

**DR RUTH SEGOMOTSI MOMPATI
DISTRICT MUNICIPALITY
(DC39)**



**ANNUAL REPORT
2019-2020**

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REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

It is a great honour and privilege to present the Annual Report of the Dr Ruth Segomotsi Mompati District Municipality.

Our projects and programmes, as outlined in this Annual Report, are a direct response to our constitutional mandate. We have made significant progress towards improving democracy and accountability; ensuring provision of services in a sustainable manner; promotion of social and economic development; promotion of a safe and healthy environment; and involving our communities and community organisations in matters of local government.

This report confirms that we are continuing to improve democratisation and transformation of local government; improve access to electricity, water; flush/chemical toilets, and refuse removal, notwithstanding the inherent challenges bequeathed by our abhorrent past. There are historic and current challenges such as ageing infrastructure, theft and vandalism of infrastructure; lack of sufficient and reliable water sources; lack of land for proper residential and economic activities; and the infrastructure that was designed to service the privileged few. We are preoccupied with finding solutions to these and other challenges, current and prospective water supply projects, which are anticipated for completion by the end of 2020/2021. The need for the redistribution of land to unlock the economic potential of all South Africans and to achieve our vouched radical socio-economic transformation cannot be deferred any further.

We could have been far ahead absent these drawbacks especially the Covid 19. We may not be where we would have wanted to be, but certainly today is better than yesterday.

We cannot leave out the fact that Covid 19 has unfortunately impacted on our organizational performance in terms of planned targets and indicators, however we have assisted in the combatting of this disease through many channels. We have the District command council sitting on a weekly basis, we have distributed PPE and food parcel to those who most need it, we have reallocated our budget to cater for these as to efficiently and effectively get back on track in which we are calling “the new normal”.

Our forward planning initiatives have ensured that, as at the end of the financial year, we had spent all our infra- structure development grants. It could not happen without the cooperation and collaboration of our communities and contractors. When projects are completed on time, we all win. The centrality of infrastructure to the development of the economy and the resultant effect on the triple challenges of unemployment, poverty and inequality, is common cause. We appeal to our communities to preserve every piece of the infrastructure they have. No matter the frustration, we should never find any excuse to destroy one infrastructure to get the other. We should disabuse ourselves of the narrative that suggests that infrastructure belongs to the government. All infrastructure is owned by the people and it is for the public good. In the context of the The District Developmental Model, every individual, government and private is expected to rise up to protect the gains of our democracy. We are a people founded on the supremacy of the Constitution and the rule of law.

In addition, I am proud to say that we have begun to implement the District Developmental Model as announced by the Honourable President Ramaposa, Cyril during his October 2019 Budget Speech. The President identified that there exists a challenge namely the “pattern of operating in silos” which often leads “to lack of coherence in planning by the State. This state of affairs has negative implications on implementation, monitoring and oversight of government programmes. In order to address this challenge, the District Development Model has been designated into the space.

It has been directed that the District Development Model gives opportunities to strengthen IGR mechanism by ensuring all three spheres of government work jointly, plan together and act in one compact force to push the frontiers of poverty backward and accelerate service delivery at the municipal doorstep. Thus, this model is seen as the joint and collaborative planning that will culminate in having a single strategically focused Joined-Up plan (One Plan) from the focal point of the District Municipality.

The Dr Ruth Segomotsi Mompati district is proud to say that we have managed to complete the District Developmental profiling as per request of National and Provincial Government. Together we have managed to begin to chart the district developmental model in a path that includes working together through strengthening our relationships and understanding the common cause.

It is prudent during this time that we also reflect on the COVID-19 pandemic and the impact it has had on lives and livelihoods across the globe and within the Dr Ruth Segomotsi Mompati community. The COVID-19 pandemic has affected the plans and programmes of the Municipality however, we remain committed to ensuring improvement on service delivery particularly in relation to water and sanitation.

The District Municipality has established the District Command Council (DCC) which is chaired by the Executive Mayor. The purpose of the DCC is to co-ordinate government’s efforts in response to the COVID-19 pandemic within the District.

The DCC discussed key service delivery issues afflicting the local communities such uninterrupted supply of water, attending to sewer spillages and the district municipality supported by Sedibeng Water Board agreed to improve supply and access to hotspot area water tanks, provision of JoJo tanks and waste removal. In order to continue the with measures geared to ‘flatten the curve’ of the pandemic, the District Municipality has also contributed to the effort by distributing hand sanitizers, surface disinfectants and hand gloves to community members within the District.

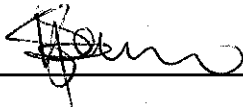
The Municipality as a Water Services Authority will continuously strive to archiving equitable and sustainable delivery of water and sanitation services to all its residents along with providing initiatives that seek to re-stimulate the District economy.

We are indebted to our vigilant communities and all the Municipality’s oversight structures such as the Council; Portfolio Committees; Municipal Public accounts Committee; our principal advisory committee, the Audit Committee; and our supporting sector Departments in the Provincial and National spheres of our government.

May I take this opportunity to thank all the role players as well as our municipal officials for their unwavering determination and hard work.

We should and will approach 2020/2021 in high spirit and determination as we have to deliver services to our people.

As we move forward, we shall endeavor to implement the IDP in line with the NDP vision focusing on rural development, but mainly addressing inequality, poverty and unemployment which are the triple challenges facing our country to date.



Executive Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

The District Municipality, an organization that prides itself as the home of excellence and opportunities for all. Indeed, it is. The Municipality has excelled in the manner in which it has set out systems to achieve its constitutional objectives and functions as spelt out in sections 156 and 229 of the Constitution of the Republic of South Africa, 1996. We have our work cut out to take this excellence to the next level. We are cognisant of the challenges that need to be confronted if we are to add more quality and sustainability to every service we are enjoined to provide, and to serve the population of our District.

Our priorities are to perfect our systems and professionalize our workforce. We need systems that improve our turn - around time for every service we render; systems that promote openness and transparency; and systems that give us value for money. We are committing ourselves to live by, and instill a professional culture in the Municipality by recognizing and rewarding good performance; becoming intolerant of mediocrity; to be open-minded; never to act unprofessionally; never to discriminate; to encourage and support open and effective communication; and to support team- work, collaboration and knowledge sharing.

In May 2019, the council adopted the 2019/2020 IDP & MTREF Budget, followed by the approval of the SDBIP by the Executive Mayor in June 2019. The Council adopted the IDP/Budget Process in August 2019 which detailed how it will embark on the review process for on-coming 2020/2021 Financial Year.

The 2019/2020 IDP & MTREF Budget have been implemented against the backdrop of serious administrative and financial challenges experienced, namely the prolonged suspension of the Municipal Manager, absence of the substantive CFO, resignations of Senior Managers at critical times, non-approval of the conditional grants roll- overs, the withholding of equitable share and grants. However, these were later resolved after engaging our stakeholders, being COGTA, National and Provincial Treasuries.

During the 2019-2020 financial year administratively, we have managed to fill some critical vacant posts including that of the CFO and Senior Manager Community Services. In addition, all other Senior Posts were advertised and are at shortlisting inn terms of the HR processes. We regret the fact that in the 2018-2019 financial year we had received a disclaimer of an audit opinion mainly due to the fact that critical posts were not filled. We believe we are now making strides in this arena and hope to prosper going forward in all areas of the organisation.

We are concerned by our grant dependency status, Sedibeng water account and the fact that we have not signed SLAs with Local Municipalities as detailed in this report. We have a duty to do so. Members of the public also have a legal duty to pay for the municipal services they consume. We are also in consultation with our National and Provincial Treasury Departments to explore other available revenue sources so we can respond to identified needs and go even further than the limit of the Division of Revenue Act (DORA) allocation.

There needs to be consistency in improving our regressed Audit outcome obtained in the the Auditor-General of South Africa (AGSA) report for the financial year under review. This calls for serious internal controls and consequence management to be implemented where needs be as to ensure Accountability and responsibility as custodians of public funds.



Accounting Officer

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Section 83 (1) states that: A Municipality has the functions and powers assigned to it in terms of sections 156 and 229 of the Constitutions.

Section 83(3) of the Structures Act describes the developmental mandate of District Municipalities, in terms of four aspects:

- (1) Ensuring district-wide integrated development planning;
- (2) Providing district-wide bulk services,
- (3) Building the capacity of local municipalities, and
- (4) Promoting the equitable distribution of resources between Local Municipalities.

Powers and functions as included in IDP

Function	Definition of function
Integrated Development Planning (IDP)	Integrated Development planning for the District as a whole, including a framework for IDPs of all municipalities in the area of District Municipalities
Municipal roads and Storm water	Municipal Roads which forms an integral part of a road transport system for the area of the district municipality as a whole.
Regulation of passenger transport services	Regulation of passenger transport services
Municipal airport	Municipal airports serving the area of the district municipality as a whole
Municipal health services	Municipal Health Services
Water (Bulk & Potable)	Establishment or procurement, operation, management, and regulation of a potable water system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution
Fire Fighting Services	1) Planning; Coordination and regulation of fire services; 2) Specialised firefighting services; 3) coordination of the standardisation of infrastructure, vehicles, equipment and procedures (iv) training of fire officers.
Bulk Supply of Electricity	The transmission, distribution, and where applicable, the generation
Abattoirs	The establishment, conduct & control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the District.
Cemeteries and Crematoria	The establishment, conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the District.

Function	Definition of function
Sanitation	Establishment or procurement, where appropriate, provision, operation, management, maintenance and regulation of a system, including infrastructure for the collection, removal and disposal or purification of human excreta and domestic waste-water.
Solid waste disposal sites	In so far as it relates to 1) The determination of waste disposal strategy 2) Regulation of waste disposal 3) The establishment, operation and control of waste disposal sites, bulk waste transfer facility for more than one local municipality in the district
Local Tourism	Promotion of Local Tourism for the area of the District Municipality
Municipal Public Works	Municipal Public Works relating to any of the above functions or any other functions assigned to the District Municipality
Grants	The receipt allocation and, if applicable, the distribution of Grants made to the District Municipality
Taxes & Levies	The imposition of taxes and levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

Introduction to background data

The vision of the Dr. Ruth S. Mompoti District Municipality is “Developmental district, where sustainable service delivery is prioritised and realised”. This vision is supported by the deliverables of the DRSM DM Integrated Development Plan. Which seeks to align and integrate with policies at the national and provincial level as well as with other spheres of government through the following key performance areas: Municipal transformation and institutional development; Basic Services and infrastructure development; Local Economic development; Financial Management and Viability; Good governance and community participation.

Each priority is supported by strategic objectives that address developmental challenges and provide actions to successfully achieve the goals identified in the key performance areas for the District.

These include:

- Corporate services and administration: including recruiting, selecting and retaining skilled personnel, provision of good governance and ensuring the alignment of the municipal structure to the IDP;
- Basic services and infrastructure: Provision of Water to communities, provision of sanitation to communities, and develop a sustainable roads management plan;
- Local Economic Development: Build cohesive and sustainable communities for economic development and growth, create decent work and sustainable livelihoods.

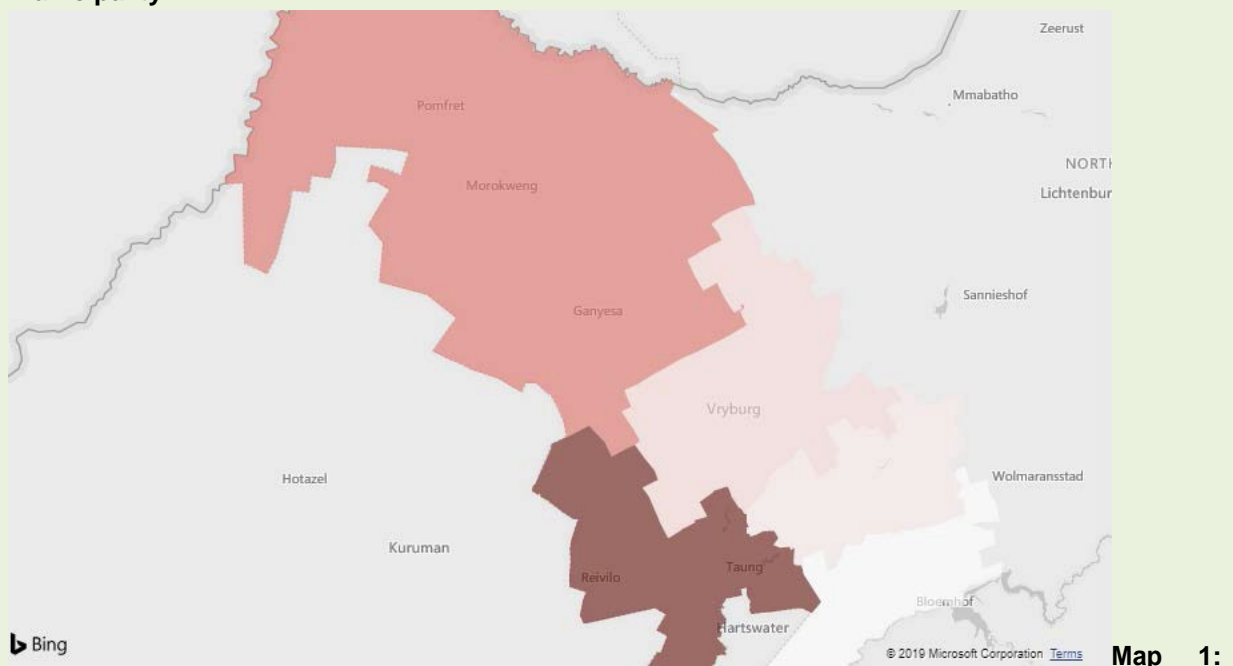
The Dr. Ruth S. Mompoti District IDP acts as a broad business plan for the district, and aims to tackle the challenges of poor infrastructure, high unemployment, poverty, provision of education, minimal access to water and sanitation, and the structure of the local economy amongst other challenges that it faces. Emphasis will be put on projects linked to budgets that support the objectives and priorities it outlines.

Demographic Profile

Over a five-year period, the population of the District declined from 463,815 in 2011 to 455,713 in 2016. Some of the primary reasons put forward by persons leaving the District was to pursue economic opportunities in other Districts or provinces. This may have an adverse impact on local economic development as it may result in a shortage of locally available skills as well as the much-needed investment for economic growth and development.

Through the implementation of local economic development initiatives, the District must seek to retain the currently available skills and resources as well as to attract an inflow of capacity, skills and resources from other districts, provinces as well as outside the county.

The following map is an illustration to the population distribution of the District, by local municipality:



Population distribution by Local Municipality

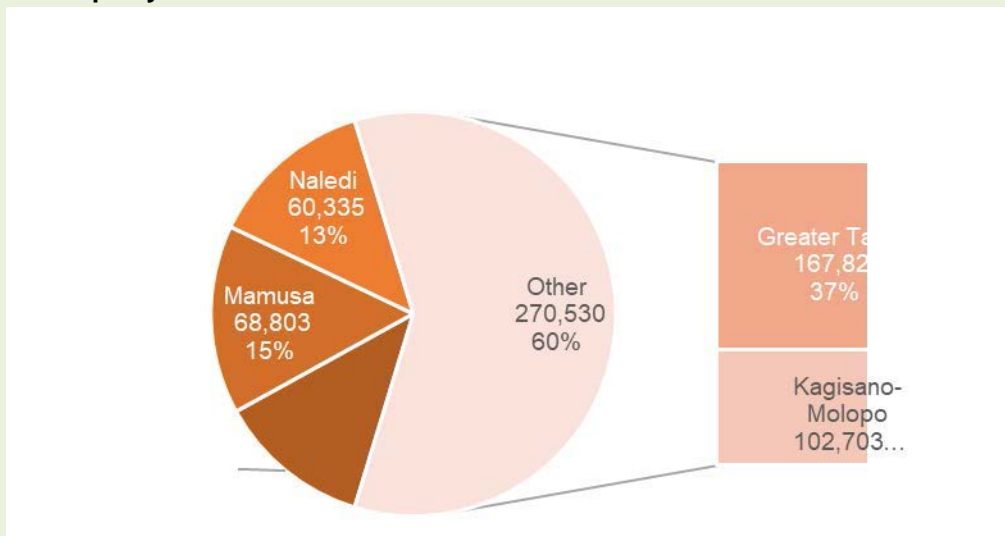


Highest

Source: Community Survey: 2016

As illustrated above and in the chart that follows, most of the people in the District live in the Greater Taung and Kagisano-Molopo areas. These areas are predominantly rural hence the District is classified as predominantly rural, particularly if compared to neighbouring districts such as Dr Kenneth Kaunda and the Ngaka Modiri Molema district municipalities. Hence it is important for rural economic development to be considered when developing a strategy to address challenges relating to economic development and growth.

The following chart is an illustration to the population size of the District, per local municipality:



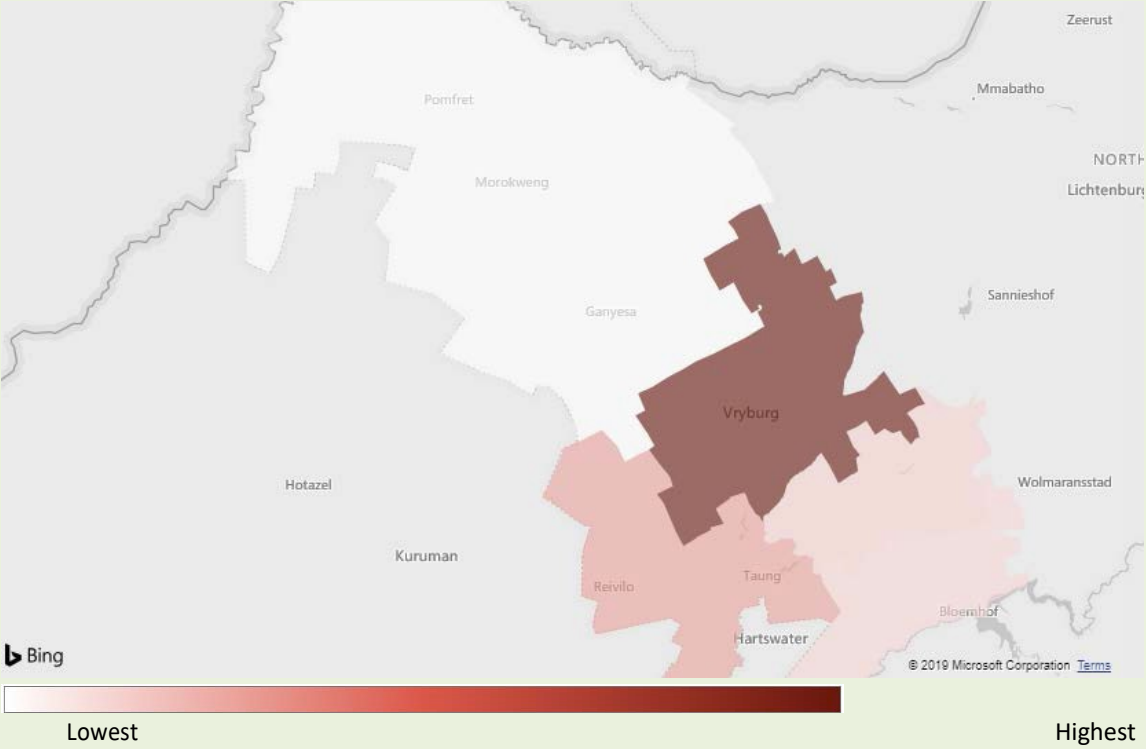
Source: Community Survey: 2016

Population Density

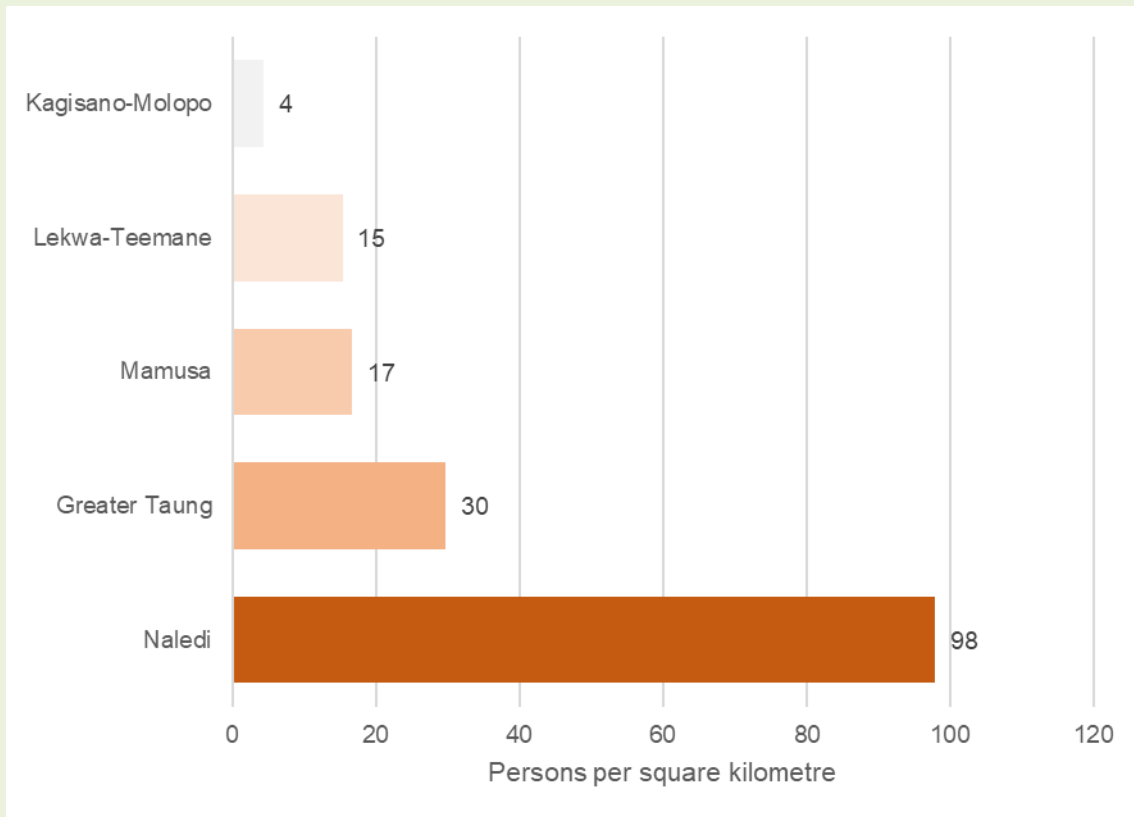
Over a 5 year period, the District's population density has declined from 13 persons per square kilometre in 2011 to 12 persons per square kilometre in 2016. This is indicative of a declining population growth rate. The negative growth rate is potentially driven by a lack of access to economic opportunities, as previously discussed, as well as access to institutions of higher learning such as university access since the nearest universities are located in Mahikeng, Potchefstroom and Kimberly. Naledi has the highest population density in the District and this is indicative of its higher levels of urbanisation if compared to Kagisano-Molopo which has the lowest population density and is predominantly rural.

The following map is an illustration of the population density distribution of the District per local municipality, whereas the chart thereafter shows the population density per local municipality:

Map 2: Population density distribution by Local Municipality



Source: Community Survey: 2016



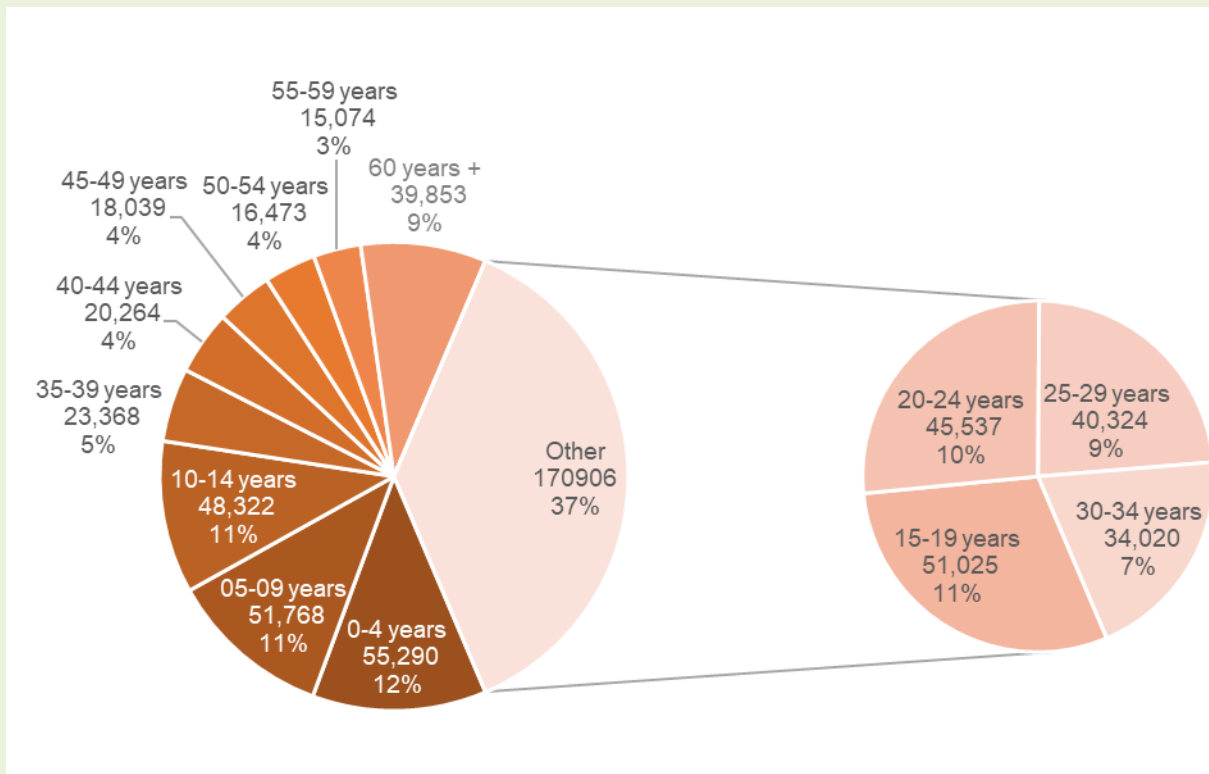
Source: Community Survey: 2016

Age Distribution

Approximated 107,906 or 37% of the District's population is between the ages of 15 and 34 years. The smallest population age group, estimated at 15,074 or 3.3% of the population, is between 55 and 59 years. Persons below the age of 15 years are estimated at 155,380 or 34% of the population.

The following chart is an illustration of the District's population size categorised by age group:

Chart 1: Population by Age Group

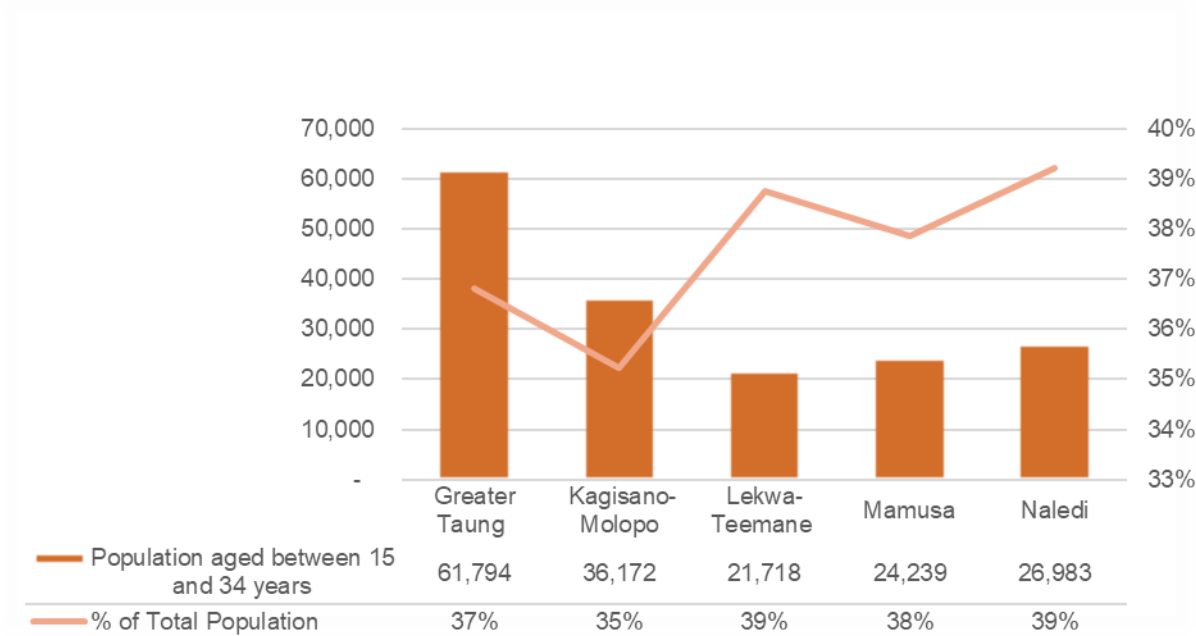


Source: Community Survey: 2016

Greater Taung and Kagisano-Molpo have the highest number of persons between the ages of 15 and 34 years which emphasises the need for local economic growth and development efforts to not only put a specific emphasis on the youth but to also include the youth population that live in predominately rural localities, in the District.

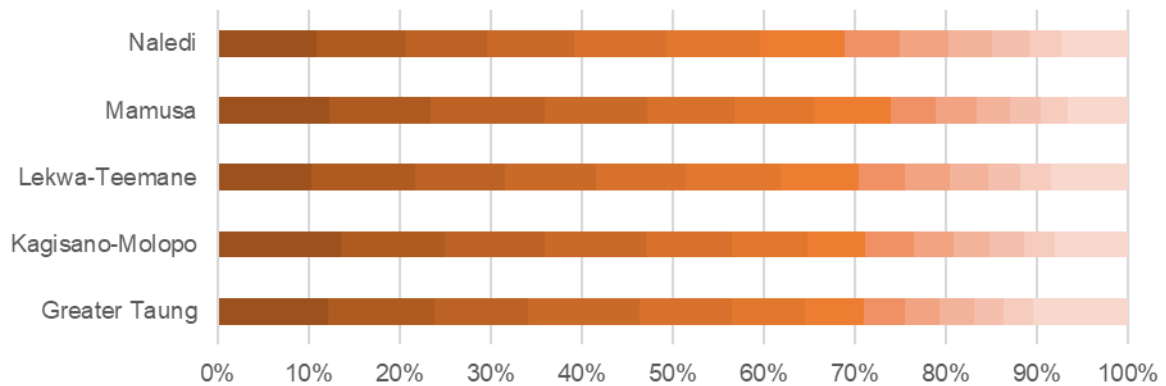
The following chart is an illustration of the number of persons aged between 15 and 34 years per local municipality and the chart thereafter shows the population per age group and local municipality:

Population aged between 15 and 34 years by Local Municipality



Source: Community Survey: 2016

Population by Age Group and Local Municipality

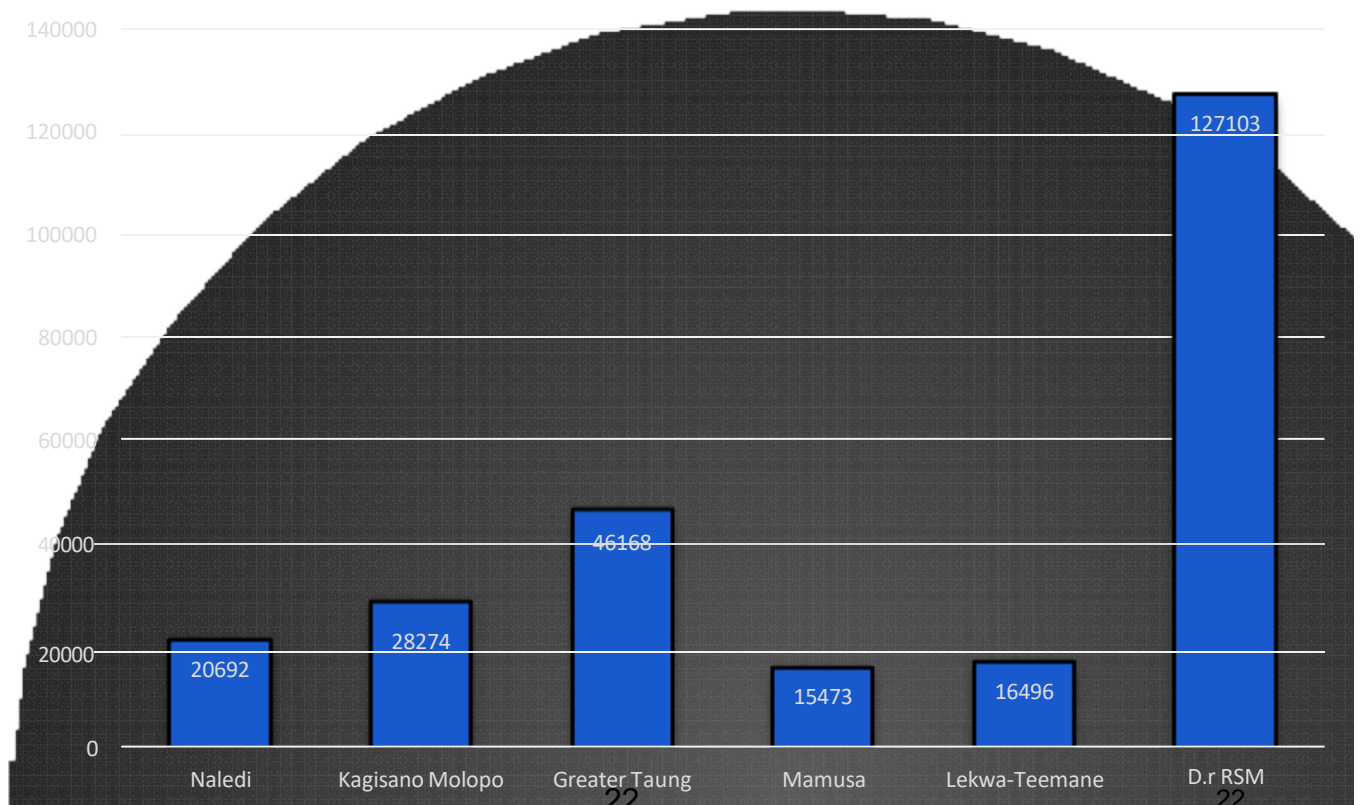


	Greater Taung	Kagisano-Molopo	Lekwa-Teemane	Mamusa	Naledi
■ 0-4 years	20,303	13,866	5,815	7,842	7,464
■ 05-09 years	19,715	11,766	6,398	7,170	6,719
■ 10-14 years	17,295	11,289	5,498	8,034	6,206
■ 15-19 years	20,417	11,392	5,547	7,147	6,522
■ 20-24 years	17,041	9,740	5,563	6,183	7,010
■ 25-29 years	13,437	8,417	5,796	5,552	7,122
■ 30-34 years	10,899	6,623	4,812	5,357	6,329
■ 35-39 years	7,612	5,451	2,885	3,203	4,217
■ 40-44 years	6,444	4,540	2,724	2,899	3,657
■ 45-49 years	6,185	3,964	2,346	2,286	3,258
■ 50-54 years	5,574	3,886	1,993	2,168	2,852
■ 55-59 years	5,356	3,446	1,935	1,924	2,413
■ 60 years +	17,549	8,323	4,712	4,234	5,035

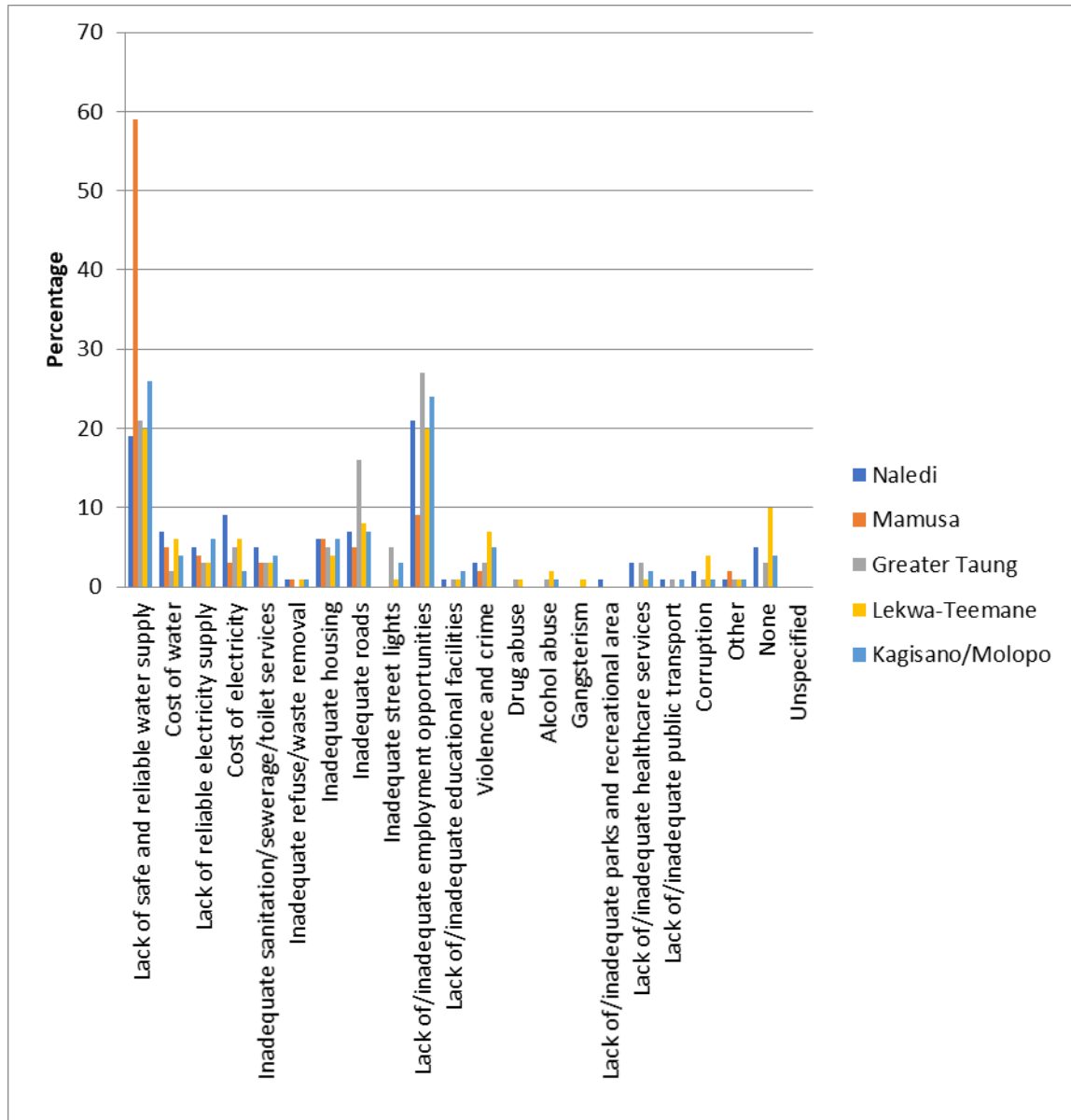
Source: Community Survey: 2016

Population Details				
AGE	MALE	FEMALE	TOTAL	SEX RATIO
Age:0-4	204891	202618	407509	101
Age:5-9	186564	186620	373184	100
Age:10-14	167772	167887	335658	100
Age: 15-19	177002	170518	347520	104
Age:20-24	181188	167526	348714	108
Age:25-29	185584	167153	352737	111
Age:30-34	152110	148469	300579	103
Age:35-39	137857	118875	256732	116
Age:40-44	118389	101728	220117	116
Age:45-49	105011	90474	195485	116
Age:50-54	89123	75913	165037	117
Age:55-59	75844	68494	144338	111
Age:60-64	54441	56667	111109	96
Age:65-69	31612	42682	74294	74
Age:70-74	22466	33031	55498	68
Age:75-79	10421	18665	29087	56
Age:80-84	5339	11761	17100	45
Age:85+	3972	9767	13738	41

Total household count by municipality: DR. RSM CS 2016



SOCIO-ECONOMIC STATUS



Overview of local Municipalities within Dr Ruth Segomotsi Mompoti District Municipality		
Municipality	Population	Household
Naledi	68803	20692
Greater Taung	167827	46168
Lekwa-Teemane	56025	16496
Mamusa	64000	15473
Kagisano-Molopo	102703	28274

NATURAL RESOURCES	Relevance to community
Salt oil	Export commodity for economic growth
River Sand Harvesting	Business opportunity
Land for cultivation and livestock production	Food production and sustainability

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Dr. Ruth Segomotsi Mompoti District Municipality is among the areas that have been characterised by socio-economic inequalities that result in high levels of poverty in the areas. However, the district consists of high potential agricultural land and tourism sites. There is also lack of access to basic needs such as portable water supply, which in turn affects the developmental objectives of the district municipality. Most of the rural areas in Dr. Ruth Segomotsi Mompoti district municipality are still currently characterised by service delivery backlogs. The inability for communities to access these basic services has led to constraints in improving the quality of life of the rural communities and also achieving economic development within those areas.

The compartmentalized spatial form of settlements and lack of economic opportunities in the district results in community members depending on services located far from their places of living. Consequently, rural communities have to spend more money and time in order to access places of employment and other opportunities. The land development in these regions is scattered with an absence of a strong nodal hierarchy. There are certain factors that influence land use patterns currently which mainly include uneven topography and membership of the community and traditional land allocation practices. Furthermore, the current land use pattern has evolved in response to the economic trends, settlement patterns, rural character of the districts, applicable planning policies and land use management practices such as formal and customary.

Rural

The Dr. Ruth S Mompoti District Municipality identifies local economic development (LED) as one of its key performance areas (KPAs)/thematic areas, with its overarching objective to create an environment that promotes the development of the local economy and facilitates job creation. The intended outcome of this objective is improved municipal economic viability.

The Dr. Ruth S Mompoti District Municipality is faced with a number of challenges in respect of local economic development, some of which are outlined in the table below:

- Key Challenges High levels of unemployment, poverty and inequality;
- Limited budget for development;
- Low skills level, human capital and experience;
- Attraction of major investment to the district; Poor infrastructure conditions.

The Dr. Ruth S Mompoti District economic growth remains a challenge because of poor infrastructure conditions, including roads, water networks or reticulation, communication, electricity and transport networks. The Dr. Ruth S. Mompoti District IDP acts as a broad business plan for the district, and aims to tackle the challenges of poor infrastructure, high unemployment, poverty, provision of education, minimal access to water and sanitation, and the structure of the local economy amongst other challenges that it faces. Emphasis will be put on projects linked to budgets that support the objectives and priorities it outlines.

SOCIAL STATISTICS

	Naledi	Mamusa	Greater Taung	Lekwa-Teemane	Kagisano/Molopo
Lack of safe and reliable water supply	19	59	21	20	26
Cost of water	7	5	2	6	4
Lack of reliable electricity supply	5	4	3	3	6
Cost of electricity	9	3	5	6	2
Inadequate sanitation/sewerage/toilet services	5	3	3	3	4
Inadequate refuse/waste removal	1	1	0	1	1
Inadequate housing	6	6	5	4	6
Inadequate roads	7	5	16	8	7
Inadequate street lights	0	0	5	1	3
Lack of/inadequate employment opportunities	21	9	27	20	24
Lack of/inadequate educational facilities	1	0	1	1	2
Violence and crime	3	2	3	7	5
Drug abuse	0	0	1	1	0
Alcohol abuse	0	0	1	2	1
Gangsterism	0	0	0	1	0
Lack of/inadequate parks and recreational area	1	-	0	0	0
Lack of/inadequate healthcare services	3	-	3	1	2
Lack of/inadequate public transport	1	0	1	-	1
Corruption	2	0	1	4	1
Other	1	2	1	1	1
None	5	0	3	10	4

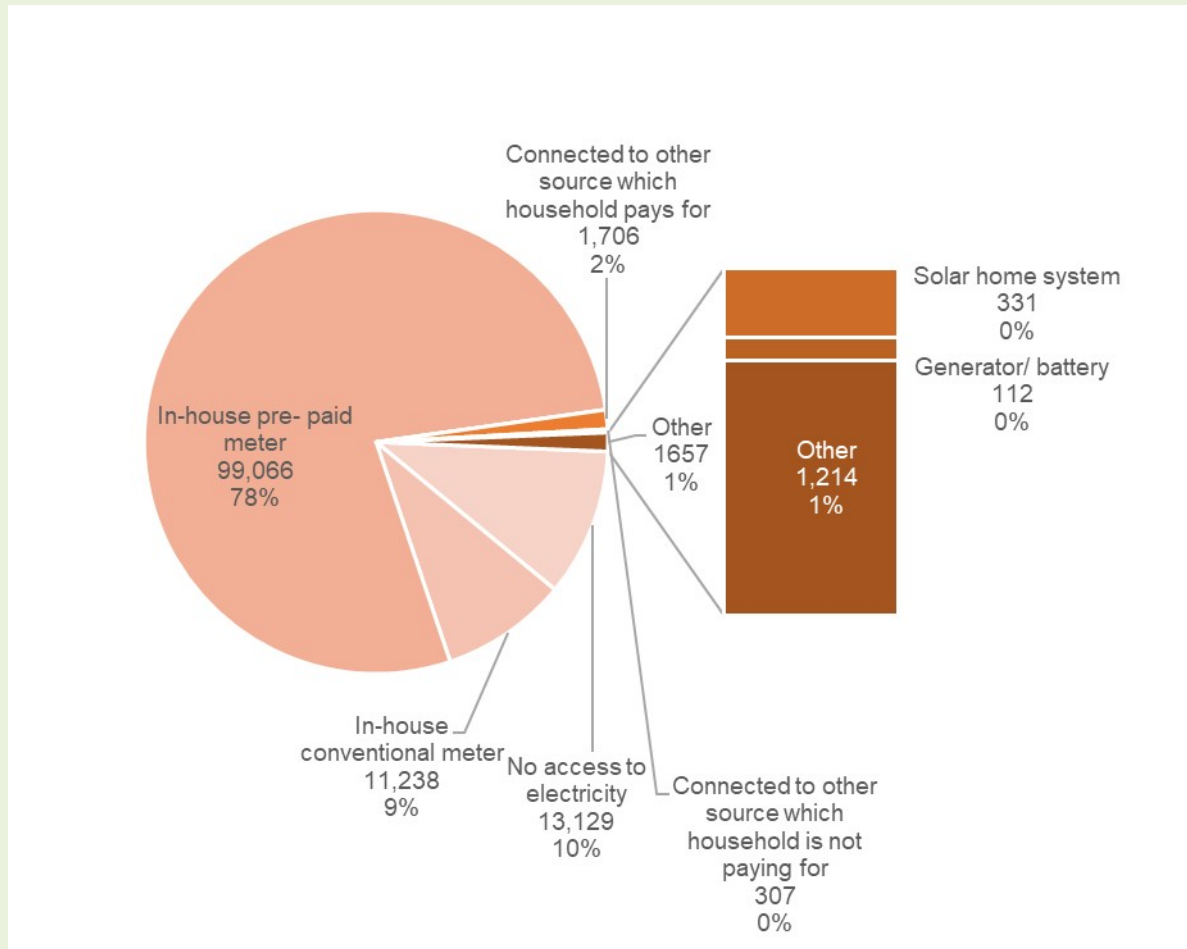
Access to Services

Electricity

Electricity is a basic service and a primary source of energy for most of the households in the District. An estimated 90% of households have access to electricity, with 99,066 (or 78%) households having in-house paid meters. Therefore, it is expected that up to 90% the population have access to 50kWh of free basic electricity per month. Only 1% of households rely on other sources of electricity such as solar home system (331) and generator or battery (112).

