - current year	33 495 418	31 228 245
Balance receivable/(payable)	8 593 020	32 226 817

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. Input VAT has also been claimed once payment has been made to a registered service provider. All VAT returns have been submitted by the due date throughout the year. Bulk of the Claims for the 16/17 year was only paid to the Municipality during July 2017

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
<p>contributing to the cashflow challenges we experienced. The amount receivable from SARS as at 30 June 2018 relates to the claims for the last 3 months of the financial year.</p>		
47,04 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	31 683 039	26 903 552
Amount paid - current year	(29 218 023)	(26 903 552)
Balance receivable	2 465 016	-
47,05 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	40 160 082	35 349 797
Amount paid - current year	(40 160 082)	(35 349 757)
Balance unpaid (included in payables)	-	-
47,06 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]		
<p>There are no overdue councillor accounts.</p>		
48 Deviations - Supply Chain Management		
<p>Deviations with the Supply Chain Management Regulations were identified and categorised as follow:</p>		
- Emergencies	31 125 372	25 076 426
- Goods or services are produced or available from a single provider only		-
- Other exceptional cases where it is impractical or impossible to follow the official procurement processes eg. Strip and	15 590 792	13 669 121
	46 716 163	38 745 547
<p>Deviations per department:</p>		
- Office of the Municipal Manager	1 301 705	39 305
- Financial Services	98 859	-
- Corporate Services	4 908 129	2 958 787
- Community Services	1 347 695	479 029
- Technical Services	27 436 710	35 228 426
- Expenditure incurred on behalf of JoGEDA	11 623 065	-
	46 716 163	38 745 547
49 CAPITAL COMMITMENTS		
<p>Commitments in respect of capital expenditure:</p>		
<p>Approved and contracted for:</p>		
- Infrastructure	110 900 915	370 224 005
Total	110 900 915	370 224 005
<p>This expenditure will be financed from:</p>		
Capital Replacement Reserve	-	-
Government Grants	110 900 915	370 224 005
Own Resources	-	-
Total	110 900 915	370 224 005

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

2018	2017
R	R

50 FINANCIAL RISK MANAGEMENT

The activities of the Municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Municipality's financial performance.

(a) Foreign Exchange Currency Risk

The Municipality does not engage in foreign currency transactions.

(b) Price risk

The Municipality is not exposed to price risk.

(c) Interest Rate Risk

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, non-current investments and loan payables.

The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the Municipality calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for cash and cash equivalents and non-current investments as the interest rate on loan payables are fixed.

The Municipality did not hedge against any interest rate risks during the current year.

The potential impact on the Municipality's surplus/deficit for the year due to changes in interest rates were as follow:

0,5% (2017 - 0.5%) Increase in interest rates

0,5% (2017 - 0.5%) Decrease in interest rates

The potential impact on the fair value of loans payable due to changes in interest rates is insignificant as the carrying value represents the fair value based on the underlying assets.

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of consumers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer receivables the Municipality effectively has the right to terminate services to customers, but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All services are payable within 30 days from invoice date. Refer to note 15 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

No receivables are pledged as security for financial liabilities.

The Municipality only deposits cash with major banks with high quality credit standing. No cash and cash

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.

The bank utilized by the Municipality for current and non-current investments are all listed on the JSE (ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

Although the risk pertaining to unpaid conditional grants and subsidies are considered to be very low, the maximum exposure is disclosed below. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Receivables from exchange transactions are individually evaluated annually at financial position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment, where applicable. The maximum exposure is disclosed below.