The following chart illustrates the number of households with or without electricity by source:

Households with access or no access to electricity by source

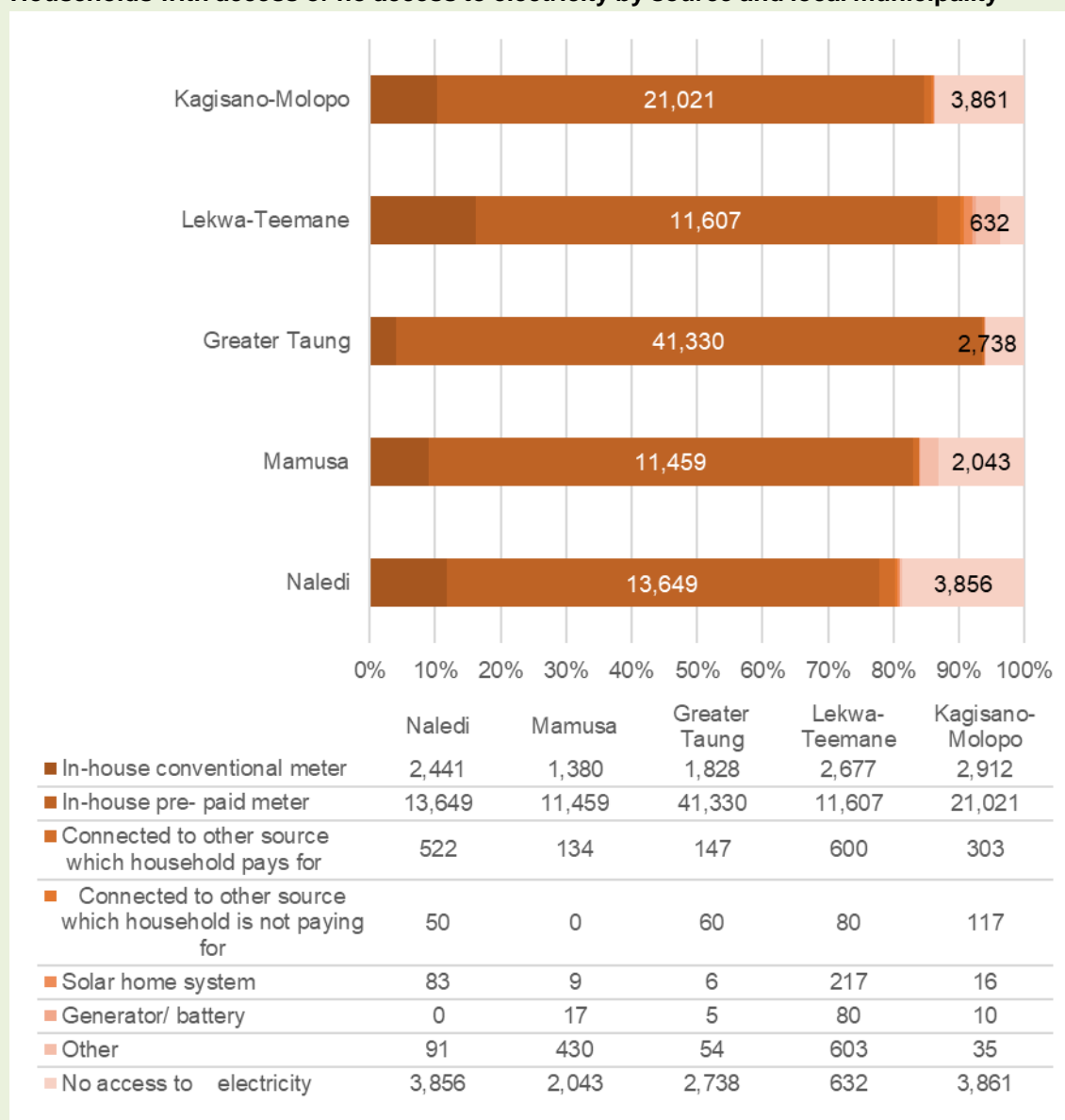


Source: Community Survey: 2016

The Kagisano-Molopo and Naledi local municipalities have the highest number of households no access to electricity, including free basic services. Such households may be excluded from the economic opportunities in the District; hence it is critical to ensure that in an effort to implement an all-inclusive strategy such households are considered and included.

The following chart is an illustration of the number of households with or without access to electricity by source and local municipality:

Households with access or no access to electricity by source and local municipality



Source: Community Survey: 2016

In terms of households with access to electricity, Eskom is the main supplier of in the District, supplying up to 90.1% of all households. The municipality supplies only 8.8% and the remaining 1.1% of all households rely on other sources. A total of 92.9% of all households with access to electricity use prepaid meters and 6.1% use conventional meters which are read and billed 30 days in arrears, and payable another 30 days after receiving the bill. Therefore it is expected that households in the District have very low debt, on average, owed to Eskom or the local municipality for electricity.

The following chart shows the number of households with access to electricity by the supplier of such electricity and the type of meter:

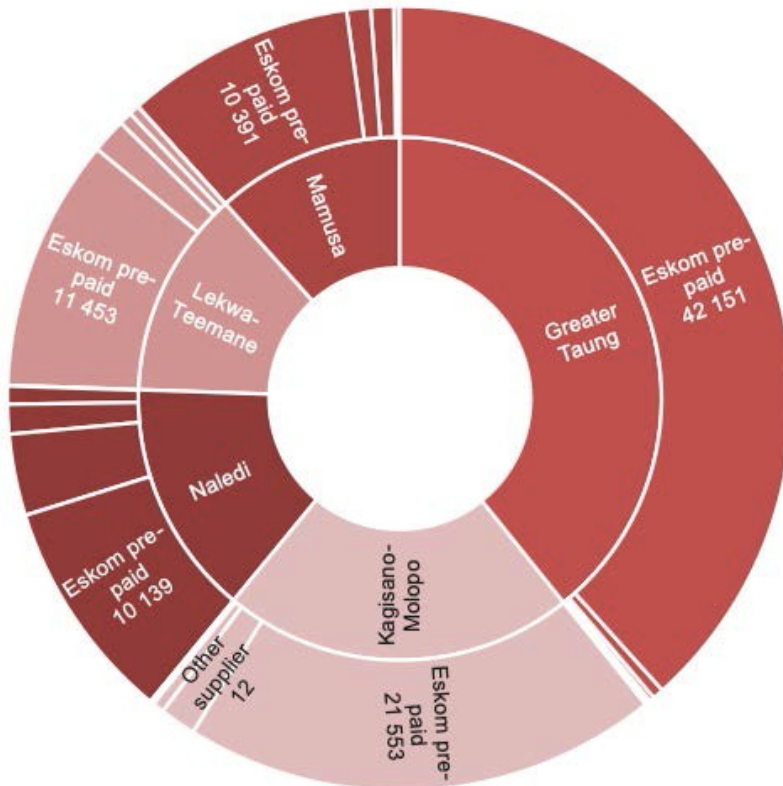
Number of households with access to electricity by Supplier



Source: Community Survey: 2016

The following chart shows the number of households with access to electricity by the supplier of such electricity and the type of meter per local municipality:

Number of households with access to electricity by supplier



Source: Community Survey: 2016

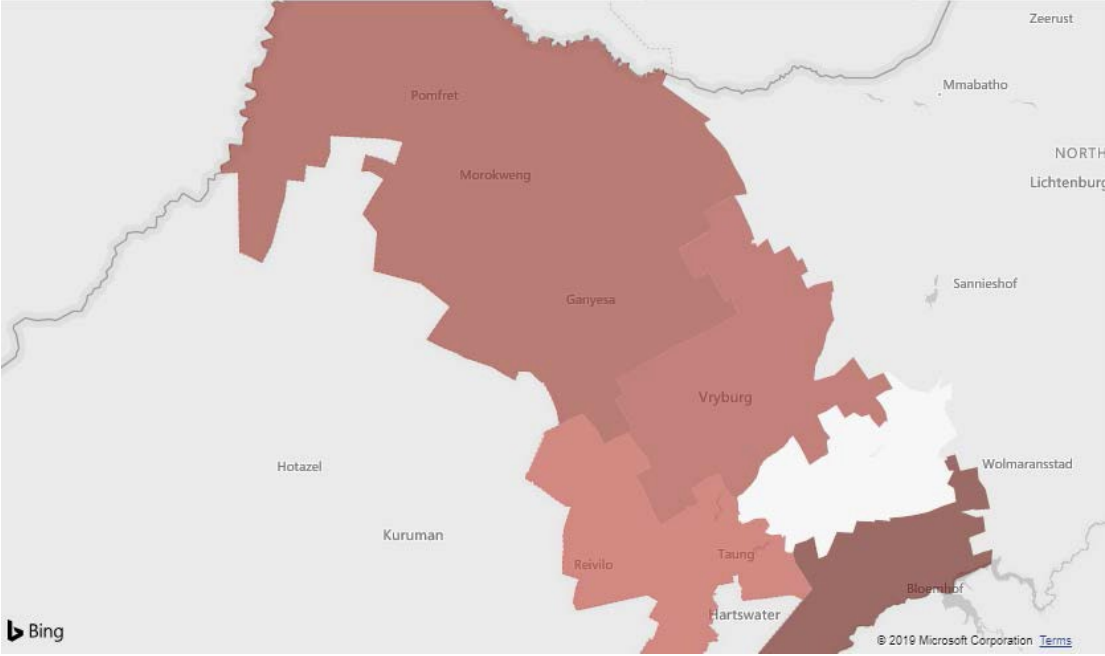
Water

In South Africa access to clean drinking water, also referred to as potable water, is considered a human right. In 1994 the then Department of Water Affairs (DWA) established the Community Water Supply and Sanitation Programme (CWSS) and its key mandate was to ensure access to potable water for every South African and in 2000 a policy to provide indigent households with at least 6KL for free on a monthly basis. Presently, over 85.9% of all households in the District have access to potable water.

The District is a Water Services Authority, with the responsibility to ensure that all households in its jurisdiction have access to potable water, though it has given the local the responsibility to provide this service thereby making them Water Services Providers. Through its role as an authority, the District should ensure access to water which is a key resource for economic growth and development.

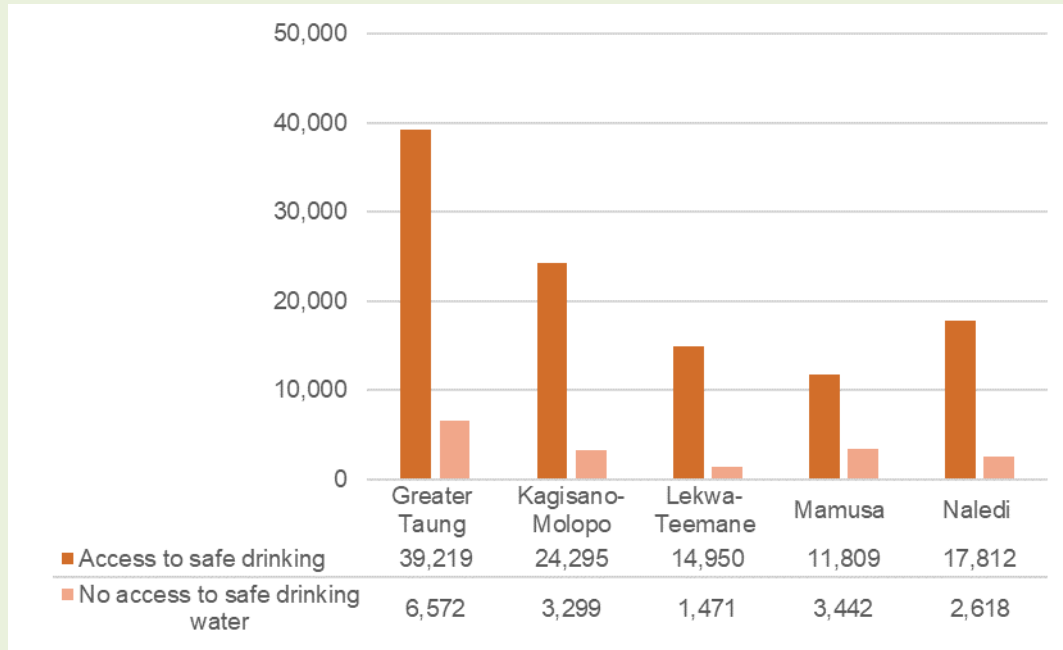
The map that follows illustrates that Lekwa-Teemane Local Municipality has the highest percentage of households with access to potable water at 91.04% whereas Mamusa Local Municipality, at 77.43%, has the lowest percentage households with access to potable water:

Percentage of households with access to potable water by Local Municipality



Lowest Highest
Source: Community Survey: 2016

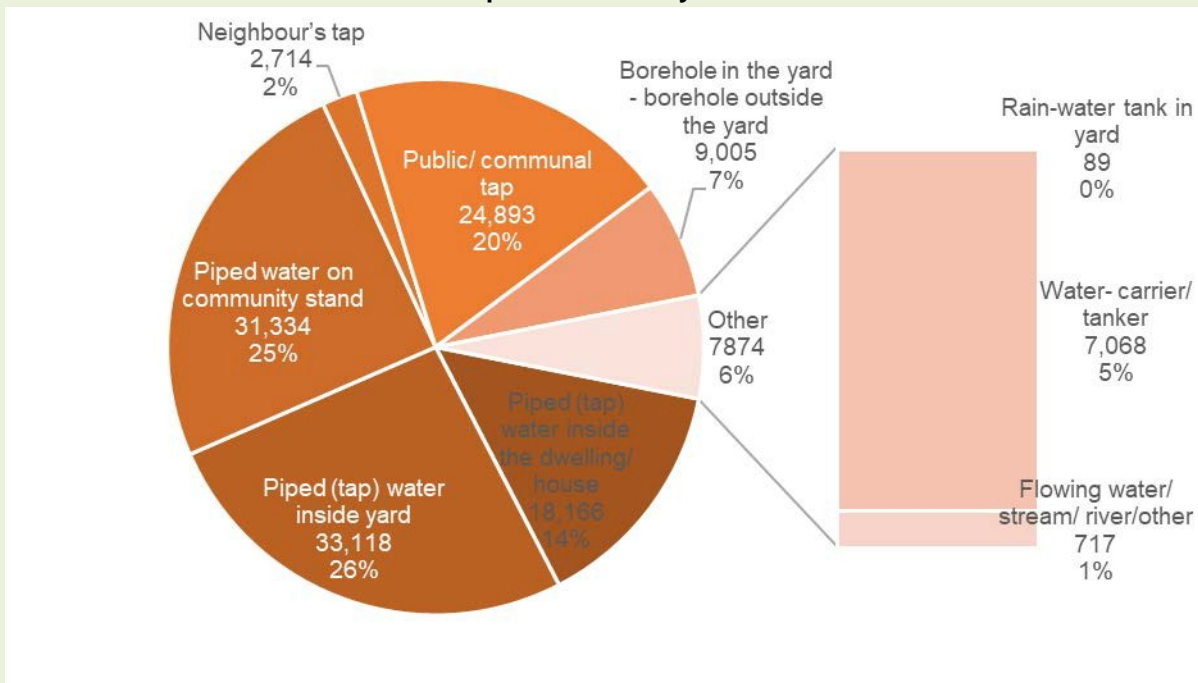
Number of households with access to potable water and without access by Local Municipality



Source: Community Survey: 2016

The chart that follows illustrates that 26% of households that have access to water have such access through piped water in the yard and a further 25% have access through a piped water on a communal stand. Only 6% or 7,874 households rely on other sources of water such as rain-water tank in yard, water-carrier or tanked as well as flowing water, stream, river and/or other water sources:

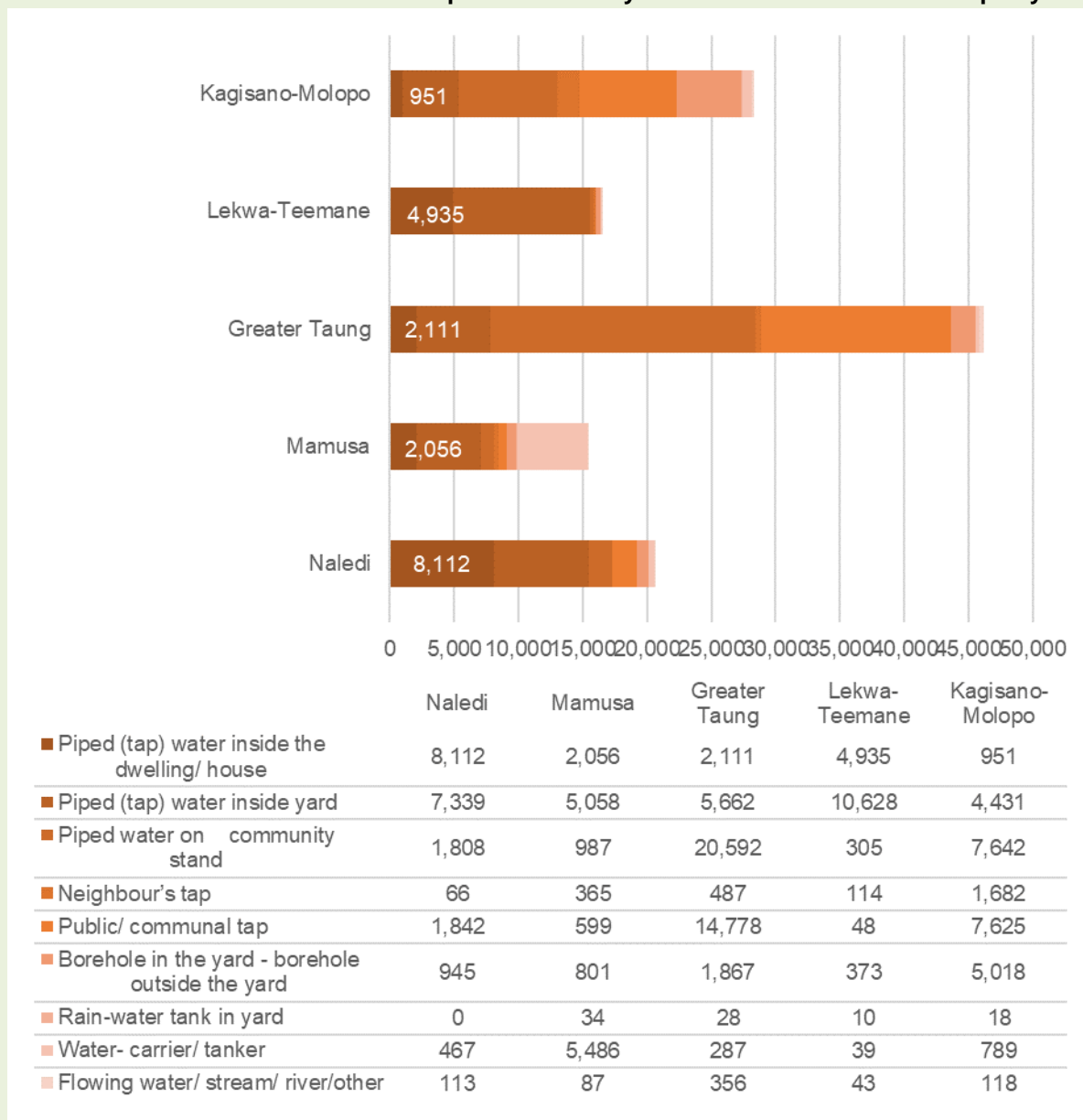
Number of households with access to potable water by main source



Source: Community Survey: 2016

The chart that follows illustrates that Naledi Local Municipality has the highest number of households with access to piped water in the yard whereas Greater Taung has the highest number of households that rely on piped water in a community stand. The latter also has the highest number of households with a public communal tap:

Number of households with access to potable water by main source and local municipality



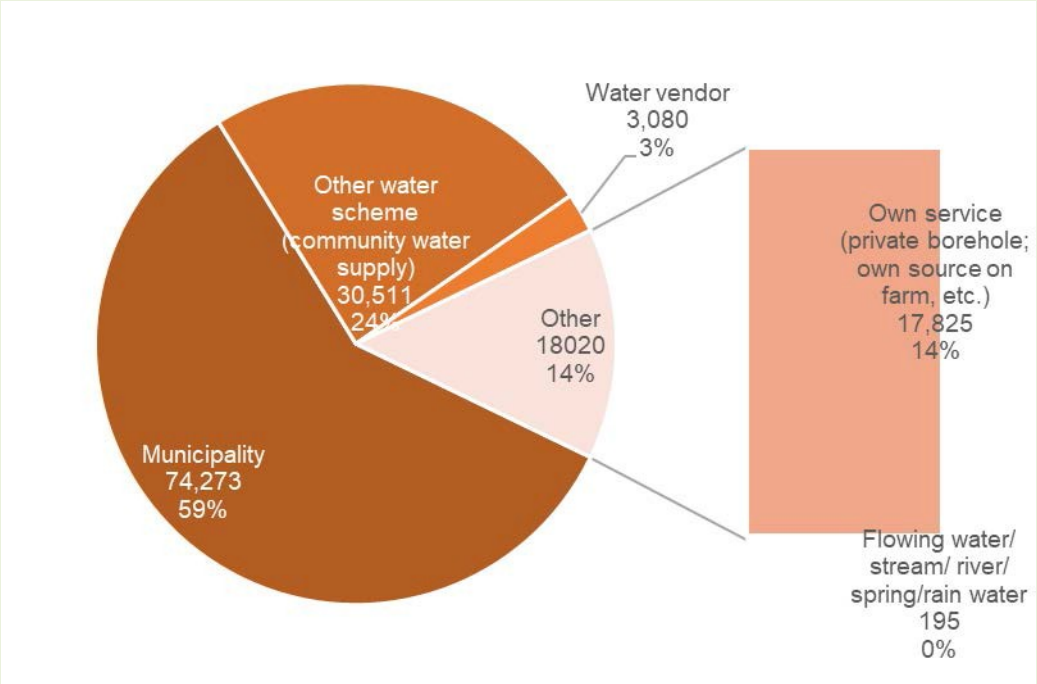
Source: Community Survey: 2016

Local municipalities in the district are the primary suppliers of access to potable water and 59% of households in the District rely on the local municipalities as the main supplier of potable water. Households that receive water services from the local municipalities and have piped water inside the yard typically receive the free 6KL and any consumption over and above the free basic service is billed 30 days in arrears and payable after another 30 days after receiving the bill.

Therefore it is expected that such households will have higher debt levels, on average, owed to the municipality for the provision of water if compared to the debt levels owed to the municipality for the provision electricity.

The following chart is an illustration of the number of households with access to water by supplier per municipality:

Households with access to potable water by supplier



Source: Community Survey: 2016

Number of households with access to potable water by supplier and local municipality



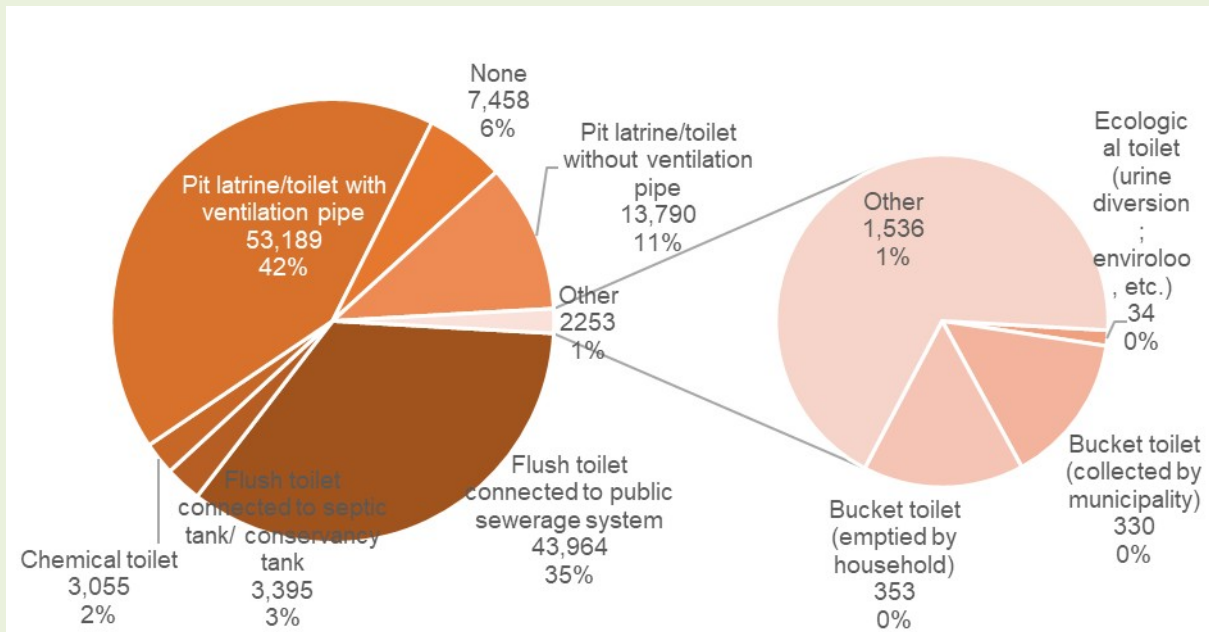
Source: Community Survey: 2016

Sanitation

Access to sanitation services is also a fundamental right that is provided for in the Republic of South Africa's Bill of Rights. It is the District's responsibility to ensure that households in its jurisdiction have access to basic sanitation services. In exercising this mandate the District can create economic opportunities by using wastewater as feedstock to generate energy, in the form of electricity or biogas, by establishing an anaerobic digester plant.

The following chart illustrates the number of households with access to sanitation services by type of toilet facility (94.1%) as well as households with no access to a toilet facility, which represents 7,458 or 5.9% of all households:

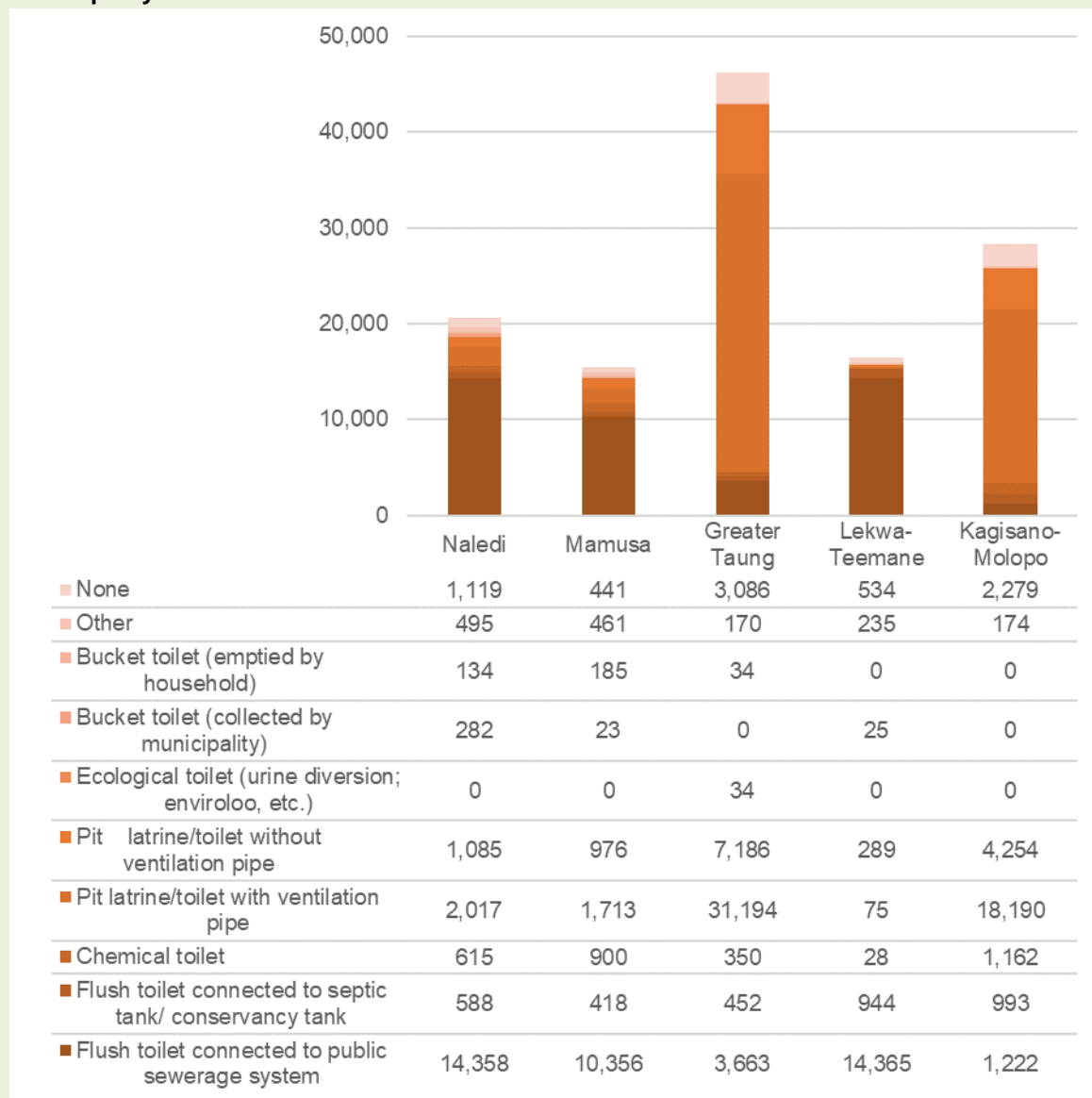
Number of households by access to sanitation services



Source: Community Survey: 2016

Greater Taung Local Municipality has the highest number of households with no access to toilet facilities as well as the number of households with pit latrines or toilet with a ventilation pipe. Conversely, Lekwa-Teeman and Naledi local municipalities have the highest number of households with access to a flush toilet. Only the Greater Taung and Kagisano-Molopo local municipalities do not have bucket systems that are collected by the respective municipalities whereas Naledi Local Municipality has the highest number of households with bucket systems that are collected by the municipality. Mamusa has the highest number of households with bucket systems that are emptied by the households.

Number of households with access to sanitation services by type of toilet facility and local municipality



Source: Community Survey: 2016

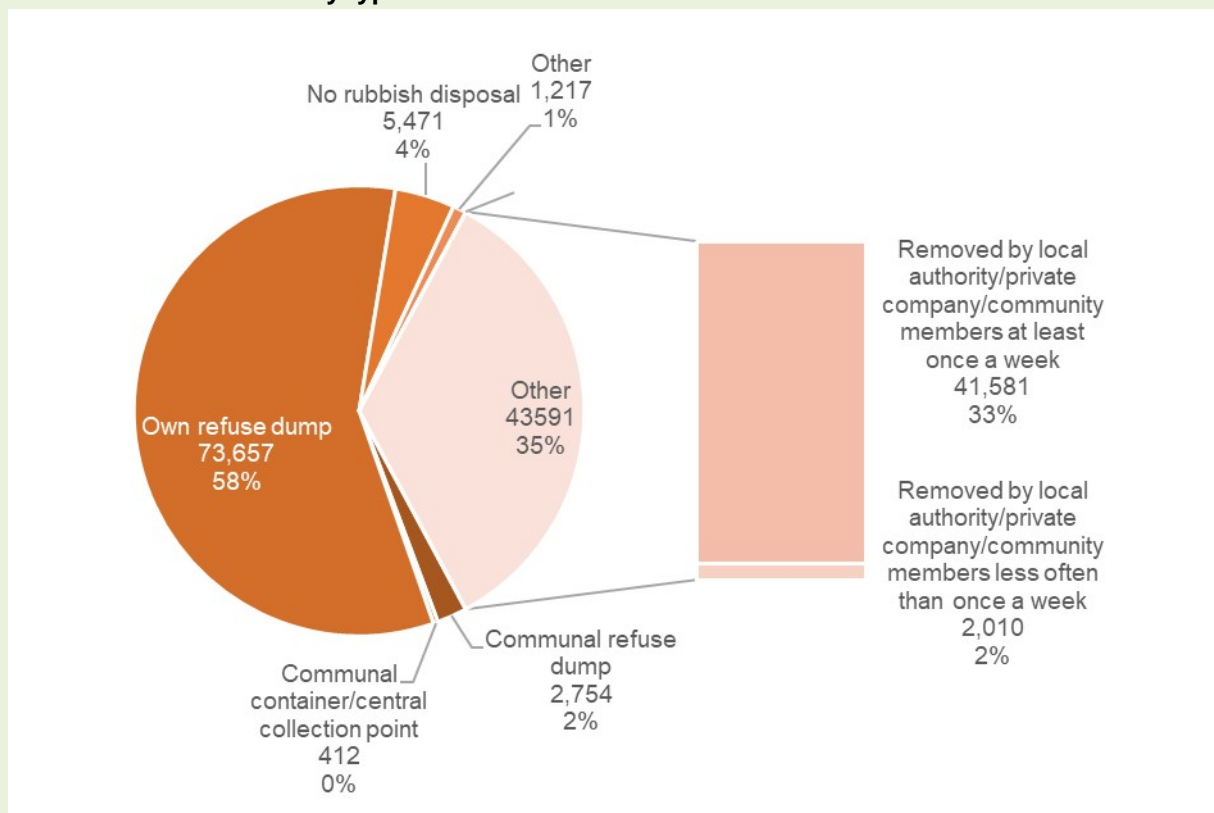
Refuse Removal

The provision of refuse removal services, particularly for households, is a responsibility of local government. The typical value-chain for refuse removal ends with waste being disposed of in a landfill site. By 2011, municipalities in South Africa were expected to be diverting at least 25% of waste from landfill, however, an estimated 90% of all waste generated in the country still ends up in landfill sites.

In the District, an estimated 33, 7% of households have access to refuse removal services from the local authority or private company. Households that have access to a weekly service represent 32.7% and the remaining 1.6% have access to a collection that is less often than once a week. A further 58% own a refuse dump and 4% does not have access to refuse removal and/or disposal services.

The following chart shows the number of households by type or access to refuse removal services:

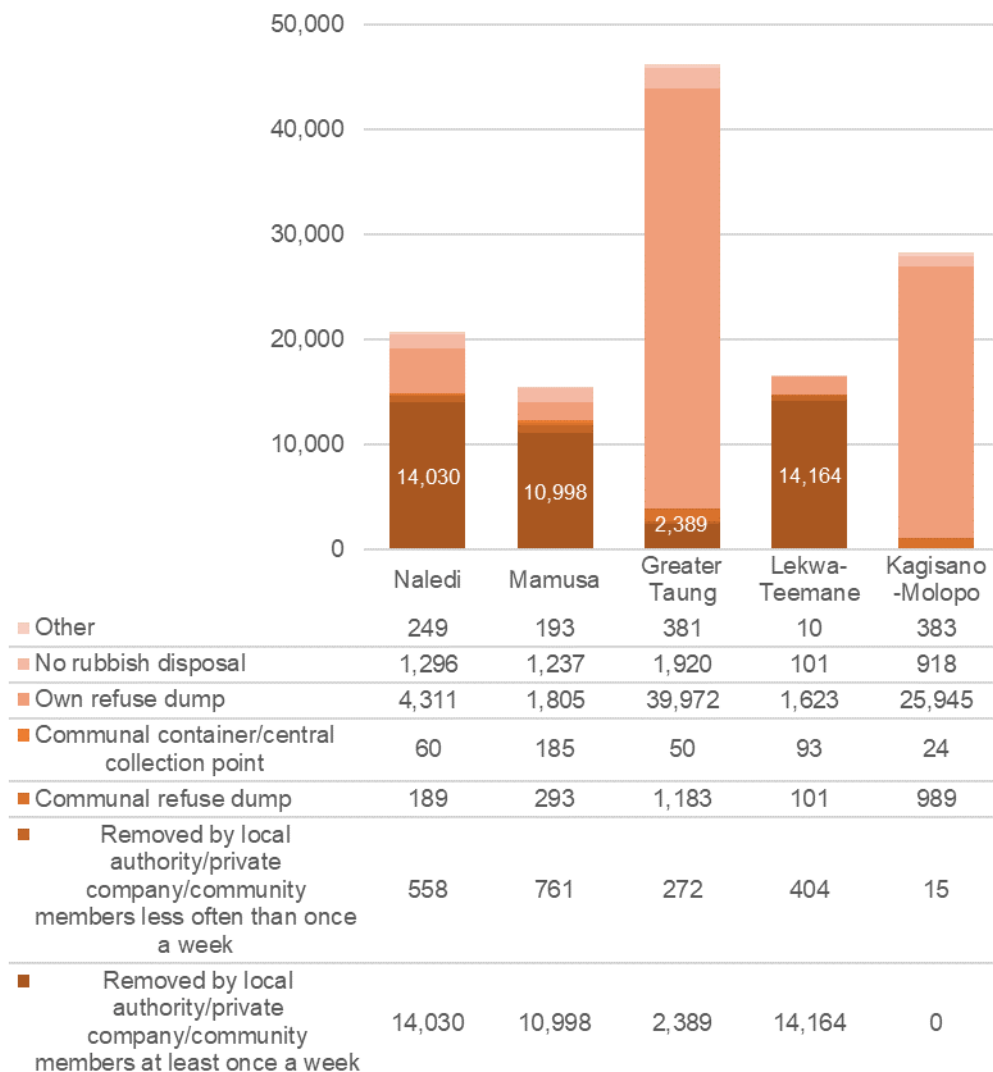
Number of households by type or access to refuse removal services



Source: Community Survey: 2016

Mamusa, Lekwa-Teemane and Naledi local municipalities have the highest number of households with access to a weekly refuse removal service. Greater Taung represents only 5.7% whereas Kagisano-Molopo does not have any households with access to a weekly collection by a local authority. Households in Greater Taung and Kagisano-Molopo rely mostly on their own refuse dump, at 39,972 and 25,945.

Number of households by type or access to refuse removal services and Local Municipality



Source: Community Survey: 2016

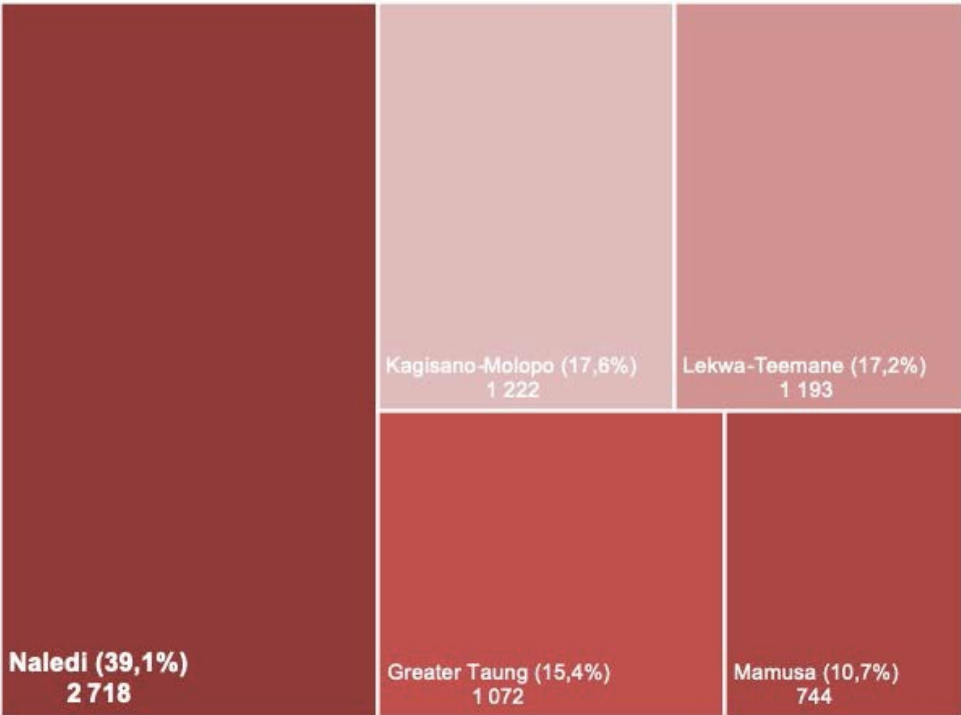
Based on the Department of Environmental Affairs (DEA) 2017. Operation Phakisa: Lab Report the waste economy contributed approximately R24.3 billion to the South African GDP in 2016. It provided 36 000 formal jobs and supported an estimated 80 000 informal jobs or livelihoods. A further R11.5 billion per year could be unlocked by 2023 by diverting up to 20 million tonnes of waste. This should be taken into consideration when identifying local economic development opportunities in the District.

Access to Internet Services

South Africa has a high concentration of cell phone wherein, on average, a typical adult South African has more than one cell phone. However, access to the internet is hampered by the relatively high cost of data and data connectivity, if compared to similar countries. In the modern-day data-driven economies lack of access to the internet may exclude certain sectors of the District's population from accessing economic opportunities.

The following chart illustrates that approximately 94.2% of households in the District do not have access to the internet. Of the 5, 8% or 6,950 households that have internet access, Naledi represents 39.1% of such households followed by Kagisano-Molopo (17.6%) and Lekwa-Teemane (17.2%).

Number of households with access to the internet by Local Municipality



Source: Community Survey: 2016

The table that follows illustrates a comparative analysis of the number of households with and without access to the internet by municipality:

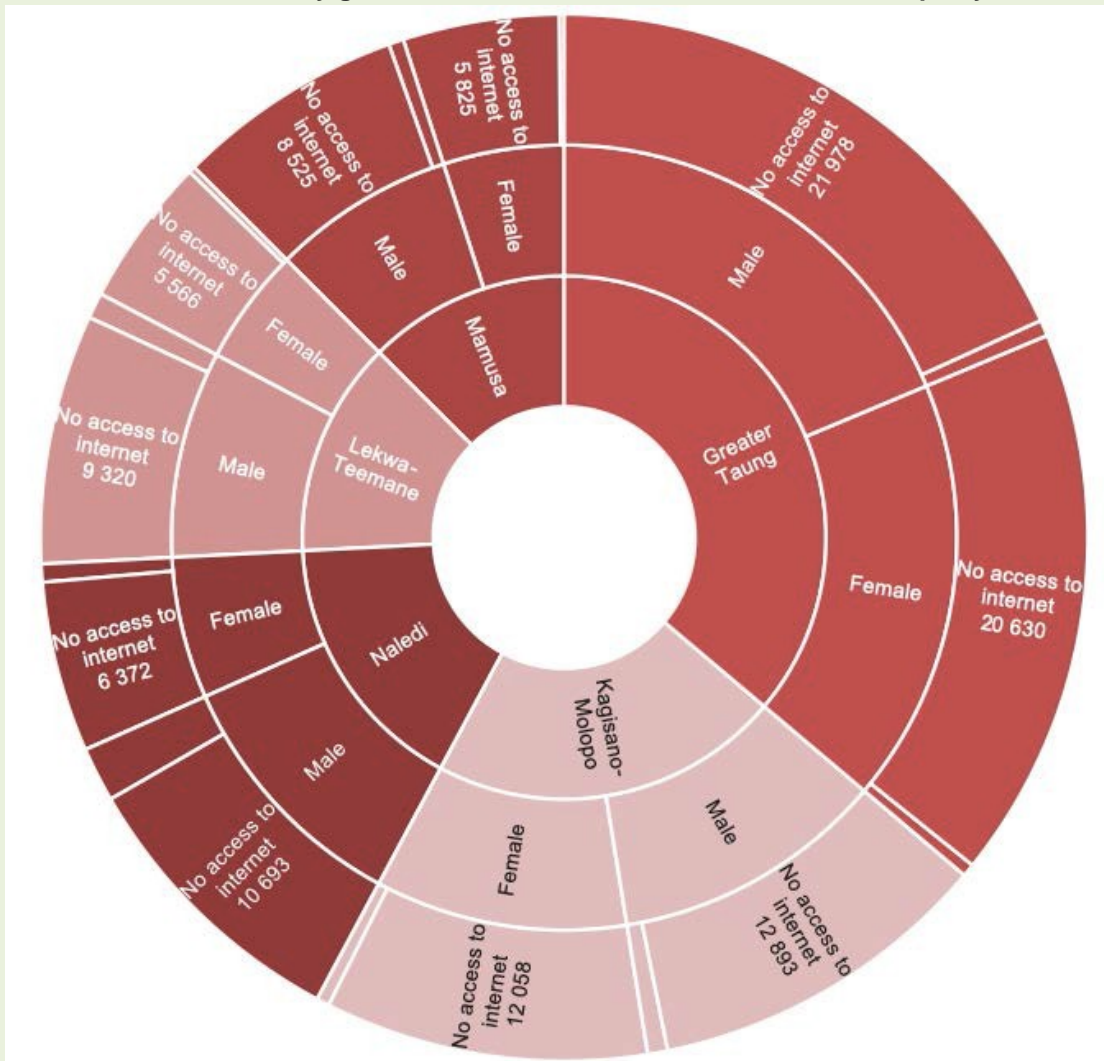
Number of households with and without access to the internet by municipality

Municipality	Access to internet	% with access to internet	No access to internet	% with no access to internet
Naledi	2 718	13,7%	17 065	86,3%
Mamusa	744	4,9%	14 349	95,1%
Greater Taung	1 072	2,5%	42 607	97,5%
Lekwa-Teemane	1 193	7,4%	14 886	92,6%
Kagisano-Molopo	1 222	4,7%	24 951	95,3%
Dr Ruth Segomotsi Mompati	6 950	5,8%	113 859	94,2%

Source: Community Survey: 2016

The chart that follows illustrated that an estimated 63,409 male-headed households do not have access to the internet and an additional 50,451 female-headed households also do not have any access to the internet.

Number of households by gender of head of household and Local Municipality



Source: Community Survey: 2016

The provision of basic services in the District is currently unsatisfactory particularly due to the ageing water and sanitation infrastructure that also lacks maintenance. Poor services delivery also affects potential investment into the District, for example, no business wants to invest where there is limited access to water since this may adversely affect productivity.

Low Population densities and large distances between villages and settlements increase the cost of providing services and infrastructure to the remote and predominately rural area hence there is generally a migration of the population from predominantly rural local municipalities to more urbanised local municipalities in pursuit of economic opportunities. These migration patterns are posing a challenge on the planning.

The lack of rental houses in the district discourages skilled and professional people from other areas to migrate the requisite skills for economic development into the District. A large number of shacks in some of the local municipalities affect service delivery.

1.4. FINANCIAL HEALTH OVERVIEW

During the 2019/2020 financial year, the municipality continued to ensure compliance with laws and regulations in managing their financial affairs despite the high CFO post being vacant, the raising challenge of limited financial resources that threatened the financial viability of the Municipality. Stricter controls and cost containment measures are being implemented on the budget and will contribute to curbing the unauthorized, irregular, fruitless and wasteful expenditure during the financial year.

Even though the municipality's budget is at a deficit, a lot of the objectives could be implemented because this deficit was addressed by the non-cash items that were included in the budget. The financial situation has been tougher and the financial obligations of the municipalities have also continued to grow. These financial pressures and financial challenges are mainly due to high dependence on conditional grant funding by the municipality as it has been very difficult for the municipality to come up with any revenue raising sources. The limited own revenue that is reported in the financial performance is from the sale of bid documents and from the limited interest that the municipality raises from investing the conditional grants that are not immediately implementable.

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Performance Management

The Performance Management System has been implemented and sustained to ensure Councillors and officials are able to monitor, review and report on performance.

The following key PMS elements were implemented:

- The Executive Mayor approved the SDBIP.
- The Municipal Manager and Section 56 Manager signed their Performance Agreements
- IDP/Budget and PMS process plan was adopted by Council.
- The 2018/2019 Annual Reports and Oversight Report were tabled during the financial year and submitted to all the stakeholders i.e. Auditor-General, Provincial and National Treasuries.

1.6. AUDITOR GENERAL REPORT

Refer to annexure B - Page 205-215 of this report.

1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

It is necessary that the District Municipality derive maximum benefit from its efforts in submitting reports. Such benefits are typically obtained in the form of being able to compare and benchmark against other municipalities and to learn from the feedback mechanisms.

The Annual Report process flow provides a framework for the municipality to follow in completing various reports within each financial year cycle. It is recommended that Municipal Manager monitor this process flow and ensure that reports are submitted timeously. If the process flow is followed, the District Municipality should be able to provide an unaudited Annual Report in August of each year, which is consistent with the MFMA.

One of the advantages of compiling an unaudited Annual Report in August is that it can be used to influence the strategic objectives indicated in the IDP for the next financial year as well as the budgetary requirements related to each vote.

An unaudited Annual Report is submitted in August will further provide the municipality with an opportunity to review the functional areas that received attention during the current financial year and take the necessary corrective actions to align the IDP and budget to other priority areas needing attention.

The Annual Report of a municipality and every municipal entity must be tabled in the Municipal Council on or before 31 January each year (MFMA S127). In order to enhance oversight functions of the Council, this must be interpreted as an outer deadline; hence the municipality must submit the Annual Report as soon as possible after year end, namely, August. The entire process is concluded in the first or second week of December for all municipalities, the same year in which the financial year ends and not a year later, as is currently the case. It is expected that effective management of performance will also result from this change.

The Annual Report must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year reports, annual performance report and Annual Report should have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

The above can only occur if the municipality set appropriate key performance indicators and performance targets with regards to the development of priorities and objectives in its IDP and outcomes (MSA S41). This requires an approved budget together with a resolution of approving measurable performance objectives for revenue from each source and each vote in the budget (MFMA, S24).

CHAPTER 2 – GOVERNANCE

The Dr. Ruth Segomotsi District Municipality is committed to transparent and accountable governance. The broad range of public participation programmes and processes, especially related to its IDP; Budget and Annual Report bears testimony to the district municipality's commitment to involve its communities in its planning and decision-making processes. All the above programs are administratively supported by the Municipal Manager and senior management

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Dr. Ruth Segomotsi Mompoti District Municipality is category C municipality with a mayoral executive system as defined in the Municipal Structures Act, Act No.117 of 1998 as amended. In line with having a well -defined politically governed system, the municipality upholds the principles of well governed administrative system. At the center of a well governed administrative institution is policies that have been approved by council after extensive consultations with all the stakeholders.

The District Municipality governance model is like that of national and provincial as it is made of the legislative and executive functions. The legislative function is the political administration of council led by the Speaker and hold scheduled statutory meetings and special council meetings as when there is a need. The executive arm consists of the mayoral committee chaired by the Executive Mayor as well as administrative function led by the municipal manager.

The key role of Council is to focus on legislative, community participation and oversight roles. Council delegated its executive function to the Executive Mayor and the Mayoral Committee. Its major role is that of a policy maker. The Municipal Council is mandated with the role of formulating and approving by-laws, policies and programmes which will be for the best interest of the public.

The Audit and Performance Committee as well as the Risk Management Committee has been established to assist the Accounting Officer, Management and Council to ensure that policies, internal controls and procedures are in place that will create appropriate culture and systems which include processes for risk management planning identification analysis monitoring and control in a consistent manner, and to ensure adherence to administrative governance.

The district has established Municipal Public Accounts Committee (MPAC) which serves as an Oversight Committee and is comprised by non-executive councillors and their responsibility is to provide Council with recommendations on the Annual Report and other Reports that may be referred to it by Council. The District Municipality has established an Audit and Performance Committee which is a shared service with Local Municipalities within its jurisdiction.

POLITICAL STRUCTURE

MAYOR

BL Mahlangu

SPEAKER

LV Maogwe

The functions of the Speaker are set out in sec 37 of the Municipal Structures Act as follows:

- Presides at meetings of the Council
- Performs the duties and exercise the powers delegated to the speaker by the Council.
- Must ensure the council meets at least quarterly
- Must maintain order during council meetings.

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Cllr ME Ncobo – Community Services

Cllr Mamapula K - Finance

Cllr Maleke P – EDTA

Cllr Molapo DJ – Corporate Services

Cllr Kgabo GD – Engineering & Technical services

Cllr Balebanye OJ – Planning & Development

COUNCILLORS as at 30 June 2020

Dr Ruth Segomotsi Mompati District Municipality has 32 Councillors, 13 out of them are directly elected and 19 are seconded by their respective Local Municipality.

Directly Elected Councillors

1. Cllr BL Mahlangu
2. Cllr LV Selhake
3. Cllr GD Kgabo
4. Cllr MM Mkhawira
5. Cllr ETL Mocumi
6. Cllr DJ Molapo
7. Cllr K Sereko
8. Cllr B. Setlhabetsi-Mokone
9. Cllr C Herbst
10. Cllr CE Tladinayane
11. Cllr TA Babuile
12. Cllr ME Keetile
13. Cllr P Maleke

Seconded Councillors

1. Cllr BR Bareng (KMLM)
2. Cllr TC Loabile (KMLM)
3. Cllr TM Lenkopane (KMLM)
4. Cllr MM Diphikwe (KMLM)
5. Cllr AN Bareng (NLM)
6. Cllr ME Ncobo (NLM)
7. Cllr GJ Brandt(NLM)
8. Cllr O Mogorosi (MLM)
9. Cllr K Seleseng (MLM)
10. Cllr M. Moseswa (LTLM)
11. Cllr E Van Biljon (LTLM)
12. Cllr SD Mothibedi (GTLM)
13. Cllr MV Mosinkiemang (GTLM)
14. Cllr MK Olifant (GTLM)
15. Cllr OJ Balebanye (GTLM)
16. Cllr TP Sebe (GTLM)
17. Cllr T Tlhaganyane (GTLM)
18. Cllr K Kgosimore (GTLM)
19. Cllr K Mamapula (GTLM)

The Executive Mayor is elected by Council in terms of section 55 of the Municipal Structures Act No. 117 of 1998. Amongst others, the Executive Mayor receives reports from the portfolio committees for consideration and forward these reports together with recommendations to the council when the matter cannot be disposed of by the Executive Mayor in terms of Executive Mayor's delegated powers. The Executive Mayor approves Service Delivery Budget Implementation Plan (SDBIP) and submits it to Council for noting.

The following reports are legislated and tabled by the Executive Mayor to Council for approval.

- Integrated Development Plan (IDP)
- Annual Budget
- Tables within 30 days of the end of each quarter report on the implementation of the budget and the financial state of affairs of the municipality (Section 52(d) of MFMA)
- Report on the appointment of the Municipal Manager after finalisation of the recruitment and selection process
- The Executive Mayor also chairs Budget Steering Committee

In relation to the structures of the Municipality, the following Committees are in existence; -

Mayoral Committee

The Mayoral Committee is appointed by the Executive Mayor in terms of section 80 of the Municipal Structures Act, No. 117 of 1998. It consists of six (6) full time Councillors who serve as chairpersons of the Portfolio Committees. The committee assists the Executive Mayor to perform duties as outlined above. It convenes every month and is chaired by the Executive Mayor.

Municipal Public Accounts Committee

Consists of 5 Councillors; three are from majority party (ANC) and two from opposition (DA). The committee is established in terms of section 79 of the Municipal Structures Act (117 of 1998) and performs oversight function on behalf of Council. Reports considered by MPAC are referred to it by Council and after scrutinising them and conducting investigations where necessary, recommendations are referred to Council for decision making. It is chaired by a part time Councillor and none of the members are executives.

Portfolio Committees

The following Portfolio Committees have been established in terms of section 79 of the Municipal Structures Act No.117 of 1998 for the effective and efficient performance of any council's functions or exercise of any of its powers. The committees are chaired by the full time chairpersons who are members of the Mayoral Committee. They are created in such a way that they link with the municipal departments and functions.

PORFOLIO COMMITTEE	CHAIRPERSON
Engineering & Technical Services	Cllr. GD Kgabo
Community Services	Cllr. ME Ncobo
Economic Development Tourism & Agriculture	Cllr. P Maleke
Budget & Treasury	Cllr.ML Mamapula
Corporate Services	Cllr. D Molapo
Planning & Development	Cllr. OJ Balebanye

Audit and Performance Committee

Audit Committee is established by council in terms of section 166 of the Municipal Structures Act, No. 53 of 2003. It is an independent advisory body which advise the council, political office bearers, accounting officer and management on matters outlined in section 166(2)(i-ix) of MFMA. The committee consists of members.

Committees and Committee purposes (Appendix B)

Corporate Services and Special Programmes	<p>Assist the Executive Mayor by;-</p> <ul style="list-style-type: none"> • Considering reports from Corporate Services and Executive Support Departments and thereafter refer them to the Mayoral Committee with recommendations. • Submitting inputs during budget preparation and monitor the implementation thereof • Participating in the process of policy development and review • Representing the employer in Local Labour forum • Taking decisions on delegated matters in terms of the Delegation Policy
Budget and Treasury	<p>Assist the Executive Mayor by;-</p> <ul style="list-style-type: none"> • Considering financial reports from Budget and Treasury Department and thereafter refer them to the Mayoral Committee with recommendations. • Taking a lead in the preparation of the Annual Budget and monitoring the implementation thereof • Participating in the process of policy development and review • Taking decisions on delegated matters in terms of Delegation Policy
Engineering and Technical Services	<p>Assist the Executive Mayor by;-</p> <ul style="list-style-type: none"> • Considering reports on different projects as indicated in the IDP from Engineering & Technical Services Department and thereafter refer them to the Mayoral Committee with recommendations. • Assisting Finance Portfolio Committee to compile annual projects budget and monitoring implementation thereof • Participating in the process of policy development and review • Taking decisions on delegated matters in terms of Delegation Policy
Economic Development Tourism and Agriculture	<p>Assist the Executive Mayor by;-</p> <ul style="list-style-type: none"> • Considering reports on different projects as indicated in the IDP from Economic Department

	<p>Tourism and Agriculture and thereafter refer them to the Mayoral Committee with recommendations.</p> <ul style="list-style-type: none"> • Assisting Finance Portfolio Committee to compile annual projects budget and monitoring the implementation thereof • Participating in the process of policy development and review • Taking decisions on delegated matters in terms of Delegation Policy
Community Services	<p>Assist the Executive Mayor by;</p> <ul style="list-style-type: none"> • Considering reports on Fire and Disaster Management and Environmental Health Services from the department and thereafter refer them to the Mayoral Committee with recommendations. • Submitting inputs during budget preparation and monitoring the implementation thereof • Participating in the process of policy development and review • Develop by-laws for the entire district and monitor implementation thereof after approval by council. • Taking decisions on delegated matters in terms of Delegation Policy
Planning and Development	<p>Assist the Executive Mayor by;</p> <ul style="list-style-type: none"> • Considering reports from the department and thereafter refers them to the Mayoral Committee with recommendations. • Submitting inputs during budget preparation and monitoring the implementation thereof • Ensuring the involvement of the community during IDP consultative process, preparation, implementation and review of the IDP • Ensuring the establishment of Performance Management System and implementation thereof. • Taking decisions on delegated matters in terms of Delegation Policy
Municipal Public Accounts Committee	<p>Exercise oversight over the executive functionaries of council and to ensure good governance in the municipality by interrogating amongst others the following financial aspects addressed in the Municipal Finance Management Act</p> <ul style="list-style-type: none"> • Unforeseen and unavoidable expenditure (section 29) • Unauthorised, irregular or fruitless and wasteful expenditure (section 32) • Section 52(d), 71,72, 124,126,127,129,131,and 166 reports
Audit Committee	<p>It is established to advise the municipal council, political</p>

	office bearers, the accounting officer and management on matters relating to internal controls, financial controls, internal audits, performance management and review the financial statements before submission to external auditors and other matters as outlined in MFMA Act 56 of 2003, Section 166.
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POLITICAL DECISION-TAKING

All council meetings are run according to the approved Standing Rules of Orders. These set out how the council meeting should be run, how you can propose motions or pass resolutions and how decisions will be made. The speaker or chairperson of the council decides whether anyone is breaking the Standing Orders and is responsible for keeping order.

The political decision-making is done in the following manner:

1. The Corporate Services Department is responsible and ensures that the agendas is prepared before meetings and any committee reports, petitions or motions have to appear on an agenda before they can be discussed and must be received by all Council at least seven (7) days before.

2. When an issue comes up for discussion at a council meeting it is often referred to a committee or to the Mayoral Committee for further discussion and a deadline is given for when a report should be made.

3. If the matter is referred to a committee the committee will report to Mayoral Committee. The Mayoral Committee will consider the issue and either support their recommendations or put opposing recommendations forward to the council meeting.

4. The council will then resolve on the matter. Most council decisions are taken after a committee or Mayoral Committee held its meeting and recommend to council. When council agrees by a majority resolution, the recommendation becomes a resolution of council.

Councillors at any stage put forward motions to call for or propose something emanating from any decision taken by the administration or council itself. It is a useful tool to use especially if the administration is not co-operating with council, since council motions cannot be ignored. Any Councillor may propose a motion in council and in some cases the motion may be passed without being referred for further discussion. Once passed the motion becomes a resolution of Council.

Council is the highest decision-making body in the municipality. It approves all the policies that govern the administration of the Municipality including IDP and Budget. Reports that come from the Portfolio Committees and that cannot be disposed of by the Executive Mayor are submitted to Council for consideration.

Council plays oversight role on the Executive and consider the oversight report submitted by MPAC on Annual Report.

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of Part 7 Section 82 of the Municipal Structures Act 117 of 1998 as amended the municipality must appoint the Municipal Manager who is the head of administration and therefore the Accounting Officer. In terms of Section 55 of the Municipal Systems Act, 32 of 2000 (as amended) the Municipal Manager as head of administration is subject to policy directives of the municipal council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government.

In terms of section 50 of the Municipal Systems Act 32 of 2000 as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager who must have relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

According to our organogram, the Municipal Manager is the Accounting Officer of the District Municipality and is supported by seven (7) Senior Managers and their appointments are for a fixed term. The Municipal Manager is also accountable for all the income and expenditure and all assets as well as the discharge of liabilities of the municipality including proper and diligent compliance with the Municipal Finance Management Act, 53 of 2003. Each Senior Manager who reports directly to the Municipal Manager are delegated the functions which the Municipal Manager may delegate to them and are responsible for all those matters delegated to them including financial management as well as discipline and capacitating of officials within their areas of responsibility and compliance to all legislation governing Local Government, its policies and By-laws.

The Senior Managers forms the Senior Management Team and they are all accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditures in each department are managed by the Senior Manager in order to ensure that service delivery matters are handled promptly.

Designation	Function
Municipal Manager	<p>Forming and developing an economic, efficient and accountable administration;</p> <p>Implementing and managing the District Municipality's performance management system;</p> <p>Coordinating and implementing the District Municipality's IDP;</p> <p>Managing the Municipality's administration in accordance with the Constitution, the Local Government Structures Act, the Municipal Systems Act, the Municipal Finance Management Act and all other national and provincial legislation applicable to the District Municipality;</p> <p>Managing provision of services to the local community in a sustainable and equitable Manner;</p> <p>Facilitating participation of the local community in the affairs of the District Municipality;</p> <p>Developing and maintaining a system to access community satisfaction with Municipal Services;</p> <p>Appointing, managing, effectively utilizing and training staff and maintaining staff discipline;</p> <p>Promoting sound labour relations and compliance by the District Municipality with applicable labour legislation;</p> <p>Advising political structures and political office bearers of the District Municipality, managing communications between them, administering, implementing council resolutions and carrying out their decisions;</p> <p>Administering and implementing the District Municipality's by-laws and other legislation;</p> <p>Being responsible for all income and expenditure of the District Municipality, all assets, the discharge of all liabilities of the District Municipality and proper and diligent compliance with applicable Municipal Finance Management legislation.</p> <p>Implementing strategic goals of the District Municipality through co-operation and innovative</p>
Chief Financial Officer	<p>Reporting directly to the Municipal Manager on key departmental activities.</p> <p>Overall management of the Budget & Treasury Office/Department. Implement the Integrated Development Plan (IDP) as well as strategic goals of the Budget & Treasury Office/Department.</p> <p>Implement departmental Service Delivery Budget Implementation Plan (SDBIP).</p> <p>Develop and implement key strategic / business plans including Supply Chain Management, Revenue Management, Expenditure Management and Budget & Reporting.</p> <p>Prepare and implement municipal budget.</p> <p>Prepare Annual Financial Statements and other mandatory financial management reports.</p> <p>Manage Departmental budget, human resources & other resources in accordance with local government legislation;</p>

Designation	Function
	<p>Establish, operate and maintain support structures, processes and systems; Direct and control key deliverables and outcomes for the department; Liaise with internal and external stakeholders;</p> <p>Facilitate stakeholder participation and involvement;</p> <p>Ensure legislative, regulatory, policy, practices and operating standards compliance;</p> <p>Management and monitoring of all income, expenditure, assets and Liabilities; Cash-flow management;</p> <p>Ensure implementation of GAMAP & GRAP Standards;</p> <p>Ensure the development of appropriate Strategies, Policies and plans for all relevant areas in the Department linked to the IDP and that will also have a measurable positive impact on the financial performance;</p> <p>Develop and implement Supply Chain Management Policy, specific procedures, systems and controls;</p> <p>Ensure timely preparation of Budget and Financial Statements; Implement all financial policies and ensure they comply with applicable legislation and National Treasury Regulations.</p>
<p>Engineering & Technical Service</p>	<p>To manage the Engineering, PMU and Town Planning Department of the municipality.</p> <p>Assist the CFO to compile annual projects budgets</p> <p>To assist the Council to draw up and implement annual strategic plans</p> <p>To ensure compliance by all Water Service Providers</p> <p>Ensure water and sewer effluent quality compliance to adhere to the Department of Water Affairs (DWA) Blue Drop and Green Drop requirements respectively.</p> <p>Ensure implementation of the council Free Basic Services (FBS) Policy.</p> <p>Ensures that all required licensing and permitting of all raw water abstraction and sewer effluent will be done and upheld.</p> <p>Ensure that Water Service development Plan (WSDP), By-Laws and tariffs are regularly updated.</p> <p>Approve technical reports of water, sanitation and roads projects in alignment with respective Municipal IDP's and Regional provincial Growth and Development Plan.</p> <p>Ensure that all projects are implemented using the EPWP principles.</p> <p>Ensures compliance to all legal aspects and conditions, required from different spheres of Government.</p> <p>Manage all contract administration of all projects implemented by council.</p> <p>Manage and control the approved budget of engineering department.</p> <p>Be prepared to serve on the Bid Adjudication Committee or Bid Evaluation Committee as and when required by the Municipal Manager.</p> <p>Maintain Project Performance data on a National Database.</p>
<p>Snr Manager: Corporate Service</p>	<p>Managing and controlling various line functions within the Directorate which include general administration, Human Resources, Council Support, Corporate strategy, Information Technology and Communications, and Security Services;</p> <p>Leading, directing and managing staff within the Department so that they are able to meet their objectives;</p> <p>Staff control and discipline;</p> <p>Rendering Support by advising and overseeing all matters of procedures relating</p>

Designation	Function
	<p>to minutes and resolutions of the Council Committees;</p> <p>Planning, organising, coordinating and controlling the activities of management and administration section;</p> <p>Providing administrative support to political Office-bearers;</p> <p>Managing and controlling the compilation and execution of the departmental capital and operating budget;</p> <p>Executing any function delegated by the municipal Manager in terms of powers and delegations in the relevant legislation and related to the functions of this post;</p> <p>Administering records/archives registry, skills development, legal matters and employment Equity;</p> <p>Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management;</p> <p>Developing, implementing Collective Agreements and managing strategic goals, policies, procedures and plans; aligned with strategic goals of the district municipality through cooperation and innovation teamwork;</p> <p>Ensuring proper administration of Council delegation System;</p> <p>Providing secretarial services to Council and its Committees</p>
<p>Chief Audit Executive</p>	<p>Establish policies and procedures for the District Internal Audit Shared Services, manage audits and administrative functions in the District Municipality and its Locals;</p> <p>Ensure that all Local Municipalities within the district comply with the relevant legislation;</p> <p>Manage the compilation of the strategic and annual plans in relation to the IDP, Perform continuous risk assessment for the entire district;</p> <p>Conduct special investigations at the request of management and municipal councils of respective municipalities;</p> <p>Report to the Municipal Managers and Shared Service Audit Committee;</p> <p>Audit projects and performance of the district municipality and its locals;</p> <p>Assist municipalities in the implementation and upgrading of internal controls for quality assurance,</p> <p>Liaison at executive level with relevant stakeholders;</p> <p>Manage the directorate budget planning, implementation and budget review to support priorities and the deliverables.</p>
<p>Snr Manager EDTA</p>	<p>Promotion of Local Economic Development and Agricultural organizations, Promote and market tourism attraction centers</p> <p>Tourism establishments as well as communities in the district to implement and manage development oriented, achievement driven community projects in an affordable, sustainable and accountable manner.</p> <p>Manage departmental personnel;</p> <p>Develop and manage LED, Agricultural and Tourism strategies in line with DGDS, PGDS, NSGS, ASSGISA and JIPSA. Prepare and submit reports on EDTA department's Service Delivery and Budget Implementation Plan (SDBIP).</p> <p>Implement adequate community participation strategies,</p> <p>Source advisory services from economic advisory bodies and link them with SMMEs and community organizations.</p> <p>Maintain and improve current service delivery mechanism.</p> <p>Source funding for economic development projects through donors and investors.</p>

Designation	Function
	Facilitate partnerships between investors, donors and business community in the district.
Snr Manager: Community Service	<p>To provide strategic management and leadership to the Department that includes, Municipal Health Services, Disaster Management and Fire Fighting services to the entire district;</p> <p>Ensure co-ordination, integration and uninterrupted provision of Community Services;</p> <p>Integrate service delivery in the context of Council's IDP and oversee implementation;</p> <p>Participate in the IDP, SDBIP and Budget processes of the district municipality;</p> <p>Establishing a partnership with Governmental and non-Governmental stakeholders/role players dealing with environmental health, fire and public disasters;</p> <p>Manage the directorate budget planning, implementation and budget review to support priorities and the deliverables; update Council's by-laws and relevant policies.</p>

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Chapter three of the Constitution of the Republic of South of 1996 is an overarching legislative tool used to guide and provide detailed pieces of legislation like Municipal Systems Act, section 3, Municipal Structures Act, section 88 and the Intergovernmental Relations Framework Act, Act 13 of 2005. All spheres of government must observe and adhere to the principles of chapter three of the Constitution and must conduct their activities within the parameters that the chapter provides.

Section 41(1) (h), require the spheres of government to co-operative with one another in mutual interest and good faith by: -

- Fostering friendly relations
- Assisting and supporting one another
- Informing one another of, and consulting one another on matters of common interest
- Coordinating their actions and legislation with one another
- Adherer to the agreed procedures and
- Avoiding legal proceedings against one another.

The above legislative requirements are binding to the three spheres to enable government to provide sustainable basic services to communities as outlined in the following legal developmental documents:

-
- National Development Plan (NDP)
- Provincial Development Plan (PDP) and the
- Integrated Development Plan (IDP).

The legislative mandate of Dr Ruth Segomotsi Mompati District Municipality in terms of powers and functions is mainly provision of Water and Sanitation to the community of the District. Our key focus mostly is to mobilise resources across the three spheres of government and private sector to provide the service and support to our family local municipalities. The Municipality has been participating in relevant Intergovernmental Relations structures across the spheres of government including reporting on “Back to Basics”.

Government has a responsibility to provide sustainable service delivery to its communities for purposes of creating a “better life for all” as guided by the manifesto of the ruling party, the African National Congress. The division of powers and functions across the three spheres of government provide/allocate each sphere with a set of services/functions to perform, guided by chapter three of the Constitution which deals with Co-operative Governance and Intergovernmental Relations. Central to all these services is that they are provided to communities in a certain local municipality. This means the three spheres of governmental are serving the same client (the community).

The National Development Plan, vision 2030 (NDP) is a guiding national developmental framework form which the development of the Provincial Development Plan (PDP) and Municipal Integrated Development Plan (IDP) are expected to complement and translate into practical implementation in the form of sustainable service delivery to communities. The three spheres of government are required to

achieve the below twelve (12) outcomes accordingly in line with their powers and functions as derived from the NDP:-

- Improve quality of basic education.
- Long healthy life for all South Africans.
- All people in South Africa are and feel safe.
- Decent employment through inclusive economic growth.
- A skilled and capable workforce to support an inclusive growth path.
- An efficient, competitive and responsive economic infrastructure network.
- Vibrant, equitable and sustainable rural communities with food security for all.
- Sustainable human settlement and improved quality of household life.
- A responsive, accountable effective and efficient local government system.
- Environmental assets and natural resources that are well protected and continually enhanced.
- Create a better South Africa and contribute to a better and safer Africa and World.
- An efficient, effective and development oriented public service and empowered fair and inclusive citizenship.

For the above services to be enjoyed by communities' co-operative governance and intergovernmental relations must be observed and complied with by three spheres. In addition section 154(1) of the Constitution of the republic assures municipalities that national and provincial governments by legislative and other measures, MUST support and strengthen the capacity of municipalities to manage their affairs, to exercise their powers and to perform their functions. In exercising its executive and legislative authority within the constitutional system of co-operative governance as envisaged in the Constitution section 41 and section 3 of the Municipal Structures Act, the Dr. Ruth Segomotsi Mompati District Municipality have been fully participating in all Intergovernmental Relations platforms across the three sphere as further outlined below.

2.3 INTERGOVERNMENTAL RELATIONS

Co-operative Governance and Intergovernmental Relations protocol required the three spheres of government to sign performance and service delivery agreements both politically and administratively respectively. In this case at political leadership level, President signs with Ministers, Premier with Members of Exco and Mayors with the primary purpose of serving the communities in a well-coordinated and coherent approach and not for punitive measures.

It is a well-known fact that this district due to its nature of being the most rural amongst the four in the province is unable to generate its own income and therefore depends on grants from national and provincial spheres to perform its functions. Dr. Ruth Segomotsi Mompati District Municipality have been participating in the national intergovernmental relations structures through its departments and funding though limited were allocated for the district to perform its functions. Reference is hereby made that for more information on the participation and benefits of the municipality, reports of the following departments in this report will bear testimony: - Engineering, Economic Development Tourism and Agriculture, Community Services and Budget and Treasury.

The District also hosted a successful 2019 National Women's Day Event addressed by President of the Republic of South Africa Matamela Cyril Ramaphosa as a sign of our participation and benefits from co-operative governance and intergovernmental relations. The country went under national lockdown in March 2020 as announced by the President and since then this district has been fully participating in all national intergovernmental relations in the form of the District Command Council and funding and support have since been received from national allocation of resources to address challenges imposed by the COVID-19 Pandemic directly and indirectly to benefit the community in the district through all grants from national.

With the following departments of the Dr. Ruth Segomotsi Mompati District, Engineering, Budget and Treasury, Community Services, Economic Development, Tourism and Agriculture, Planning and Development, Cooperate Services and Internal Audit have been participating in the provincial intergovernmental relations structures to ensure that communities in the district does receive services as required and mandated by legislation at administrative level.

It must be noted that since the national lockdown of the country as a result of COVID-19 Pandemic, co-operative governance and intergovernmental relations (IGR) activities have been extended by the establishment of the command councils across the three spheres of government. The interaction between the district and the province as one of the spheres has tremendously improved and support in a number of activities have been provided by provincial departments to the communities of the district.

The District have been participating in the Provincial Command Council to present challenges faced by the district as a result of the deadly COVID-19 pandemic and service delivery in general as mandate of the three spheres of government. The annual IGR schedule of meetings and the IDP processes have been used as one of the approaches to ensure interaction with all stakeholders in the district. The challenge however, is that some of the stakeholders are not participating as expected in IGR meetings. The District is currently in the process of finalizing the development of the district IGR terms of reference which will be agreed and signed by all stakeholders as commitment to the course. This will be guided by the DDM approach as well.

NATIONAL INTERGOVERNMENTAL STRUCTURES

For our District to perform its responsibilities other spheres of government were involved and support was provided. To mention but few, the District was visited by former Minister of Cooperative Government and Traditional Affairs Dr. Zweli Mkhize and Gugile Nkwinti Minister of Water and Sanitation. National Treasury also deployed an official in our finance department to provide support and ensuring compliance with National Treasury regulations even-though some challenges still persist.

Detailed information regarding the participation of Dr Ruth Segomotsi Mompoti District Municipality in the National Intergovernmental Relations structures and benefit thereof have been made by our service delivery departments like:- Engineering and Technical, Economic Development, Tourism and Agriculture, Community Services and Budget and Treasury informed by the Integrated Development Plan (IDP).

The support that we got from National as mentioned above is in line with section 154 (1) states that "The national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions".

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Dr. Ruth Segomotsi Mompoti District Municipality is participating in all relevant Intergovernmental Relations structures through its departments (Engineering, Economic Development, Tourism and Agriculture, Community Services, Planning and Development, Finance and Corporate Service) both politically and administratively. At the high echelon of IGR Structure in the Province, the Executive Mayor and Municipal Manager does participate at the North West Premier Coordinating Council (NWPPCC) to represent the interest of the Community of the District Municipality.

South African Local Government Association (SALGA) is one of the platforms wherein Dr. Ruth District Municipality participates and makes a meaningful contribution in as far as coherent planning and implementation of programs is concerned in the Province which at the ultimate end will add value to services at District level.

DISTRICT INTERGOVERNMENTAL STRUCTURES

Section 154(1) of the Constitution of the Republic “requires national government and provincial governments, by legislation and other measures must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions”.

Section 24 of part 4 of the Intergovernmental Relations Framework Act, Act 13 of 2005 provides for a District Intergovernmental Relations Forum to promote and facilitate Intergovernmental Relations between the District Municipality and the local municipalities in the district. Section 26(1) (a-h) elaborates the role of a District Intergovernmental Relations.

The District Development Model (DDM) as announced by President Cyril Ramaphosa will assist in unlocking development bottlenecks and embedding monitoring and evaluation at the local instead of provincial and national government departments. As one of the forty-four (44) in the country, the District has already started the process with the involvement of all stakeholders in the district by submitting information on profiling as the first phase of developing one plan. Below table indicate that with all the challenges faced by IGR in the district, attempts are made to have IGR meetings as required. It must also be noted that the 2019/2020 financial year has been one of the challenging periods caused by the COVID-19 pandemic. Most of the meetings were later held on virtual platform especially after the national lockdown in the form of the District Command Council Committee which are not listed here.

The below table illustrates efforts by Dr Ruth District Municipality’s to ensure that the role of stakeholders is central to the development of the District.

With all the challenges that we have been faced with, the annual plan was to have ten (10) IGR Forum Meetings and one Summit for the year under review and managed to have six (6) meetings and the summit could unfortunately not be held. The below table illustrate number of meetings planned, those held and outstanding meetings.

Date	Type of the Meeting	Key issue/s Discussed
16-17 September 2019	A two days session (Localized Mayoral IGR Forum Meeting) in Kagisano/Molopo Local Municipality attended by Mayors of the District and Local municipality, Traditional Leadership, Municipal Managers of the district and the Local, Members of Mayoral Committee, EXCO Members of Local Municipality and Senior Managers of District and Local Municipalities	The District supporting Local municipality through IGR with regard to service delivery.
19 November 2019	Municipal Manager's IGR Forum Meeting attended by Municipal Managers of the District and Locals, District Heads of Departments, officials from planning, IDP, Infrastructure and Economic Development.	The rolling out of the new District Development Model and progress made by the district on profiling the district.
19 February 2020	Mayoral IGR Forum Meeting attended Mayors of the District and Local Municipalities.	An engagement on the importance of IGR in the District and provision of services to communities.
13 March 2020	Mayoral IGR Forum Meeting attended by Mayors of the District and Local Municipalities.	To discuss a new approach on District Development Model.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Overview

Community participation in local government affairs gives expression to the democratic principles and values of our Constitution and the political rights of the individual as entrenched in section 19 of the Constitution of the Republic of South Africa, 1996.

The Municipal Council encourages participation of the community and community organisations in local government matters and adheres to the democratic values and principles as enshrined in the Constitution of the Republic of South Africa, 1996 which governs the public administration.

Public participation is a principle that is accepted by all spheres of government in South Africa. Participation is important to make sure that government addresses the real needs of communities in the most appropriate way.

Public participation also helps to build an informed and responsible citizenry with a sense of ownership of government developments and projects. It allows municipalities to get buy-in and to develop partnerships with stakeholders.

The Municipal Council encourages participation of the community and community organisations in the local government matters and to adhere to the democratic values and principles as enshrined in the Constitution of the Republic of South Africa, 1996 which governs the public administration through:

- The preparation, implementation and review of the IDP
- Establishment, implementation and review of performance management system
- Monitoring and review of the performance, including the outcomes and impact of such performance and preparation of the municipal budget.

COMMUNICATION, PARTICIPATION AND FORUMS

COMMUNICATIONS

Communication is a two-way process in which there is an exchange of thoughts, opinions, or information by speech, writing, or symbols towards a mutually accepted goal or outcome. "Purpose of effective communication is sustaining the on-going work with maximum efficiency" Communication will help build good relationships with team members, sponsors, and other key stakeholders, to increase the likelihood of project or any activity success.

The Council also responds to the people 's needs and encourage the public to participate in policy-making through IDP Representative Forums and other intergovernmental Forums established by different departments within Dr Ruth S Mompati District Municipality.

The Council fosters transparency by providing the public with timely, accessible and accurate information by publishing information in the local newspapers, using three predominant official languages of Setswana, Afrikaans and English. From time to time the municipality makes use of radio broadcast to spread service delivery-oriented messages to communities. The Municipal Council also engages the community through consultation in matters such as the IDP, budget, performance management, provision of services etc.

A key part of the municipality's annual plans should be how to communicate all this to the people and how to involve them in decisions or as partners. The municipality has developed public participation (where is the strategy?) and communication strategies. The municipality has developed the Communications Strategy that needs to be reviewed on annual basis in order to communicate and reach all citizens of the region. . The empowerment of Unit employees is very crucial taking into consideration that the environment in which they operate in is not statics but always changing with government transitional periods. E.g There are always reviews on government policies and programmes, though communicators must know and understand that before it being communicated to the public.

Both strategies take into consideration the approved IDP, MTREF Budget and the SDBIP and set out where and how communication and public participation should play a role to ensure that information is disseminated effectively to the public. The communication strategy is used to ensure that the Council provides regular report back and accounts to the communities about Council's decisions, plans and budgets. It ensures that the public is informed about new services, developments and policies and as such provides a platform for the communities to be partners for the delivery of government services.

The District Municipality has established the District Communicators Forum and Local Communicators Forums. As we are no more living in analog age but on digital world, the District Municipality must exploit every opportunity to communicate with the public by utilizing social media. Social Media is a good tool that can be used to convey important information to all stakeholders and it must be noted that updates should be done regularly. The District Municipality's Facebook page is "Dr RSM District Municipality."

On corporate identity and branding, there is a need for bigger budget in order to undertake the branding of the entire District Municipality Offices.

Our current communication initiatives are our News Updates which covers the programmes and projects undertaken by the District Municipality. As the News Updates are on Web page format the Unit design and issue them at least twice a month in order to replace the previously launched the District Municipality External Newsletters issued twice a year.

The District Municipality has established the Communicators Forum and Editors Forum. Our current communication initiatives are our external newsletters issued twice a year and internal issued twice a year. There are also Executive Mayoral outreach programmes where the Executive Mayor in his capacity visits communities to listen to their needs and challenges they are encountering in their different villages. We have also hosted the District Budget Speech Address were all stakeholders attended and commented in the budget speech. The benefit of these processes is to provide Executive Mayor, Councillors and administrative arm with an opportunity to interact with communities so as make informed decisions.

The council also respond to the people 's needs and encourage the public to participate in policy-making through IDP Representative Forums. The Council fosters transparency by providing the public with timely, accessible and accurate information by publishing information in the local newspapers using three predominant officials' languages of Setswana, Afrikaans and English. From time to time the municipality make use of radio broadcast to spread service delivery-oriented messages to the community

To strengthen and heighten the communications between the Municipality and the public, the District Municipality Communications has given a task to communicate more and often on municipal owned billboards in order to attract tourists who usually pass within the district. The District Municipality's website (www.drrsmdm.gov.za) is up and running, reaching more internal and external stakeholders.

WARD COMMITTEES

Ward Committees are managed by respective Local Municipalities and the District Municipality assist in coordinating trainings to the Ward Committees. A Ward Committee is established in each ward in order to assist and advise Ward Councillor with regard to service delivery matters and further improve public participation. Ward Committees are mainly advisory committees which can make recommendations on any matter affecting the ward within a municipality. The Municipal Council makes the rules that guide Ward Committee Members, how often should meetings be held and the circumstances under which a member of a Ward Committee can be removed.

The purpose of a Ward Committee is to:

- Get public participation from the community in order to inform council decision making,
- Make sure that there is more effective communication between the council and the community,
- Assist the ward councillor with consultation and report-back to the community and
- Advise the ward councillor on service delivery and developmental projects in the community.

Structure of Ward Committee:

A Ward Committee consists of a Ward Councillor as elected in the local government elections and a maximum of 10 people from the Ward who are elected by the community they serve. The Councillor is the Chairperson of the Ward Committee. Members of the Ward Committee must participate as volunteers and are only getting stipends.

Roles and Responsibility of the District Municipality

The District Municipality has to play its legislative role in supporting and monitoring the Ward Committees through the Office of the District Speaker.

List of Local Municipalities

1. Kagisano Molopo Local Municipality - 15 wards
2. Naledi Local Municipality – 10 wards
3. Lekwa-Taemane Local Municipality – 08 wards
4. Mamusa Local Municipality – 9 wards
5. Greater Taung Local Municipality – 24 wards

2.5 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

Participation is one of the cornerstones of our democracy and has equal benefits for politicians, officials and civil society:

1. Consultation will help council make more appropriate decisions based on the real needs of people.
2. The more informed people are, the better they will understand what government is trying to do and what the budget and resource limitations are.
3. Councillors can only claim to be accountable if they have regular interactions with the people they represent and if they consult and report back on key council decisions.
4. Government cannot address all the development needs on its own and partnerships are needed with communities, civil society and business to improve service delivery and development.

OVERVIEW OF CORPORATE GOVERNANCE

Cooperative governance is the set of processes, practices, policies, laws and stakeholder affecting the way an institution is directed, administered or controlled. Corporate Governance also includes the relationship among the many stakeholders involved and the goals for the institution is governed and is also governed by King iv Code of Practice applicable to local government sphere.

2.6 RISK MANAGEMENT

Risk Governance

The Dr. Ruth S. Mompoti District Municipality has adopted the Dr. Ruth Segomotsi Mompoti District Risk Management Manual 2019/2020 on 12 March 2019 (34/2019/20), which is in line with the Public Sector Risk Management Framework as its risk management standard. The Risk Management Manual, 2019/2020 which consist of the Framework, Policy, Strategy & Risk Management Committee Charter. This Manual forms the uniformed standard to be used in all Municipalities within the District.

The Dr. Ruth S. Mompoti District Municipality has adopted the Dr. Ruth Segomotsi Mompoti District Fraud and Anti- Corruption Manual 2019/2020 on 12 March 2019 (34/2019/20). This manual consist of the Fraud Prevention Policy, Anti-Corruption Policy, Anti- Corruption Strategy, Whistle Blowing Policy , Ethics Management Policy and the Risk Management Committee Charter. This Manual forms the uniformed standard to be used in all Municipalities within the District.

The Dr. Ruth Segomotsi Mompoti District Municipality's Risk Management Unit renders support for Risk Management in terms of Section 88 of the Municipal Systems Act, 32 of 2000 to all Municipalities within the District jurisdiction, as a Shared Service.

The Dr. Ruth Segomotsi Mompoti District Risk Management Unit facilitates and co-ordinate with the Management of the Dr. Ruth S. Mompoti District Municipality to review the risk register annually and update this risk registers quarterly and develops a risk management strategy to direct the institution's risk management priorities. The Risk Registers are aligned to the Top Institutional Risks and each Department's Operational Risks with reference to their respective Key Performance Targets.

Line management are responsible for identifying, evaluating and managing both risks and opportunities in their responsibility areas, with technical and operational support provided by the Dr. Ruth Segomotsi Mompoti District Municipality's risk management unit.

The Dr. Ruth Segomotsi Mompoti District Municipality's risk management unit also maintains the consolidated institutional risk register and reports thereon. The District Risk Management Committee was launched in August 2015 and commenced in 2019/2020 with a Risk Management Committee for each Municipality within the District Demarcation. The Risk Management Committee provides governance oversight over the entire system of risk management and furnishes the Audit and Performance Committee, the Accounting Officer and Council with reports of its findings and recommendations. The Risk Management Committee provides independent oversight over the system of risk management.

Risk Management Committee

Dr. Ruth Segomotsi Mompoti District Municipality has established a Risk Management Committee in terms of the Local Government: Municipal Finance Management Act 56 of 2003. The Risk Management Committee is guided by the Committee Charter in conjunction with the Public Sector Risk Management Framework from the National Treasury Department and the adopted Risk Management Manual 2019/2020. The committee operates under terms of reference as per adopted Dr. Ruth Segomotsi Mompoti District Risk Management Charter.