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

	2018 R	2017 R
Receivables from Exchange Transactions	150 075 734	117 290 465
Cash and Cash Equivalents	12 654 580	1 184 909
Non-current Investments	3 571 508	3 477 508
Unpaid Conditional Grants and Subsidies	14 395 002	22 103 551
	<u>184 697 484</u>	<u>145 116 429</u>

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the Economic Entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Long Term Liabilities	7 506 318	6 667 005
Capital repayments	9 091 193	12 614 349
Interest	(1 584 875)	(5 947 344)
Payables from exchange transactions	103 750 010	103 445 113
Unspent Conditional Government Grants and Receipts	1 776 738	4 928 428
	<u>119 033 076</u>	<u>115 040 546</u>

FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the Municipality are classified as follows:

Financial Assets

Financial Instruments at amortised cost

Non-Current Investments	3 571 508	3 477 508
- Fixed Deposits (Zero coupon)	1 677 453	1 583 453
- Municipal Entity - Joe Gqabi Economic Development Agency (Soc) Ltd	1 894 055	1 894 055

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
Receivables from Exchange Transactions	154 075 734	117 290 465
Cash and Cash Equivalents	12 654 580	2 184 906
Unpaid Conditional Government Grants and Receipts	14 395 662	22 163 551
Total carrying amount of financial assets	184 697 484	145 116 429

Financial Liability

Financial instruments at amortised cost

Long-term Liabilities	7 506 318	6 667 005
Trade and Other Payables	108 750 019	103 445 113
Current Portion of Long-term Liabilities	1 584 875	5 947 344
Unspent Conditional Government Grants and Receipts	2 776 738	4 928 428
Total carrying amount of financial liabilities	120 617 950	120 987 890

51 **EVENTS AFTER THE REPORTING DATE**

The council approved the payment of Performance bonus for the period 2016/2017 based on a formal prescribed assessment that was done during July 2018

52 **IN-KIND DONATIONS AND ASSISTANCE**

The following in kind donations were received:

A Soccer kit for the soccer team of the District municipality with an approximate value of R20 000

53 **PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

54 **CONTINGENCIES**

Council has the following contingent liabilities at the end of the financial year 2017/2018:

Outstanding litigation claims

A claim was filed against the Municipality by a service provider disputing the award of a tender to another service provider. Judgement was received on the 26th of May 2016 in favour of the municipality, however the plaintiff has appealed the whole judgement. Judgement was received in the favour of the Municipality again from a full bench appeal and the plaintiff has opted to appeal again. The court has ruled that the bid must be readvertised during 2017/2018.

The Municipality was contesting a labour matter in respect of its junior fire fighters. The labour court reviewed and set aside the decision of the commissioner to pay the employees the amount of and referred the matter back to arbitration before a new commissioner. The matter sat on arbitration and the employer representative raised points in limine which resulted to the commissioner dismissing the application on grounds of prescription but advising the employees to apply for condonation should they want to pursue the matter. The applied for condonation to SALGBC and the application was dismissed on 10 April 2017. Currently the employees have filed an application to review or set aside the decision of the commissioner who dismissed the application.

In addition, the Commissioner also issued an award that the 28 junior fire fighters be paid an amount of R211 870 each based on TASK grading. This arbitration award has also been referred for review. This matter will be supposed to sit on the 25th and 26th of October 2016, however the case was removed from the roll on the date in question due to the issues surrounding the non-filing of the record by the Bargaining council as well as the junior fire fighters attorneys. Their attorneys of record withdrew subsequently and to date we have not received a new date from the labour court.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
spouse for damages, pain and suffering and future medical costs. The claim relates to a motor vehicle accident wherein the vehicle was damaged when entering a site in Allwal North. The site relates to diggings on a road for the purpose of effecting repairs to water infrastructure. The complainants believe that the Municipality is responsible for the accident that occurred. The Municipality is contesting this claim and the matter has been set down for trial on the 11 October 2016 and then was removed from the roll on basis of they wanted to file their expert witness evidence. The municipality is awaiting the new trial date.		

The Department of Water and Sanitation is claiming an amount R3 660 353 from the Municipality for raw water extraction costs. This amount is made up of a number of invoices, dating back as far as 2002. The Municipality has had extensive interactions with the Department, but this amount has not been finalised. The Municipality's Management is of the opinion that this amount is firstly grossly overstated and in some cases refers to areas outside the District's jurisdiction. An accrual of R10 531 551 for bulk water purchases has been made and this amount is considered to be due and payable to the Department. The net amount of the contingency is R27 128 802. The Municipality is in ongoing negotiations with the Department. The Department submitted a request to its Minister and Director General to write off the amount. This decision is still pending. The Department is also considering drought relief measures for the current year's raw water extraction costs. This decision is also pending.

A summons and a notice of intention has been filed against the municipality. This matter relates to an employee of the municipality had an accident and a house of a resident was damaged in the process. The Municipality considers the likelihood of the case being lost by the Municipality as being medium. This matter is awaiting a court date. The claim amounts to R272 555.

There was an accident which occurred between a vehicle of Senou Municipality and a truck driven by an employee of the Municipality. The insurance is claiming for damages from the municipality and the municipality is contesting the claim. This matter is pending before court for trial. The claim amounts to R485 661.

A claim was filed against the Municipality by a service provider for services rendered. Council has filed a counter claim. The Municipality considers the likelihood of the case being lost by the Municipality as being low. No court date has been set as on the reporting date. The claim amounts to R800 000.

There is an eviction claim for a property the municipality believes to belong to the municipality. The claim amount to R36 000.

Other matters: There is a claim from Telkom for infrastructure damages to the value of R110 000. There is another claim from a service provider for services rendered that are contested by the municipality to the value of R375 000. Lysakha Trading and Investments vs JSOM, claimant wants the matter to be arbitrated instead of appointing another service provider.

Jozana community development trust has lodged a claim against the Minister of Rural land and reform to allow the development of the eco-tourism project at the Jozana Dam and the municipality is cited only as a District Municipality since the claimant believes the dam falls under this Municipality. It is however a DWS owned dam.

Council has the following contingent assets at the end of the financial year 2017/2018:

The municipality identified possible fraud which is currently under investigation by the SAPS and the outcome is unsure at this stage. The matter has been referred to the Municipal attorneys to claim from the medical aid scheme in question. No court date has been set on the reporting date.

A case against a former employee has been before labour court for fraud. The matter has been finalised and a debtor was created during 2016/2017. This debtor was paid off during 2017/2018.

55

RELATED PARTIES

No business transactions took place between the Municipality and management personnel and their close family members (including close members of family members) during the year under review with the exception of Ekipine Community Radio station to the value of R7500. Thabo Mntlezi and Cllr Phura are non-executive directors.

Related Party Loans

Since 1 July 2004 loans to Councillors and Senior Management Employees are not permitted.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

2018	2017
R	R

Compensation of management personnel

The compensation of management personnel is set out in note 26 and 27 to the financial statements.

Investment in Municipal Entity

The Municipality has a 100% shareholding in Joe Gcabi Economic Development Agency (Sec) Ltd (JoGEDA) as set out in note 12 to the financial statements. The Municipality incurred expenditure on behalf of JoGEDA. Refer to note 11 for the detail of the balances.

The Municipality paid a grant to JoGEDA as disclosed in note 35.