The primary objective of the Risk Management Committee is to assist the Accounting Officer in discharging his accountability for risk management by reviewing the effectiveness of the Municipality risk management systems, practices and procedures, and providing recommendations for improvement.

The Risk Management Committee consists of standing members representing each department and/or unit within the Dr. Ruth S. Mompoti District Municipality. The Standing members are the following officials: Municipal Manager, all Section 56 (Municipal Systems Act), and managers of the Performance Management Unit, IDP, Legal Unit, ICT Manager, Political Office Officials and the Risk Management Unit's Officials.

The Committee is chaired by an appointed external professional expert who also represents the Risk Management Committee at the Audit and Performance Committee. The Risk Management Committee meet on a quarterly basis and the members, as a collective, shall possess the blend of skills, expertise and knowledge of the Municipality, including familiarity with the concepts, principles and practice of risk management, such that they can contribute meaningfully to the advancement of risk management within the Municipality.

Risk management process

During the period under review, Dr. Ruth S. Mompoti District Municipality compiled an assessment register on the Top Institutional Risks, before end of May 2019.

The Risk Assessment based on each Department and/or Unit were facilitated and co-ordinated before end June 2019. The first update of the Risk Registers was conducted before the end September 2019. The second update of the Risk Registers was conducted before end of December 2019 and the third updated Risk Registers were conducted before end of March 2020.

Both internal and external conditions that may impede the achievement of the goals expressed in the strategic plans were identified and evaluated. Based on the registers the Dr. Ruth Segomotsi Mompoti District Municipality's Risk Management Unit compiled the Risk Management Report containing a strategy to manage the factors, which absent a deliberate and conscious strategy to manage them, could increase the institution's risk profile.

The Dr. Ruth Segomotsi Mompoti District Municipality internal audit plan for the Municipality included audits designed to test the adequacy, effectiveness and economy of the internal control systems to counteract the effects of the significant risk factors.

Risk Management Objectives

The following risk index is used during the risk assessments when assessing inherent risk:

It is important to note that the results of the risk assessment process represent the participants' interpretation and perception of the nature and quantum of the risks impacting the organisation. The quality of the results therefore depends on the knowledge, experience and quality of input of the participant. In conclusion the participants involved are the Risk Owners and not the Risk Management Unit.

Risk index	Risk magnitude	Acceptability	Proposed actions
20 – 25	Maximum risk	Unacceptable	Take action to reduce risk with highest priority, accounting officer and executive authority attention.
15 – 19	High risk	Unacceptable	
10 – 14	Medium risk	Unacceptable	Take action to reduce risk, inform senior management.
5 – 9	Low risk	Acceptable	No risk reduction - control, monitor, inform management.
1-4	Minimum risk	Acceptable	No risk reduction - control, monitor, inform management.

Impact on institutional performance

During the period under review, Dr. Ruth Segomotsi Mompoti District Municipality in co-ordination with the Municipality's Risk Management Committee and Risk Management unit assessed the effectiveness of its system of risk management.

The areas requiring improvement are receiving the required attention. The Dr. Ruth Segomotsi Mompoti District Municipality risk management efforts are contributing positively to the Municipality's performance. On a residual basis, meaning that after mitigating actions were taken, the Municipality risk profile based on the Top institutional risks are as follows:

Departmental Risk: 2019/2020

Area	Inherent	Status	Residual	Status
Top Ten Institutional Strategic Risk	21.23	Maximum	17.18	Maximum
Engineering	18.93	High	14.94	Maximum
Corporate Services	16.50	High	11.33	Maximum
EDTA	14.62	Medium	11.67	Maximum
Budget and Treasury Office	12.28	Medium	8.60	High
Executive Support	15.25	High	11.28	Maximum
Internal Audit	12.71	Medium	6.61	Medium
Community Services	14.50	Medium	9.62	High
Office of the MM	12.40	Medium	12.40	Maximum
Planning & Development	16.71	High	7.69	Medium

Top Institutional Risk: 2019/2020

Area	Inherent	Status	Residual	Status
Environmental Health	25	Maximum	16	Maximum
Water Quality	25	Maximum	16	Maximum
Performance and Monitoring of Service Providers	25	Maximum	20	Maximum
No Section 56 Managers Appointed (No Accountability)	25	Maximum	20	Maximum
Non –Compliance with MFMA and Legislation	25	Maximum	20	Maximum
Section 71 Reports	25	Maximum	23	Maximum
Implementation of mSCOA	25	Maximum	23	Maximum
Poor Records Management	25	Maximum	20	Maximum
Ageing IT infrastructure	25	Maximum	20	Maximum
Contract administration and Management	25	Maximum	20	Maximum
Absorption of Naledi Local Municipality Fire personnel	25	Maximum	20	Maximum
Non alignment of IDP and budget & Local IDP	25	Maximum	20	Maximum
Performance reports to the top layer SDBIP	25	Maximum	20	Maximum
IGR(Mayoral) and Sector Departments	25	Maximum	20	Maximum
Shortage of water	25	Maximum	20	Maximum
Service Delivery	25	Maximum	23	Maximum
No Signing of SLA's with Locals	25	Maximum	23	Maximum
Monitoring of Sedibeng invoices	25	Maximum	20	Maximum

The areas requiring improvement are receiving the required attention. The Dr. Ruth S. Mompati District Municipality risk management efforts are contributing positively Municipality performance. On a residual basis, meaning that after mitigating actions were taken, Dr. Ruth S. Mompati District Municipality risk profile based on the main categories of risk is as follows:

Strategic Risk	Inherent	Status	Residual	Status
Unauthorized, Irregular, Fruitless and Wasteful Expenditure	25	Maximum	23	Maximum
Litigations	25	Maximum	23	Maximum
Delay in appointment of Section 56/57 Managers and other critical posts	25	Maximum	20	Maximum
Implementation of mSCOA	25	Maximum	20	Maximum
ICT Management	25	Maximum	20	Maximum
Poor Water Quality (Insufficient Provision of Water to the Communities)	25	Maximum	20	Maximum
SCM	25	Maximum	23	Maximum
Non-adherence to Financial Regulations and Policies	25	Maximum	20	Maximum
Poor Contact Management	25	Maximum	23	Maximum
Poor Economic Growth	25	Maximum	23	Maximum
Failure to Monitor Performance	25	Maximum	20	Maximum
Service Delivery Protests	25	Maximum	23	Maximum
Change in Political Environment (Elections)	25	Maximum	23	Maximum
Poor IGR Structures	25	Maximum	23	Maximum

Key:

	Extreme risk
	High risk
	Moderate risk
	Low risk
	Minimum risk

2.7 ANTI-CORRUPTION AND FRAUD

Risk Management Fraud and Anti-Corruption Committee

Dr. Ruth Segomotsi Mompati District Municipality has established a Risk Management Fraud and Anti-Corruption Committee in terms of the Local Government: Municipal Finance Management Act 56 of 2003. The Risk Management Fraud and Anti-Corruption Committee is guided by the Committee Charter in conjunction with the Public Sector Risk Management Framework from the National Treasury Department and the adopted Risk Management Manual 2018/2019. The committee operates under terms of reference as per adopted Dr. Ruth Segomotsi Mompati District Risk Management Fraud and Anti-Corruption Charter.

The primary objective of the Risk Management Fraud and Anti-Corruption Committee is to assist the Accounting Officer in discharging his accountability for risk management by reviewing the effectiveness of the Municipality risk management systems, practices and procedures, and providing recommendations for improvement.

The Risk Management Fraud and Anti-Corruption Committee is a district forum with standing members representing each municipality (six) within the Dr. Ruth S. Mompati District Municipal jurisdiction. The Committee is chaired by an appointed external professional expert who also represents the Risk Management Fraud and Anti-Corruption Committee at the Audit and Performance Committee. The Risk Management Fraud and Anti-Corruption Committee meet on a quarterly basis and the members, as a collective, shall possess the blend of skills, expertise and knowledge of each Municipality, including familiarity with the concepts, principles and practice of risk management, such that they can contribute meaningfully to the advancement of risk management within their respective Municipalities

2.8 SUPPLY CHAIN MANAGEMENT

Overview

The SCM Unit is established in terms of Chapter 11 of the MFMA and is operating from a centralized point. Capacitation of the unit is an ongoing process with the main goal being to ensure that all the procurement processes support service delivery. Timeous turnaround times are a priority number one for the SCM Unit, while ensuring adherence to laws and regulations. The SCM unit guides and implements the SCM Policy of council which caters for three (3) bid committees. These bid committees namely, Bid Specifications Committee (BSC), Bid Evaluation Committee (BEC) and Bid Adjudication Committees (BAC) are in place and operated effectively during the year under review. Training of SCM staff and SCM committees was done on a continuous basis.

2.9 BY-LAWS

Dr RSM District Municipality renders the MHS as per requirements of the Constitution of SA/1996. Constitution of the Republic of SA. Act 108 of 1996 section 156 and part B Schedule 4, read with the National Health Act, 61 of 2003 which define Municipal Health Services.

Environmental Health Practitioners of the District are serving the Local Municipalities of the District and are distributed as;

- a) Kagisano Molopo = 4
- b) Naledi = 3
- c) Greater Taung - 4
- d) Mamusa = 3
- e) Lekwa-Teemane =3

DR RSM has received 2 Community Services EHP whom are operating under the supervision of EHP's for the financial year. Inspections at food premises are conducted regularly with some challenges especially on foreign operated business.

Joint inspections are conducted regularly and with assistance of SAPS to enforce business related Acts. The Compliance rate including licencing of business premises is very low due to lack of By-Laws by Local Municipalities and also the LMS do not cooperate in signing the MOU for MHS, with the District.

The District has developed the Generic By- Laws on MHS, they were Public Participated and awaiting adoption by Council and ultimately Gazetting.

INTRODUCTION TO COMMUNICATIONS

Communication is a key strategic service – to ensure that information is widely accessible within the public space, to engage citizens in conversation around critical issues and to empower citizens to participate in not only shaping government policies but also in taking up opportunities that affect their lives. Effective communication can also contribute positively to government endeavours – leading to good governance, improved internal staff and external citizen/stakeholder morale, and contributing towards meeting government’s aims and objectives. It further builds public trust and confidence in the integrity of government and can be used to challenge any negative perceptions that might exist in the public space. In the region, the District Communications uses various platforms and mediums of communication to seek the views of the public, whilst consistently disseminating information on the objectives, programmes, decisions, actions and activities of Dr Ruth Segomotsi Mompati District Municipality. The Communications Unit consists of four (4) officials including manager and is administratively reporting to the accounting officer while politically to the Executive Mayor as the face of the institution.

PURPOSE

The Government Communication and Information System (GCIS), as the custodian of government communications, has drafted Communication Policy to strengthen government communications so as to deliver on its mandate. The Government communication including the District Municipality Communications is driven by democratic principles of openness and participation, and is guided by the basic principles of:

- transparency
- accountability
- consultation

It gives an overview of the entire operation in order to analysis the strength, weaknesses, opportunities and threats. It is very much important to know and understand the Communications key performance areas in order to advise and support. Building a good reputation of the institution is crucial for the enhancement of service delivery and it is in this regard that the report outlines challenges and achievements, taking into consideration the general recommendations.

COMMUNICATIONS OBJECTIVES

- To establish and maintain a positive relationship and mutual understanding between the Dr Ruth Segomotsi Mompoti District Municipality and all its stakeholders.
- Solicit a uniform message about service delivery in a professional manner to educate stakeholders.
- To present Communication plan to the Municipal Manager or accounting officer and council.
- Development and implementation of approved Communication policy and strategy
- To cover and gather the district information on emergency situations by conducting the environmental scanning for interviews purpose.
- To sensitize the political leadership and management of Dr Ruth Segomotsi Mompoti District Municipality on the entire communication implications within the institution.
- Unit's task is to profile the Executive Mayor as the head of the institution and to communicate the programmes and projects of municipality to internal and external stakeholders while enhancing the reputation.

COMMUNICATION CHALLENGES

- It is very crucial taking into consideration that the environment in which communicators operate in is not static but always changing with government transitional periods and limited budget as well as the lack of resources, particularly financial and tools of the trade play critical role on taking communications to the greatest heights.
- For corporate identity and branding, there is a need for bigger budget in order to undertake the branding of the entire District Municipality Offices including the four (4) billboards owned by the District Municipality.

DISTRICT MUNICIPALITY'S ACHIEVEMENTS

- As the world is no more living in analog age but on digital, the District Municipality has joined the global arena by exploiting every opportunity to communicate with the public by utilizing social media and other platforms. Social Media is a good tool that can be used to convey important information to all stakeholders and it must be noted that updates should be done regularly. The District Municipality's Facebook page is "**Dr RSM District Municipality.**"
- The installation of flat LCD TV screen at the Municipal reception to play all recorded video clips of district events. The District Newsletter has been issued as planned on bi-annual basis. Only one newsletter has been issued and coupled with monthly electronic news update to internal and external stakeholders.
- The District Municipality events video have been captured and edited for both internal and external stakeholders.
- The new approved NDP2030 branding material have been procured for the District Municipality including the implementation of the NDP2030 letterhead.
- The District Municipality's website has been re-designed for the better look but it seems to be problematic sometimes to access it due to incapacity of service provider.
- A functional website is regularly updated and running

CONCLUSION

In conclusion, a successful communication creates enormous benefits for the municipality and its stakeholders. Effective communication reaps incredibly positive results like greater employee commitment, staff involvement, morale boosting and stronger stakeholder loyalty.

Government's communication strategy is drafted every five years and updated once a year to ensure that all communicators operate from a developmental communication paradigm in the district.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No public satisfaction survey conducted in the 2019-2020 financial year

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

The Dr Ruth Segomotsi Mompoti District Municipality is fulfilling its mandate as a Water Service Authority by ensuring that basic water and sanitation services are delivered to its communities in the entire district. Most of service delivery needs by communities are captured through regular IDP and budget roadshows which form part of the Water Services Delivery Plan. In these public participation engagements, more challenges with regard to inadequate bulk and internal water were identified. The ever-increasing demand to cater for the new housing development and extension of villages is a reality and the district is bracing itself to conquer this battle.

Ensuring that the district is not overwhelmed by service delivery needs, more work was done in sourcing funding from the Department of Water and Sanitation by submitting business plans on new water and sanitation reticulations, upgrading (increasing capacity) and refurbishment of existing infrastructure in 2019-2020 financial year. The district has been successful after many challenges in receiving funding approvals for the submitted business plans, mostly from the Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG).

Going forward in addressing provision for bulk water, more strides will be made whilst taking into account the limited funding available for the operation and maintenance of water and sanitation infrastructure as well

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

The Dr Ruth S Mompoti District Municipality is a Water Service Authority responsible for water and sanitation provision in the following five Local Municipal Areas:

- Kagisano Molopo Local Municipality (NW397)
- Naledi Local Municipality (NW392)
- Mamusa Local Municipality (NW393)
- Greater Taung Local Municipality (NW394)
- Lekwa-Teemane Local Municipality (NW396)

The provision for both bulk and internal water services in the District Municipality's five local municipalities is making a difference in the lives of communities especially who never had services before. However, area such as Eksdale in Kagisano Molopo where yields from boreholes are very low and the quality of water is not suitable for human consumption is receiving water through tankering.

The implementation for the long-term solution, though the Regional Bulk Water Scheme where supply of water from villages with adequate underground sources is delayed by the availability of funds from the Department of Water and Sanitation. The community of Pomfret has been without electricity since 2014 and this has negatively affected supply of water whereby diesel engines are now been used in the District's boreholes.

3.1. WATER PROVISION

Section 27 of the Constitution accords everyone the right to have access to sufficient water. Delivery of water is the primary mandate of DRRSMDM as a Water Services Authority (WSA).

The Municipality is supported in this regard by Sedibeng and local municipalities as Water Service Providers (WSPs), and the national government as the primary funder through Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG).

The District Municipality is engaging the local municipalities that are Water Service Providers to enhance their revenue collection. The provision of infrastructure to ensure that billing and collection for water and sanitation services is enhanced is done through replacement of water meters and leaking pipes.

The ever-increasing demands for water in villages' expansion, both formally or informally, is being addressed through provision of bulk infrastructure funded under the Regional Bulk Infrastructure Grant (RBIG) and the provision of internal reticulation budgeted Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant. However, allocation to these grants by National Treasury is inadequate and therefore access to basic services is somewhat delayed.

The performance of the Water Service Providers has been closely monitored and those that are not performing will be taken on board. Monthly coordination meetings with the Water Service Providers are being held where issues relating to operations improvement and feedback from communities are dealt with.

In terms of the Blue Drop Certification Programme, the District Municipality need to adequately address water safety planning, treatment process management, drinking water quality compliance and asset management. The District Municipality, as the Water Service Authority, is coordinating compliance by the Water Service Providers to ensure the status of the Blue Drop improve with time. The projects for 19-20 were not provided as part of annual report due to unavailability when data are requested.

PERFORMANCE AGAINST IDP OBJECTIVES, BUDGET AND % COMPLETION - WATER PROJECTS FOR 2018-2019

Capital Expenditure Year 2018/2019: Water Services						
R						
Capital Projects	Budget	Adjustment Budget	2018/2019 Actual Expenditure	Variance from budget	Total Project	
Total All	223,339,613	283,979,942	274,489,730	19%		
Greater Taung: Bulk Water Supply Upgrading Taung : Raw Water Pipeline	8,000,000	8,000,000	1,398,084	-472%	280	
Greater Taung: Bulk Water Supply Upgrading Taung New Treatment Works	16,100,000	20,000,000	3,735,244	-435%	150	
Greater Taung: Bulk Water Supply Upgrading Taung in Taung to new Reservoir in Morokweng : BulkWater Supply: Bulk pump line from new WTW	25,000,000	25,000,000	51,871,079	52%	90	
Greater Taung: Bulk water supply upgrading Taung: - Bulk distribution Southern Portion	13,450,000	10,600	6,804	-56%	93	
Greater Taung: Bulk water supply upgrading Taung: - Bulk distribution Eastern Portion	0	2,000,000	23,748,050	92%	94	
Greater Taung: Bulk water supply to	0	3,111,825	3,111,823	0%	98	
Greater Taung: Bulk water supply to	8,900,000	10,117,000	3,383,908	-199%	99	
Greater Taung: Bulk water supply to	13,200,000	15,000,000	4,781,526	-214%	101	
Greater Taung: Bulk & internal water supply to	0	2,530,000	2,530,678	0%	103	
Greater Taung: Bophirima Rural Water Supply Program 2016/19	8,161,942	8,162,000	2,261,605	-261%	107	

Greater Taung: Bophirima Rural Water Supply Program 2016/19:	0		59,633	-2066%	112
Greater Taung: Bophirima Rural Water Supply Program 2016/19:	5,600,000		1,158,488	-159%	113
Greater Taung: Drought Relief Programme	0		9,000,000	-44%	114
Kagisano Molopo: Dr Ruth Segomotsi Mompoti Rural Water Programme 2016/2019 - WSIG Funding:	0	459,000	458,279	0%	126
Kagisano Molopo: Bophirima Rural Water Programme 2016/2019 - WSIG Funding:	24,373,571	24,400,000	24,373,571	0%	130
Kagisano Molopo: Dr Ruth Segomotsi Mompoti Rural Water Programme 2016/2019 - WSIG Funding:		490,000	490,018	0%	136
Kagisano Molopo: Bophirima Rural Water Supply Program 2016/19:	0	27,000	-		139
Lekwa Teemane: Bulk Water Supply: New	1,980,000	1,980,000	1,973,038	0%	147
Lekwa-Teemane:	0	23,538,377	23,823,133	1%	160
Lekwa Teemane:	1,450,000	1,450,000	-		170
Mamusa: Bulk Water Supply to the Greater Mamusa Area:	47,500,000	47,500,000	45,269,883	-5%	171
Mamusa LM: Bulk Water Supply to the Greater Mamusa Area:	20,500,000		20,320,193	-1%	172
Mamusa LM: Drought Relief Programme	0		20,000,000	-5%	114
Naledi: Water conservation and demand management (WCDM) and sewer network investigation:	12,800,000	13,895,000	13,894,000	0%	
Naledi: Water supply to	0	75,000	73,152	-3%	
Naledi: Water supply upgrading to	9,550,000	10,879,000	10,868,674	0%	153

PMU Unit	6,774,100	6,563,732	5,898,868	-11%	185
		55	80	100%	185

3.2 WASTE WATER (SANITATION) PROVISION

The District Municipality is responding to basic sanitation needs of its communities by implementing the Rural Sanitation Programme funded through Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG).

Top 3 Priorities

1. Compliance with the Environmental requirements
2. Waste Water Treatment Plants Compliance to Green Drop Certification
3. Provision of new and upgrading of existing bulk Infrastructure

PERFORMANCE AGAINST IDP OBJECTIVES, BUDGET AND % COMPLETION - SANITATION PROJECTS FOR 2018-2019

Capital Projects	Budget	Adjustment Budget	2018/2019 Actual Expenditure	Variance from original budget	Total Project Value
Total All	135,318,268	128,236,598	122,936,288	-10%	
Greater Taung: Bophirima - MIG Funding	15,000,000	23,250,000	26,830,363	44%	116
Kagisano Molopo: Bophirima - MIG Funding	15,000,000	23,250,000	26,673,014	44%	137
Kagisano Molopo: Construction of Oxidation Ponds:	12,750,000	-	-	0.00%	141
Kagisano Molopo: Construction of Oxidation Ponds:	3,400,000	1,000,000	-	0.00%	142
Kagisano Molopo: Construction of Oxidation Ponds:	4,000,000	1,000,000	-	0.00%	143
Kagisano Molopo: Construction of Oxidation Ponds:	6,800,000	1,000,000	-	0.00%	144
Mamusa LM: Construction of Oxidation Ponds: Glaudina	4,500,000	8,050,330	5,373,394	16%	151
Naledi: Upgrading of Pudumong and Vryburg Water Purification Works -	4,000,000	-	332,514	-1103%	152
Naledi: Bulk Water Supply: Upgrading to Vryburg and Huhudi -	1,000,000	-	1,000,000	0%	153
Naledi: Refurbishment of	0	1,818,000	1,818,000		
Naledi: Bophirima Rural Sanitation Programme 2016/2019	7,000,000	7,000,000	962,740		
Naledi: Vryburg - New Waste Water Treatment Plant: Phase 2	61,868,268	61,868,268	59,946,264	-3%	185
		55	80	100%	185

3.3 ELECTRICITY

NOT A FUNCTION OF THE DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

<p>Refuse removal, refuse dumps and solid waste disposal</p>	<p>“Refuse removal, refuse dumps and solid waste disposal” means the removal of any household or other waste and the disposal of such waste in an area, space or facility established for such purpose, and includes the provision, maintenance and control of any infrastructure or facility to ensure a clean and healthy environment for the inhabitants of a municipality</p> <p>In relation to the District Municipality it means:</p> <p>Solid waste disposal sites, in so far as it relates to-</p> <ul style="list-style-type: none"> i. the determination of a waste disposal strategy for the district as a whole; ii. the regulation of waste disposal strategy for the district as a whole; iii. the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district. <p>In relation to the Local Municipality it means:</p> <ul style="list-style-type: none"> i. The determination of a waste disposal strategy for the local municipality only ii. The regulation of local waste disposal for the local municipality only iii. The collection and removal of waste and transporting to a local waste disposal site, bulk transfer facility and district waste disposal site <p>The establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for the local municipality only</p>	<p>According to Section 156(1) of the Constitution and Section 84(1) and (2) of the Municipal Structures Act, the refuse removal, refuse dumps and solid waste disposal function is a shared municipal function, with district and functions as stipulated above. However, as indicated the refuse removal, refuse dumps and solid waste disposal function may, subject to the provisions stated above, be adjusted by the MEC for local government.</p>
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In 2008 the Solid Waste function and power of four of the five local municipalities in the Dr Ruth Segomotsi Mompati District Municipality (RMDM) area, i.e. Mamusa Local Municipality (MLM), Lekwa-Teemane Local Municipality (LTLM), Greater Taung Local Municipality (GTLM) and Kagisano/Molopo Local Municipality (KMLM) was reallocated to the RMDM in terms of section 85(1), 85(6) and 85(9) of the Local Government: Municipal Structures Act, 117 of 1998 (the "Structures Act"). Since 2008 the RMDM has not made any real progress in fulfilling its solid waste services mandate due to a lack of financial and human resources capacity to deliver the solid waste services with the result that all four of the local municipalities are still rendering the solid waste services as if no reallocation of it took place in 2008. Finding a way forward to determine a permanent solution for this *impasse* was urgently required.

Golder Associates Africa (Pty) Ltd ("Golder") was appointed to assist RMDM to do a S78 study consisting of a S78(1) assessment (phase 1) to determine whether RMDM has the internal capacity to deliver the solid waste service and thereafter, if concluded that internal capacity is inadequate, to do a S78(3) feasibility study (phase2) to assess whether and which external service delivery mechanisms would be suitable to render solid waste services to Mamusa, Greater Taung, Lekwa-Teemane and Kagisano-Molopo.

1. Assessment

Based on the Needs Analysis done (in a summarised version included in this report) the S78(1) assessment found that the RMDM, although tasked with the powers and functions to deliver waste management services in the four local municipalities, did not have the human resources or financial capacity to implement these services. It recommended that external service delivery options such as: other municipalities (implying the four local municipalities); Community Based Options (CBOs); Non-governmental Organisations (NGOs) and Public-private Partnerships (PPPs) be explored and investigated as potential solutions to the challenges identified by way of a S78(3) feasibility study.

2. Decision

Realising that it will not be able to comply with S79 of the Systems Act (i.e. be able to commit the financial, human and other resources necessary for the proper provision of the solid waste service and transform it in accordance with the Systems Act) the RMDM Council approved the recommendation to proceed with the S78(3) feasibility study to explore external service delivery mechanisms. This was done at a Council meeting held on 26 June 2014 (Resolution 107/2014) in accordance with the requirements of S78(2)(b) of the Systems Act.

Service delivery options analysis

The comparative analysis of possible options conclusively found that the best solution would be for the reallocation of the solid waste power and function to the local municipalities in terms of subsection 85(9) of the Structures Act with the RMDM rendering administrative, financial and technical assistance to the extent that its capacity allows. This analysis was done in much detail by looking at all aspects of governance and management; the financial impact including the potential sourcing of funding; the legal, human resources, technical and operational considerations; the market capacity and appetite of the private sector and risk factors.

Conclusions and recommendations

Having 1) taken into account the findings of the S78(1) assessment, 2) acted in adherence to the S78(2) decision of the RMDM Council and 3) taken into account the findings of this S78(3) feasibility study, it is concluded that:

- 1. The RMDM is not in compliance with the solid waste power and function re-allocated to it in 2008 and does not have the capacity or funds or access to the funds required to deliver solid waste services to the Mamusa, Kagisano/Molopo, Greater Taung or Lekwa-Teemane Local Municipalities or, by way of a Service Delivery Agreement, cause reliable and sustainable waste services to be delivered to these municipalities.*
- 2. A SDA between the DRRSMDM and each local municipality will spell out roles and responsibilities and accountability thus bringing clarity but it will not improve the current waste service delivery situation given that staff, assets and liabilities will remain unchanged if reliant on the DRRSMDM's capacity and funding ability. SDAs can also not ensure reliable, good and expanded waste services since other contributing factors such as good administration, human resources management, technical experience and capacity and sound financial management or the lack of these are not within the control of the DRRSMDM. Furthermore, SDAs will place an unnecessary administrative burden on the DRRSMDM and the local municipalities while negatively affecting the local municipalities' ability to access MIG funding.*
- 3. Due to the small scale of the waste services operations of the local municipalities, it is not foreseen that private sector operators will be interested in outsourced collection services but it is possible, once the waste handling and disposal sites of the various local municipalities are developed/upgraded, that there might be private sector interest in the outsourced operation and management of such landfill sites, transfer stations and drop-offs.*
- 4. The four local municipalities are despite administrative, human resources, financial, technical, operational and maintenance constraints in a better position to deliver waste services to their own communities through their respective ability to access more grant funding; manage own staff, assets and liabilities and improve own governance, administrative, financial management and service delivery systems, processes and practices.*

Organised labour and the respective communities of the four local municipalities are in favour of the solid waste power and function being located at their own local municipality.

The opinion of officials of the four local municipalities ranges on a scale of either being in favour of the re-allocation of the solid waste service to the local municipalities to not being totally against it but having reservations about it due to concerns about the financial implications thereof.

The re-allocation of the solid waste power and function back to the local municipalities in terms of subsection 85(9) of the Structures Act is the most feasible and financially sustainable solution given the other conclusions and due to the fact that:

it will open the door for the local municipalities to access MIG funding for solid waste projects, i.e. to complete the landfill and transfer station projects and the revised MIG funding conditions will include allowance for 5% thereof to be spend on repairs and maintenance;

it will bring the location of the solid waste power and function in line with national policy;

it will result in a single source of responsibility and accountability which is known as a principle of good service delivery;

it will place responsibility and accountability of the waste services where it belongs, i.e. close to the people who receive the services;

the aged indigent registers causing the local municipalities not to get their rightful share of the LGES, can only be updated by themselves, thus they are masters of their own destiny in this regard;

the local municipalities are in a better position through daily management of their staff and activities to promote and enforce a safe and healthy environment through practices which should span across all services;

the local municipalities are in a better position through intimate knowledge of their communities and a wider commitment to their communities to explore and facilitate possible avenues for LED activities linked to solid waste services, e.g. recycling initiatives and the roll out of waste services to hitherto unserved communities through the use of CBOs funded by the waste portion of the LGES grant.

Legislation enables the DRRSMDM to still provide financial, technical and administrative support services to the local municipalities to the extent that the DRRSMDM has such capacity which, in the case of the management and monitoring of landfill projects does exist, and could be made available.

The DRRSMDM waste staff also has knowledge of waste management practices such as the optimisation of collection routes, which could still be available to the local municipalities.

Officials in the Solid Waste Unit of the DRRSMDM must ensure that the goals and implementation plans which are applicable to the DRRSMDM as included in the revised 2016 IWMPs, be implemented accordingly.

Council resolved on 30 June 2016:

- a) That solid waste power and function be re-allocated to the local municipalities in terms of subsection 85(9) of the Structures Act and, if this avenue proves to be unsatisfactory, the legal avenue provided for such circumstances in subsection 85(7) of the Structures Act, be used to affect the re-allocation.*
- b) That the recommendations in the attached report serve before the Council of DRRSMDM and be approved in terms of S78(4) of the Systems Act.*

That in pursuance of the above recommendations in the attached feasibility report and Council Resolution, the DRRSMDM communicate its request for the re-allocation of the solid waste power and function to the respective local municipalities in terms of subsection 85(9) of the Structures Act in writing to the Honourable Ms Fenny Gaolaolwe, MEC of the Department of Local Government and Human Settlements of the North West Province, supported by its Council Resolution and this S78(3) Feasibility Report.

				Households
Description	2016/17	2017/18	2018/19	2019/20
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Solid Waste Removal:</u> (Minimum level)	The figures are not available because the Local Municipalities did not report on the South African Waste Information System as required.	The figures are not available because the Local Municipalities did not report on the South African Waste Information System as required.	The figures are not available because the Local Municipalities did not report on the South African Waste Information System as required.	33.7% of all households in the District have access to waste removal services.
Removed at least once a week				33 697 households
<i>Minimum Service Level and Above percentage</i>	%	%	%	
Using communal refuse dump				
Using own refuse dump				93 406 (estimate)
Other rubbish disposal				
No rubbish disposal				
<i>Below Minimum Service Level sub-</i>				
<i>Below Minimum Service Level percentage</i>	%	%	%	%
Total number of households				127103 (estimate)

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2016/17 Actual	2017/18 Actual	2018/19 Actual	Original Budget	Households 2019/20	
					Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements	The figures are not available because the Local Municipalities did not report on the South African Waste Information System as required.	The figures are not available because the Local Municipalities did not report on the South African Waste Information System as required.	The figures are not available because the Local Municipalities did not report on the South African Waste Information System as required.	No budget available for the Solid Waste Unit	No budget available for the Solid Waste Unit	
Total households					The figures are not available	
Households below minimum service level						
Proportion of households below minimum service level	%	%	%	%	%	%
Informal Settlements	The figures are not available because the Local Municipalities did not report on the South African Waste Information System as required.	The figures are not available because the Local Municipalities did not report on the South African Waste Information System as required.	The figures are not available because the Local Municipalities did not report on the South African Waste Information System as required.	No budget available for the Solid Waste Unit	No budget available for the Solid Waste Unit	
Total households					The figures are not available	
Households below minimum service level						
Proportion of households below minimum service level	%	%	%	%	%	%
					T 3.4.3	

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2016-2017		2017-2018			2018-2019	2019-2020	
Service Indicators		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective _Solid Waste Management									
Provision of weekly collection service per household (HH)	Proportionate reduction in average weekly collection failures year on year (average number of collection failures each week)	Not available	Not available	Not available	Not available	Not available	Not available	33 697 out of the 127 103 households received solid waste collection on a weekly basis.	Figures on the proposed increase of households are not available.
Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites	The amount of spare capacity available in terms of the number of years capacity available at the current rate of landfill usage	Not available	Not available	Not available	Not available	Not available	Not available	Spare capacity figures are not available because of the absence of Waste Information Systems	Spare capacity figures should be determined

Proportion of waste that is recycled	Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites.	Not available	Not available	Not available	Not available	Not available	Not available	No figures exist on volumes of waste recycled because of the absence of Waste Information Systems	Keeping record of waste recycled is solely the responsibility of the Local Municipalities, who have to start implementing their respective Waste Information Systems
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Employees: Solid Waste Management Services					
Job Level	2018-2019	Posts	2019-2020	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees		Employees		
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	Not applicable
					%

WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

In accordance the Resolution 149/2016, the DRRSMDM on Solid Waste as determined by the Section 78 Report resolved; that solid waste powers and function be re-allocated to the local municipalities in terms of Section 85(9) of the Structures Act and, if this avenue proves to be unsatisfactory, the legal avenue provide for such circumstances in Section 85(7) of the Structures Act, be used to affect the re-allocation.

That in pursuance of the recommendations in the Section 78 Report and the Council Resolution, the DRRSMDM communicates its request for the re-allocation of the solid waste powers and functions to the respective local municipalities in terms of Section 85(9) of the Structures Act in writing to the Honourable MEC Fenny Gaolaolwe, of the Department of Local Government and Human Settlement of the North West Province, supported by its Council Resolution and the Section 78 Report. This was done but till to date there is no Role clarification from the MEC offices and due to unfunded mandate DRRSMDM could not commit to the function and as a result there is no budget allocated for the function.

Environmental Health Practitioners as they are rendering Municipal Health Services in the local municipalities of DRRSMDM are ensuring the proper management and of solid waste management to local municipalities and also conduct education awareness in the communities.

The local municipalities function is to ensure the proper refuse storage, collection, transportation, transfer and processing, materials recovery and final disposal.

The Solidwaste management unit supports and give advice to the local municipalities on solid waste management issues whereby the Youth Ambassadors, appointed by the Department of Environment, Forestry and Fisheries, are involved with conducting education awareness in the communities as part of the youth and community outreach Programme.

3.5 HOUSING

This is not a function of the Dr Ruth Segomotsi Mompati District Municipality.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Municipalities have a legal obligation to ensure the provision of free basic services to indigent households. A “basic municipal services” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment. This includes water, sanitation and electricity.

The District plan to undertake the to annually approve Indigent Support Policy and allocate budget to support qualifying households. The Indigent Support Policy will include and provide for the following, amongst others:

- Criteria for identification of indigent households;

- Process for registration of indigent households;

- Indigent tariffs and subsidy;

- Determination of the municipal services and levels thereof which will be subsidized in respect of indigent customers; and

- Conditions for the termination of indigent support.

The District Municipality is supporting Local Municipalities through equitable share and in ensuring that the indigent support is being catered through the provision of free basic services through policy development and guidance, however the primary function lay with the Local Municipality

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

The Dr Ruth Segomotsi Mompati District Municipality is not the custodian of roads within its area of jurisdiction. In terms Section 36 (1) of the National Land Transport Act, Act 5 of 2009 all planning authorities must prepare Integrated Transport Plans (ITP's) for their area of jurisdiction. The Municipality is responsible for municipal planning as derived from Schedule 4 Part B of the Constitution. The Municipality is in the process of developing an Integrated Transport Plan with support from the North West Department of Community Safety & Transport Management.

The National Department of Transport, as part of the S'Hambe Sonke Programme, has provided grant funding for the implementation of Rural Roads Asset Management Systems (RRAMS). The strategic goal of RRAMS grants is to ensure efficient and effective investment in rural roads and bridge inventory data condition assessments and traffic information. Improved data on roads will guide infrastructure investment and also enhance accessibility and mobility of rural communities.

3.7 ROADS

Not a function of the District

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

NOT A FUNCTION DISTRICT

3.9 WASTE WATER (STORMWATER DRAINAGE)

This is not a function of the Dr Ruth Segomotsi Mompati District Municipality

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

The Municipality has fully complied with the aforesaid development planning prescripts. The 2018/19 IDP/Budget Process Plan was approved by Council on the with milestones and activities towards approval of the reviewed 2019/2020 IDP

The composition and responsibilities of each of the above-mentioned structure are outlined in the approved IDP/Budget Process Plan.

The Planning & Development is responsible to ensure that there is efficient and effective compliance with legislative imperatives such as IDP, Public Participation, PMS and other applicable laws. In addition, they perform strategic planning, facilitation, reporting and provide advice and support internally and externally which in most cases is demand-driven.

Section 27 (1) & (2) of the Municipal Systems Act Mandates District Municipality to adopt a framework for Integrated Development Planning that binds both the District and the local municipalities in the area of the district municipality as a whole;

Section 28 of the Municipal Systems Act mandates municipal council to adopt a process set out in writing to guide the planning, drafting, adoption and review of municipal integrated development plan (IDP); and

Section 21 of the MFMA mandates municipalities to prepare time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget and the annual review of the IDP.

The Municipality has fully complied with the aforesaid development planning prescripts. The 2019/20 IDP/Budget Process Plan was approved by Council on the with milestones and activities towards approval of the reviewed 2019/2020 IDP

The composition and responsibilities of each of the above-mentioned structure are outlined in the approved IDP/Budget Process Plan.

Town & Regional Planning

The Unit is responsible for Spatial Planning in line with Chapter 4 of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013 along with providing support to constituent local municipalities with the implementation of SPLUMA.

The Municipality reviewed its Spatial Development Framework in the 2019/20 financial year.

The Unit also includes a Geographic Information Systems (GIS) section which is responsible for storing spatial information within the Municipality and assist in surveying of completed infrastructure projects. In the past financial year 2019/20 the played an active role in assisting the Office of the Premier with the development of a provincial GIS Strategy.

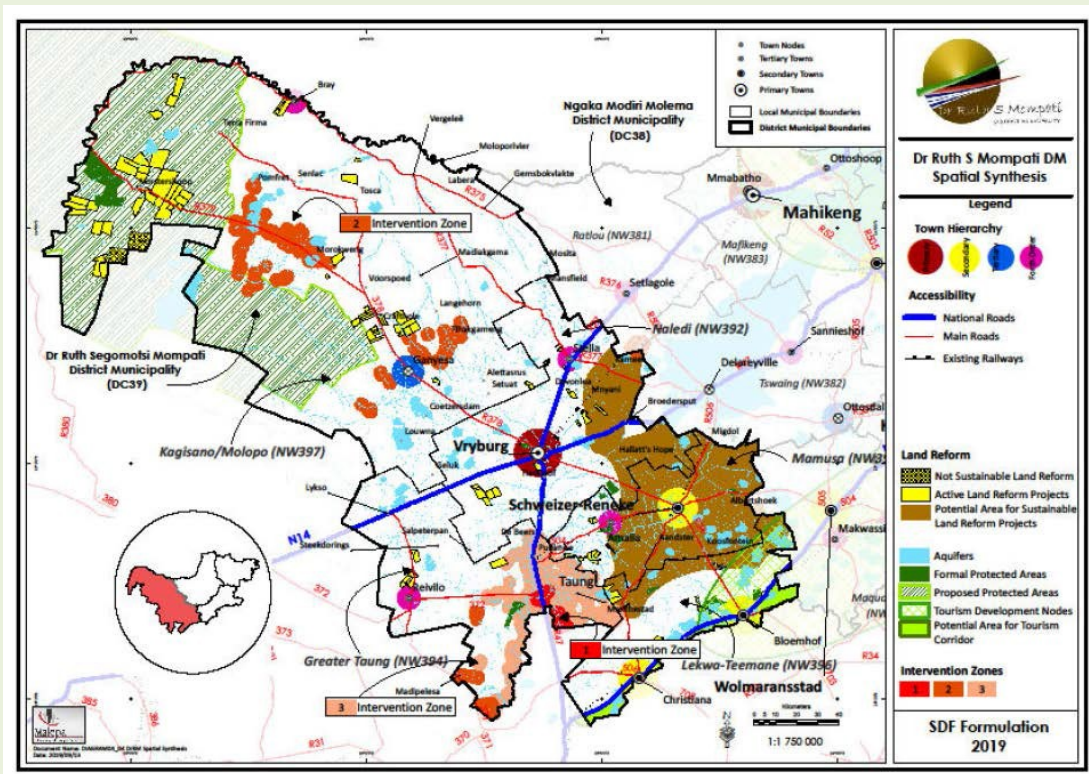
The Dr Ruth Segomotsi Mompati District Municipality (herein referred to as the District or DRSM) is a Category C municipality located in the North West Province and it comprises the following local municipalities:

Naledi Local Municipality,
Greater Taung Local Municipality,
Kagisano-Molopo Municipality,
Mamusa Local Municipality, and
Lekwa-Teemane Local Municipality

The District is predominantly rural with a population that is situated in more than 470 villages and towns dispersed in a 250km radius (approximately 50km north to south and 200km east to west).

Amalia
Bloemhof
Christiana
Piet Plessis
Pomfret
Pudimoe
Reivilo
Schweizer-Reneke
Stella
Taung, and
Vryburg

The map below indicates the spatial synthesis of the District:



Integrated Development Planning

The IDP unit is responsible for ensuring compliance with implementation of Chapter 5 of the Systems Act, especially compliance with Section 25 by identifying with the key deliverables and immediate goals detailed in the Council's IDP in respect of the communication, investment, tourism and agricultural dimensions of local economic development.

Performance Management System

The PMS Unit was responsible for the implementation of PMS in line with the Municipal Systems Act (MSA) 2000 which requires municipalities to establish a performance management system, the Municipal Finance Management Act (MFMA) which requires that the IDP to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The current unemployment rate in the district stands at 38%. This unprecedented state affects the majority of the Youth. Hence the district will continue to strive towards creating an enabling environment that accommodates ongoing youth skills development, small business and cooperatives support, product development and promotion as well as other farmer support programmes.

The strategic objective of the EDTA department is to facilitate and promote local economic development in the District through existing partnerships. Specifically, the district is an agricultural hub within the province and as a result, special attention is given to promoting agricultural initiatives and ensures value chain benefits from the sector. The AgriParks programme therefore, will play a central role in ensuring broader accessibility of the previously disadvantaged communities to value chain benefits associated with the programme. The District is one of the 44 poorest districts, with an economy that is highly dependent on the Agricultural sector. Despite having a thriving Agricultural sector that is perceived to be overly dependent on the beef cattle industry, the entire sector is still relatively underdeveloped in terms of agro-processing value chain, infrastructure and related activities. A larger percentage of agricultural produce originating from the district is usually processed outside. Therefore, the establishment of the Agri-Park will afford the district an opportunity to promote and implement agro-processing of produce, value addition, and an overall increase in agricultural production and diversification.

In addition to agriculture, the district has, over the past years ensured equitable focus on other sectors of the economy. Considerable effort went into the promotion and creation of a conducive environment that enhances access to markets for SMMEs and encouraging participation in existing and new employment creation opportunities. Thus, the promotion of SMMEs and Cooperatives as the driving force to job creation needs to be fully harnessed and supported. In the previous financial year, a total of 394 SMMEs and Cooperatives collectively were successfully assisted. The two support programmes accessed include shared economic Infrastructure Fund, from the department of Small Business Development and the NW Growth Accelerator Programme both administered through the Finance, Economy & Enterprise Development Department.

Attraction of major investments to the District remains a challenge because of the poor infrastructure conditions, more especially roads, water networks or reticulation, communication, electricity and transport networks. The critical importance of commitment to transforming the economy of the district therefore remains emphasized. This will ensure that job opportunities are increased for the unemployed masses (mainly the youth) of the DR RSM District.

The District Municipality acknowledges the fact that effective economic growth and stimulation emanates from committed stakeholder strategic partnerships in order to ensure rural development and jointly implementing programmes and projects for sustainable livelihood. As a result, the department will for the next five years intensify joint economic planning and execution of programmes focusing on the prioritized sectors of the district. Partnerships with the private sector to impart the necessary skills to small businesses and cooperatives will be duly enhanced and supported. With the minimum resources allocated to the district for service delivery priorities, Local Economic Development is usually given the least of the resources usually not commensurate with the existing economic challenges and needs. The same applies to the local municipalities supported by the district, a matter that will require a decisive political will if the prospects of the district economic growth are to be attained.

The Dr Ruth S Mompoti District Municipality affirms that tourism "constitutes a right equally open to all of the world's inhabitants, and obstacles should not be placed in its way". There has been a growing awareness of the positive influence that tourism as a sector has on different aspects of life. This sector provides a chance for recreation, an opportunity for mutual understanding between peoples and cultures, an instrument for economic development, a promoter of peace and dialogue, a possibility for education and for personal growth, a moment of encounter with nature, and an environment for spiritual growth, just to mention few. Therefore, the district will continue to market its five (5) tourism offerings being, Agriculture, Culture, Heritage, Water Sport and Hunting. Through these offerings, the district hopes to create a unique experience exclusive towards the existing comparative advantages within each local municipality.

LOCAL JOB OPPORTUNITIES:

EDTA has an indirect and direct impact on jobs created. In the 2019-2020 financial year in terms of evidential jobs created, the number is 4. In terms of SMMEs assisted the target for the financial year were 100 and the reported actual is 411 based on SMMEs supported through both special projects and operational projects.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES;
OTHER (THEATRES, ZOOS, ETC)

Not a function of the Dr Ruth Segomotsi Mompati District Municipality

3.13 CEMETORIES AND CREMATORIIUMS

Regulations defining the scope of the profession of environmental health: amendment; provide for the following to be rendered:

Disposal Of The Dead

Controlling, restricting or prohibiting the business of an undertaker or embalmer, mortuaries and other places or facilities for the storage of dead bodies; monitoring practices at cemeteries, crematoria and other facilities used for the disposal of dead bodies; managing, controlling and monitoring exhumations and reburials or the disposal of human remains.

Environmental Health Practitioners are performing the function as outlined per the regulations.

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

A child care Centre shall refer to a facility that provides care for “children under the age of 6 years” who are not yet attending a formal school or equivalent. These shall include full time day care or half day care where more than 3 children are being care for between the ages of 0-6 years. Child care centers also include afterschool care services for school going children.

The premises operated under a valid Health Certificate issued by an Environmental Health Practitioner of a relevant District or Metropolitan Municipality, to the effect that the premises and general facilities comply with environmental health requirements.

The premises promote a healthy and safe environment, free from environmental hazards and diseases and welfare of the children accommodated.

Staff members adequately qualified in child care, and knowledgeable in health and safety aspects relating to children. Playground equipment in compliance to the *SANS 51176: 2010 for playground equipment and surfacing*.

Environmental health inspections of day care centers should include:

A risk assessment of a child care should be conducted by an EHP to assess conditions on the premises that may pose a threat to the health, safety and welfare of children, by:

- Identifying hazards in a child care centre;
- Assessing the likelihood of the hazard posing a risk to the children on the premises;
- Estimating the severity of the consequences, if harm is caused. The risk analysis should be done with specific focus to the following areas:

Food preparation areas, (to include analysis of food risks);

Indoor and outdoor play areas and equipment;

Water and sanitation;

Pests; Care and protection of children;

Disease infection risk factors and prevention strategies, including hygiene practices; and

Environmental toxins on the premises

- Risk communication should form part of every EH inspection, as well as recommendation of action plans on elimination and minimisation of hazards through control measures.
- Assessment of disease prevention and control, including disease reporting and inspection protocols.
- Health education should part of and provided with every compliance inspection conducted.
- Inspection checklists should be designed and utilized for every inspection conducted. Prescribed standards for day care centers should be used as guides for developing of inspection checklists.
- An inspection report, with the risk assessment findings and recommendations should be issued to the owner or person in charge of the day care center after every inspection.
- An EHP should maintain a database of all child care centers (both compliant and non-compliant) for control purposes.
- Monitoring of child care centers should be coordinated with all other relevant stakeholders, such as Social development, Basic Education and Primary Health Care, to ensure synergy and comprehensive provision of services.

Day care centers must comply with the following health requirements:

- A valid health certificate must be issued by an EHP certifying that the premises comply with environmental health requirements. The certificate must indicate the following:

The health certificate holder;

The physical address of the premises;

The identity number of the certificate holder;

The number of children and the minimum age groups permitted on the premises; and

Hours of operation; full day or half day care.

Each certificate should be issued with a certificate number.

- The health certificate must be displayed in a conspicuous manner on the premises, so as to be clearly visible to everyone entering the premises.

- Health certificates issued to a child care center must be renewed by an EHP:

Annually;

In case of change of ownership;

In the case of renovations/additions to the existing premises; and

If the services moves from one premises to another

- A Day care center must be inspected at least once every quarter (not less than 3 times in a year). The risk profile of the day care center should also inform the frequency of inspections of specific premises.

Homes for the aged refer to a care home providing accommodation and nursing, or personal care for older people or for the aged.

Norms:

- Old Age Homes operated under a permit/registration authorizing that activity by the relevant municipality/authority.
- The premises operated under a valid Health Certificate issued by an Environmental Health Practitioner of a relevant municipality, to the effect that the premises and general facilities comply with environmental health requirements.
- Building and facilities accessible and promote health, safety and welfare of residents.
- Physical layout of the grounds and buildings promotes mobility, social interaction and areas of service delivery.

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

Section 24 of the Constitution provides that everyone has the right to an environment that is not harmful to their health or well-being and to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that:

- prevent pollution and ecological degradation;
- promote conservation; and
- Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

DR RSM's considerable and diverse natural resources open up a wide array of investment possibilities, from alternative energy (Solar power) to both game and livestock farming. Being part Republic of South Africa, which is a signatory to various international environmental agreements, Dr RSM is concerned to protect its natural resources and promote their sustainable use.

DR RSM district municipality derives its environmental mandate to ensure the protection of the environment and conservation of natural resources. The Municipality performs its environmental mandate through the community services' environmental/Municipal health unit with further support from the Department of Environmental Affairs' local government support unit that has deployed 1 Control environmental Officer Grade A to provide support to the District and its 5 Local municipalities on environmental management issues.

3.15 ENVIRONMENTAL POLLUTION CONTROL

INTRODUCTION TO ENVIRONMENTAL POLLUTION CONTROL

Environmental pollution control functions are as follows:

- Ensuring hygienic working, living and recreational environments;
- identifying the polluting agents and sources of water, air and soil pollution;
- conducting environmental health impact assessments of development projects and policies, including assessments of major hazard installations;
- identifying environmental health hazards and conducting risk assessment and mapping thereof;
- preventing accidents, e.g. owing to paraffin usage;
- approving environmental health impact assessment reports and commenting on environmental impact assessment applications;
- ensuring clean and safe air externally (ambient and point sources) through emission inventory monitoring, modelling and toxicological reports, reviews and complaint investigations;
- controlling and preventing vibration and noise pollution;
- preventing and controlling soil pollution that is detrimental to human, animal or plant life;
- ensuring compliance with the provisions of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993), and its regulations, including anticipating, identifying, evaluating and controlling occupational hazards;
- taking the required preventative measures to ensure that the general environment is free from health risks;
- ensuring the registration, permitting, monitoring and auditing of all industries, activities, trade, etc., which involves controlling the internal effects of pollution on the worker and the external effects of pollution on the community and the environment;
- monitoring management of infrastructure integrity, including management of the infrastructure integrity of pipelines and tanks;
- ensuring, jointly with other role players, a readiness for abnormal operating conditions and disasters;
- developing sustainable indicators appropriate for monitoring the effectiveness of environmental management systems of industries

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

NOT A FUNCTION OF THE DISTRICT

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

3.17 CLINICS

NOT A DISTRICT FUNCTION

3.18 AMBULANCE SERVICES

Not a district function

INTRODUCTION TO MUNICIPAL HEALTH (INSPECTIONS, FOOD, ETC.)

In terms of the Constitution of the Republic of South Africa, 1996, the Local Government: Municipal Structures, 1998 (Act 117 of 1998) and the National Health Act, 2003 (Act 61 of 2003), it is the statutory responsibility of the District Municipality to render Municipal Health Services in the district, in terms of Government Notice No. 826 of 13 June 2003 which became effective from 1 July 2004, and DR RSM DM is amongst the municipalities that renders the service fully.

Environmental health is concerned with monitoring or mitigating those factors of the natural and built environment affecting human health and disease. It involves identifying and evaluating environmental sources and hazardous agents and limiting exposures to hazardous physical, chemical, and biological agents in air, water, soil, food, and other environmental media or settings that may adversely affect human health. The programmes are implemented as per Regulation No. 123; The Scope of Profession of Environmental Health under the Health Professions Act (Act No. 56 of 1974 as amended).

Section 1 of the National Health Act 61 of 2003, defines Municipal Health Services which include the following environmental health functions provided by District and Metropolitan Municipalities:

Water quality monitoring; Food control; Waste management; Health surveillance of premises; Surveillance and prevention of communicable diseases, excluding immunizations; Vector control; Environmental pollution control; Disposal of the dead; and Chemical safety.

Water quality Management

DR RSM DM is responsible for ensuring that the water provided to communities is safe for human consumption and adequate for domestic use as well as for recreational, industrial, food production and all other human and animal use. This is facilitated through water sampling and analysis by accredited Laboratory to determine compliance with South African National Standards (SANS): 241.

Food Inspections

The district has responsibility of ensuring food safety in respect of acceptable microbiological, chemical and hygiene standards. This is implemented by monitoring food premises for compliance with set standards on a monthly basis to ensure compliance of all food premises and optimal hygiene control throughout the food supply chain.

Waste Management: The inspections are conducted in LM's waste site to assist them to come to compliance to the NEM Waste Act 2008.

Health and Hygiene Awareness and activities in response to COVID-19 pandemic

- Community Awareness, educations and communication which is critical in the management and prevention of the spread of COVID-19 were and are still conducted regarding the precautionary measures and the persons behaviours during the pandemic at pension pay out points, during premises inspections (Non-Food and Food)
- Intensive inspections were conducted at Funeral Parlour premises for compliance with disaster management regulations.
- Provided guidance and advice to Funeral Undertakers on management of infectious human remains
- Participated in Outbreak Response Teams in the District and constantly informed the Provincial Disaster and the National Health on the Environmental Health activities during the pandemic.
- Conducted investigation of suspected cases and contact tracing in the district.
- Monitored the management of health care wastes in health facilities, quarantine premises, etc
- Facilitated and monitored the decontamination and disinfection of affected premises
-

DRRSM has in its employ 20 Environmental Health Practitioners and are distributed amongst the local municipalities as follows: Greater Taung 4, Mamusa 3, Naledi 3, Kagisano/Molopo 5 and Lekwa-Teemane 3 with Assistant Manager: Solid Waste and Manager: MHS. Norms for Environmental Health Practitioners was established in South Africa as one Environmental Health Practitioner per 15 000 population, insured and uninsured combined. The WHO norm stands at 1 Environmental Health Practitioner per 10 000 population. A new cadre of Environmental Health Assistant is being defined; no norms exist as to the ratio of Environmental Health Assistant to Environmental Health Practitioner.

The Table below outline the inspections conducted:

SDBIP CORPORATE OBJECTIVES	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	ANNUAL ACTUAL PERFORMANCE ACHIEVED	VARIANCE	BLOCKAGES CHALLENGES/ REASONS FOR UNDERPERFORMANCE/DEVIATION
To provide Food Safety and control services	No. of Food premises inspected	1600 inspections	3166	1566	There were special blitz inspection operations done in the District
To provide water quality services	No. of water samples collected for analysis	1100 water samples	1097	-3	During the beginning of the Lockdown movement was restricted as a results samples were not sent to the Laboratory in April 2020

To provide milk quality and safety services	No. of milk samples collected for analysis	52 samples	70	18	The quota of how many and what samples to be collected in a particular month lies with the Dairy Bell company
To provide meat safety and inspection services	No. of meat safety inspections conducted	132 meat inspections	135	3	Output of slaughtering is the prerogative of the abattoir owner
To provide and monitor the Disposal of the Dead services	No. of Undertakers premises inspections	40 inspections	91	51	Inclusive of the special inspection instructions during COVID-19
Surveillance and Prevention of communicable diseases	No. of Clinic visits done to collate information	40	61	21	Inclusive of the special inspection instructions during COVID-19
COVID-19 Related inspections and interventions	Food and Non Food inspections, Awareness, education and communications		443		N/A

Environmental Health Practitioners (EHP's), as registered health practitioners, are required by law to engage in continued professional development activities (CPD). These activities are registered and administered by the Health Professions Council South Africa (HPCSA) and it is compulsory for all EHP's to comply with CPD requirements in order to maintain their registration with the HPCSA.

CHALLENGE

insufficient budget provision to advance other tools of trade, like surface cleanliness tests, noise testing machine and others.

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

The Structures Act gives District Municipalities the functions and powers to conduct firefighting services. (The word “function” is defined as an activity proper to a person or institution, a mode, of action or activity by which a thing fulfils its purpose, an official or professional duty). This clearly goes beyond a “right” or “power” and the Structures Act therefore places on District Municipalities an obligation to provide these services.

The District Municipality has a security component which consists of the Minimum Information Security Standard. In terms on the National Intelligence Strategic Act this Unit is responsible for Screening and Vetting of both employees and Service providers.

Employees are screened regularly to ensure compliance with the Act and also to minimise the risk of employing those who are viewed as Security risk to the institution. All Municipal assets such as water infrastructure are guarded on a 24 hour basis to avoid vandalism.

Access control is a process in which several measures are applied to ensure that any object or person requiring access to the premises of an institution is safe, has a bona-fide reason to enter, is entitled and authorised thereto and breaches of security during the presence of such a person. It is therefore important for the institution to have a policy guideline to regulate access control.

The Security policy has been developed and in place in accordance with the provisions of the Act.

3.20 POLICE

Not a district Function

INTRODUCTION TO FIRE SERVICES

The District Municipality is responsible for provision of firefighting service throughout the District in terms of Section 84(1) j of the Local Government Municipal Structures Act, (Act 117 of 1998).

“The District Municipality is, inter alia, responsible for provision of firefighting services serving the area of the district municipality as a whole, which include:

- Planning, co-ordination and regulating fire services
- Specialised firefighting services such as mountain, veld and chemical fire services
- Co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures
- Training fire officers”
-

Fire Fighting Service - Local Municipality Function

The District Municipality is also responsible for provision of firefighting service to local municipalities in terms of the adjustment by the of Section 84 (2) of the Local Government Municipal Structures Act, (Act 117 of 1998), The Act further describes the local function as:

- Preventing the outbreak or spread of a fire
- Fighting or extinguishing a fire
- The protection of life or property against a fire or other threatening danger
- The rescue of life or property from a fire or other danger” Analysis

The Local Municipality of Naledi is responsible for provision of firefighting services according to Section 84(1) j of the Local Government Municipal Structures Act, (Act 117 of 1998), within its respective area of jurisdiction as agreed with the Provincial Government.

The District Municipality has entered into service level agreement to get the function being temporarily performed by the District Municipality till the statutory capacity assessment is conducted by the MDB to enable the MEC to make the necessary adjustments.

Challenges

- Equitable services delivery lacking
- Budget constraints,
- Insufficient accommodation facilities for fire services at existing fire stations
- Fire stations only available in main towns and non-existent in more remote and deserving towns,
- Insufficient personnel at some stations
- Request for absorption: Naledi Firefighting Service

Proposed Solutions

- Recruitment of additional personnel
- Budget allocation to be increased
- Sufficient provision to be made within the next financial year's budget for standardization of facilities
- Satellite stations to be established
- Capacity building to be implemented further
- Absorption of Naledi to be provided for within the 2020/21 financial year.

District Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	389	300	340	350
2	Total of other incidents attended in the year	88	110	113	110
3	Average turnout time - urban areas	30	30	30	30
4	Average turnout time - rural areas	2,5 hrs	2,5 Hrs	2,5Hrs	2,5 hrs
5	Fire fighters in post at year end	69	69	69	69
6	Total fire appliances at year end	18	19	20	19
7	Average number of appliance off the road during the year	2	2	2	0

Fire Policy Objectives Taken From IDP								
Service	Outline Service	Year -2		Year -1		Year 0	Year 0	Year 1
Service	Service	Target	Actual	Target	Actual	Target	Actual	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vii)	(viii)	(ix)	(x)
Service Objective								
Provision of Fire Prevention Services	100 x Fire prevention inspections	Conducted 100 fire prevention inspections	123 Target reached	100 x Fire prevention inspections conducted	107 x Fire prevention inspections	100 x Fire prevention inspections	83 x Fire prevention inspections	100 x Fire prevention
Provision of Fire Prevention Services	Conduct four awareness campaigns each quarter total (10 per annum)	10	12	10	13	10	9	Conduct 10 awareness campaigns per annum

Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
0 - 3	1	2	1	1	50%
4 - 6	6	15	6	2	40%
7 - 8	36	42	36	0	14%
10 - 11	8	10	8	10	20%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	51	69	51	13	22%

Capital Expenditure Year 0 : Fire Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Protective clothing PPE Fire	800,000	800,000	R 603 731.83	196 268.17	603 731.83

Overall Comment on Fire services

Budgetary provision made according the attached proposed five-year planning is insufficient to procure the required fire appliances, fire equipment, communications equipment and protective clothing and implement the required minimum standards in terms of "Weight & Speed of Response" to meet the requirements in relation to the fire risk identified per area.

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

INTRODUCTION TO DISASTER MANAGEMENT ETC.

Analysis

This District Disaster Management Plan expounds the start of the longer-term process to follow with a comprehensive plan containing a clear understanding of the District Municipality's policy statement, the district municipal framework for Disaster Management and the strategy (including methodologies to provide support to local municipalities to operationalize disaster management in Dr. Ruth S Mompoti District Municipality) embarked upon.

Capacity constraints at our local municipalities prevents collateral support in sharing resources fundamental to disaster responses and recovery functions. Weak and non-existing local municipal infrastructure in some of the local Municipalities within the District result in weakness and ineffectiveness to activate disaster response and recovery plans.

Currently there are limited dedicated funds for Disaster Management interventions. As a result, resources are not released to maximize the effectiveness of response activities.

The funding arrangement as set out in the Disaster Management Act, 57 of 2002, are inadequate to address the need to fund support response and recovery efforts, such as humanitarian relief aid, rescue efforts, disaster containment activities, provision of immediate basic services, emergency health services and critical infrastructure repair.

The existing arrangements as implemented by Social Development follow a vetting process and only assist people already registered for social grants on their system. Social Development does not cater for all people affected by an incident of a disaster. There is a need to assist affected community members on a need only basis. Social Development Department needs to align the guidelines "SASSA'S response to disasters" in order to ensure effective systems, structures and procedures to effectively and efficiently deal with these challenges.

COVID 19 PANDEMIC

We have learned important lessons through COVID 19 pandemic as this will have a long lasting positive impact in how we conduct business as Government and deliver services to the people. The world as we have known it before 26th March 2020 has changed!

- How do we address the Health Crises?
 - Use communication to inform and build trust.
 - Social distancing.
 - Mass screening and testing.
 - Contact tracing, tracking and treatment

- How do we address the Economic Crises?
 - Provide clear guidance for reengaging in economic and social activity.
 - Use data to identify the hardest-hit areas
 - Conduct an industry/sector assessment.
 - Engage private sector participation to revive certain sectors.
 - Retrofit infrastructure and civic assets.

- How do we keep the "business of government" operating
 - People: Management of public employees as well as other partners of government are likely to be irrevocably changed. In the Recovery phase, safeguarding the health and safety of public employees will likely be an area of emphasis, as well as optimizing the use of remote work.

The COVID-19 crisis has demonstrated clearly that rules and regulations that hinder public service should be altered or removed quickly.

Serve the public: Expectations for service will only grow after the COVID-19 crisis. In the short term, government must be able to sense and react rapidly to changes in the pandemic.

Communicate. Getting back to normal won't be easy for anyone, and the public may be confused by changes due to COVID-19. They are likely to wonder, for example, if there will be changes in service offerings or office hours. Transparency can help build understanding while services slowly come back to acceptable levels.

CHALLENGES AND PROPOSED INTERVENTIONS

Disaster Management at District and Local Municipal levels need to address the following shortcomings and challenges.

- Lack of sufficient personnel to establish and maintain institutional arrangements that will enable the implementation of the Act (which should include recruitment of staff)
- A general lack of preparedness for disaster on the part of communities to facilitate the development, implementation and maintenance of disaster risk reduction strategies that will result in resilient areas, communities, households and individuals
- Over-reliance on the District Municipality by Local Municipalities: Measures to be implemented to develop progressive risk profiles to inform the IDP processes of municipalities for the purposes of disaster risk reduction and to determine the effectiveness of specific disaster risk reduction programmes and projects undertaken
- Uninformed and unprepared communities: To develop and implement mechanisms for creating public awareness to inculcate a culture of risk avoidance

Two national state of Disasters were declared during this period under review, namely;-

AGRICULTURAL, HYDROLOGICAL AND SOCIO-ECONOMIC DROUGHT (NATIONAL DISASTER)

Due to prolonged lower-than-normal rainfall since the year started, drought conditions are being experienced across the country. This has led to water shortages in a number of public water supply schemes/dams.

The district were assisted by the Farmer Support Directorate of the Provincial Department of Agriculture to coordinate the assessment and compile reports in order to determine the magnitude and severity of the drought on the Agricultural sector.

COVID -19 PANDEMIC AS A NATIONAL DISASTER

Dr Mmaphaka Tau, in his capacity as Head of the National Disaster Management Centre after assessing the potential magnitude and severity of the COVID -19 pandemic in the country, give notice that on 15 March 2020, in terms of section 23(1)(b) of the Disaster Management Act, 2002 (Act No. 57 of 2002) (the Act), classified the COVID -19 pandemic as a national disaster.

The National Coronavirus Command Council has decided to enforce a nation-wide lockdown with effect from midnight on Thursday 26 March.

This is a decisive measure helped to save millions of South Africans from infection and save the lives of hundreds of thousands of people.

While this measures is having a considerable impact on people's livelihoods, on the life of our society and on our economy, the human cost of delaying this action would be far, far greater.

Employees: Disaster Management, Etc.					
Job Level	2017/2018 Employees No.	2018/19			
		Posts No.	Employees No.	Vacancies (fulltime eg) No.	Vacancies (as a % of total posts) %
0-3	1	2	1	1	50%
4-6	1	1	1		N/A
7-9	5	5	5		N/A
10-12			1		N/A
16-18					N/A
19-20					N/A
Total	7	8	8		12,5%

Overall Comment

This District Disaster Management Plan expounds the start of the longer-term process to follow with a comprehensive plan containing a clear understanding of the District Municipality's policy statement, the district municipal framework for Disaster Management and the strategy (including methodologies to provide support to local municipalities to operationalize disaster management in Dr. Ruth Segomotsi Mompati District Municipality) embarked upon.

The Disaster Management section lack sufficient personnel to establish and maintain institutional arrangements that will enable the implementation according to the minimum requirements of the applicable legislations.

Local Municipalities generally lack preparedness to deal with incidents of disasters and to facilitate the development, implementation and maintenance of disaster risk reduction strategies that will result in resilient areas, communities, households and individuals. Local Municipalities over-relies on the Dr Ruth S Mompati District Municipality to implemented and develop progressive risk profiles that will inform Local Municipal IDP processes of disaster risk reduction.

There is a need to create public awareness to inculcate a culture of risk avoidance in uninformed and unprepared communities.

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.23 SPORT AND RECREATION

Sport and Recreation is responsible for the maintenance, improvement and promotion of all activities and assist with support to develop infrastructure of sport facilities in the district. The main of sport and recreation is to integrated local sport and recreation activities in the Local Municipalities, to transfer sustainable skills to the local sport people through development programmes. The ultimate is to ensure that all sporting codes are managed effectively and efficiently and running well in the district.

SOCCKER

Mayoral Cup is an annual event that seeks to touch the rural schools that are sometimes forgotten and neglected. Schools are identified with the help of councillors and Department of Education. Learners are transported to a central venue. Before the Mayoral games start coaching of soccer and netball take place. Teachers are involved to ensure that lessons learnt are not easily forgotten. When the game starts they receive equipment. It is rotating so that all municipalities in the District get a chance to host these type of events

CRICKET

Cricket development are starting to gain momentum in the District and a team are playing in a provincial league. Playing fields are hampering progress of the code

RUGBY

Although the code exist in some of the schools the progress is not well. It is difficult to give better support due to financial constraints. The federation and lotto will be engaged.

NETBALL

The growth in netball is satisfactory and all areas are active. Good relations exist with the Netball Federation.

Meetings have been held with municipalities to develop Sports fields and federations through the Sports Council has been motivated to come on board to develop scarce codes. The availability of maintain sports fields in our District is a big challenge due to financial constraints. Sports specific person in Municipalities must be appointed for better coordination of sports activities. Provincial federations must ensure that their codes are develop and Sports Councils must play a bigger role in far rural areas. Lists are made of clubs and organization's to include in new budgets, but it must be noted that the budget of district is limited.

The municipality has no capital project budget for Sports and Recreation. The amount is allocated from operational budget of the municipality. The municipality only budgeted for support of sporting codes in the district. This is as a result of municipal powers and functions. Sport is not a core function of the municipality- it is the core function of Department of Sports. The district municipality is just providing a supportive role to communities on certain sporting codes

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

The main objective is to provide support and auxiliary services to all Departments and the political component of the Municipality. Some of the functions include Fleet control, Office accommodation, Effective security services, Reliable and efficient telecommunication service. Timely and well-collated qualitative documents.

A Municipal Council must, within the municipality's financial and administrative capacity and having regard for practical considerations,

- exercise the municipality's executive and legislative authority and use the resources of the municipality in the best interests of the community;
- provide, without favour or prejudice, democratic and accountable government;
- encourage the involvement of the community;
- strive to ensure that municipal services are provided to the community in a financially and environmentally sustainable manner;
- consult the community about the level, quality, range and impact of municipal services and the available options for service delivery;
- give members of the community equitable access to the municipal services to which they are entitled;
- promote and undertake development in the municipality;
- promote gender equity in the exercise of the municipality's executive and legislative authority;
- promote a safe and healthy environment in the municipality; and
- contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

The top political office consists of the Offices of the Executive Mayor, Speaker and the Chief Whip. This political management cluster is led by the Executive Mayor. The Municipal Manager is responsible for the administration wing of the municipality. The Executive and Council functioned properly during the year because all scheduled statutory meetings of council and mayoral committee took place. The Annual Budget was also approved thirty days before the end of the Financial Year.

The main function as the district municipality is to provide basic services such as water, sanitation, safe and healthy environment to the communities. Top 3 service delivery priorities were good governance, proper financial management and basic services.

Audit Action Plan on matters raised by the Auditor General during past financial were developed and submitted to Council for noting and referral to MPAC for monitoring.

3.25 FINANCIAL SERVICES

The financial management of the municipality is coordinated under the Budget and Treasury Office as established in terms of S80 of the MFMA. The responsibilities for the municipal coffers including financial management, financial planning, financial accounting and supply chain management are placed within the Budget and Treasury. The staff complement within the BTO is headed by the Chief Financial Officer.

The Budget and Treasury Office is divided into two performance units, namely Income, Budgeting and Expenditure Management Unit and the Supply Chain and Reporting Unit. These units are further divided into four sections (Income and Budgeting section, Supply Chain and Asset Management section, Payroll section and Expenditure Management section). These performance arrangements were agreed upon during a strategic planning session which was held by the Budget and Treasury Office during the financial year. The department has gone through the year ensuring that the reporting requirements of the National and Provincial Treasury are timeously done, and that general compliance with the Municipal Finance Management Act is achieved.

The supply chain management arrangements have been decentralized, however, the municipality is in a process of centralising the supply chain management activities to ensure effectiveness and maximum turnaround times. Capacitation of the supply chain management function of the municipality is still lagging behind following an effort to centralise the unit, thus affecting the fully effective and fully centralised unit. The Supply Chain Management Committees have been running effectively and the procurement turnaround times have improved hugely. The Budget Steering Committee was also established during the year and has been running effectively.

The Budget and Treasury Office of the Dr Ruth Segomotsi Mompati District Municipality is committed to its mandate to provide a comprehensive financial management service to Council and to other departments of the municipality. The department supports the Integrated Development Plan of Council by striving to provide a stable and sustainable financial environment from which Council can deliver services to all inhabitants of the Municipality. One of the critical focus areas for the year was to ensure that the financial records of the municipality are safeguarded and are kept in a manner which is accessible and can be easily available for reference and for audit purposes.

3.26 HUMAN RESOURCE SERVICES

The Corporate Services Department has developed the Human Resources Strategy which will assist the employees of the District Municipality to perform better by sending them to different trainings and short courses as stated in the Workplace Skills Plan. All senior managers and some level 2 managers were enrolled with Wits University to acquire CPMD which they all completed successfully.

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information Technology (IT) in Dr. Ruth Segomotsi Mompati District Municipality is regarded as a strategic resource. It is viewed as both a critical and catalyst function for enabling service delivery at the face of the community.

Key to the strategic nature of ICT in the municipality is the enabling of the municipal key objectives of the municipality in order to meet its constitutional obligations. Municipal ICT enable the achievement of these obligations by deploying relevant information technology solutions.

THE FOLLOWING IT ACTIVITIES IS BEEN PERFORMED BY THE IT UNIT DURING THE LAST FINANCIAL YEAR 2019-2020

IT Unit Administration:

Municipality has appointed 3 permanent Junior IT Technicians. IT unit has 5 permanent IT technicians including the IT Manager. Position of IT Admin clerk is still vacant and it needs to be advertised.

IT Maintenance and Support Services:

IT Technical support services for and configuration of information systems and applications is been archived.

New version of Symantec Endpoint Protection System (Anti-Virus) is been upgraded to the latest version.

Microsoft SQL Application System is upgraded from SQL 2014 to SQL 2016, in order to accommodate other modules in the financial system.

Municipal Internet Access is upgraded from 2MB to 20MB and it has allowed IT unit to unblock other websites which were blocked due to the slowness of the internet access of 2MB.

New version of municipal firewall has been upgraded to mainly secure network infrastructure and application systems.

Some of the IT findings raised by AG has been attended to and other needs Council to adopt and budget to implement.

Assist local municipalities with an IT support services as per approval of the accounting officer.

Most of the old computers are replaced with the new ones especially in finance department in order to comply with mSCOA regulations.

Endpoint data recovery backup system license is renewed and configured.

SQL backup are scheduled daily and system is monitored daily.

This unit is responsible to implement Municipal Corporate Governance of ICT Policy Framework (MCGICTPF). Municipality has requested Department of Local Government And Human Settlement to assist us with the implementation of the policy. Some of the requirement are not applicable to the municipality to be implemented.

IT Policies:

The following draft IT policies are developed and needs to go through various committees including Council for adoption:

IT Policy

Anti-Virus

Backup and Retention Policy

Change Management

Disaster Recovery System

Email and Internet

Firewall

IT Steering Committee Charter

User Account Management

IT Strategic Plan

This plan need provision in the budget, in order to appoint dedicated service provider to develop strategic plan as raised by the AG.

Challenges:

Most of the IT services and system upgrade cannot be implemented due to budget allocation.

Expired Application Licenses (outlook web access)

Overall ICT Performance

Municipality has established fully fledged IT unit, with 5 permanent officials. Some of the services are outsourced because are professional services to be rendered to the municipality. E.g. Internet.

Due to limited departmental budget, most of the services are not rendered and/or delay in terms of procurement. Some of the applications are outdated and applications licenses has expired and ti compromised and exposed municipal network to security risk. Currently municipality has upgraded network switches to Cisco PoE managed Switch, this to increase security over the network and increase system performance.

Old network infrastructure needs to be replaced and continuous maintenance and support on all expired licenses need to be considered.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

The aim of Legal Services is to provide proper legal services, including legal advice, legal opinion and contract management to Council and to Management of Dr. Ruth Segomotsi Mompati District Municipality.

INTRODUCTION

The legal services unit aims to keep the municipality's staff abreast of all current news, legislation and policies directly affecting them. This will enable them to be continuously informed, as well as ensuring that we meet the legislative requirement to ensure that the municipality complies with the Constitution of the Republic of South Africa, Municipal Systems Act, the Local Government: Municipal Finance Management Act, Municipal Structures Act, Corporate Governance Prescripts, SALGBC Collective Agreement, internal policies as well as other relevant applicable legislation and information. We further aim to successfully defend the municipality in litigation cases and where there is a need, endeavour to resolve all legal disputes that may arise during the implementation of strategic objectives with optimal utilisation of available limited resources.

CHALLENGES

It should be highlighted that in the execution of our functions we have identified challenges such as lack of proper contract management, limited resources and in some instance lack of capacity to manage projects successfully. Some of these challenges contribute greatly to unsuccessful defence of litigations.

ACHIEVEMENTS/SUCCESS

It must however be noted that we do successfully defend most of our Bargaining Council cases. We further try to manage all bargaining council cases internally in order to minimise expenditure as well as build capacity within the legal unit and ultimately within management. All litigation cases are promptly attended to in order to avoid any potential default judgment against the municipality. The Unit is also responsible for the logistics and guidance in disciplinary hearings against the officials.

WAY FORWARD

We plan to organise frequent workshops for management and where possible staff in general so that we build a system that does not mostly resolve issues but rather prevents unpleasant situations to ensure healthy labour relations and most importantly delivery of best services to our communities. Furthermore, we do report good progress and development when it comes to compliance with legislation. Though it is not always easy to achieve 100% of our goals, we must indicate that the unit has been doing an excellent job when it comes to handling all law suits against and for the Council. We are gradually building the unit into one that can achieve at least 99, 9% win on our cases. We have identified that the municipality is losing more budget on matters arising from inappropriate contract management system as well as poor policy implementation. It is important to note that contracts and policies require intensive attention, greater amount of time and sufficient man-power. It becomes challenging to manage policies and contracts if there is no simplified management strategy because, these documents come in great volumes and on the other hand the law develops every day. Therefore having to go through these documents in detail on a daily basis may consume more time that would be required to also attend to new cases coming in on daily basis. To simplify this task, we have developed contracts and policy registers. The contract register clearly indicates the commencements and ending dates, amounts/value and purpose of the contract. In that way, as a unit we are in a better position to monitor and review our contracts and policies on a regular basis without delaying other activities that need our attention and commitment.

CONCLUSION

We endeavour to achieve 100% compliance with the law and 100% win in all legal matters at hand as well as those that may still come. We are and will always work hard to make sure that none of the regulatory laws and processes are compromised. We do this to ensure that our municipality achieves its mission and vision.

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

Not a function of the District

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year on the Top Layer SDBIP.

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Good governance and public participation	To promote a Culture of Participatory and Good Governance	Number of quarterly reports from each Sect 56 Manager with PoE submitted within 10 days after the end of each quarter	4 reports	4 quarterly reports compiled by each Sect 56 Manager with PoE submitted within 10 days after the end of each quarter	4 quarterly reports compiled by each Sect 56 Manager with PoE submitted within 10 days after the end of each quarter	Operational	Achieved	Target achieved 4 quarterly performance completed	N/A	N/A	A. 4 Quarterly performance reports

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Good governance and public participation	To promote a Culture of Participatory and Good Governance	Number of monthly back to Basics Monthly Reports submitted to COGTA by the 15th of each month	12 reports	Submit twelve back to basics reports according to COGTA format by the 15th of each month (3 each quarter)	Submit twelve back to basics reports according to COGTA format by the 15th of each month (3 each quarter)	Operational	Achieved	Target achieved 12 Monthly back to basics reports completed and submitted	N/A	N/A	B. 12 Monthly back to basic reports

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Good governance and public participation	To promote a Culture of Participatory and Good Governance	Number of risk registers updated by 30 June 2020	4 registers	4 risk registers updated by 30 June 2020	4 risk registers updated by 30 June 2020	Operational	Achieved	Target achieved 4 risk registers updated	N/A	N/A	C. 4 updated risk registers

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Good governance and public participation	To promote a Culture of Participatory and Good Governance	Number of progress reports on the implementation plan of the Post Audit Action Plan by 30 June 2020	1	2 progress reports on the implementation of the post audit action plan by 30 June 2020	2 progress reports on the implementation of the post audit action plan by 30 June 2020	Operational	Achieved	Target achieved 2 reports on PAAP completed, however these were not audited	N/A	N/A	D. PAAP reports

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Municipal Financial Viability	To improve overall financial management in the municipality by developing and implementing appropriate financial management policies, procedures and systems	% of approved Municipal Budget Spent by 30 June 2020	Ne	96% of approved Municipal Budget Spent by 30 June 2020	96% of approved Municipal Budget Spent	Operational and Capital	Achieved	Target achieved 96% spent as per Sec 52 d report as June 2020.	N/A	N/A	E. Section 52 d report and AFS

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Municipal Financial Viability	To improve overall financial management in the municipality by developing and implementing appropriate financial management policies, procedures and systems	Develop and submit 2020/2020 Draft Budget to Council by 31 March 2020	Draft budget submitted timely	Develop and submit 2020/2020 Draft Budget to Council by 31 March 2020	Draft Budget to Council for noting and input	Operational	Achieved	Target not achieved Report submitted in line with Covid regulations	The report could not reach council as the planned seating date were after the lockdown was announced and are in line with the Disaster act the ordinary seating should not be held.	None.	F. Minutes and attendance register of council

Municipal Financial Viability	To improve overall financial management in the municipality by developing and implementing appropriate financial management policies, procedures and systems	Develop and submit 2020/2020 budget to Council by 31 May 2020	Budget adopted timeously	Develop and submit 2020/2020 budget to Council by 31 May 2020	Submit 2020/2020 budget to Council for adoption	Operational	Achieved	Target not achieved Budget Adopted on 26 June 2020	Budget submitted to Council after 31 May 2020. This was due mainly due to the impact of COVID 19 and the suspension of MFMA by the Minister of Finance allowing Municipalities to adopt	No remedial action as amendment from legislation allowed the late adoption	G. Council resolution and Exemption Notice of MFMA
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ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Good governance and public participation	To promote a Culture of Participatory and Good Governance	Number of Mayoral committee meetings held by 30 June 2020	atleast 4meetings held	4 Mayoral committee meetings held by 30 June 2020	4 Mayoral committee meetings held	Operational	Achieved	5 Mayoral committee meeting held in the 2019-2020 financial year	Additional Mayco was due to the fact that there was a special Mayco meeting held.	Ensure adherence to schedule of meetings	H. Minutes and attendance registers

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Good governance and public participation	To promote a Culture of Participatory and Good Governance	Number of Council Meetings held by 30 June 2020	atleast 4meetings held	4 Council Meetings held by 30 June 2020	4 Council meetings held	Operational	Achieved	Target achieved 10 Council meetings held for the 2019-2020 financial year	The reason for high number of meetings is due to the fact that both ordinary and special meetings were taken into consideration in terms of performance	Schedule of Council meetings to be adhered to and also Council KPI to be further smartened in terms of ordinary and special	i. Minutes and attendance registers

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Good governance and public participation	To promote a Culture of Participatory and Good Governance	Reviewed Draft IDP submitted to Council by 31 May 2020	Reviewed IDP Submitted by 31 May	Reviewed IDP submitted to Council for adoption by 31 May 2020	Reviewed Draft IDP submitted to Council by 31 May 2020	Operational	Achieved	Target not achieved IDP Adopted on 26 June 2020	IDP submitted to Council after 31 May 2020. This was due mainly due to the impact of COVID 19 and the suspension of MFMA by the Minister of Finance allowing Municipi	No remedial action as amendment from legislation allowed the late adoption	J. Council resolution and Exemption Notice of MFMA

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
									palities to adopt IDPs before end of June 2020.		

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Municipal transformation and organisational development	Improve organisational cohesion and effectiveness	Workplace Skills Plan Developed and Submitted to LGSETA by 30 April 2020	WSP submitted timely	Workplace Skills Plan Developed and Submitted to LGSETA by 30 April 2020	Workplace Skills Plan Developed and Submitted to LGSETA by 30 April 2020	Operational	Achieved	Target achieved WSP submitted to LGSETA	N/A	N/A	K. Acknowledgement letter

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Municipal transformation and organisational development	Improve organisational cohesion and effectiveness	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan by 30 June 2020	Atleast 1 person appointed in terms of EE Plan	1 person from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan by 30 June 2020	1 appointment in line with approved employment equity plan	Operational	Achieved	Target achieved 1 appointment in line with EE made	N/A	N/A	L. Appointment letter

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Basic Service Delivery and Infrastructure Investment	All citizens have a right to an environment that is not detrimental to human health, and it imposes a duty on the State to promulgate legislation and to implement policies aimed at ensuring that this right is upheld – Environmental health, Fire and Disaster Management and Solid Waste Management	Number of inspections on food premises conducted by 30 June 2020	3343 as per APR 18-19	2600	2600	Operational	3343 reported in 18-19	Target achieved 3174 inspections on food premises conducted	N/A	N/A	M. Food inspection reports

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Basic Service Delivery and Infrastructure Investment	All citizens have a right to an environment that is not detrimental to human health, and it imposes a duty on the State to promulgate legislation and to implement policies aimed at ensuring that this right is upheld – Environmental health, Fire and Disaster Management and Solid Waste Management	Number of bacteriological, chemical and sewerage water samples collected for analysis by 30 June 2020	1311 as per APR 2018-2019	1100 bacteriological, chemical and sewerage water samples collected for analysis by 30 June 2020	1100 bacteriological, chemical and sewerage water samples collected for analysis by 30 June 2020	Operational	1311 reported in 18-19	Target not achieved 1057 bacteriological, chemical and sewerage water samples collected for analysis	Target not achieved due to Covid 19 lockdown and re-channeling of staff to Covid 19 activities	Targets to be reviewed as Covid impact directly	N. Water sample reports
					159						

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Basic Service Delivery and Infrastructure Investment	All citizens have a right to an environment that is not detrimental to human health, and it imposes a duty on the State to promulgate legislation and to implement policies aimed at ensuring that this right is upheld – Environmental health, Fire and Disaster Management and Solid Waste Management	Number of Fire Prevention Inspections at Local Business Conducted by 30 June 2020	107 as per APR 18-19	100 Fire Prevention Inspections at Local Business Conducted by 30 June 2020	100 Fire Prevention Inspections at Local Business Conducted by 30 June 2020	Operational	107	Target not achieved 88 Fire Prevention Inspections at Local Business Conducted	Target not achieved due to the COVID 19 lockdown but Covid related inspections were done since the promulgation of the President like at public places such as taxi ranks clinics	Targets to be reviewed as Covid impact directly	O. Fire prevention inspection reports
					160						

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Basic Service Delivery and Infrastructure Investment	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	Number of households provided with access to sanitation through rural sanitation programme by 30 June 2020	New	1600 households provided with access to sanitation through rural sanitation programme by 30 June 2020	1600 households provided with access to sanitation	Capital and Operational	98% reported in 18/19	Target achieved 2090 HH provided with sanitation	N/A	N/A	P. Coordinates and reports. Happy letters.

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Basic Service Delivery and Infrastructure Investment	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	Number of jobs created through capital projects and registered with EPWP by 30 June 2020	511 as per APR 18-19	500 jobs created through capital projects and registered with EPWP by 30 June 2020	500 jobs created through capital projects and registered with EPWP by 30 June 2020	Capital/PMU Implementation plan	511 reported in 18/19	Target achieved 589 Jobs created through EPWP	N/A	N/A	Q. Employment contracts and Employment list

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Basic Service Delivery and Infrastructure Investment	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	Number of households provided with access to water through rural water supply programme by 30 June 2020	New	2500 households provided with access to water through rural water supply programme by 30 June 2020	2500 households provided with access to water through rural water supply programme by 30 June 2020	Capital and Operational	98% reported in 18/19	Target achieved 2558 HH with water	N/A	N/A	R. Water reports. Close out report

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Basic Service Delivery and Infrastructure Investment	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	% total received MIG grant funding spent on capital projects by 30 June 2020	New	100% of the total received MIG grant funding spent on capital projects by 30 June 2020	100% of MIG Spent on capital projects	Capital (MIG)	New indicator	92% expenditure	National lockdown (COVID-19)	Roll overs	S. Expenditure reports/payment vouchers

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Basic Service Delivery and Infrastructure Investment	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	% of the total received WSIG grant funding spent on capital projects by 30 June 2020	New	100% spent of the total received WSIG grant funding spent on capital projects by 30 June 2020	100% of WSIG funding spent on capital projects	Capital (WSIG)	New indicator	74% expenditure	National lockdown (COVID-19)	Roll overs	T. Expenditure reports/payment vouchers/invoices

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Basic Service Delivery and Infrastructure Investment	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	% total received RBIG grant funding spent on capital projects by 30 June 2020	New	100% total received RBIG grant funding spent on capital projects by 30 June 2020	100% of RBIG Spent on capital projects	Capital (RBIG)	New indicator	96% expenditure	National lockdown (COVID-19)	Roll overs	U. Expenditure reports/Payment vouchers/invoices

ORGANISATIONAL PERFORMANCE (COMPONENT K)											
Key Performance Area	IDP Objective	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Annual Budget	Actual Performance 2018-2019	Actual Performance 2019-2020	Reasons for variance (Under/over achievement)	Remedial Action/Corrective Measure	Portfolio of Evidence
Local Economic Development (LED)	Create an environment that promotes the development of the local economy and facilitate job creation	Number of SMMEs and Cooperatives supported by 30 June 2020	New	100 SMMEs and Cooperatives supported by 30 June 2020	100 SMMEs and Cooperatives supported	Operational	Not achieved	Target achieved 411 SMMEs supported	N/A	N/A	V. SMME Reports

COUNCIL COMMITTEES AND MEMEBERS

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Cllr BL Mahlangu – Executive Mayor (Chairperson)
Cllr P Maleke – EDTA
Cllr GD Kgabo – Engineering and Technical Services
Cllr KE Mamapula – Budget and Treasury
Cllr DJ Molapo – Corporate Services
Cllr ME Ncobo – Community Services
Cllr OJ Balebanye – Planning and Development

(i) Economic Development Tourism and Agriculture

Cllr. P Maleke (Chairperson)
Cllr. B Setlhabetsi-Mokone
Cllr. K Kgosimore
Cllr. BR Bareng
Cllr. CE Tladinyane

(ii) Engineering and Technical Services.