JOE GQABI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

56 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2018 R
Financial Performance						
Service charges/fees/other	335 150 289	48 025 999	383 176 287	37 137 399	106 329 207	91 491 000
Investment revenue	17 110 000	7 555 000	24 665 000	20 710 344	(2 602 244)	17 401 337
Transfers (supplanted)/operational Office fees received	249 444 400	35 120 000	284 564 400	408 907 319	110 575 400	314 810 529
	2 120 234	224 263	1 895 971	14 270 328	112 889 249	17 662 342
Total Operating Revenue	599 729 993	88 925 262	688 655 254	523 761 390	71 562 394	461 662 193
Employee costs	389 151 256	31 220 197	420 371 452	310 133 186	(111 262 001)	189 899 700
Remuneration of councillors	7 345 750	(1 071 210)	6 274 540	5 933 315	(180 645)	5 301 312
Build/maintenance	22 515 140	42 057 000	64 572 140	50 951 307	(13 620 833)	34 069 467
Equipment & asset replacement	40 110 670	(540 771)	39 569 899	40 150 505	(2 785 641)	40 301 528
Finance charges	1 353 887	(1 780 000)	(426 113)	5 670 588	(4 647 307)	5 016 730
Machinery and other purchases	1 000 000		1 000 000	4 456 788	4 441 212	4 200 000
Contracted services	112 510 180	42 621 120	155 131 300	14 812 332	(140 276 538)	17 411 580
Transfers and grants	5 505 200	(30 000 000)	(24 494 800)	6 045 301	(1 140)	732 938
Other capital items	118 570 100	(14 300 000)	104 270 100	102 010 305	(102 462 221)	101 270 422
Excess of interest of FY				1 447 285	(1 447 285)	525 120
Total Expenditure	648 474 973	74 487 142	722 962 115	569 467 312	4 229 999	500 171 070
Surplus/(Deficit)	(48 744 980)	14 438 730	(34 306 231)	38 177 402	41 102 745	38 029 783
Transfers to equipment/fund etc	743 755 000	(64 041 000)	679 714 000			
Surplus/(Deficit) for the year	255 010 020	(49 602 270)	205 407 750	38 211 536	5 058 406	200 351 536

JOE QGABI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

ix. MUNICIPAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATEE OUTCOME 2017 R
Capital expenditure & funds sources						
Capital expenditure	258 596 100	(27 124 853)	231 471 247	225 030 208	106 290 649	100 361 964
Total (including capital intensity grants and funds)	754 194 556	(35 170 086)	719 024 470	732 030 248	85 499 742	190 891 466
Total resources of capital funds	758 596 200	(27 254 853)	731 341 347	(34 470 081)	96 821 505	267 142 218
Cash flows						
Net cash from/(used) operating	268 028 516	189 892 968	457 921 484	344 731 839	39 742 273	428 247 583
Net cash from/(used) investing	(23 546 000)	40 057 464	16 511 464	(127 066 313)	(143 554 849)	(280 204 452)
Net cash from/(used) financing	(1 026 057)	-	(1 026 057)	(3 501 100)	(2 475 043)	(3 509 378)
Net Cash Movement for the year	418 425	8 114 432	8 532 857	(1 275 574)	(1 445 057)	(8 266 247)
Cash/ cash equivalents at beginning of year	2 479 518	(1 408 050)	(1 457 282)	(3 482 282)	-	(3 477 545)
Cash/ cash equivalents at the year end	2 897 943	605 382	3 503 325	(2 257 708)	(1 445 057)	(3 487 781)

JOF GQABI DISTRICT MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

EXTERNAL LOANS	Rate	Loan Number	Repayable	Maturity Date	Balance at 30 June 2017	Provided during the period	Redeemed during the period	Balance at 30 June 2018
					R	R	R	R
ASSET LOANS								
MS&L Building (to Graham and Catherine Molyoane)	11,50%	100000	6 monthly	31 Dec 2024	4 770 750	-	431 719	4 339 031
MS&L - Phiso (Rural loan)	10,75%		6 monthly	1 Feb 2020	2 542 575	-	256 268	2 286 307
LIABILITY LOANS					7 313 325	-	687 987	6 625 338
FINANCE LEASE								
MS&L - HR 0001	Prime		HR 001	Various	4 122 040	-	1 129 218	2 992 822
Total Finance Lease					4 122 040	-	1 129 218	2 992 822
TOTAL EXTERNAL LOANS					11 435 365	-	1 817 205	9 618 160

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENTS OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2018