Cllr. GD Kgabo (Chairperson)
Cllr. MKI Olifant
Cllr. K Seleseng
Cllr. O Mogorosi
Cllr. E Van Biljon

(iii) Budget and treasury

Cllr. KE Mamapula (Chairperson)
Cllr. AN Bareng
Cllr. TM Lenkopane
Cllr. ME Keetile
Cllr. SD Mothibedi

(iv) Corporate Services

Cllr. DJ Molapo (Chairperson)
Cllr. B Setlhabetsi-Mokone
Cllr BR Bareng
Cllr. ETL Mocumi
Cllr. MV Mosinkiemang

(v) Community Services

Cllr. ME Ncobo (Chairperson)
Cllr. TC Loabile
Cllr. MM Diphikwe
Cllr. CP Herbst
Cllr. O Mogorosi

(vi) Planning and Development

Cllr. OJ Balebanye (Chairperson)
Cllr. TP Sebe
Cllr. TC Loabile
Cllr. CP Herbst
Cllr. ME Keetile

(vii) Municipal Public Accounts Committee

Cllr. M Moseswa (Chairperson)
Cllr. KG Sereko
Cllr. T Tlhaganyane
Cllr. MM Mkhawira
Cllr. GJ Brand
Cllr TA Babuile

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR								
Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/corrective measures
Facilitate, Coordinate and support Youth development Programmes		Annual Mayoral Matric Awards			Annual Mayoral Matric Awards Ceremony was held at Gataote	23/1/2020	None	None
		Capacitation of Youth Coordinator			Youth Coordinator participated in International Rural Youth Development Summit	23-25/1/2020	None	None
Facilitate, Coordinate and support Older persons		Strengthening and support of District Older Persons Forum			5 houses are at a final stage of construction at Amalia. Houses have been built by Standard Bank as part of	Ongoing	None	None

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR								
Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/corrective measures
Development Programme					Corporate Social Investment Programme			
Persons with Disabilities		Establishment and strengthening of Forums			District Disability Quarterly Meeting was held	11 February 2020	None	None
		Provision of bursaries to persons with disabilities			Registration fees were paid for Learner with Disabilities who achieved against all odds. The learner is studying at Wits University.	February 2020	None	None
Youth Empowerment		Provision of Bursaries to Disadvantaged youth			13 Bursaries were awarded to Learners studying Hospitality Management at Taung Hotel School	January 2020		1 learner got a bursary at Anglo American Mine and the other one did not get space at University
		Registration fees for Tertiary studies was paid for 8 out of 10 Best Matric Achievers			Outstanding fees were paid for Disadvantaged graduate from Mamusa LM	February 2020		
		Inclusion of			74 Youth are		There is no	Partnership

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR

Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/corrective measures
		Youth in EPWP			<p>participating in EPWP Programme, broken down into the following:</p> <p>Greater Taung LM=28</p> <p>Mamusa LM=21</p> <p>Naledi LM=8</p> <p>Lekwa- Teemane LM=17</p> <p>Kagisano Molopo LM=0</p>		<p>Exit Strategy for these youth</p> <p>Youth with Disabilities were not included</p> <p>No proper selection of projects done as there is no proper Integration of services with Special Programmes Unit for selection of NPOs</p>	<p>with NYDA has been established for Exit Strategy</p> <p>To work closely with District Disability Forum for Identification of beneficiaries</p> <p>To work together with Special Programmes and SETAS</p>
Older persons		Protection of Older Persons			3 houses were handed over to 3 older persons (Partnership between	26 March 2020	None	None

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR								
Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/corrective measures
					District Municipality and Standard Bank as part of their Corporate Social Investment initiative)			
HIV AND AIDS		Implementation of HIV AND AIDS programme			District AIDS Council was launched and the committee was elected from all Local Municipalities	12 March 2020	None	None
Women Empowerment		Inclusion of Women in EPWP			<p>54 Women are participating in EPWP Programme, broken down into the following:</p> <p>Greater Taung LM=18</p> <p>Mamusa LM=19</p> <p>Naledi LM=12</p> <p>Lekwa- Teemane LM=5</p> <p>Kagisano Molopo LM=0</p>		<p>No proper selection of projects done as there is no proper Integration of services with Special Programmes Unit for selection of NPOs</p> <p>There are no Middle Aged Women in this programme.</p> <p>No Women only projects</p>	<p>To work together with District Women Forums and SETAS</p> <p>To establish Committees from all Wards for easy identification and Coordination</p> <p>To work with SETAs for accredited trainings</p>

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR								
Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/corrective measures
							are participating Courses offered for beneficiaries are not accredited	
		Adressing poverty and homelessness			Donation of building material was acquired from Department of Public Works to erect shacks for 4 needy families (27 family members)	On going	Lockdown Regulations delays the implementation of the project	Implementation will resume immediately when Regulations are lifted
NPO Support		Inclusion of Organisations addressing issues of Vulnerable groups in EPWP			The following organisations (NPOs) are participating in EPWP: Maatla Youth Support (Greater Taung LM) Depot Hall Organisation (Greater Taung LM) Naledi C.O.E (Cleaning Our Environment)	Ongoing		

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR								
Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/corrective measures
					Bloemhof C.O.E (Lekwa-Teemane LM) Mamusa C.O.E Mokgareng C.O.E (Greater Taung LM) Christiana C.O.E (Lekwa- Teemane LM)			
Older persons		Protection of Older Persons			3 houses were handed over to 3 older persons (Partnership between District Municipality and Standard Bank as part of their Corporate Social Investment initiative)	26 March 2020	None	None
Women Empowerment		Inclusion of Women in EPWP		Districtwide	54 Women are participating in EPWP Programme, broken down into the following: Greater Taung LM=18 Mamusa LM=19 Naledi LM=12	Ongoing	No proper selection of projects done as there is no proper Integration of services with Special Programmes Unit for selection of NPOs	To work together with District Women Forums and SETAS To establish Committees from all Wards for easy identification

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR								
Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/ corrective measures
					Lekwa- Teemane LM=5 Kagisano Molopo LM=0		There are no Middle Aged Women in this programme. No Women only projects are participating Courses offered for beneficiaries are not accredited	and Coordination To work with SETAs for accredited training
Support to the poor and homeless		Provision of shelter & integration to society			Donation of building material was acquired from Department of Public Works to erect shacks for 4 needy families (27 family members) The following organisations (NPOs) are participating in EPWP: Maatla Youth Support (Greater Taung LM)		Lockdown Regulations delays the implementation of the project	Implementation will resume immediately when Regulations are lifted

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR								
Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/ corrective measures
					Depot Hall Organisation (Greater Taung LM) Naledi C.O.E (Cleaning Our Environment) Bloemhof C.O.E (Lekwa-Teemane LM) Mamusa C.O.E Mokgareng C.O.E (Greater Taung LM) Christiana C.O.E (Lekwa- Teemane LM)			
NPO Support		Inclusion of Organisations addressing issues of Vulnerable groups in EPWP			The following organisations (NPOs) are participating in EPWP: Maatla Youth Support (Greater Taung LM) Depot Hall Organisation (Greater Taung LM) Naledi C.O.E (Cleaning Our Environment)	Ongoing		

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR								
Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/ corrective measures
					Bloemhof C.O.E (Lekwa-Teemane LM) Mamusa C.O.E Mokgareng C.O.E (Greater Taung LM) Christiana C.O.E (Lekwa- Teemane LM)			
Youth Empowerment		Support to disadvantaged youth			Identified, visited and assessed 2 youth headed households staying in dilapidated houses and rendered psychosocial support	June 2020	Houses are in a bad state and urgent intervention needed	Provide temporary shelters while looking for housing donation (Explore CSI possibilities)
Older persons		Protection of Older Persons			2 households of elderly people were assessed for assistance with housing programme and were introduced to a donor who will build houses for them in Magogong and	Ongoing	None	None

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR								
Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/corrective measures
					Maphoitsile			
Support to the poor and homeless		Provision of shelter & integration to society			4 temporary shelters and 1 toilet have been completed for a homeless family of 27. Water connection was also completed at one shelter.	Ongoing	3 toilets still remaining to be built, as well as water connections to 3 shelters and electricity connection to all four	Implementation will resume immediately when budget is being made available
Monitoring of projects		Projects visits are done on a regular basis to monitor progress and address challenges				Ongoing	None	None
Provision of psychosocial support services					Assisted family of the homeless to bury their loved ones by supporting them with all burial needs such as funeral services and tents	26 July 2020	Payment to services not yet finalised due to unavailability of funds	To be attended to when budget is made available
Empowerment of SALGA Special Programmes Unit Task Team		Capacity Building and Awareness Campaigns			The following Virtual Meetings and Workshops were attended: Workshop on Guidelines for Municipalities on the			

REPORT ON SPECIAL PROGRAMMES – OFFICE OF THE EXECUTIVE MAYOR

Key performance Area	IDP Objectives	Key Performance Indicator	Baseline	Annual Target	Output Indicator	Actual Performance 2019-2020	Reasons for variance (Over/under achievements)	Remedial action/corrective measures
					<p>Implementation of the Children’s Act 38 of 2005 offered by National Department of Social Development</p> <p>Discussion on Provincial Project Based Approach Document on Special Programmes (Lekwa-Teemane has been identified as an area of focus for implementation for 6-12 months)</p> <p>Executive Mayor is the Chairperson of District Coronavirus Command Council and meetings are held on a weekly basis</p>			

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

In the previous two financial years the municipality has reviewed 17 administrative policies which govern the daily operation of the institution and the entire workforce. Such policies are explained and work shopped with the employees in order to promote the spirit of good governance in the workplace. Prior to the approval of the policies by the municipal council the relevant stakeholders are consulted such as Local Labour Forum, employees, management and councilors and labor unions.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	1	100
Other S56 Managers (excluding Finance Posts)	6	3	50
Other S56 Managers (Finance posts)	N/A	N/A	N/A
Police officers	0	N/A	
Fire fighters	68	16	8.88
Senior management: Levels 13-15 (excluding Finance Posts)	68	9	14.28
Senior management: Levels 13-15 (Finance posts)	9	3	0
Highly skilled supervision: levels 9-12 (excluding Finance posts)	61	26	31.81
Highly skilled supervision: levels 9-12 (Finance posts)	6	3	0

The district municipality has lost a few officials due to various reasons of which most of them were in connection with greener pastures, and also sadly those who succumbed to the pandemic. That is why the turn-over rate is so minimal. Vacant funded position will be advertised and will be filled during 2020 2021 Financial year.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The Municipality's reviewed policies which are explained to the workforce as and when are adopted by Council or reviewed periodically. The workforce through the Local Labour Forum, as an important stakeholder, in the development of such policies is properly consulted on all matters of mutual interest. The departments, units and the organization in general holding continuous staff meeting in order to create a platform for the staff to air their views in matters of mutual interest

HHR Policies and Plans

No.	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Allowances Policy	100	100	28 February 2013
2	Assets management policy	100	100	28 February 2013
3	Banking and investment	100	100	28 February 2013
4	catering Policy	100	100	28 February 2013
5	Credit control Policy	100	100	28 February 2013
6	Leave and overtime Policy	100	100	28 February 2013
7	Recruitment and Selection Policy	100	100	28 February 2013
8	Expenditure management Policy	100	100	28 February 2013
9	Funeral policy	100	100	28 February 2013
10	Insurance management policy	100	100	28 February 2013
11	Notebook and mobile computing policy	100	100	28 February 2013
12	Petty cash policy	100	100	28 February 2013
13	Recruitment and selection policy	100	100	28 February 2013
14	S&T policy	100	100	28 February 2013
15	SCM policy	100	100	28 February 2013
16	Vehicle allowance policy	100	100	31 July 2013

4.3 INJURIES, SICKNESS AND SUSPENSIONS

The municipality has not recorded any injuries, in the year under review.

Sick leave

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 0-2)/0 to 3	94	04	18	18	5.22	59596.00
Skilled (Levels 3-5)/4 to 6	118	00	20		5.9	136172.00
Highly skilled production (levels 6-8)/7 to 12	103	02	21	36	4.9	169641.00
Highly skilled supervision (levels 9-12)	192	00	16	41	12	464832
Senior management (Levels 0-2)						
MM and S57	03	00	01		3	4359

An employee is given 80 days in a three year cycle on full pay. An employee is required to submit a medical certificate from a registered medical practitioner if more than two consecutive days are taken. If an employee is absent on two occasions during an eight week period and failed to produce a sick note irrespective of the number of days taken the employer is not obliged to pay.

Suspensions and Disciplinary cases

Number and Period of Suspensions			
Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Financial	December 2019	Disciplinary Case in Progress	In Progress

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Manager: Finance and Reporting	Financial R21 800 000.00	Disciplinary action in progress	In progress
Manager: PMU	Financial R21 800 000.00	Disciplinary action in progress	In progress
Project Technician	Financial R21 800 000.00	Disciplinary action in progress	In progress

The Municipal Council has appointed a Disciplinary Board in terms of council resolution 64/2017/18 to deal with all matters of financial misconduct in accordance with Local Government: Municipal Finance Management Act, Act 56 of 2003 henceforth.

4.4 PERFORMANCE REWARDS

Performance Management System is currently applicable only on section 56 managers. It has not been cascaded down to employees below section 56 managers. No performance evaluations were done for section 56 managers in 2019/2020 yet.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE (4.5)

The District Municipality has a Workplace Skills Plan in place to develop and capacitate its staff. In terms of the Plan and many officials were trained in different learning programmes and interventions during the 2019/2020 financial year. In addition, The District Municipality has implemented programmes for the training and empowerment of unemployed graduates and experiential learners

TRAINING PLANS AND IMPLEMENTATION:

Training plans are developed in consultation with employees through conducting skills audit and skills need analysis. However, there are some deviations during implementation as some training programmes that are not planned are at times provided by sector departments and other government agencies wholly funded.

VARIANCE BETWEEN BUDGETED AND ACTUAL EXPENDITURE:

Variances between budgeted and actual expenditure are as a result of escalating training costs and uncoordinated training wherein employees attend training that is not included in the training plan. Also, the financial constraints in which the municipality found itself also contributed to the variances.

ADEQUACY OF FUNDING:

Funding for training is not adequate as it does not cover all or most of the employees. The municipality does not budget 1% of the annual payroll as required by Skills Levies Act No 9 of 1999. MFMA COMPETENCY REGULATIONS: There is a 90% compliance with the regulations as all senior managers and most of managers as well as financial officials have completed MFMA training and were declared competent

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

The strict control of the workforce budget enables the municipality to implement and achieve the pre-determined objectives as set out in the IDP because all vacant and budgeted posts will be filled immediately the vacancy arise. The workforce budget is spent with the parameters of the approved budget. Appointment is done in terms of the requirements of the post because the salary package is commensurate to the experience and qualifications of the post.

4.6 EMPLOYEE EXPENDITURE

Refer to AFS Attached - refer to note 24 which deal with employee costs

CHAPTER 5 – FINANCIAL PERFORMANCE

The Municipality adopted the going concern assumption when preparing the annual financial statements for the year under review. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlements of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Municipality also adopted the accrual basis, to account for its revenue and expenditure, while also adopted the approved Statements of GRAP, to record its financial transactions.

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. (Refer to Volume II – Audited financial statements)

Even though the municipality is financially viable, it is a concern that there are still no new or potential revenue base alternatives as the district remains highly rural. The Dr Ruth Segomotsi Mompati District Municipality was not immune to inflationary pressures which arose during the reporting period, these pressures which continued to affect the cash flow status of the municipality.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The financial statements presented in this report are presented on the basis that the municipality is a going concern. The principles of GRAP have been taken into consideration when preparing these annual financial statements. The annual financial statements have been prepared by consultants and will be submitted on time as prescribed in the Municipal Finance Management Act to the Auditor General.

The total assets of the municipality are adequate to ensure that the liabilities of the municipality are cared covered should anything happen to the municipality's continuity. The asset base of the municipality which is above the liabilities of the municipality as well as other factors that are presented in the financial position of the municipality, show that the municipality is still solvent and therefore still financially healthy.

The AFS has been included in this report as (Volii) - Audited financial statements on pages 244-323 of this report.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Refer to Volume II – Audited financial statements on pages 244-323 of this report.

5.2 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS

6.1 AUDITOR GENERAL REPORTS YEAR 2018-2019 (Previous Financial year)

In the 2018-2019 financial year a Disclaimer audit opinion was issued by the Auditor General.

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2019-2020 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR ENDING 2020 (2019-2020)

In the 2019-2020 financial year a Disclaimer audit opinion was issued by the Auditor General.

The Audit report is attached hereto on page 205-215 of this report

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give <i>“full and regular”</i> reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe <i>“what we do”</i> .
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty

	and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to

	achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

ANNEXURE A – RECOMMENDATIONS OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE FINANCIAL YEAR ENDING 2020 (2019- 2020)

DR RUTH MOMPATI DISTRICT MUNICIPALITY

AUDIT COMMITTEE REPORT FOR THE YEAR ENDING 30 JUNE 2020

1. Legislative requirements

The purpose of this report is to communicate to the council the audit and performance committee's (APC) progress to date in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by the National Treasury for the year ended 30 June 2020.

The MFMA obliges every municipality to establish an independent audit committee, which must advise the municipal council, political office-bearers, accounting officer and management staff of the municipality as well as the accounting officer and the management staff of the municipal entity, on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality.

The audit committee is governed by formal terms of reference, which are regularly reviewed and approved by the council. The committee is pleased to present its report for the financial year ended 30 June 2019.

2. Audit committee members and attendance

The audit committee was established in accordance with section 166 of the MFMA read with MFMA Circular 65 issued by the National Treasury; and it requires that the audit committee comprise of at least of three members and with appropriate experience, of whom the majority must not be in the employ of the municipality or municipal entity.

The APC comprises six members, including the chair, Mrs F Mudau. During the year, one member Mr J Lesolang resigned in January 2020. In terms of section 166(4) (b) of the MFMA, the audit committee must meet at least four times a year. During the financial year ended 30 June 2020, the audit committee met on seven occasions including special audit committee meetings. The table below shows the attendance of these meetings:

Name	Date of appointment	Qualifications	Number of meetings scheduled	Number of meetings attended
Mrs Fikile Mudau	01 March 2018	<ul style="list-style-type: none"> • B Com Degree (Univen) • Studying towards LLB Degree - Unisa • Local Government Finance • Government Finance Certificate- School of Government Finance India • Certificate Programme in municipal finance – WITS Business School • Grade 12 	07	07
Ms Mpho Masete	01 March 2018	<ul style="list-style-type: none"> • CIA (IIASA) • Unisa –HONS B Compt • Rhodes University –B comm • Grade 12 	07	07
Ms Mmabagaki Mothelesi	01 March 2018	<ul style="list-style-type: none"> • B comm Accounting (NWU) • B Comm Auditing – Unisa • Honours : B comm Auditing • Currently studying MBA • Grade 12 	07	07
Mr Josias Lesolang	01 March 2018 and resigned 31 January 2020	<ul style="list-style-type: none"> • National Diploma : Internal Auditing TUT • B-Tech Internal Auditing (Unisa) • MBA : NWU • CIA (IIASA) • Grade 12 	07	04
Mr Letlhogonolo Berend	01 March 2018	<ul style="list-style-type: none"> • LLB (Bachelor of Laws) WITS • Currently studying MBA • Grade 12 	07	06
Mr Ernest Van Rensburg	01 March 2018	<ul style="list-style-type: none"> • Baccaureus Commercii (UOFS) • Honours – Baccaureus Computations • Certificate in theory accounting (Unisa) • Advanced Certificate in Auditing • Accountant Pubic Practice • Independent Reviewer – SAIPA • Grade 12 	07	07

The members of the audit committee held meetings with the municipal manager as the accounting officer, council of the municipal entity, the chairperson of risk, senior management of the municipality, the internal audit function and the Auditor General, collectively and individually, on matters related to governance, internal control and risk in the municipality, throughout the reporting period. The committee also held a meeting with the honourable mayor and the executive committee of the council to report on governance, internal control, risk, performance and financial information and other relevant matters concerning the municipality.

3. Audit committee's responsibility

The audit committee has complied with its responsibilities arising from section 166 of the MFMA read with MFMA Circular 65, and reports that it operated in terms of the audit committee charter read in conjunction with the internal audit charter.

4. Effectiveness of internal control

The audit committee acknowledges management's efforts to strengthen internal controls in the municipality. The audit committee is concerned that in certain instances the matters reported by the Auditor General and the internal audit function in prior years have not been fully and satisfactorily addressed. Management has given assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the APC committee will monitor these going forward.

Vacancies undermine the effective functioning of the system of internal control and it is imperative that management reviews its recruitment procedures and processes to ensure that vacancies are filled expeditiously with properly qualified, skilled and experienced personnel. The position of the CAE has been vacant since 01st September 2018 till November 2020; and the department has been operating on 03 Acting CAE's. For the month of October to November 2020, the department had no CAE or Acting CAE in place. However, the work of Internal Audit continued irrespective of the circumstances without any extra remuneration to the existing managers.

The effectiveness and efficiency of Internal Audit is dependent on the strategic leadership of the department. The department was disadvantaged by the vacant post of the Chief Audit Executive. The Internal Department has however managed to perform its work satisfactorily during the year irrespective of this vacancy by achieving 80% of the planned audits for the year. The remaining percentage was affected by the unforeseen covid 19 pandemic which was not planned for. However

an audit strategy was developed and approved by the audit committee to address this challenge in future so that the work of internal audit is not compromised.

Due to the strategic importance of, and investment in, the modernisation of information and communication technology (ICT) in the municipality, the audit committee has monitored the risk register and progress reports on the respective action plans during the year under review. The audit committee remains concerned that not all ICT risks are being addressed or mitigated, in implementing the new systems. The audit committee was also concerned about the implementation of ICT systems that were not put in place on time during the National Covid 19 lockdown which was declared in March 2020.

5. The quality of monthly and quarterly reports submitted in terms of the MFMA and DORA

The APC is not satisfied as the monthly financial reports were not prepared due to MSCOA Challenge. Therefore, the municipality has not complied with the requirements of Section 71 and 52 (d) of the MFMA for the entire year. The service provider however indicated in the last audit committee meeting that the reports are available however the content and quality reports was still a matter of concern.

The reports on performance information were reviewed and APC has engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives. The committee has recommended that specific process be implemented to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework.

The APC has recommended that the service provider in charge of preparation of the AFS for the municipality prepare financial statements that comply with Standards of Generally Recognised Accounting Practice (GRAP), which could assist in performing reconciliations timeously as well as in eliminating year-end adjustments.

The APC were not given the opportunity to review the reports issued to National Treasury and the Transferring Officer in terms of the Division of Revenue Act due to the challenge indicated earlier and is not comfortable that the Municipality is meeting its obligation in terms of DORA and has recognised revenue to the extent that conditions have been met.

6. Internal audit function

The accounting officer is obliged, in terms of section 165 of the MFMA, to ensure that the entity has a system of internal audit under the control and direction of the audit committee. The audit committee is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review.

The APC is not satisfied with the capacity of the internal audit function due to the vacancy of the position of the CAE and 01 Internal Auditor. The internal audit staff have been going through various trainings, and the service offered was redesigned through the elimination of 01 municipality that has established its own Internal Control Structures of Internal. The audit committee expects these initiatives to contribute to the internal audit function becoming more efficient, more responsive to challenges and better able to provide audit reports of a high quality to management and the committee on a timely basis. The audit committee supports the direction that the internal audit function is adopting in providing the necessary skills and agility required for the function to respond quickly and effectively to the demands for internal audit across the municipality's various locations.

In terms of the risk-based audit plan approved by the APC, the internal audit function has 80% of the audits planned for the year. The remaining audits were affected by the National Covid 19 lockdown which could not be performed. The internal audit function found that the control environment as a whole was effective; however, some specific control weaknesses were identified in other areas of audit activities that were performed such as SCM, performance and Human Resource Management, for which recommendations were made for improvement.

The internal audit function was assessed by the Provincial Treasury on its effectiveness previously and thus far no major findings were found. The outcome of this assessment was never communicated and at present our shortcomings are not known. The audit committee recommends Peer quality reviews from similar municipalities to be performed at our Internal Audit. This will in a way prepare for the external assessments which can be budgeted for in future.

7. Risk management function

The audit committee is satisfied that:

- Risk management has been fully embedded at the municipality.
- The Audit Committee has noted the efforts of the risk unit in facilitating the risk management within the municipality.

- Management is therefore responsible to manage their departmental risks and ensuring that the combined risk management is achieved and implemented successfully

8. Performance management

Part of the responsibilities of the audit committee includes the review of performance management. The audit committee has in terms of the performance of the municipality performed the following functions:

The audit and performance committee reviewed the functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as achievement of planned targets and compliance matters are concerned.

10. Unauthorized, irregular, fruitless and wasteful expenditures

The Unauthorized and Irregular Expenditure of the municipality was considered to be the highest as compared to other municipalities within North-West due to the huge amount of investment made to VBS as well as supply chain management deviations and instances of non-compliance with supply chain management regulations.

One significant area that requires improvement is for management to effectively implement appropriate recourse and mitigation actions based on the requirements of sections 32, 171, 172 and 173 of the MFMA.

11. Evaluation of the draft annual financial statements

The APC reviewed and noted the draft annual financial statements for financial year ended 30 June 2020. An extension on compliance matters with regard to submission dates were also noted. The APC noted a number of gaps and issues to be addressed before submission on 31 October 2020.

- The draft AFS were reviewed and there were errors identified and the APC urged management to commit to rectifying errors identified. The committee was impressed with the commitment by the management team as the municipality will be able to submit the draft AFS on time as per extension guidelines and regulations.

The purpose of this review amongst others was to ensure, inter-alia:

- Compliance with Generally Recognised Accounting Practice (GRAP) and MFMA.
- Draft AFS are free from material misstatements and errors.
- Reliability, integrity and quality of the financial information reported in the financial statements.

12. Draft Audit Report(AGSA Report) and Overall Recommendations

Draft Management letter and Draft Audit report (19/20)

The committee noted report and expressed their concern on the perennial disclaimer of opinion. Recurring issues are as follows:

- UIF
- Contract Management
- 'Assets Management
- Consequence Management
- Material Misstatements on AFS
- Going concern
- Non-Compliance with Supply Chain Regulations
- Provision of retail water
- Unspent Conditional grant

Recommendations Urgent development of PAAP that will address the root causes.

1. Submission of progress report to council on monthly basis on the implementation of actions to resolve AG findings.
2. Audit Committee to follow up on the PAAP implementation on a monthly basis. This is in line with the fact that time will not be allow for Quarterly assessments as the year is now in June.
3. Consequence management be implemented where there has been negligence or non-submission of information.
4. MPAC attend to UIF matters urgently

While management is responsible for ensuring the Municipality's financial statements are complete, accurate, and in accordance with Generally Recognised Accounting Principles ("GRAP") and establishing satisfactory internal control over financial reporting, the Audit & Performance Committee's main function is to oversee the accounting and financial and performance reporting processes, the audits of the Municipal financial statements, the internal control over financial reporting, and the performance of the Municipality's internal audit function and AGSA. Therefore the Audit Committee relies on the expertise and knowledge of management, the internal auditors, and the independent auditor in carrying out its oversight responsibilities. The good efforts put by management to improve governance and financial management must continue to be strengthened.

On behalf of the audit committee:

pp  E. L. van Rensburg
Audit Committee Chair
Dr Ruth Mompoti District Municipality

ANNEXURE B - AUDIT REPORT FOR THE FINANCIAL YEAR ENDING 2020 (2019- 2020)

Report of the auditor-general to the North West provincial legislature and the council on the Dr Ruth Segomotsi Mompati District Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Dr Ruth Segomotsi Mompati District Municipality set out on pages 244 to 324, which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for work in progress included in property, plant and equipment in the current and previous years due to the status of the accounting records. I was unable to confirm the balance of work in progress by alternative means. In addition, work in progress was overstated by R7 935 323, repairs and maintenance and intangible assets understated by R4 592 195 and R3 343 127 respectively as some expenditure included in additions was not incurred in accordance with GRAP 17, *Property, plant and equipment*. Consequently, I was unable to determine whether any further adjustment to work in progress of R1 318 162 188 (2019: R1 079 051 449) included in property, plant and equipment disclosed in note 4 and retentions of R55 213 809 (2019: R40 262 263) included in payables from exchange transactions as disclosed in note 15 to the financial statements was necessary.
4. During 2019, I was unable to obtain sufficient appropriate audit evidence for infrastructure due to non-submission of information, material differences between the financial statements and accounting records and the unexplained write off of infrastructure assets due to inadequate asset management controls. I was unable to determine whether any adjustment to infrastructure of R1 697 566 816 and the depreciation expense of R66 283 602 was necessary. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. I was still unable to confirm this infrastructure balance by alternative means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures of infrastructure and depreciation expense.

5. In addition, the 2019 work in progress transfers were recorded at incorrect amounts and some projects completed in earlier years were only transferred out of work in progress in the 2019 financial year. This resulted in an overstatement of the 2019 infrastructure balance by R13 682 292 and an understatement of work in progress by the same amount. Furthermore, the carrying amount of the 2018 opening balance adjustment was recorded at incorrect amounts, resulting in an overstatement of the 2019 opening balance by R4 043 119.
6. The municipality incorrectly accounted for depreciation due to the use of incorrect useful lives when calculating the depreciation expense. This has resulted in an overstatement of motor vehicles and infrastructure included in property, plant and equipment disclosed in note 4 of the financial statements, by R9 616 582 and R3 413 949 respectively. The related depreciation and amortisation expense included in note 26 is understated with R13 030 531. There is a resultant impact on the surplus reported for the year.

VAT receivable

7. During 2019, I was unable to obtain sufficient appropriate audit evidence for the VAT receivable due to the status of the accounting records. I was unable to confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustment to the VAT receivable of R91 873 065 as disclosed in note 9 to the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Cash and cash equivalents

8. Section 125(2)(a) of the MFMA requires that the municipality disclose the year-end balances of each bank account held by the municipality. The municipality incorrectly disclosed the year-end bank statement balance of the VBS Mutual Bank investment as R0 for the current and previous year in note 10 to the financial statements. Although council impaired the investment of R150 000 000 during 2018 the municipality omitted to disclose the bank balance or the information relevant to the impairment in the notes to the financial statements as required.

Payables from exchange transactions

9. The municipality did not correctly account for trade payables as required by GRAP 1, *Presentation of the financial statements*. This was due to the recording of some supplier balances at incorrect amounts. Furthermore, expenditure on a completed capital project which was handed over to community members as beneficiaries was incorrectly accounted for as a contingent liability. The expenditure should have been accounted for as a trade payable because the arbitration board had ruled that the municipality should pay the supplier until such time that the board's ruling is overturned by a court of law. As a result, trade payables included in payables from exchange transactions was understated by R6 092 641 (2019: R55 889 607), transfers and subsidies understated by R34 061 709, VAT receivable understated by R3 901 758 and contingent liabilities overstated by R39 000 000.
10. I was unable to obtain sufficient appropriate audit evidence for trade payables due to the inclusion of unexplained negative supplier balances in the listing and non-submission of information relating to the prior year balance. I was unable to confirm the trade payables balance by alternative means. Consequently, I was unable to determine whether any adjustments to trade payables included in payables from exchange transactions of R534 571 956 (2019: R471 852 811) as disclosed in note 15 to the financial statements was necessary.

Unspent conditional grants and receipts

11. The municipality incorrectly recognised unspent conditional grants which should have been classified as payables due to the roll-over of the previous year's unspent funds not being

approved and having to be repaid to National Treasury. As a result, the unspent conditional grants and receipts was overstated by R42 833 457 (2019: R35 800 571) and payables from non-exchange transactions was understated by the same amount.

Provision of retail water services

12. I was unable to obtain sufficient appropriate audit evidence that revenue, expenditure and receivables for the current and the prior year relating to the provision of retail water services have been correctly accounted for by the district municipality as some of the service delivery agreements entered into between the district municipality as water service authority and the local municipalities as water service providers has expired. In terms of section 22 of the Water Services Act, 1997 (Act No. 108 of 1997), no person may operate as a water service provider without the approval of the water service authority. I was unable to confirm by alternative means that the local municipalities was authorised to operate as water service providers. Consequently, I was unable to determine whether any adjustments to revenue, expenditure, receivables or any other items relating to the provision of retail water services by the local municipalities on behalf of the district municipality were necessary in the financial statements.

Government grants and subsidies

13. I was unable to obtain sufficient appropriate audit evidence that all work in progress invoices relating to projects funded by various conditional grants were recorded as revenue when the conditions of those grants were met as required due to the status of the accounting records. I was unable to confirm the revenue from government grants and subsidies and the unspent balances by alternative means. In addition, the municipality incorrectly included transactions relating to the following year in government grants and subsidies contrary to the requirement of GRAP 1, *Presentation of the financial statements*. This resulted in revenue from government grants and subsidies being overstated by R28 007 090 and unspent conditional grants and receipts being understated by the same amount. Consequently, I was unable to determine whether any further adjustments to unspent conditional grants and receipts of R42 833 457 (2019: R35 800 571) as disclosed in note 12 and revenue from government grants and subsidies of R696 969 638 (2019: R708 434 648) as disclosed in note 22 to the financial statements were necessary.

Bulk purchases

14. The municipality incorrectly classified operation and maintenance related expenses as bulk purchases contrary to the requirements of GRAP 1, *Presentation of the financial statements* due to the status of the accounting records. Consequently, bulk purchases as disclosed in note 29 was overstated by R154 052 803 and general expenses as disclosed in note 31 to the financial statements was understated by the same amount.
15. During 2019, I was unable to obtain sufficient appropriate audit evidence for bulk purchases due to non-submission of information. I was unable to determine whether any adjustment to bulk purchases of R232 196 995 as disclosed in note 29 to the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. I was still unable to confirm these bulk purchases or restatements made to this balance in the current year by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

General expenses

16. The municipality did not account for all general expenditure incurred in the current financial period as required by GRAP 1, *Presentation of financial statements*. Expenditure incurred amounting to R6 442 901 was not included in general expenses as disclosed in note 31 to the financial statements. Trade payables from exchange transactions as disclosed in note 15 and

VAT receivable as disclosed in note 9 was understated with R7 409 336 and R966 435 respectively.

Contracted services

17. During 2019, the municipality incorrectly classified transfers and subsidies related expenses as contracted services contrary to the requirements of GRAP 1, *Presentation of the financial statements* due to the status of the accounting records. Consequently, contracted services was overstated by R27 567 277 and transfers and subsidies was understated by the same amount. I was also unable to obtain sufficient appropriate audit evidence relating to the prior period error adjustment for contracted services due to non-submission of information. I was unable to confirm the contracted services by alternative means. Consequently, I was unable to determine whether any further adjustments to contracted services of R120 719 122 as disclosed in the statement of financial performance was necessary. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the current period figures and the corresponding figures.

Accumulated surplus

18. I was unable to obtain sufficient appropriate audit evidence for the restatements made to the accumulated surplus due to the status of the accounting records. I was unable to confirm the restatements to the accumulated surplus by alternative means. Consequently, I was unable to determine whether any adjustment relating to the accumulated surplus of R2 530 310 330 (2019: R2 403 534 858) as presented in the statement of financial position and the statement of changes in net assets was necessary.

Cash flows from operating activities

19. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities of R299 850 923 included in the cash flow statement and as disclosed in note 34 to the financial statements as it was impracticable to do so.

Statement of comparison of budget and actual amounts

20. The municipality did not include appropriate explanations for some material variances in the statement of comparison of budget and actual amounts as required by GRAP 24, *Presentation of budget information in financial statements* as the explanation for material differences between the budgeted amounts and actual amounts do not provide a fair presentation which will assist users in understanding the reasons for material departures from the approved budget. I was unable to determine the full extent of the omitted disclosures as it was impracticable to do so.

Commitments

21. The municipality did not correctly account for commitments as required by GRAP 1, *Presentation of the financial statements*. This was due to the fact that expenditure used in calculating the commitments balance was not correct. Consequently, commitments was overstated by R385 970 237 (2019: R260 952 919).
22. In addition, I was unable to obtain sufficient appropriate audit evidence for the commitments balance due to the effect of the material limitations on work in progress and material non-compliance on contract management relating to the extension of contracts. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment relating to the commitments of R799 309 846 (2019: R922 439 001) as disclosed in note 36 was necessary.

Prior period errors and adjustments

23. The municipality did not disclose all adjustments made to correct prior period errors as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for each financial statement item affected and the amount of the correction at the beginning of the earliest prior period were not disclosed. I was unable to determine the full extent and impact of the omitted disclosed in notes 39 and 40 to the financial statements as it was impracticable to do so.
24. I was unable to obtain sufficient appropriate audit evidence for the prior-year adjustments disclosed in notes 39 and 40 as the supporting information was not provided. I was unable to confirm the disclosures of these adjustments by alternative means. Consequently, I was unable to determine whether any adjustment to the prior year adjustments as disclosed in notes 39 and 40 to the financial statements was necessary.

Unauthorised expenditure

25. Section 125 of the MFMA requires the disclosure of unauthorised expenditure incurred. The municipality incurred expenditure of money appropriated for a specific purpose, other than for that specific purpose and also incurred COVID-19 related expenditure for which an adjustment budget was not approved by council which was not included in unauthorised expenditure disclosed. Consequently, unauthorised expenditure as disclosed in note 44 to the financial statements was understated by R15 951 427.

Irregular expenditure

26. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. In addition, the irregular expenditure disclosed included VAT, resulting in an overstatement of R49 192 783. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant misstatement of irregular expenditure as disclosed in note 46 to the financial statements.

Deviation from supply chain management regulations

27. SCM regulation 36(2) requires the disclosure of reasons for deviation from supply chain management regulations. The municipality included descriptions and amounts for deviations which were not deviations from the supply chain management regulations and should have been excluded from the disclosure in note 48 to the financial statements.

Going concern

28. The municipality incorrectly concluded in note 42 to the financial statements on the uncertainty to continue as a going concern. The municipality has not disclosed the fact that the municipality's current liabilities exceeded its current assets by R446 736 838. In addition, the municipality received a letter from National Treasury that their equitable share tranche will be withheld should the municipality not adopt a funded budget. National Treasury is also deducting installments of the VBS investment that was impaired by the municipality from the municipality's equitable share. These events or conditions, along with other matters as set forth in note 42, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Preparation of the financial statements

29. I was unable to obtain sufficient appropriate audit evidence that the accounting officer has fulfilled his responsibility for the preparation and fair presentation of the financial statements in accordance with the standards of GRAP, as written representations in this respect were not provided. I was also unable to obtain written representations from the accounting officer that I had been provided with all relevant information and access as agreed in terms of the audit

engagement, and that all transactions had been recorded and were reflected in the financial statements. I could not determine the effect of the lack of such representations on the financial position of the municipality at 30 June 2020 or the financial performance and cash flows for the year then ended.

Responsibilities of the accounting officer for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

34. 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 key performance area presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.
35. I was engaged to evaluate 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 key performance area presented in the annual performance report of the municipality for the year ended 30 June 2020:

Key performance area	Pages in the annual performance report
KPA 1 - Service delivery and infrastructure development	161– 166

36. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

KPA 1 – Service delivery and infrastructure development

Number of households provided with access to sanitation through rural sanitation programme by 30 June 2020

37. The reported target of number of 1600 did not agree with the target of 16000 as approved in the annual performance report. In addition, I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 2090 for the indicator. This was due to a lack of an adequate record keeping system that records the number of households provided with access to water as reported in the annual performance report. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustment to the reported achievement of 2090 was necessary. Furthermore, the measures taken to improve performance against the planned target was not reported in the annual performance report.

Number of households provided with access to water through rural water supply programme by 30 June 2020

38. I was unable to obtain sufficient appropriate audit evidence that systems and processes were established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. This was due to insufficient measurement definitions and processes. I was unable to validate the existence of systems and processes by alternative means. As a result I was unable to audit the reliability of the reported achievement of 2558 against the planned target of 2500. Furthermore, the measures taken to improve performance against the planned target was not reported in the annual performance report.

Other matter

39. I draw attention to the matter below.

Achievement of planned targets

40. Refer to the annual performance report on pages 161 and 166 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 37 to 38 of this report.

Report on audit of compliance with legislation

Introduction and scope

41. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
42. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements

43. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a disclaimer of opinion.

Expenditure management

44. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.
45. Payments were made from the municipality's bank accounts without the approval of the accounting officer, the chief financial officer or a properly authorised official as required by section 11(1) of the MFMA.
46. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal, payment of funds, as required by section 65(2)(a) of the MFMA.
47. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors and accounted for payments made, as required by section 65(2)(b) of the MFMA.
48. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulations. Irregular expenditure amounting to R155 329 453 was incurred on the key projects for the Vryburg New Waste Water Treatment Works, Greater Taung: Bulk Water Supply Upgrading and the Rural Sanitation Programme - Kagisano Molopo and Naledi.
49. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R834 814 as disclosed in note 45 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on overdue accounts.
50. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending on the budget.

Consequence management

51. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
52. Irregular, fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Conditional grants

53. Performance in respect of programmes funded by the Municipal Infrastructure Grant, Regional Bulk Infrastructure Grant and Water Services Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the DoRA.

Revenue management

54. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
55. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.
56. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Asset management

57. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.
58. All investments were not made in accordance with the requirements of the investment policy as required by Municipal Investment Regulation 3(3).
59. Funds were invested in a mutual bank, in contravention of Municipal Investment Regulation 6.

Procurement and contract management

60. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
61. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
62. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
63. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM regulations 21(b) and 28(1)(a(i) and Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
64. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
65. Goods or services procured under contracts secured by other organs of state were not procured in accordance with SCM regulation 32 as there were no demonstrable benefits and discounts of participating in the contract and the prices paid was not the same as the original contract.
66. Some of the contracts were not awarded in an economical manner and the prices of the goods or services were not reasonable as required by MFMA sec 62(1)(a) and MFMA sec 95(a).
67. The preference point system was not applied for some of the procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.
68. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the regulation 8(2) of the 2017 Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
69. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5. Similar non-compliance was also reported in the prior year.
70. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the Rural Sanitation programme (2020-2023).
71. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.

Internal control deficiencies

72. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer off opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- The financial statements and annual performance report was not properly reviewed before submission for audit and contributed to the material findings identified during the audit. The municipality experienced management instability during the year with regards to the key position of chief financial officer. This resulted in inadequate oversight regarding financial reporting and compliance with laws and regulations.
- There is an overreliance on the work of consultants without adequate transfer of skills to ensure that officials within the municipality appointed in a specific position performs the function within that position.
- The financial statements and the performance report was not submitted on time to the audit committee for review. The financial statements was not complete when submitted to the audit committee which made it difficult for the audit committee to perform a detailed review thereon. The implementation of action plans to address prior year audit findings was not adequately monitored by the audit committee. The audit committee also did not adequately monitor compliance with applicable legislation and regulations as no evidence was obtained that the audit committee reviewed the SCM function of the municipality.

Material irregularities

73. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Other material irregularities

74. I identified material irregularities during the audit and notified the accounting officer thereof as required by Material Irregularity Regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due. These material irregularities will be included in the next year's auditor's report.

Auditor General

Potchefstroom

23 March 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE C – AUDIT ACTION TO ADDRESS QUERIES RAISED BY THE AUDITOR GENERAL FOR THE FINANCIAL YEAR ENDING 2020 (2019-2020)

Dr. Ruth Segomutsi District Municipality: POST AUDIT ACTION PLAN (PAAP) 2019/20

PERIOD : 30 JUNE 2020

Number	Finding number	Heading of finding	Impact	Audit Finding: Component	Audit Findings	Root Cause	AGSA Recommendations	Managements' proposed remedial solution	Start Date	End Date	Responsible Manager	Progress to date
1	COMAF 50: Iss.100	Irregular expenditure includes VAT	Audit Report	Irregular expenditure	During the audit of irregular expenditure, it was noted that transactions were incorrectly recorded inclusive of VAT:	Management did not adequately review the irregular expenditure register to ensure that transactions are recorded accurately. As a result, irregular expenditure is overstated.	Management must ensure that the irregular expenditure register is adequately reviewed to ensure that all transactions are recorded exclusive of VAT and to ensure accuracy.	1. Management will ensure that the amounts of Irregular Expenditure are captured on the register exclusive of VAT. 2. When the AFS are prepared amounts excluding VAT will be presented on the annual financial statements. 3. The adjustments made to correct VAT should be disclosed as a prior period error adjustment	01/05/2021	30/06/2021	Manager SCM/CFO/AFS Consultants	In Progress
82	COMAF 50: Iss.114 -	Limitation of scope: Irregular expenditure	Management Report	Irregular expenditure	The following information as requested on RFI 120 issued on 2nd February 2021 was not submitted for audit: 2. It was noted that the prior period error adjustment does not agree to the register	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit and that all schedules are adequately reviewed to ensure accuracy.	Management must ensure that the submission of information is within the stipulated time-frames as indicated in the audit engagement letter and that the information submitted is accurate.	1. Management to ensure that the register is updated accordingly 2. Differences between 2019 actual and 2019 restated be valid and accurately disclosed as Prior Period Error Adjustments	01/05/2021	31/07/2021	Manager SCM/AFS Consultants	In Progress
2	COMAF 81: ISS 141	Unspent conditional grant- Roll over forms not approved by National Treasury	Audit Report	Unspent conditional grants	An application for Roll over of the following unspent conditional grants was not approved by Treasury Regional Bulk Infrastructure Grant (RBIG) R 4 279 661 Municipal Infrastructure Grant R11 342 393 Water Service Infrastructure Grant R27 202 255 The Accounting	The Accounting Officer did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Management should ensure that when roll over applications are approved	1. Management should ensure that the application for roll-over is valid and supported by proper reconciliation of Grants 2. Were the application was not approved, adjustments to be made to the AFS as a subsequent event 3. Adjustment to the 2020 AFS to be effected and	01/05/2021	30/06/2021	Manager Budget/CFO/AFS Consultants	In Progress
3	COMAF 64: Iss.146	Irregular expenditure - Prior year transactions not recorded	Audit Report	Irregular expenditure	During the audit of irregular expenditure, it was noted that transactions which were identified as irregular in the prior year were not recorded in the register:	Management did not implement the prior year recommendations by ensuring that the full extent of irregular expenditure is quantified. As a result, irregular expenditure is materially understated.	Management must ensure all irregular expenditure is completely recorded.	1. Revisit the population of transactions for expenditure & asset acquisitions in 2019 to identify all Irregular expenditure 2. Update the 2019 register to ensure completeness is addressed. 3. Disclose adjustments to Irregular expenditure as prior period error adjustments and submit sufficient and	01/05/2021	31/07/2021	Manager SCM/CFO/AFS Consultants	In Progress
4	COMAF 64: Iss.151 -	Irregular expenditure includes VAT(part2)	Audit Report	Irregular expenditure	In addition to issue 100 as communicated in COMAF 50, it was noted that irregular expenditure was incorrectly recorded inclusive of VAT for the following transactions, where supporting documentation was subsequently received in response to issue 114:	Management did not adequately review the irregular expenditure register to ensure that transactions are recorded accurately. As a result, irregular expenditure is overstated by R 3 013 818.16.	Management must ensure that the irregular expenditure register is adequately reviewed to ensure that all transactions are recorded exclusive of VAT and to ensure accuracy.	1. Management will ensure that the amounts of Irregular Expenditure are captured on the register exclusive of VAT. 2. When the AFS are prepared amounts excluding VAT will be presented on the annual financial statements. 3. The adjustments made to correct VAT should be disclosed as a prior period error adjustment	01/05/2021	30/06/2021	Manager SCM	In Progress
83	COMAF 81: ISS 166	Unspent conditional grants- Prior period	Management Report	Unspent conditional grants	1. R1788 244 correction of error In terms of management response in COMAF 41 relates to the remapping of Mamusa MIG Grant which is inconsistent with the nature of the prior period 2. R106 151 453 reclassification The support provided relates to the 19/20 unspent conditional grant for RBIG which is in consistent with the nature (as indicated in the nature of the error relates to the correction of invoices. thus the support not sufficient and appropriate. 3. No support has been provided for VUNA and Sport grant, the nature states that it has been long outstanding and that the origin of the grant is unknown to the Municipality does not necessitates the adjustment.	Management did not ensure that the prior period error note is presented and disclosed in accordance with GRAP 3	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	1. Reperform the reconciliations of Grants for 2020 and re-submit the information to AGSA for consideration. 2. Corrections made to the AFS to be disclosed as Prior period adjustments	01/05/2021	30/06/2021	CFO/AFS Consultants	Not yet started
84	COMAF 90: ISS 216	Unspent conditional grants Opening balance is overstatement	Management Report	Unspent conditional grants	During the audit of the prior period of unspent conditional grants it was noted that the prior year closing balance is restated as there was an adjustment to transfer the closing balance to payables and there are no approved roll-overs Closing balance R35 800 000	The Accounting officer did not ensure that the unspent conditional grants roll-over was approved by treasury	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	1. Management should ensure that the application for roll-over is valid and supported by proper reconciliation of Grants 2. Were the application was not approved, adjustments to be made to the AFS as a subsequent event 3. Adjustment to the 2020 AFS to be effected and	01/05/2021	30/06/2021	CFO/AFS Consultants	In Progress
85	COMAF 92: ISS 220	Prior period error note - disclosure		Prior period errors	During the audit of the prior period error note 39 and 40, it was noted that management did not disclose the amount of the correction at the beginning of the earliest prior period presented.	Management did not exercise oversight to ensure that GRAP 3.51(c) is complied with.	Management should exercise oversight to ensure that GRAP 3.51(c) is complied with.	Disclosure will be corrected in 2020/21 annual financial statements.	01/05/2021	31/08/2021	CFO	Not yet started
86	COMAF 96: ISS 227	Receivables - existence of receivables could not be confirmed	Management Report	Accounts receivable	During the audit it was identified that the existence of the Debtors could not be identified as no acknowledgements were received as well as response to demand letters, no subsequent payments have been received as a result of demand letter therefore no indication whether debtors acknowledge the debt.	The was caused by a non-submission of information	Management should Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	1. Managemnt to investigate the validity of all the debtors balances and confirm the existence of long outstanding debtors 2.To provide the AG with adequate responses on this matter in particular to the 3 accounts identified as per the audit finding 3.To provide for impairment of debtors and write-off in terms of the policy	01/05/2021	31/07/2021	Manager Budget	Not yet started
87	COAF 8:	Limitation of Scope ,Information not Submitted	Management Report	Cash and cash equivalents	During the planning phase of the audit the following requests for information were not submitted as listed below: Request for information no 42 issued on 29 October 2020 and due on 03 November 2020 1. Signed Declaration of Interest of Audit Committee Members as listed below: >TL Barend >FJ Mudau >MV Mothelesi >NJ Lesolang >M Nkwane >EL Van Rensburg 2. Terms of reference of Council & Mayoral Committee 3. When was the Audit Committee established? Request for information no 44 issued on 29 October 2020 and due on 03 November 2020 1. All bank statements for the 2019/2020 financial year 2. Memo requisition for the internal transfer of funds within the 2019/2020 financial year 3. Investment summary report for the 2019/2020 financial year 4. Petty cash memo requesting purchase of an item within January 2020, along with attached invoice as well general ledger petty cash book reflecting the purchase of that particular item, as well as cash book report reflecting the purchase of that item Request for information no 45 issued on 30 October 2020 and due on 04 November 2020 1. Approved minutes of meetings for the following council meetings held in the 2019/20 year. On the 12th of Aug 2019, On the 22 May 2020 2. Approved minutes of meetings for the following council meetings held in the 2019/20 year. On the 12th of Aug 2019, On the 22 May 2020	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit.	Management is to ensure that submission of information is to be within the time frame as stipulated within the audit engagement letter and that information submitted is correct.	1. Information to be obtained and made available for the audit	01/05/2021	30/06/2021	Manager Expenditure	Not yet started

88	COMAF 27: Iss.24 -	Internal Control Deficiency - Investment Summary Report	Management Report	Cash and cash equivalents	During the performance of our audit procedures on understanding the business process for cash and cash equivalent, we noted that investment summary report was not signed as proof of review and approved by the relevant officials	Management did not implement proper controls on the reviewing of investment summary report	Management.3.15 I.3.15should ensure that Investment summary report is reviewed by the relevant officials and signed as proof of review.	1. Management to ensure that the Investments Registers are reviewed and signed monthly and that this matter does not reoccur in 2021 2. Evidence of authorised investment registers and reconciliations to be included on the Audit file and submitted to Internal Audit	01/05/2021	31/08/2021	Manager Expenditure/CFO	In Progress
89	COMAF 39	VBS Investment not disclosed	Audit Report	Cash and cash equivalents	The VBS investment of R150 000 000 has not been disclosed in note 10 to the AFS. The investment is still with VBS until such time that a final decision is made by the curators that the full R150m is unrecoverable	Management lacked oversight in ensuring amounts reflected on the annual financial statements are complete	Management should include the VBS investment as part of cash and cash equivalents note as a bank balance until such time that a final decision is made by the curators that the full R150m is unrecoverable and a narrative that explains the impairments and facts very briefly.	1. Obtain legal representation on the VBS matter that inform the status of the municipality's investment with VBS(The Legal Office to provide detailed status update) 2. From the confirmations obtained , apply the accounting criteria and disclose the investments accordingly on the AFS 3. Restate 2020 AFS accordingly and adequately disclose the nature and effect of the adjustments made 4. Process journals were applicable to record the VBS investment(adjustments) and ensure that they're	01/05/2021	30/06/2021	Manager Expenditure/Manager Legal/CFO/AFS Consultants	In Progress
90	COMAF 90: ISS 214	Cash and cash equivalents - No support to prior period error adjustment		Cash and cash equivalents	During the audit of the prior period error note it was noted that the adjustment of R2 968 504 consists of a net amount of the following amounts -R31 495 and R2 999 955 and no support was provided for R31 495	This was caused by management not submitting sufficient information required	Management should ensure all information relating to prior period should be submitted	1. The auditor concluded, without understanding the information and did not engage Management to discuss and obtain the relevant information. 2. The Information in question is available and will be resubmitted for consideration by the AGSA	01/05/2021	30/06/2021	Manager Expenditure/AFS Consultants	Completed
5	COMAF 56: - ISS.128	Differences in the cash flow statement	Audit Report	Cash flow statements	During the audit of the Cash flow statement differences was noted.	Management lacked oversight in ensuring amounts reflected on the annual financial statements are correct. This results in a misstatement of the amounts in the cash flow statement.	Management should ensure that the cash flow statement is accurate.	1. Recalculate the Cashflow statement for 2019/20and ensure that it is adequately reviewed to ensure that it is correct and tying with other underlying figures presented on the financial statements 2. Ensure that the Schedule for Calculation of Cashflow is included on the Audit File and there is easy of reference for the trail 3. Adjustments to the Prior Year Cashflow to be adequately disclosed on the Prior period error note(with supporting information(reference) for the adjustments	01/05/2021	31/07/2021	CFO/AFS Consultants	Not yet started
91	COAF 5:Iss14	Commitments: Prior period error adjustment made is not disclosed	Audit Report	Commitments	During our high level review of commitments, we noted that a prior period error adjustment has been made that is not disclosed within the prior period error note (note 40) of the annual financial statements	Management did not exercise oversight responsibility to ensure that all prior period error adjustments that have been made is adequately disclosed. This will result in a material understatement of commitments of R807 630 477.	Management should ensure that all prior period error adjustments made is adequately disclosed.	1. The adjustments made for Commitments in 2018/19 should be included and adequately(nature and effect) disclosed in the 2021 AFS 2. The supporting information for the adjustment made should be included on the Audit File and re-submitted to AGSA for Audit Consideration 3. The Audit File for adjustments should be reviewed by Internal Audit before submission to AGSA	01/05/2021	30/06/2021	Manager SCM/CFO/AFS Consultants	In Progress
92	COMAF 75: ISS 142	Commitments disclosure not in line with policy and GRAP standards	Management Report	Commitments	During the the audit of commitments disclosure note, it was identified that management had inaccurately included disclosure of operational commitments that include those that pertain to the routine state of business which is not in accordance with the accounting policy for commitments under note 1.13 within the annual financial statements. Disclosure was made on "approved but not contracted" commitments for property plant and equipment, however there is no policy indicating that they would require to be disclosed.	Management lacked oversight in ensuring that the disclosure of commitments is in compliance with GRAP standards and its accounting policy	Management should ensure that disclosure made within the annual financial are line with the relevant GRAP standards as well as its accounting policies.	1. Management should update the Policy on Asset Management to include the applicable legislated requirements for disclosure of Commitments 2. Update the Register of Commitments to Include only Applicable Commitment Balances and Include on the Audit File to be re-submitted to AGSA 3. Amend the Disclosure of Commitments on the AFS to include only the Applicable Commitment Balances 4. Any amendments on the Disclosures to include Prior Period Error Note to disclose the nature of the amendment	01/05/2021	31/07/2021	Manager SCM/CFO/AFS Consultants	In Progress
93	COMAF 63: Iss 143	Limitation of scope on prior year adjustment for commitments.	Management Report	Commitments	Information pertaining to the prior year adjustment of the commitments was not submitted within request for information no. 147, thus limiting the auditor in completing testing of the prior year adjustment made in the current financial year to commitments. Limitation of scope on the amount on the restated 2019 comparative figure to the amount of R922 439 000.92	Management lacked oversight in ensuring that information is submitted within the requisite timeframe.	Management should ensure submission of requested information is submitted within the agreed upon timeframes.	1. Register of Commitments to Reflect to Adjustments made in 2019 and Information for these adjustments to be included on Audit File 2. Audit File for Adjustments made in 2019 to be re0submitted to AGSA for confirmation 3. Adjustments made on the AFS TO RESTATE 2019 TO BE DISCLOSED AGAIN and the above info to be resubmitted to confirm such adjustments.	01/05/2021	30/06/2021	Manager SCM	In Progress
94	COMAF 84: ISS 189	Differences in Commitments balances	Management Report	Commitments	During the testing of capital commitments, the following differences were encountered while recalculating the balance of commitments as at 2020/06/30 with reference to the WIP additions register and capital contract register detailing invoices raised for the amounts to be paid for work done.	Management had lacked oversight in ensuring all amounts incurred during the 2019/2020 financial year for the projects were factored in the calculation of the commitments balance as at 2020/06/30.	Management should exercise oversight in ensuring that all amounts incurred on projects are to be accounted for when calculating commitments balance as at year -end	1. Recalculate the Commitments Balance and update the register to reflect the corrections and adjustments made 2. Ensure that the Commitment Balance is linked to the WIP 3. Restate the Commitment disclosed in the 2020 financial year and ensure that 2021 Commitment Balance is correct	01/05/2021	31/07/2021	Manager SCM/CFO/AFS Consultants	In Progress
6	COMAF 94: ISS 219	Overstatement of Capital commitment Balances	Audit Report	Commitments	During the testing of capital commitments, it was identified there were differences in the total expenditure to date as at 2019/06/30 and the 2019/2020 current year expenditure, kindly refer to Annexure A for more detail. Management had lacked oversight in ensuring that all amounts incurred relating to expenditure for capital commitments had been taken into account when calculating the commitment balance. Overall overstatement on capital commitment balance as at 30/06/2019 to the amount of R308 374 377. Overall overstatement on capital commitment balance as at 30/06/2020 to the amount of R385 970 237.18	Commitments register was not reviewed by the reviewer to ensure all expenditure has been taken into accounts	Management should exercise oversight in ensuring that all amounts incurred relating to capital commitments have been accounted for when calculating commitment balances as at year end.	1. Recalculate the Commitments Balance and update the register to reflect the corrections and adjustments made 2. Ensure that the Commitment Balance is linked to the WIP 3. Restate the Commitment disclosed in the 2020 financial year and ensure that 2021 Commitment Balance is correct and accurately disclosed	01/05/2021	31/07/2021	Manager SCM/CFO/AFS Consultants	In Progress
95	COMAF 96: ISS 224	Non-submission of information RFI 165	Management Report	Commitments	During the audit of commitments request for information no. 165 was issued on Friday 8th March 2021 and was due for submission on 10th march 2021 by close of business. Information that was requested but not submitted detailed within the attached annexure A to 165	Management lacked to exercise oversight responsibility in ensuring that information requested is submitted to the auditors within the agreed upon time frames	Management should exercise oversight in that they should ensure all invoices issued towards contractual commitments are accounted for when calculating the balance of operational	1. The information that was submitted to AG should be re-submitted for additional audit 2. Management should remove the Disclosure of Operational Commitment from the AFS(Disclose as Prior period ADJUSTMENT)	01/05/2021	30/06/2021	Manager SCM/CFO/AFS Consultants	In Progress
7	COMAF 97: ISS 229	Overstatement of operational commitments	Audit Report	Commitments	During the testing of operational commitments, it was identified there were differences in the total expenditure to date as at 2019/06/30 and the 2019/2020 current year expenditure, kindly refer to Annexure A for more detail.	Management had lacked oversight in ensuring that all amounts incurred relating to expenditure for capital commitments had been taken into account when calculating the commitment balance.	Management should exercise oversight in ensuring balances of operational commitments as at year-end are captured accurately.	Management should remove the Disclosure of Operational Commitment from the AFS(Disclose as Prior period ADJUSTMENT) as there is no legislated requirement to disclose Operational Commitment	01/05/2021	30/06/2021	Manager SCM/CFO/AFS Consultants	In Progress
8	COMAF 97: ISS 230	Operational commitments	Audit Report	Commitments	During the testing of operational commitments, it was identified that the balance of a project namely RDM 2015-018A's balance as at 30/06/2019 was at R1 126 891,10 and then after deducting current year expenditure to the amount of R4 224 135,45 the balance of the commitment had increased to an amount of R2 102 537. This was identified through inspection of the commitment register at a high level overview. Kindly refer to Annexure A for	Management lacked oversight in ensuring the accuracy of operational commitment balances as at year-end.	Management should exercise oversight in ensuring amounts captured within it accounting records are accurate.	Management should remove the Disclosure of Operational Commitment from the AFS(Disclose as Prior period ADJUSTMENT) as there is no legislated requirement to disclose Operational Commitment	01/05/2021	30/06/2021	Manager SCM/CFO/AFS Consultants	In Progress
96	COMAF 99: ISS 237	Service Level Agreement PK financial Consultants cc - Incorrect Classification of commitments	Management Report	Commitments	During the execution phase of the audit particularly for commitments, we identified that the service level agreement between the district municipality and PK Financial Consultants CC for the VAT Recovery/Review with the aim to recuperate refunds for client the South African Revenue Services (SARS), when going through the terms and conditions of the service level agreement we discovered that the service level agreement is dependent on whether there would be a VAT refund or Credit recovered, this is evidenced in Subsection 9.3 under payment terms. Please refer to the attached Service level agreement.	Management did not adequately review the service level agreement of PK financial consultants CC and applying the criteria and requirements of GRAP 19 for provisions	Management should ensure that it regularly review the service level agreements the municipality enters into and the effect of the SLAs have on the financial statements	Management should remove the Disclosure of Operational Commitment from the AFS(Disclose as Prior period ADJUSTMENT) as there is no legislated requirement to disclose Operational Commitment	01/05/2021	30/06/2021	Manager SCM/CFO/AFS Consultants	Not yet started
97	COMAF 102: ISS 238	Contract does not relate to the DR Ruth Segomotsi Mompoti District municipality	Management Report	Commitments	During the testing of operational commitments, it was identified the contract for project code no. RDM2018-015A does not pertain to the Dr Ruth Segomotsi Mompoti District municipality but rather the Frances Baard district municipality.	Management lacked oversight in ensuring that contracts pertain to the Dr Ruth Segomotsi Mompoti District municipality	Management should ensure that contracts kept pertain to the Dr Ruth Segomotsi Mompoti District Municipality	Management should remove the Disclosure of Operational Commitment from the AFS(Disclose as Prior period ADJUSTMENT) as there is no legislated requirement to disclose Operational Commitment	01/05/2021	30/06/2021	Manager SCM/CFO/AFS Consultants	Not yet started

9	COMAF 102: ISS 244	Overstatement of operational commitments	Audit Report	Commitments	During the testing of operational commitments, it was identified during the testing it was identified that management had disclosed contracts that were authorised and not contracted for the following contracts were identified. <input type="checkbox"/> RD 2018-017A1 Supply and delivery of Fire protective clothing" commitment as at 30/06/2019 <input type="checkbox"/> RD 2019-014A Leasing of offices for the district municipality for a period of 36 months" commitment balance R13 248 000 as at 30/06/2020 <input type="checkbox"/> RD 2019-002A1 E-P S E-Ris support and fully automated and management risk systems" commitment balance R2 400 000 as at 30/06/2020 <input type="checkbox"/> RD 2019-005A Supply of short term of insurance for Dr Ruth Segomotsi Mompati district municipality" commitment balance R729 625 as at 30/06/2020	Management lacked oversight in ensuring that all contractual commitments were included within the commitment register for the 2019/2020 financial year, as well ensuring disclosures are not to include for those contract that have been authorised but not yet contracted for.	Management should exercise oversight to ensure that only requisite disclosures are made.	Management should remove the Disclosure of Operational Commitment from the AFS(Disclose as Prior period ADJUSTMENT) as there is no legislated requirement to disclose Operational Commitment	01/05/2021	30/06/2021	Manager SCM/CFO/AFS Consultants	Not yet started
98	COMAF 73: ISS 152	Limitation of Scope Contingent liabilities.	Management Report	Contingent liabilities	During the audit of the Contingent Liabilities request for information no. 154 detailing: letters of demand as well as memorandums of progress for cases listed within the litigation report was requested, however it was made known that the information requested was unavailable. The cases with which the information was unavailable are listed within the table below:	Management lacked oversight in ensuring that documents pertaining to litigations disclosed within the annual financial statements are readily available in order for auditors to complete testing.	Management should exercise oversight in that information pertaining to litigation claims against the municipality are readily available	1. Management to prepare all the information for the cases in question and ensure that this matter is not recurring in 2021. 2. A register of litigations should be maintained and from which a REGISTER of Contingent liabilities/ases should be developed 3. All cases included as contingent liabilities to be	01/05/2021	15/07/2021	Legal and compliance Manager	In Progress
99	COMAF 76: ISS 168	Limitation of scope - RFI 147 and external confirmation from legal counsel	Management Report	Contingent liabilities	During the audit of contingent assets and liabilities, several attempts were made to obtain external confirmations from the following members of the municipality's legal panel but to no avail. The panel members include the following: -KNT Attorneys -Moraga Attorneys -Beside attorneys -Kamara and Kumolo attorneys. Furthermore, appointment letters of legal counsel were requested within request for information no. 147, however appointment letters for the following cases listed below were not submitted	Management lacked oversight in ensuring that legal counsel of the municipality is available to the auditors in order to complete their requisite tasks	Management should exercise oversight in ensuring its legal counsel is available, in order for the auditors to complete their duties.	1. Management to prepare all the information for the cases in question and ensure that this matter is not recurring in 2021. 2. A register of litigations should be maintained and from which a REGISTER of Contingent liabilities/ases should be developed 3. All cases included as contingent liabilities to be supported by sufficient and appropriate valid documentation	01/05/2021	15/07/2021	Legal and compliance Manager	In Progress
100	COMAF 93: ISS 221	Non-disclosure of an estimate of its financial effect - Contingencies (Liabilities & Assets)	Management Report	Contingent liabilities	During the execution phase of audit particularly for contingent liabilities and assets we noted that management did not disclose the following in terms of GRAP 19, paragraph 101, 106 and 110 for the below liabilities and assets; (a) an estimate of its financial effect, measured under paragraphs 43 to .59;	Management did not ensure compliance with GRAP 19.101, 106 and 110.	Management should ensure compliance with GRAP 19.101, 106 and 110.	1. Management to prepare all the information for the cases in question and ensure that this matter is not recurring in 2021. 2. A register of litigations should be maintained and from which a REGISTER of Contingent liabilities/ases should be developed 3. All cases included as contingent liabilities to be supported by sufficient and appropriate valid documentation	01/05/2021	31/07/2021	Legal and compliance Manager(CFO)/Brian(Consultant)	In Progress
101	COMAF 93: ISS 223	Overstatement contingent liabilities	Management Report	Contingent liabilities	During the audit we noted that the management had not assessed the following contingent liabilities to determine whether an outflow of resources embodying economic benefits or service potential has become probable. We further noted that the below contingent liabilities disclosures were not applicable in terms of the requirements of contingent liability definition as per GRAP 19; 1. Letsapa Attorneys send a letter of demand to the District Municipality demanding that we assist Mrs. Keetile with her medical bills after she inhaled pepper spray during Council meeting and she had get medical attention which led to her incurring medical expenses, her medical expenses are currently standing at R149 000.00. The claim was referred to our insurance and it was rejected. 2. Baloyi AOn the 07th of August 2019, Executive Mayor went to Mahikeng High Court on an urgent basis to review and set aside Council resolution to place her on special leave for 30 days. The court ruled in favour of the Executive Mayor and set aside Council resolution to place her on a special leave for 30 days, court ordered that the Municipality must pay the legal costs of the applicant. 3. In 2016, the Municipality appointed Izwelethu-Cemforce CC (the Contractor) under Bid No: RDM 2016-016A for the construction and installation of Double Improved Ventilated Pitlatrines (VIDP's) which was funded through MIG. On 08 June 2020, the Contractor referred a dispute to the Construction Adjudicated Board in respect of an extension of time after the contract had expired. On 08 September 2020, the Adjudication Board ruled that the	Management did not ensure compliance with GRAP 19.21	Management should ensure compliance with the requirements of GRAP 19.37 by assessing contingent liabilities continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable.	1. Management to re-assess litigation cases and disclose contingent liabilities having consideration for the recognition and that they qualify for disclosure.	01/05/2021	31/07/2021	CFO/AFS Consultants	In Progress
10	COMAF 101: ISS 243	Non-compliance with GRAP 19.101	Management Report	Contingent liabilities	During the testing of Contingent Assets and liabilities it was identified that municipality had not made any disclosure relating to the uncertainties relating to the amount of timing or outflow of contingent liabilities and assets as well as the possibility of reimbursement relating to each litigation matter detailed within the disclosure note on face of the annual financial statements	Management lacked oversight in ensuring the compilation of annual financial statements in accordance with GRAP standards	Management should exercise oversight in ensuring disclosures made are in accordance with the relevant GRAP standards	Review of AFS will be performed to ensure all necessary disclosures were made	01/05/2021	31/07/2021	Legal and Compliance Manager/AFS Consultants	In Progress
102	COAF 7 Iss.18 :	Difference of corresponding amounts ***NOT RESOLVED*** (MR)	Management Report	Employee costs	During the high level review of the financial statements submitted for audit, the following differences were noted: AFS Component Comparative Prior year audited Difference Amount per prior year error note 40 Difference Description Employee related costs 136 975 016,00 126 188 960,00 10 786 056,00 8 686 056,00 2 100 000,00 Correction of error (-2 886 032) reclassification 11 572 088	This was caused by a lack of adequate reviews by management of the financial statements.	Management should ensure that the annual financial statements are adequately reviewed.	1. Re-submit the 2020 Adjusted Financial Statements and ensure that the corresponding figures are correctly adjusted 2. Disclose corrections/adjustments made as prior period error adjustments on the Note	01/05/2021	31/0/2021	CFO/AFS Consultants	Resolved
103	COMAF 19: Iss.29 -	No competency assessment for the finance and SCM officials at middle management***NOT RESOLVED*** (MR)	Non-compliance	Employee costs	During the planning phase of the audit for HR management and compensation of employees it was discovered that competency assessments were not performed for financial and supply chain management officials. Management did not perform competency assessments for financial and supply chain management officials.	Management did not ensure that competency assessments are performed as required by the MFMA, therefore will result in non-compliance with Section 83 of the Municipal Finance Management Act.	Management should ensure that competency assessment are performed by financial and supply chain management officials.	1. Ensure that competency assessments are performed as required by the MFMA, Section 83 during the 2020/21 financial year and going forward	01/05/2021	31/0/2021	HR manager/Accounting officer	Not yet started
104	COMAF 19: Iss.30 -	No performance agreement for non-senior managers ***NOT RESOLVED*** (MR)	Non-compliance	Employee costs	During the planning phase of the audit for HR management and compensation of employees it was discovered that there were no performance agreements signed for non-senior managers for the financial year 2019-20.	Management did not ensure that performance agreements are signed by all municipal staff. Management did not ensure that performance agreements are signed by all municipal staff, therefore this will result in non-compliance with section 38 of the Municipal Systems Act No.32 of 2000.	Management should ensure that performance agreements are signed by all municipal officials.	Management should ensure that performance agreements are signed by all municipal officials.	01/05/2021	31/0/2021	HR manager/Accounting officer	Not yet started

105	COMAF 19: Iss.31 -	Leave captured on the system does not agree to manual leave forms**NOT RESOLVED** (MR)	Management Report	Employee costs	During the planning phase of the audit for HR management and compensation of employees it was discovered that leave taken captured on the system did not agree to the manual leave form completed. See below; Family responsibility leave Employee name Manual leave form System leave captured L Tshabangu -T21 26-29 August 2019 26-30 August 2019 Annual and maternity leave Leave type Employee name Manual leave form System leave captured Annual T Mokoduo -M98 28/02/2020-02/03/2020 28-28/08/2020 Maternity T Mokoduo -M98 10/09/2019-09/12/2019 10/09/2019-10/12/2019	Management did not implement adequate controls to agree leave taken as per manual leave form to leave captured on the system. This will result in misstatement of unders/overs in leave provision.	Management should implement adequate controls to ensure that leave taken as per manual leave form agrees to the system.	1. Implement adequate controls to ensure that leave taken as per manual leave form agrees to the system. 2. Reconcile leave monthly and at year-end and ensure that the system balance agree to the record per the GL	01/05/2021	31/0/2021	HR Manager	Not yet started
106	COMAF 23: Iss.34 -	Organisational Structure not approved**NOT RESOLVED** (MR)	Management Report	Employee costs	During the planning phase of the audit, management had submitted an organisational structure however there was no indication given whether it was approved by municipal council for the 2019/20 financial year.	Management lacked oversight in ensuring the organisational structure for the 2019/20 financial year was approved by municipal council. Non-compliance with municipal systems act 32 of 2000 section 66(1)(a)	Management should exercise oversight in ensuring that organisational structure is approved by the municipal council	The Accounting Officer to ensure that the municipality functions with an approved organisation structure	01/05/2021	30/06/2021	HR Manager/Accounting Officer	Not yet started
107	COMAF 46: Iss.69 -	Non-inclusion of municipal manager's responsibilities as part of the performance agreement	Non-compliance	Employee costs	During the planning phase of the audit in understanding payroll compensation of employees and employee benefit particularly for performance management through inspection of the performance agreement of J Mononela (Municipal Manager) we could not clearly see the responsibilities of the municipal manager included as part of the performance agreement in terms of Municipal System Act 57(4A).	Management did not ensure that the provisions of the Municipal Finance Management Act conferring responsibilities on the accounting officer of a municipality formed part of the performance agreement of a municipal manager. This has resulted in non-compliance with section 57(4A) of the Municipal System Act.	Management should ensure that the provisions of the Municipal Finance Management Act conferring responsibilities on the accounting officer of a municipality forms part of the performance agreement of a municipal manager.	Management should ensure that the provisions of the Municipal Finance Management Act conferring responsibilities on the accounting officer of a municipality forms part of the performance agreement of a municipal manager.	01/05/2021	30/06/2021	Accounting Officer	Not yet started
108	COMAF 50: Iss.71 -	Post not advertised 14 days within receipt of council resolution	Non-compliance	Employee costs	During the planning phase of the audit in understanding payroll compensation of employees and employee benefit particularly for performance management we could not obtain evidence that the advertisement for senior manager community service post was done within 14 days of the receipt of the approval from council in terms of council resolution 26/2019/20.	Management did not ensure that the senior manager community service position was advertised within 14 days of the receipt of the approval from the council in terms of the council resolution 26/2019/20. This has resulted in non-compliance with Regulations on appointment and conditions of employment of SMS reg 10(1).	Management should ensure that senior manager vacancy is advertised within 14 days of the approval from council as required in terms of Regulations on appointment and conditions of employment of SMS reg 10(1).	1. Management should ensure that all appointments for senior managers vacancy is advertised within 14 days of the approval from council as required in terms of Regulations on appointment and conditions of employment of SMS reg 10(1). 2. HR Manager to develop a compliance checklist for all HR related matters in order to ensure compliance	01/05/2021	30/06/2021	HR Manager/Accounting Officer	Not yet started
109	COMAF 46: Iss.72 -	No performance evaluation performed	Non-compliance	Employee costs	During the planning phase of the audit in understanding payroll compensation of employees and employee benefit particularly for performance management we confirmed that performance evaluations had not been conducted for the past 5 years, therefore we could not obtain sufficient evidence that the following were adequately performed; <input type="checkbox"/> evaluation panel constituted of the following persons must be established - (i) Executive Mayor or Mayor; (ii) Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee; (iii) Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; (iv) Mayor and/or municipal manager from another municipality; and (v) Member of a ward committee as nominated by the Executive Mayor or Mayor. <input type="checkbox"/> The criteria upon which the performance of municipal manager and senior managers was assessed was based on the following components: a) Key Performance Areas(KPAs) which must account for 80% of final assessment and b) Core Competency Requirements which must account for 20% of final assessment	Management did not ensure that performance evaluation was conducted. This resulted in non-compliance with Municipal Performance Reg for Municipal Managers and Managers directly accountable to Municipal Managers 27(4) (d) and Municipal Performance Reg for Municipal Managers and Managers directly accountable to Municipal Managers reg 26(5).	Management should ensure that performance evaluation is conducted	1. Management should ensure that performance evaluation is conducted during the 2020/21 financial year	01/05/2021	30/06/2021	HR manager	Not yet started
110	COMAF 46: Iss.75 -	Performance agreement of the municipal manager does not include audit outcome as a performance measure	Non-compliance	Employee costs	Through inspection of the performance agreement of the Municipal Manager and Chief Accounting Officer we confirmed that both does not include a performance measure which is based on the audit outcome of the municipality. As such this could result in recurring non-compliance in terms of section 122(1) of the MFMA, similar to the prior year's disclaimer of opinion on the municipality's financial statements. This could result in the municipal manager and chief accounting officer not being held adequately accountable for the audit outcome.	Management did not ensure that the performance agreement of the municipal manager and chief accounting officer included a performance measure which is based on the audit outcome of the municipality as such this could result in recurring non-compliance in terms of section 122(1) of the MFMA.	Management should ensure that performance agreement of the municipal manager and chief accounting officer include a performance measure which is based on the audit outcome of the municipality.	Management should ensure that performance agreement of the municipal manager and chief accounting officer include a performance measure which is based on the audit outcome of the municipality.	01/05/2021	30/06/2021	HR Manager/Accounting Officer	Not yet started
111	COMAF 14: Iss.7 -	Internal Control Deficiency - Various General IT findings** Not resolved** (MR)	Management Report	General IT controls	During the planning phase of the audit for the understanding of the Information Technology environment of the district municipality the following were noted: 1. It was noted that the district municipality does not have an approved IT strategic plan as required by the ICT Framework policy. 2. The municipality has not approved the disaster recovery plan 3. The municipality does not have an approved IT governance framework 4. The municipality has not established an IT steering Committee 5. The municipality does not have an approved IT Security Policy. 6. There is no formally documented processes in place to ensure that users access and privilege financial systems are periodically reviewed to confirm that such access and privileges are still commensurate with their job responsibilities. 7. There is no formally documented process in place for the independent reviews of activities of the person responsible for granting users access to the network, application systems and performance reporting systems 8. There are no formally documented and approved processes in place to manage upgrades/updates made to all financial / performance information systems 9. There is no formal change request documentation completed indicating the change to be made and the reasons for all changes to the financial systems	Management did not ensure that it develops and monitors the implementation of actions plans to address internal controls identified in the IT Environment of the municipality and further establish an IT governance framework that supports and enables the business, delivers value and improves performance	Management should ensure that it develops and monitor the implementation of actions plans to address internal controls identified in the IT Environment of the municipality.	IT Manager to ensure that he develops and monitors the implementation of actions plans to address internal controls identified in the IT Environment of the municipality.	01/05/2021	31/08/2021	Manager IT	Not yet started

112	COAF 1:	Limitation of scope - Information not received*** Not resolved(MR)	Management Report	Limitation of scope	<p>The following requests for information have been send out and responses have not been received or only partially received. The following information is still outstanding:</p> <p>Request for information no. 01 of 2020 was send out on 8 June 2020:</p> <p>Item Number Information requested Further comment if applicable 3</p> <p>A list of all known financial misconduct, significant transgressions, improper conduct or any actual, suspected or alleged fraud up to date. If none is known, please send the management representation letter confirming this.</p> <p>An inspection report was received, however, we were looking for a list, therefore the register. (This was communicated on 1 July 2020)</p> <p>4</p> <p>A list of any ongoing investigations and the outcomes of completed investigation up to date. If none is known, please send the management representation letter confirming this.</p> <p>An inspection report was received, however, we were looking for a list, therefore the register. (This was communicated on 1 July 2020)</p> <p>Request for information no. 02 of 2020 send out on 24 June 2020:</p> <p>Item Number Information requested Further comment if applicable 2</p> <p>All monitoring reports send to council or submitted to the</p>	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management is to ensure that submission of information is to be within the time frame as stipulated within the audit engagement letter and that information submitted is correct.	1. Outstanding information to be obtained and made available for the audit.	01/05/2021	31/07/2021	Accounting Officer	Not yet started
113	COMAF 41: Iss.4-	Limitation of scope - non submission of information Prior Period Error Note 39		Prior period errors	<p>During the execution phase of the audit the following Request for information no. 46, send out on 02 November, due for submission on 05 November 2020 requesting approved adjusting journals as well as supporting documentation for the adjustment the following information has not been submitted</p> <p>Grants R33 421</p> <p><input type="checkbox"/> Excel Reconciliation submitted which explains the error occurred, However the actual amount cannot be traced to the batch journal submitted</p> <p>Therefore, supporting documents submitted does not agree to the error identified</p> <p>Receivables decrease of R101 014</p> <p><input type="checkbox"/> No Information received at all</p> <p>Unspent grants increase of R104 363 209</p> <p><input type="checkbox"/> Journal and support information submitted for 106 151 453 (Reclassification)</p> <p><input type="checkbox"/> Correction of error (1 788 244) cannot be traced Identified on the supporting documents submitted</p> <p>VAT receivable: Increase of R8 050 631</p> <p><input type="checkbox"/> All the ournals were submitted however, ournals were not adequately supported. Support documents that were submitted to those journals are Excel journals and VAT recon which are not sufficient as a supporting document.</p> <p>Payables from exchange transactions: Increase R292 179 205</p> <p><input type="checkbox"/> ournals were received, however ournals were not ade uately supported. Supporting documents submitted to journals are Excel journals, excel creditor's listing and recon</p> <p>Fruitless and wasteful expenditure: R1 242 290</p> <p>No invoices or payment vouchers were submitted</p>	Management did not ensure that all requested information is submitted within the agreed upon period	Management should ensure that all documentation is submitted within the agreed-upon period.	WE dispute the conclusion made by AG. No necessary action should be taken in this regard. Information is available and was available. The auditor did not engage us to walk them through the information	01/05/2021	31/08/2021	CFO	In Progress
114	COAF 2: ISS. 5	Limitation of scope-Information not received** Not Resolved (MR)	Management Report	Limitation of scope	<p>Information within the following requests for information were not submitted:</p> <p>Request for information no. 20 issued on 16 October 2020 and due on 20 October 2020</p> <p>Communication sent by senior manager corporate services detailing council resolution supporting disciplinary collective agreement</p> <p>Not received</p> <p>Disciplinary regulations of senior managers 2010</p> <p>Not received</p> <p>Attendance registers and programme material for COVID-19 training held</p> <p>Not received</p> <p>Appointment letters as well as list of disciplinary board members</p> <p>Not received</p> <p>Attendance register as well as meeting agenda of municipal manager annual workshop where updates/amendment to policies were tabled and approved</p> <p>Not received</p> <p>Request for information no. 24 issued on 19 October 2020 and due on 21 October 2020.</p> <p>* Any lead used by KHM Chartered accountants in the preparation of the AFS for example the lead used to prepare the Property plant and equipment line item in the statement of financial position.</p> <p>Not received</p> <p>* Confirmation that the AFS are bought to your office once the consultants are done preparing it. This confirmation can be provided via email.</p> <p>Not received</p> <p>* Any resolution reconciliation statement done by the municipal manager</p>	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit.	Management is to ensure that submission of information is to be within the time frame as stipulated within the audit engagement letter and that information submitted is correct	1. Outstanding information to be obtained and made available for the audit.	01/05/2021	31/07/2021	HR Manager/Accounting Officer	Not yet started

115	COAF 3: ISS.8	Limitation of scope -Non-submission of information	Management Report	Limitation of scope	<p>The following request for information were not submitted within the agreed timeframes: Request for information no 25 issued 20 October 2020 and due 22 October 2020</p> <ol style="list-style-type: none"> 1. An indication if there was a revaluation of the investment properties of the municipalities? If so who are the Property valutors (Please provide us with the contact details of the valutors) 2. Permission to communication to communicate with the Property Valutors 3. Title deed of the following Properties – pictures of title deeds have been submitted but we need the physical title deed not pictures <ul style="list-style-type: none"> • BRAY UITBREIDING 1 Erf 0026 T49/1997 • Vryburg Erf 1853 T1032/1965 4. Rental agreement between the municipality and the department of Transport and Community Safety. 5. Purchase agreement for the following intangible assets <ul style="list-style-type: none"> • SAGE Evolution Software • Approved purchase requisitions/request forms and/or approved memo of the above intangible assets approved by the responsible line manager (S Phathudi & T Moroka) <p>Request for information no 26 issued 20 October 2020 and due 22 October 2020 Please provide the following information with regards to the appointment of the following consultants for AFS preparations- KMH Chartered Accountants: <input type="checkbox"/> Reduction plan <input type="checkbox"/> Needs analysis</p>	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management must ensure that the submission of information is within the stipulated time-frames as indicated in the audit engagement letter and that the information submitted is accurate	1. Outstanding information to be obtained and made available for the audit.	01/05/2021	31/07/2021	CFO/Accounting Officer	Not yet started
116	COMAF 11 Iss.9 :	Internal control deficiency - No risk management internal audit report	Management Report	Internal control	<p>During the planning phase of the audit it was identified that no internal audit report on risk management was prepared for the 2019/20 year under review. Resulting in Internal audit not complying to Section 165 Municipal Finance Management Act (2)(b).</p>	This was caused by a lack of oversight responsibility by internal audit committee on the implementation of the internal controls in the internal audit committee and internal audit committee not exercising their responsibility. This results in an internal control deficiency and non-	Management should ensure that all internal audit reports as planned in the internal audit plan are prepared during the financial year.	Internal audit to submit the review reports	01/05/2021	30/06/2021	Chief Audit Executive/Audit Committee	Not yet started
117	COMAF 4 ISS. 13:	Limitation of scope-Information requested not submitted***RESOLVED***	Management Report	Limitation of scope	<p>During the planning phase of the audit the following requests for information were submitted but the requested information was not submitted within the agreed upon time-frames: Request for information no 29 issued on 21 October 2020 and due on 28 October 2020</p> <ol style="list-style-type: none"> 1. Performance evaluations in respect of programmes funded by all the conditional grants received by the municipality in the 2019-2020 financial year. 2. Proof of submission of the performance evaluations in respect of programmes to the transferring officer of the conditional grants received by the municipality in the 2019-2020 financial year. 3. Approved service level agreement between the department of local government and the district municipality for the R4 000 000.00 conditional grant received by the district municipality in 2019-2020 financial year. <p>Request for information no 33 issued on 26 October 2020 and due on 30 October 2020: Only the names of the members of each committee is received, the following still remains outstanding: 1. Kindly Provide us with the members of the following committees listed below together with (Contact details, qualification and experience, appointment date, signed declaration for member of each committee) 2.For each committee listed below indicate the following: >a. What is the requirement for the committee to be established? >b. Is a written term of reference/ approved charted in place? Provide evidence thereof >c. When was the committee established? >d. What is the frequency of the meetings and how many meeting</p>	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management is to ensure that submission of information is to be within the time frame as stipulated within the audit engagement letter and that information submitted is correct	1. Outstanding information to be obtained and made available for the audit.	01/05/2021	31/07/2021	Accounting officer	Not yet started
11	COMAF 62:	Iss 33 Vacant Key Positions -Internal Control Deficiency	Management Report	Internal control	<p>During the planning stage of the audit the following positions were vacant as at 30 June 2020 Vacant Key Positions noted as follows: 1. Senior manager corporate service 2. Head of internal audit(CAE) 3. Senior manager for engineering and technical services 4. Head of strategic planning and monitoring and town, planning and development (all within the same directorate) 5. Chief Financial officer - appointed after year end Management did not ensure that key positions are filled.</p>	Management did not Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.	Management should Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and key vacant position are filled.	1. The municipality to ensure that all Senior Management positions are filled and there is no vacancies available on the structure.	01/05/2021	30/06/2021	HR manager/Accounting Officer	Resolved
12	COMAF 22: Iss.37 -	Non-compliance expenditure management - Rural Sanitation Programme RDM 2016- 016A***NOT RESOLVED*** (MR & AR)	Non-compliance	Non-compliance	<p>The municipality could not demonstrate how they checked and verified that material was delivered or inspected the various sites for material certified as delivered in payment certificate 18 to the amount of R21 836 752.</p>	There are inadequate expenditure management controls in place to verify the invoices paid with the services actually being delivered	Management must ensure that proper controls are in place for reconciling, verifying and payment of invoices received and that the material are actually delivered and on site before making payment. The municipality must also quantify the loss incurred as a result of the payment made.	1. The expenditure relating to this contract has been included in the municipality irregular expenditure register due to non-compliance in the SCM processes. 2. Consequence Management has been initiated as all the 5 employees were subsequently suspended. 3. A Police case was open case no 143/08/2020 and handed over to the Hawks for further investigation. 4. Municipality to develop checklists and controls to ensure that this matter does not reoccur	01/05/2021	30/06/2021	Accounting Officer	Not yet started