VOTE	30 JUNE 2017			30 JUNE 2018		
	REVENUE R	EXPENDITURE R	SURPLUS/(DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/(DEFICIT) R
Management Services	500 000	46 508 336	(45 808 336)	-	45 035 720	(45 035 720)
Financial Services	344 439 205	69 068 689	275 350 516	444 847 245	77 782 422	367 064 823
Corporate Services	7 739 477	40 252 522	(32 513 045)	8 374 555	46 799 114	(38 424 559)
Technical Services	339 525 705	293 768 895	45 756 810	290 165 004	335 472 309	(45 307 305)
Community Services	18 125 896	48 811 671	(30 685 775)	5 052 194	49 152 462	(44 099 267)
Institutional Support and Advancement	-	-	-	357 400	13 595 310	(13 237 910)
TOTAL	762 810 283	502 250 552	260 559 731	656 897 278	545 267 536	111 629 742

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX D (UNAUDITED)

DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2018

	2018 RMB	2017/18/17 2018 RMB	2017 2017 RMB	2016 2016 RMB	2015 2015 RMB	2014 2014 RMB	Transferred to Revenue Accounting	Transferred to Transfer Account	Other RMB	Category
	A	B	C	D	E	F	G	H	I	J
GENERAL GOVERNMENT										
Accounting Council Infrastructure Programme (ACIP)	80 123		80 123						80 123	Support/Grant
Industrial Rehabilitation Grant (IRG)	2 004 000	1 004 000	1 000 000	2 000 000	1 000 000	1 000 000	100 222 104	4 000 000	1 004 000	Support/Grant
Construction Rehabilitation Grant (CRG)	5 100		5 100				0 750		5 100	Support/Grant
IT & E-Governance	75 000		75 000		0 117 000			1 117 000	75 000	Support/Grant
Equitable Share				210 240 000	0 000 000			210 240 000		Support/Grant
Finance Management System (FMS)	120		120	0 200 000				1 200 000	120	Support/Grant
Water Supply and Sewerage (WSS)	200		200						200	Support/Grant
Public Works - Special Programme	1 000 000		1 000 000	10 000 000				11 000 000	1 000 000	Support/Grant
Water Service Operating Subsidy	0	200	200				200		0	Support/Grant
Industrial Water (Water User Administration)	21 000		21 000				21 000		21 000	Support/Grant
Water Service Administration Grant (WSAG)	0		0	10 000 000			0	0	0	Support/Grant
Regional Air Pollution Control	0 400 000		0 400 000	0 000 000	1 111 111			0 400 000	0 400 000	Support/Grant
Department of Health Subsidies	80 000 000		80 000 000					80 000 000	80 000 000	Support/Grant
Local Government Infrastructure Care	20 000		20 000				20 000 000		20 000	Support/Grant
Total	2 184 343	2 004 000	1 276 443	400 240 000	1 000 000		100 222 104	4 000 000	11 901 123	
MUNICIPAL SUBSIDIES										
Environmental Health Programme	1 224 000		1 224 000						1 224 000	Support/Grant
Industrial Development Grant (IDG)	4 000 000		4 000 000	10 000 000				10 000 000	4 000 000	Support/Grant
IT & E-Governance	0 100 000		0 100 000	0 100 000	0 100 000			0 100 000	0 100 000	Support/Grant
Local Government Infrastructure Care	1 000 000		1 000 000				1 000 000		1 000 000	Support/Grant
Total	6 324 000		6 324 000	10 200 000	0 200 000		1 000 000		12 324 000	
OTHER										
IR 100	100 000		100 000	100 000					100 000	Support/Grant
Total	100 000		100 000	100 000					100 000	
Total	8 608 343	2 004 000	1 376 443	400 440 000	1 000 000		101 222 104	4 000 000	12 301 123	

Approved by the Board of Directors on 10 June 2018
 Prepared by the Joe Gqabi District Municipality on 10 June 2018

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
REVENUE						
Management Services	2 010 000	(2 010 000)	-	-	-	300 000
Financial Services	244 640 000	973 260	244 741 264	244 947 565	(100 106 081)	244 499 405
Corporate Services	7 547 294	219 019	2 600 313	8 374 855	(5 774 022)	7 734 477
Technical Services	921 696 238	95 930 569	1 017 626 807	2 961 651 000	2 011 101 851	1 016 725 596
Community Services	13 627 000	(1 200 000)	8 632 000	5 033 199	3 598 801	10 105 696
Institutional Support and Advancement	957 400	-	957 400	957 400	-	-
Total Revenue by Vote	263 502 992	98 933 852	314 997 894	666 997 278	199 000 596	302 310 282

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
EXPENDITURE						
Management Services	45 224 004	(1 000 104)	42 137 860	42 031 131	75 725	46 128 310
Financial Services	10 090 713	43 173 749	103 271 462	83 171 706	20 103 676	69 088 689
Corporate Services	51 049 357	(1 170 832)	49 878 495	46 720 114	3 155 371	45 252 522
Federal Services	277 891 287	53 247 627	230 697 914	330 030 945	94 333 031	292 768 693
Community Services	64 038 666	(12 376 758)	51 661 898	49 152 862	2 509 036	48 851 971
Institutional Support and Administration	18 692 915	(4 496 441)	14 195 494	15 973 805	2 178 311	
Total Expenditure by Vote	516 271 932	79 257 182	591 569 105	566 167 558	25 401 546	502 250 152
Surplus/(Deficit) for the year	145 231 010	(22 403 280)	122 828 730	93 229 743	132 598 988	200 000 130

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX E (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
REVENUE BY SOURCE						
Service charges	115 586 288	40 025 997	165 612 285	77 437 050	188 264 207	94 671 000
Rental of facilities and equipment	9 000	-	9 000	-	9 000	-
Interest earned - external investments	4 040 000	(10 000)	4 030 000	4 620 844	(20 844)	3 303 457
Interest earned - outstanding debt	13 028 300	2 525 000	15 553 300	22 424 400	(11 711 400)	24 092 370
Agency work	942 000	-	942 000	-	942 000	-
Transfers recognised - operational	315 660 400	30 100 000	345 760 400	404 607 810	(116 927 410)	314 814 029
Other revenue	300 204	374 284	674 488	14 270 825	(13 629 276)	17 662 944
Total Revenue (excluding capital transfers and contributions)	529 517 192	65 934 852	595 452 044	523 761 930	73 671 304	451 512 632

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX E (7) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
EXPENDITURE BY TYPE						
Employee related costs	186 951 256	11 828 197	198 779 453	210 133 488	(11 353 035)	196 858 936
Remuneration of councillors	7 247 388	(1 669 410)	5 577 978	5 954 341	(380 363)	5 371 937
Debt repayment	20 575 142	45 747 042	64 022 184	31 992 039	33 030 145	27 676 467
Depreciation & asset impairment	40 520 528	(945 736)	40 574 792	40 158 583	(2 786 941)	40 181 028
Finance charges	2 293 887	(1 290 500)	1 003 387	5 645 638	(4 642 251)	5 016 126
Bulk purchases	0 000 000	-	0 000 000	4 418 788	4 418 788	4 161 900
Contracted services	112 107 249	43 611 420	155 718 669	14 872 082	140 205 056	14 441 985
Travel and grants	10 405 119	(8 010 139)	8 495 000	8 495 185	(1 309)	7 878 344
Other expenditure	116 575 188	(34 362 836)	102 614 071	231 936 333	(129 401 252)	151 275 422
Loss and disposal of PPE	-	-	-	1 442 255	(1 442 255)	575 578
Total Expenditure	518 271 372	73 297 122	591 568 494	566 167 525	36 401 568	502 171 278
Surplus/(Deficit)	(8 023 690)	12 687 730	3 743 730	(42 406 064)	46 169 736	(50 618 844)
Transfers recognised - capital	254 155 980	(25 090 800)	229 065 000	132 615 748	96 423 252	150 801 995
Contributions Recognised - Capital	-	-	-	-	-	-
Surplus/(Deficit) for the year	245 231 910	(22 402 200)	222 829 730	98 229 743	132 599 960	100 183 149