118	COMAF 58: Iss.41-	Limitation of scope - Repairs and Maintenance	Management Report	Repairs and maintenance	The following information requested from Request for information 106 issued on the 28th January 2021 and due on 3rd February was not submitted. Account Date Reference Description Amount O0001/IE00650/F0041/X109/R0435/001/9 2020/06/30 14477/Jayne Replace KRAMER VP-4X4K VGA/XGA and Balan R17 986,00 O1550-2/IE00651/F0041/X102/R0435/001/11A 2020/06/30 Immovable Reclassify repairs and maintenance R59 827,52 O2779-1/IE00649/F0041/X046/R0435/001/6 2019/12/04 DRRSM001-2019 Purchase Order R24 990,00	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management should ensure that requested information is submitted within the agreed upon timeframes	1. Information to be obtained and made available for the audit	01/05/2021	30/06/2021	Manager Expenditure/AFS Consultants	Not yet started
	COMAF 48: Iss.56 -	Limitation of scope nonsubmission of information***RESOLVED**NOT APPLICABLE	Management Report	Limitation of scope				1. Outstanding information to be obtained and made available for the audit.	01/05/2021	31/07/2021		Not yet started
13	COMAF 37: Iss.58 -	No support corroborating value of Intangible Asset	Audit Report	Intangible assets	During the testing of intangible assets, the supporting documentation of the actual cost of the items does not agree to the amounts that were recorded within the Intangible asset register. The Items whose actual costs that could not be confirmed with reference to the evidence submitted are detailed in the table	Management has not implemented proper controls over the review process of schedules to support the notes in the financial statements. This results in a limitation of scope on the 2019/2020 carrying value to the amount of R175 279.	Management should ensure supporting documents is available that correspond to amounts depicted within the annual financial statements of respective line items.	1. Obtain supporting documents and make them available for all items on the asset register	01/05/2021	30/06/2021	Manager Assets/AFS Consultants	In Progress
14	COMAF 43: Iss.88 -	Difference between prior period workings and financial statements		Prior period errors	During the audit of the statement of changes in net assets for the year ending 30 June 2020, while recalculating the restated opening balance for the 2019/20 year. It was noted that the amount disclosed in note 47 prior period adjustment for the 2018/19 year was different from the working schedule provided with in the audit file submitted. Amount per note 47: R 201 707 661 Amount per prior period workings schedule (submitted within the audit file): R 208 329 705	Management did not implement adequate controls to agree schedules to the notes in the financial statements. This resulted in an understatement of the 2018/19 note 47 prior period adjustment	Management should implement adequate controls to ensure that amount per the schedules agree to the amount in the financial statements.	To review prior period error note against accumulated surplus.	01/05/2021	31/08/2021	CFO	Not yet started
119	COMAF 54: Iss.110-	SCM-Quotation process: Three quotations not obtained	Non-compliance	Supply chain management	During the testing of quotation process, we noted that atleast three quotation was not obtained for the procurement of good /service and no deviation approved and attached to the vouchers: Description Amount Aerow Performance (Pty) Ltd R88 000.00 Basadzi Personal R83 357.72 Dibesho Pty(Ltd) - R149 000.00 Gijima - R18 130.43 Gontseboago Logistics R24 000.00 Total R362 488 15	Management did not exercise oversight responsibility to ensure that the procurement of goods/services is done in compliance with the requirements of SCM regulation.	Management should exercise oversight responsibility to ensure that the procurement of goods/services is done in compliance with the requirements SCM regulation.	1. Revisit the population of transactions and ensure that the register is updated with all deviations and irregular expenditure identified. 2. Adjustments to Irregular Expenditure to be disclosed as Prior period error 3. Ensure that the matter does not recur during 2021 and going forward by sticking to the procurement policy and procedures	01/05/2021	31/07/2021	Manager SCM/AFS Consultants	In Progress
120	COMAF 54: Iss.111-	SCM- Quotation process: Non-compliance SCM Regulation 13 (c)	Non-compliance	Supply chain management	Contrary to the above the following payment vouchers were inspected and it was noted that there was no declaration of interest attached to the voucher for procurement of goods/ services: Voucher information: Description Amount Adapt IT - 143 001.35 Limball Cottages - R17 050 Babelle Trading Enterprise - R19 980 COVID-19.2: Emergency Initiatives & Projects - Support for SMMEs Informal Traders & Vendors with Purchase of Vegetables Stock (Bula Bula Trading Enterprise) R195 000 Dr RSM DM: Certificate in Development and Management for Mr O Mothusi, Mr M Mashati and Mr E Lepomane (W03 - Wits Business School) - R105 000 Youth expansion projects - 29800 KKMT holdings - R29 000 Tumelo construction - R19 400 Total R542 011 447	Management did not exercise oversight responsibility to ensure that the procurement of goods/services is done in compliance with the requirements of SCM regulations.	Management should exercise oversight responsibility to ensure that the procurement of goods/services is done in compliance with the requirements SCM regulation	1. Revisit the population of transactions and ensure that the register is updated with all deviations and irregular expenditure identified. 2. Adjustments to Irregular Expenditure to be disclosed as Prior period error 3. Ensure that the matter does not recur during 2021 and going forward by sticking to the procurement policy and procedures	01/05/2021	31/07/2021	Manager SCM/AFS Consultants	In Progress
121	COMAF 49: Iss.49 -	Unauthorized expenditure - Limitation of scope	Management Report	Unauthorised expenditure	On the 02/02/2021, RFI no 124 of 2020 was issued which indicated the following: 1. The unauthorised expenditure reports submitted by the accounting officer to the mayor, MEC for Local government and Auditor-General in accordance with Sec 32(4) of the MFMA with regards to the disclosed amount of R542 011 447 as per note 44. 2. All supporting documents for the current year expenditure of R248 720 418 as per note 44. 3. Investigation reports for any investigations done on any unauthorised expenditure. 4. Management's representation letter for any unauthorised expenditure that is not investigated, indicating the reason why no investigations are being done.	Management did not ensure that full and proper records to support the disclosed information are kept in place and submitted to the auditors when requested.	Management must ensure proper record keeping is in place to support disclosed information and the submission of that information is made within the time frame as stipulated within the audit engagement letter.	1. Municipality to conduct the Investigations of UIF in terms of s32 of MFMA 2. Policy for UIF to be deloveld as well as Reduction Strategy 3. Unauthorised expenditure to be processes in terms of the requirements of Circular 68(Adjustment Budgets and Writde-off were applicable) 4. Reports for Investigations to be sent to MEC & AGSA upon conclusion of investigations	01/05/2021	30/06/2021	CFO/Accounting Officer	Not yet started

122	COMAF 54: Iss.113 -	SCM: Quotation process - Non-compliance with SCM Regulation 13 (b)	Non-compliance	Supply chain management	Contrary to the above the following payment vouchers were inspected and it was noted that there was no tax clearance or CSD report attached to the voucher for procurement of goods/ services : Voucher information: Description Amount Adapt IT 143 001.35 Total	Management did not exercise oversight responsibility to ensure that the procurement of goods/services is done in compliance with the requirements SCM regulation	Management should exercise oversight responsibility to ensure that the procurement of goods/services is done in compliance with the requirements SCM regulation.	1. Revisit the population of transactions and ensure that the register is updated with all deviations and irregular expenditure identified. 2. Adjustments to Irregular Expenditure to be disclosed as Prior period error 3. Ensure that the matter does not recur during 2021 and going forward by sticking to the procurement policy and procedures	01/05/2021	31/07/2021	Manager SCMAFS Consultants	Not yet started
	COMAF 55 :	Limitation of scope: Information not submitted RFI 129	Management Report	Limitation of scope				1. Outstanding information to be obtained and made available for the audit.	01/05/2021	31/07/2021		Not yet started
123	COMAF 55: ISS.125	Limitation of scope: Information not submitted RFI 129	Management Report	Limitation of scope	The following information as requested on RFI 129 issued on the 5th February 2021 and due on the 9th February 2021 was not submitted for audit: Approved journals and supporting documentations for the journals passed on expenditure. Please refer to the attache excel document for more details	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management must ensure that the submission of information is within the stipulated time-frames as indicated audit engagement letter and that the information submitted is accurate.	1. Outstanding information to be obtained and made available for re-submission to AGSA to consider.	01/05/2021	31/07/2021	Accounting Officer	Not yet started
124	COMAF 56: ISS.129	Limitation of scope: none submission of information RFI 130	Management Report	Limitation of scope	The following information as requested on RFI 130 issued on the 5th February 2021 and due on the 10th February 2021 was not submitted for audit: Declaration of interest for all council members during the 2019/20 year	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management must ensure that the submission of information is within the stipulated time-frames as indicated audit engagement letter and that the information submitted is accurate.	1. Outstanding information to be obtained and made available for re-submission to AGSA to consider.	01/05/2021	31/07/2021	Accounting Officer	Not yet started
125	COMAF 57: ISS.130	Compliance testing - Limitation of scope	Non-compliance	Non-compliance	RFI 131 was issued on the 08/02/2021 and due on the 11/02/2021 which required the following information for compliance testing: 1. 2018/19 Annual report. 2. Proof of submitting the 2018/19 Annual report to the municipal council. 3. Proof that the 2018/19 Annual report was made public after it was tabled to the council. 4. Proof that the local community was invited to submit representations with the 2018/19 Annual report. 5. An oversight report adopted by the council which contains council's comments and a statement by the council which indicates the approval or rejection of the 2018/19 Annual report. 6. Proof that the above oversight report was made public The above information was not submitted by the 11/02/2021	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management must ensure proper record keeping is in place to support reported information and the submission of that information is made within the time frame as stipulated within the audit engagement letter.	Information to be obtained and made available for the audit	01/05/2021	30/06/2021	Accounting Officer	Not yet started
126	COMAF 62: ISS 144	Non-submission of information - Irregular, Fruitless, Vat & payables	Management Report	Limitation of scope	During execution phase of audit, requested information in the following RFIs were not submitted. RFI No 141: RFI was issued on 11 February 2021 and due on 16 February 2021 requesting a reports submitted by the accounting officer to the mayor, MEC for Local government and the Auditor-General with regards to unauthorised, irregular, fruitless and wasteful expenditure. these reports were not submitted to audit team. RFI No 136: RFI was issued on 09 February 2021 and due on 12 February 2021 and the following information as per attached annexure A was not submitted. RFI No 121: RFI was issued on 01 February 2021 and due on 04 February 2021 and the following information as per attached annexure B was not sufficiently supported	Management did not ensure that all requested information is submitted within the agreed upon period	Management should ensure that all documentation is submitted within the agreed-upon period.	1. Outstanding information to be obtained and made available for re-submission to AGSA to consider.	01/05/2021	31/07/2021	Accounting Officer	Not yet started
127	COMAF 67: ISS.155	Unauthorised expenditure - Presentation and disclosure	Management Report	Unauthorised expenditure	During the testing of presentation and disclosure for unauthorised expenditure, it was noted that note 44 of the financial statements did not include the following disclosures: a. Particulars of any material losses, unauthorised, irregular, fruitless and wasteful expenditures b. Whether such expenditure / loss is recoverable. c. Any criminal or disciplinary steps taken as a result of such expenditure / loss d. The material losses recovered or written off.	Management did not exercise oversight responsibility to ensure that all disclosure requirements are in line with the MFMA.	Management should exercise oversight responsibility to ensure that all disclosure requirements are in line with the MFMA.	1. Adjustment to be made to the AFS to amend and correct the disclosure in 2020 and ensure that the 2021 Disclosure is detailed as recommended by AGSA 2. Corrections in 2020 to be included on Prior Period Note	01/05/2021	31/07/2021	CFO/AFS Consultants	Resolved
128	COMAF 90: ISS.212	ISS 212 Statement of changes in net assets - restatement of 2018/19 correction of error not included in prior period error 2018/19	Management Report	Statement of changes in net assets	During the audit of statement of changes in net assets the following was identified: In note 11 accumulated surplus of the 2019/20 financial statement a Restatement of 2018/19 financial year - correction of error R7219390 was disclosed. In the recalculation of the amount R7219390 a difference of (R32049.56) was identified. The amount of (R32049.56) relating to PPE adjustment correction of batch was not included in the Restatement of 2018/19 financial year - correction of error amount R7219390. Therefore, the Restatement of 2018/19 financial year - correction of error should amount to R7 187 340 (R7219390 - R32 049.56) Further more the Restatement of 2018/19 financial year - correction of error R7187340.44 was not disclosed in the 2018/19 prior period error note	Management did not exercise oversight to ensure that all correction of errors was disclosed in the prior period error note of 2018/19	Management should ensure that all Prior period adjustments are disclosed in the prior period error note	1. Prepare a schedule of Prior Period Adjustments to Accumulated Surplus/Deficit 2. Ensure that the schedule details all the journals entries for adjustments made to accumulated 3. Provide necessary valid supporting information for the adjustments(journals) made in 2019 and 2020 4. Prior period error note to reconcile adjustments made t accumulated surplus	01/05/2021	31/07/2021	CFO/AFS Consultants	Not yet started
15	COMAF 91: ISS 218	Statement of changes in net assets	Audit Report	Statement of changes in net assets	During the audit of the statement of changes in net assets. The opening balance of 1 July 2018 stated as R 2 315 687 177 in the 2019/20 statement of changes in net assets was different to the restated 1 July 2018 amount in the 18/19 statement of changes in net assets of R 2 321 408 115, Resulting in a difference of R 5 720 938 A Difference of R156 213 636 was identified. Kindly refer to the 2017/18 Management report where a material misstatement was reported on the statement of changes in net assets. Indicating that the opening balance of 2018/19 is materially misstated. During the recalculation of the restated opening balance as at 1 July 2018, note 11 in the 2019/20 financial statements were inspected and a restatement of correction of error - 2018/19 of R208,265,652 was disclosed.	Management did not exercise oversight to ensure that all prior period errors are correctly accounted for in the accumulated surplus balance	Management should ensure that all prior period adjustments are taken in to account when the accumulate surplus balance is calculated	1. Prepare a schedule of Prior Period Adjustments to Accumulated Surplus/Deficit 2. Ensure that the schedule details all the journals entries for adjustments made to accumulated 3. Provide necessary valid supporting information for the adjustments(journals) made in 2019 and 2020	01/05/2021	31/07/2021	CFO/AFS Consultants	Not yet started

129	COMAF 66: ISS 150:	Deviation disclosure: All Assertions		Deviations	During the audit of the deviation disclosure made in the annual financial statements, we identified the following misstatements: Description of award Supplier name Reason for deviation Is the deviation approved by the accounting officer Date of transaction Reason for deviation as per invoice Amount as per the register Normal deviation: Rural Water Supply Programme: Turnkey Appointment - Design And Construction Of New Water Reticulation Network In Taung Extensions 4,5&7 BVi Consulting Engineers Central (Pty) Ltd Exceptional case where it is impractical or impossible to follow the official procurement processes No - No deviation took place, normal competitive bidding process was followed 30-Jun-20 N/A - No deviation took place (Three Quotations were obtained) 31 369 463,40 Covid-19.15:Emergency Procurement For Temperature Scanners Dunamis Emporium Covid-19.15:Emergency Procurement No - No deviation took place; three quotations were obtained. Bid was allocated to the lowest price, the lowest price supplier was a level 1 PPR contributor 14-May-20 N/A - No deviation took place (three quotations were obtained) 55 105,25	Management did not exercise oversight responsibility to ensure that all the transactions disclosed is correctly included, and supported by relevant information.	Management should ensure that all disclosures made are adequately reviewed to ensure that the Financial Statements are free from misstatements	Management to ensure that a register for deviations that is correct, accurate and complete is updated with all deviations and the disclosure on the AFS is corrected. Correction of deviation disclosure to be consistent with prior year otherwise a change to be disclosed in terms of GRAP 3	01/05/2021	30/06/2021	Manager SCM/CFO/AFS Consultants	Not yet started
130	COAF 9 Iss.2:	Internal Control Deficiency -Outdated Policies ***NOT RESOLVED*** (MR)	Management Report	Internal control	During the planning phase of the audit it was noted that various policies are required to be reviewed and updated annually as per policy requirements and thereafter be approved by council for each respective financial year, however through inspection of various policies it was confirmed that the below listed policies were not reviewed, updated and approved by council for the current financial year as required.	Management did not exercise oversight responsibility to ensure the review and update various policies on an annual basis as per policy requirements and thus not approved by council for the current financial Year.	It is recommended that management should on an annual basis review , update and approve policies	1. Policies to be updated and reviewed before submission of AFS.	01/05/2021	30/06/2021	CFO/Accounting Officer	In Progress
131	COMAF 21: Iss3	Internal control deficiency - Use of consultants***NOT RESOLVED*** (MR)	Management Report	Internal control	During the planning phase of the audit for the understanding the use of consultants the following were noted: 1. The municipality did not perform a Gap analysis prior to the appointment of KHM Chartered Accountants which is requirement of the circular 82 of the municipal finance management act. 2. Furthermore the municipality has a knowledge and Skills transfer plan, however the municipality does not and have not implemented a consultancy reduction plan in the 2019-2020 financial year which is requirement of the circular 82 of the municipal finance management act. 3. We noted that there is no evidence for specific measures in places to measure transfer of knowledge and skills by consultants to the employees of the municipality.	No leadership in place (CFO) to ensure implementation of internal controls	Management should ensure that efficient and effective systems of internal control are implemented over the use of consultants	1. Gap analysis to be performed on renewal of contracts. 2. Skills transfer forms to be signed with consultants and municipal staff	01/05/2021	30/06/2021	CFO/Accounting Officer	Not yet started
132	COMAF 11 Iss.11:	No external quality assessment done on the Internal Audit function	Management Report	Internal control	During the planning phase of the audit it was noted that the an externally review on the internal audit function was not conducted. The standards set by the Institute of internal audit standard no1312 specifically requires an external assessment to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. In Communication of audit findings 1 management responded that no external review was conducted in the last five	Internal audit did not exercise their responsibility as outlined in the Municipal finance management act and standards set by the Institute of internal audit.	Internal audit should exercise their responsibility as set out in the municipal finance management act 62(1)(c)(ii) and standards 1312 of the Institute of internal audit.	1. Internal audit to ensure that they perform their function to review AFS before submission	01/05/2021	31/08/2021	Internal Audit Audit Committee	Not yet started
133	COMAF 72: ISS 161	Presentation of prior period error note incomplete -		Prior period errors	During the execution phase of the audit, particularly for the prior period error disclosure note as disclosed in note 39 to the financial statements, we noted that management did not fully disclose the nature of the prior period error relating to the following line items: Provision - R 2 182 723 Accrued leave pay – R 4.9 million Mamusa MIG – R 1.8 million Other creditors – R 12 million contracted services - Journal entries have been posted to reclassify contracted services to intangible assets	Management did not ensure that the prior period error note is presented and disclosed in accordance with GRAP 3	Management should ensure that all disclosure requirement of GRAP 3 relating to prior period errors are presented and disclosed accordingly.	Finding was invalid, management comments were claimed to be received late but finding is not valid.	01/05/2021	31/08/2021	CFO	In Progress
134	COMAF 76: ISS 170	Subsequent events not disclosed within annual financial statements in accordance with GRAP14*RESOLVED*	Management Report	Subsequent events	During the audit of the estimates of contingent liabilities it was identified that management had not disclosed the events and circumstances that led to the disclosure of the Honey Attorney Obo Cemforce litigation within note 43. The municipality had instituted a claim against CEMFORCE prior to the year-end on 2020/06/30 whereby the had appointed attorneys to attend to the matter on 2020/05/21. It was then noted upon submission of court summons for the case that the municipality received summons to appear in court on 2020/12/04 in the matter of CEMFORCE against the municipality demanding payment for work previously done. This presented an adjusting-event in accordance with GRAP 14, however disclosure of the fact and circumstances was not evident on the face of the annual financial statements	Management lacked oversight in ensuring that compilation of the annual financial statements is in accordance with the relevant GRAP standards.	Management should exercise oversight responsibility in ensuring that compilation of the annual financial statements is in accordance with the relevant GRAP standards.	The 2020 AFS will be restated as the disclosure will be corrected in 2020/21 annual financial statements	01/05/2021	31/07/2021	CFO/AFS Consultants	Not yet started
16	COMAF 26: Iss.45 -	Unauthorized expenditure identified***NOT RESOLVED*** (MR)	Audit Report	Unauthorised expenditure	During the execution phase of the audit particularly for the movable assets (Additions) it was discovered that the municipality had over-spent the budgeted capital expenditure on Vote 9 Fire and disaster management of R100 000 on the acquisition of the following newly acquired assets in the 2019-2020 financial year:	Management did not implement adequate controls over the spending of the approved budget of vote 9 Fire and disaster management programme	Management should implement adequate controls over the spending of the approved budget for each vote/programme of the municipality and take all reasonable steps to ensure that the spending of each vote is in accordance with the approved budget.	1. Reperform the calculation of Unauthorised Expenditure for 2020 financial year 2. Adjust the Unauthorised Expenditure on the AFS and disclose the adjustment as prior period error on the Note	01/05/2021	31/07/2021	Manager Assets/CFO/AFS Consultants	Not yet started
135	COMAF 32: Iss.46 -	Non-compliance with Municipal regulation 4(1)	Non-compliance	Consequence management	During the confirmation of the Consequence management system description it was identified through the performance of walkthroughs that a disciplinary board was not appointed during the 19/20. This was identified in requesting appointment letters of the board members within RFI 48, however the information was not submitted due to there being no appointment of board members.	Management lacked oversight in establishing a disciplinary board in terms of financial regulation 4(1).	Management is to ensure compliance within its internal controls to the pieces of legislation governing the municipality	The municipality will ensure that a disciplinary board is appointed to deal with all issues relating to financial misconducts in the 2020/21 financial year	01/05/2021	30/06/2021	Accounting Officer	Not yet started
17	COMAF 26: Iss.52 -	Less than required written price quotations were obtained from suppliers (Additions -Movable Assets)***NOT RESOLVED*** (MR)	Audit Report	Supply chain management	During the execution phase of the audit particularly additions to movable assets, it was discovered that the municipality did not obtain the required number of written price quotations for the following newly acquired assets as required by the municipality's supply chain management policy and supply chain management regulation 12(1)(c); 16(a) and 17(a):	Management did not obtain the required number of quotations for the procurement of movables assets and no approved deviation from the chief financial officer or the municipal manager was obtained.	Management must ensure that the municipality follows all procurement processes particularly obtaining the required number of quotations in order to prevent irregular expenditure.	1. Revisit the population of transactions and ensure that the register is updated with all deviations and irregular expenditure identified. 2. Adjustments to Irregular Expenditure to be disclosed as Prior period error 3. Ensure that the matter does not recur during 2021 and going forward by sticking to the procurement policy and procedures	01/05/2021	31/07/2021	Manager SCM/AFS Consultants	Not yet started

18	COMAF 29: Iss. 53 -	Assets of a total value above R200 000 were procured through write price quotations without the approval of the accounting officer**NOT RESOLVED** (AR)	Audit Report	Supply chain management	Contrary to the above stated requirements, it was discovered during the audit of movable assets particularly additions that the following assets with a transaction value above of R200 000.00 (VAT included) was procured through formal written price quotations and approved deviation from the accounting officer to deviate from procuring the assets through competitive bid process: 1. The supply and delivery of an IPAD 256GB Pro-Wifi plus Cellular with a total transaction value of R459 940 procured from ONamo D7 Trading Enterprise (Pty) Ltd. Furthermore, this deviation from competitive bidding process is not included in the deviation from supply chain management regulations note as included in note 48 in the annual financial	Management did not follow official competitive bidding process and furthermore management did not have a valid approved deviation for the procurement of the assets.	Management must ensure that it complies with all the supply chain management regulations and prescriptions of legislation in order to prevent irregular expenditure.	1. Revisit the population of transactions and ensure that the register is updated with all deviations and irregular expenditure identified. 2. Adjustments to Irregular Expenditure to be disclosed as Prior period error 3. Ensure that the matter does not recur during 2021 and going forward by sticking to the procurement policy and procedures	01/05/2021	31/07/2021	Manager SCMA/AFS Consultants	Not yet started
136	COMAF 44: Iss.104 -	Material uncertainty relating to going concern	Management Report	Going concern	The municipality did not disclose the events and conditions that may cast significant doubt on the entity's ability to continue as a going concern in the annual financial statements. These events include the VBS investment repayment to National Treasury (payments up to June 2021) and the current payable of Sedibeng where sufficient funds are not available to service the outstanding debt.	Not stated in the MR.	Management must ensure adequate disclosures are made for events that may cast significant doubt on the entity's ability to continue as a going concern	1. Management should ensure that adequate assessment of going concern is conducted at year-end 2. The CFO should include on the Audit File a detailed assessment report of the going concern 3. The AFS should disclose adequately the assessment conducted and the assumptions used	01/05/2021	31/0/2021	CFO/AFS Consultants	In Progress
137	COMAF 86: ISS 207	Consequence management	Non-compliance	Consequence management	During the audit of consequence management, it was identified that Unauthorised, irregular, fruitless and wasteful expenditure reported in previous years were not investigated to determine if any person is liable for the expenditure. The municipality does not have measures already taken to recover the stated expenditure and no cost of the measures already taken to recover such expenditure	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control	Management should ensure that it performs investigations as required in terms of the municipality finance management act	> Management should prepare adequate registers for UIF and prepare submissions to Council to implement the s32 process > Council to appoint s32 Committee to investigate UIF expenditure incurred during the current and prior financial years > s32 Committee to pronounce its recommendations to Council > Council to make resolutions on UIF (write-off/recover) and the decisions to be Communicated to	01/05/2021	30/06/2021	Accounting Officer	Not yet started
19	COMAF 12 Iss.21:	Non-compliances with Division of Revenue Act (DoRA) - Conditional Grants **NOT RESOLVED** (AR)	Audit Report	Government Grants	During the planning of the audit, contrary to the above stated legal requirement the municipality confirmed that no performance evaluations were performed on capital projects funded by conditional grants and subsequently no performance evaluations were submitted to the various transferring departments of the conditional allocations and to the provincial treasury as required by section 12(5)	Management did not comply with the section 12(5) of the division of revenue act 16 of 2019 by not performing the performance evaluations on all capital projects	Management must ensure that they comply with all the provisions of the division of revenue act and ensure performance evaluations are conducted and submitted to the relevant transferring department and provincial treasury within the legislated	1. Management to implement measures to ensure that evaluations and monitoring is conducted on all capital projects funded by government grants 2. Control to be implemented going forward to ensure the non compliance is eliminated and issue not recurring	01/05/2021	30/06/2021	CFO	In Progress
20	COMAF 27: Iss.55 -	No interest charged on account in arrears	Management Report	Accounts receivable	During the performance of completing the revenue and receivables business process it was identified in the statements compiled to debtors detailing amounts owed to the Dr Ruth District Municipality that no interest was charged on accounts that exceed 120 days in age which does not fall in line with the credit policy to charge interest on accounts in arrears, the following debtor was identified.	Management did not exercise oversight responsibility to ensure compliance with MFMA 64(2) g.	Management should charge interest on the long outstanding debts.	1. Management to investigate why interest is not levied on the account and to rectify the matter going forward to ensure that the policy to levy interest is applied on all accounts. 2. Adjustment for interest earned on debtors to be processed and disclosed on the AFS	01/05/2021	31/07/2021	Manager Budget	Not yet started
138	COAF 39 .ISS.105	Distribution losses not disclosed	Management Report	Revenue	MFMA Circular 71 sets out the norms and standards for calculating the distribution losses. As the basis for the calculation is based on the total water purchased vs those that was not distributed / sold, and the district municipality incur the bulk water expenditure and operation and maintenance of water infrastructure for Lekwa Teemane, Naledi and Mamusa local municipalities, the district municipality must disclose water losses in the financial statements as required by the MFMA.	Not stated in the MR.	The district municipality should disclose water distribution losses in their AFS for the current year and the comparative.	To engage local municipalities and have SLAs signed for water reticulation.	01/05/2021	30/06/2021	CFO/Accounting Officer	Not yet started
21	COAF 5 :Iss15	Prior period error: Nature of adjustment made to Irregular Expenditure and Fruitless and wasteful expenditure is not disclosed.		Prior period errors	During the high level review, it was noted that the nature of the adjustment made to irregular expenditure and fruitless and wasteful expenditure was not included in the prior period error adjustments made.	Management did not exercise oversight responsibility to ensure that all the adjustments made is adequately disclosed. Non-disclosure of the nature of prior period error adjustments made as required by GRAP paragraph 3.5.1(a)	Management should ensure that prior period disclosures made is in line with the requirements of GRAP 3.	A request for adjustment was prepared and adjustments made to the financials	01/05/2021	31/08/2021	CFO	Not yet started
139	COMAF 28: Iss. 57 -	Audit Committee: Review of Compliance with legislation and the SCM function	Non-compliance	Internal control	From inspection of the minutes of the audit committee, it was not evident that the audit committee advised the council/accounting officer on matters relating to compliance with the MFMA/ DoRA and any other applicable legislation. This includes discussions relating to Supply Chain Management compliance.	This was due to the Audit and Performance Committee not ensuring that it promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations and best practises	The audit committee should advise council/the accounting officer on matters relating to compliance with the MFMA/DoRA	1. The Audit Committee should advise Council/Accounting officer on matters relating to compliance with the MFMA/DoRA	01/05/2021	31/08/2021	Chief Audit Executive/Audit Committee	Not yet started
22	COMAF 53: Iss.119 -	Non-compliance - Investments made with VBS mutual bank	Management Report	Cash and cash equivalents	The municipality invested R150 000 000 with VBS mutual bank in contravention with Municipal investment regulation 6. Non-compliance with Municipal investment regulation 6.	No compliance checks performed when investing	Management must ensure that investments in accordance with Municipal investment regulation 6 conditions	1. The Municipality has applied the necessary remedials and Council has pronounced on this matter 2. Consequence management has been effected already on this investment with management involved being suspended. 3. The AGSA will be provided with previous resolutions on this matter and evidence of processes followed subsequent to the non-compliance being identified (Write-offs, repayments to Treasury) and the	01/05/2021	30/06/2021	Manager Expenditure	In Progress
23	COMAF 54: Iss.120 -	Non-compliance - Investment made not in accordance with the investment policy	Management Report	Cash and cash equivalents	The municipality made investments with VBS mutual bank in contravention with its own banking and investment policy.	No compliance checks performed when investing	The municipality must ensure that investments are made within the requirements set out in its own banking and investment policy.	1. The Municipality has applied the necessary remedials and Council has pronounced on this matter 2. Consequence management has been effected already on this investment with management involved being suspended. 3. Management should provide AGSA with previous resolutions on this matter and evidence of processes followed subsequent to the non-compliance being identified (Write-offs, repayments to Treasury) and the	01/05/2021	30/06/2021	Manager Expenditure	In Progress
24	COMAF 69: ISS 148	Prior Period Error Disclosure note- Property Plant and Equipment**NOT RESOLVED** (AR)	Audit Report	Prior period errors	During the execution phase of the audit, particularly for the prior period error disclosure note as disclosed in note 39 to the financial statements, we noted that in the prior period error note, management did not disclose the amount of correction for each financial statement line item affected & the amount of correction at the beginning of the earliest prior period presented with respects to property plant and equipment, as management only disclosed the bulk amount of R30 778 143 for property plant and equipment and not the individual corrections to the items of property plant and equipment, furthermore management has been making adjustments to property plant and equipment since the 2017-2018 financial year and did not disclose from the earlier date when the adjustments were made to property plant and equipment.	Management did not ensure that the prior period error note is presented and disclosed in accordance with GRAP 3	Management should ensure that all disclosure requirement of GRAP 3 relating to prior period errors are presented and disclosed accordingly	Disclosure will be corrected in 2020/21 annual financial statements.	01/05/2021	31/08/2021	Manager Assets	Not yet started
25	COMAF 63: ISS 149	Limitation of scope - Information not received (RFI 144, 148, 149) Management representation letter not received	Management Report	Limitation of scope	RFI 148 that was issued on 15 February 2020, and due for submission on 18 February 2020: The RFI remains outstanding. The RFI requested supporting documentation for prior year payables RFI 149 that was issued on 16 February 2020, and was due for submission on 19 February 2020: Kindly provide the audit team with the following information and records relating to Kagisano Molopo Local Municipality: <input type="checkbox"/> All audit committee minutes from 1 July 2020 up to date. <input type="checkbox"/> All shared risk committee minutes from 1 July 2020 up to date.	Management did not exercise oversight responsibility to ensure that all the relevant information is submitted within the agreed upon period	Management should ensure that information is submitted within the agreed period of three days.	1. Outstanding information to be obtained and made available for re-submission to AGSA to consider.	01/05/2021	31/07/2021	CFO/Tsholo Marake	Not yet started

26	COMAF 33: Iss.76 -	No Disclosure of changes in estimate note - Property Plant and Equipment***NOT RESOLVED*** (AR)	Audit Report	Immovable assets	During the execution phase of the audit, particularly for Property Plant and Equipment it was discovered that the remaining useful lives of infrastructure assets were re-evaluated and were adjusted upwards which meets the definition of a change in accounting estimate, but there is no disclosure of the change in accounting estimate as required by paragraph 41 of GRAP 3 included in the 2019-2020 annual financial statements.	Management did not ensure that it adequately review the financial statements prior to the submission of the financial statements for audit and ensure that all requirements of the GRAP standards are met for changes in accounting estimates	Management should ensure it that adequately reviews of the annual financial statements prior to the submission of the financial statements for	1. Management should disclose the nature and impact of the change in estimates on the AFS 2. The disclosure of changes in estimate made during 2020 should be included as prior period error adjustments on their AFS	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
27	COMAF 38: Iss.77 -	Limitation of scope - Nonsubmission of information Work in progress***NOT RESOLVED*** (AR)	Audit Report	WIP	Request for information number 66 issued on the 18th November 2020 and due on 20th November 2020 was not submitted in its entirety. The following information was requested but was not submitted completely 1. For additions of work in progress assets all of the invoices paid/capitalised - upon reconciliation of the submitted information, the following invoices for these projects were not submitted please refer to the table below. 2. We furthermore requested the progress reports on all the projects and these progress reports have not been submitted.	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit.	Management should ensure that requested information by the auditor's is submitted in its entirety.	1. Documents will be obtained and made available for audit verification. 2. Controls will be implemented to ensure that all documents captured on WIP listing are filed voucher will be put in a folder.	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
28	COMAF 38: Iss.92 -	Inappropriate capitalization of costs Management of operation and maintenance services on water treatment & main sewerage in Vryburg***NOT RESOLVED*** (MR)	Management Report	WIP	During the execution phase of the audit particularly for work in progress assets additions, the following expenditure incurred for the management of operation and maintenance services on water treatment & main sewerage in Vryburg project were inappropriately capitalised. These costs relate to the monthly maintenance of the water treatment and main sewerage and would not bring the asset to the condition necessary for it to be capable of operating in the manner intended.	Management did not apply the requirements of GRAP 17 in the capitalisation of the expenditure incurred for the management of operation and maintenance services on water treatment & main sewerage in Vryburg project	Management must implement adequate controls over the review of capital expenditure incurred prior to capitalisation of expenditures, to ensure that the expenditure incurred qualify for capitalisation in terms of generally accepted accounting practices	1. Review WIP and ensure that costs related to maintenance is not capitalised but expensed 2. Reclassification journal will be prepared and processed. 3. Ensure that adequate and valid information is attached to the journals 4. Disclose adjustments made as Prior Period Error corrections	01/05/2021	31/08/2021	Manager Assets	In Progress
29	COMAF 38: Iss.93 -	Work in progress additions overstated Kagisano Molopo Bulk Water Feasibility Study RDM2018-015***NOT RESOLVED*** (MR)	Management Report	WIP	During the execution phase of the audit particularly for work in progress assets additions, the following expenditure incurred for the Kagisano Molopo Bulk Water Feasibility Study RDM2018-015 project it was discovered that the costs incurred do not relate to the construction of tangible capital asset, as these expenditures relate to the project management and integration management, GIS Model Development and Mapping, data collection and analysis for the rural road basement system. The expenditure incurred for the Kagisano Molopo Bulk Water Feasibility Study RDM2018-015 project would not meet the recognition criteria for property plant and equipment in terms of GRAP 17 as these costs relate to the development of a rural road asset management system which is intangible.	Management inappropriately applied the accounting principles of GRAP 17 for the expenditure incurred for the Kagisano Molopo Bulk Water Feasibility Study RDM2018-015	Management inappropriately applied the accounting principles of GRAP 17 for the expenditure incurred for the Kagisano Molopo Bulk Water Feasibility Study RDM2018-015	All invoices capitalised to WIP will be assessed to classification and the necessary adjustment made.	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
30	COMAF 38: Iss.94 -	Difference between the depreciation expense 2019-2020 depreciation (Immovable assets)	Audit Report	Immovable assets	During the execution phase of the audit particularly for the 2019-2020 depreciation expense for immovable assets (Infrastructure assets and buildings) we recalculated the depreciation expense based on the accounting treatment and depreciation policy for these assets and we discovered a difference between the depreciation expense charged for the followings assets	Management did not appropriately calculate the depreciation expense for infrastructure assets and building	Management must ensure that the depreciation expense for assets is correctly calculated based on the depreciation policy and the accounting policy applied for property plant and equipment	1. Depreciation will be revised and recalculated for the assets identified based on the applicable policy 2. Adjustment to 2020 depreciation to be accounted for as Prior period error and disclosed on the Note to the AFS	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
140	COMAF 38: Iss.83 -	Difference between the depreciation expense 2018-19 depreciation adjusted figure (Immovable assets)	Management Report	Immovable assets	During the execution phase of the audit particularly for the 2018-2019 depreciation adjustment expense for immovable assets (Infrastructure assets and buildings) we recalculated the depreciation expense based on the accounting treatment and depreciation policy for these assets and we discovered a difference between the depreciation expense charged for the	Management did not appropriately calculate the depreciation expense for infrastructure assets and building	Management must ensure that the depreciation expense for assets is correctly calculated based on the depreciation policy and the accounting policy applied for property plant and equipment	1. Depreciation will be revised and recalculated for the assets identified based on the applicable policy 2. Adjustment to 2019 depreciation to be accounted for as Prior period error and disclosed on the Note to the AFS	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
31	COMAF 48: Iss.83 -	Material difference on the adjustment made on the 2017-2018 work in progress additions***NOT RESOLVED*** (AR)	Audit Report	WIP	During the execution phase of the audit particularly for work in progress assets opening balance, the municipality made adjustments to the 2017-2018 work in progress additions in the 2018-2019 financial year to value of R2 63529 065 amount as per the 2018-2019 financial statements comparative amount. There is a material difference between the project asset register amount for the additions of the work in progress amount and the amount as per the 2018-2019 financial statements comparative amount of	No management review of adjustments made to the financial statements.	Management should ensure that they prepare accurate and complete financial and performance reports	1. Revisit and review the preparation and reconciliation of WIP in 2017/18 2. Trace all adjustments made and obtain the relevant supporting information to support the adjustments 3. Include the adjustments on a file to be re-submitted for audit consideration	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
32	COMAF 48: Iss.97 -	Difference between the depreciation expense 17-18 Depreciation adjustment (Opening balance)***NOT RESOLVED*** (AR)	Audit Report	Immovable assets	During the execution phase of the audit particularly for the 2017-2018 depreciation adjustment expense for immovable assets (Infrastructure assets and buildings) we recalculated the depreciation expense based on the accounting treatment and depreciation policy for these assets and we discovered a difference between the depreciation expense charged for the	Management did not appropriately calculate the depreciation expense for infrastructure assets and building	Management must ensure that the depreciation expense for assets is correctly calculated based on the depreciation policy and the accounting policy applied for property plant and equipment	1. Depreciation will be revised and recalculated for the assets identified based on the applicable policy 2. Adjustment to 2018 depreciation to be accounted for as Prior period error and disclosed on the Note to the AFS	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
141	COMAF 48: Iss.98 -	2019-2020 Disposal of infrastructure assets***NOT RESOLVED*** (MR)	Management Report	Immovable assets	During the execution phase of the audit particularly for disposal of infrastructure assets, we discovered that there is a difference between the depreciation expense from the beginning of the financial year till the date of derecognition of assets being 31 July 2019. The depreciation expense for the 1 month is understated, thereby understating the total accumulated depreciation since take on date of the asset till date of de-recognition (31/07/2019) please refer to the attached Annexure.	Management did not appropriately calculate the depreciation expense for infrastructure assets that were derecognised	Management must ensure that the depreciation expense for assets is correctly calculated based on the depreciation policy and the accounting policy applied for property plant and equipment	1. Depreciation will be revised and recalculated for the assets identified. 2. Adjustment to 2018 depreciation to be accounted for as Prior period error and disclosed on the Note to the AFS	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
33	COMAF 48: Iss.99-	Disposals of infrastructure assets 18-19 financial year***NOT RESOLVED*** (AR)	Audit Report	Immovable assets	During the 2018-2019 financial year there was a limitation of scope in the testing of the 2018-2019 disposals to the infrastructure assets due to the fact that the municipality could not verify the existence of the component items. As these are infrastructure assets and are immovable and have existed in the prior years there was no evidence that the assets (Entire facility) was destroyed or disposed any manner. The disposal to the infrastructure assets has not been corrected in the current	Management did not exercise oversight responsibility over the management of assets	Management should exercise oversight responsibility to ensure that items within their possession are consistently physically verified.	1. The list of disposed items will be obtained and consult with the GIS on the location of the assets in question. 2. Correction of disposals in 2019 will be accounted for Prior period error	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
34	COMAF 71: ISS 87	Project completed in the incorrect period 2018-2019 Work in progress assets transfers***NOT RESOLVED*** (MR)	Management Report	Immovable assets	During the execution phase of the audit, Travel list and calculations for the year for the officials of the municipality was requested under RFI 63. The information submitted related to the 2018/2019 financial year. During the execution phase of the audit for work in progress assets transfers (Completed assets) we discovered from the final completion certificate that the following projects were not completed in the 2018-2019 financial year	Management did not ensure that completed projects are recorded on the date the asset was ready for the intended purpose.	Management should ensure that the completed projects (assets) are recognised and recorded in the year the project was completed and in the condition and location intended by management.	1. Travel lists to be obtained and made available for the audit. 2. Completion of projects to be reviewed and capitalised in the correct period. 3. Restatement of Capitalisation to be accounted as prior period error and disclosed on the AFS	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
35	COMAF 60: ISS 101	Limitation of scope - 18-19 Opening balance adjustment Work in progress assets***NOT RESOLVED*** (AR)	Audit Report	WIP	During the execution phase of the audit particularly for adjustments made to the 2018-2019 opening balance of working progress assets, these adjustments included the following: □ Additional Invoices that were not capitalised to amount of R95 645 704,57 □ Correction of amounts capitalised resulting in an increase to the value of R1 294 977,14 □ Correction of amounts capitalised resulting in a decrease to the value -R 126 250 832,53	Management did not ensure that the adjustments made to the opening balance for the 2018-2019 work in progress assets are adequately supported by reliable information to support the adjustments	Management must ensure that the adjustments made to the opening balance for the 2018-2019 work in progress assets are adequately supported by reliable information to support the adjustments	1. Revisit and review the preparation and reconciliation of WIP in 2018/19 2. Trace all adjustments made and obtain the relevant supporting information to support the adjustments 3. Include the adjustments on a file to be re-submitted for audit consideration	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
36	COMAF 55: Iss.107 -	Overstatement of the opening balance of immovable assets***NOT RESOLVED*** (MR)	Management Report	Immovable assets	During the execution phase of the audit particularly for the 2017-2018 opening balance adjustments for immovable assets we recalculated the carrying amount based on the methodology applied by management and we discovered a difference between the carrying amounts determined by management for the following assets please refer to the attached annexure	Management did not appropriately calculate the depreciation expense for infrastructure assets and building	Management must ensure that the depreciation expense for assets is correctly calculated based on the depreciation policy and the accounting policy applied for property plant and equipment.	1. Review will be performed on the adjustments and necessary corrections will be done to address overstatement. 2. Corrections made in 2018 & 2019 will be accounted for as prior period error corrections	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress

142	COMAF 55: Iss.108-	Non-submission of requested information limitation of scope Journals***NOT RESOLVED*** (MR)	Management Report	Limitation of scope	The following information as requested on RFI 105 issued on the 28th January 2021 and due on the 3rd February 2021 was not submitted for audit: Approved journals and supporting documentations for the journals passed	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management must ensure that the submission of information is within the stipulated time-frames as indicated in the audit engagement letter and that the information submitted is accurate.	1. Outstanding information to be obtained and made available for the audit.	01/05/2021	31/07/2021	Accounting Officer	Not yet started
37	COMAF 52: Iss.109 -	Understatement of work in progress-RDM2016-016A Rural Sanitation Programme (2016 – 2019)***NOT RESOLVED*** (AR)	Audit Report	WIP	Outstanding payments relating to the RDM2016-016A Rural Sanitation Programme have not been accounted for in the 2019-2020 financial year. The following are the outstanding payments due to the contractor: 1. Certificate 19 Retention R2 299 964.93 2. Certificate 20 Professional Fees R12 222 242.10 inclusive of vat 3. Certificate 21 Professional fees R12 546 389.16 inclusive of vat 4. Certificate 22 Professional fees R5 144 845.64 inclusive of vat 5. Certificate 23 Retention R5 750 025.44	Management did not ensure that the subsequent payments relating to the Rural Sanitation Programme are accounted for.	Management should ensure all the relevant expenditure relating to the rural sanitation programme are accounted for.	1. Reperform the reconciliations of WIP to address completeness issues and ensure that all payments certificates/invoices are recorded on the GL 2. Prepare Audit File for WIP and ensure that the WIP Register reconciles to the GL in 2019,2020 and 2021 3. Account for Prior Period Adjustments to WIP and disclose as Prior Period Errors on the Note to the AFS	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
143	COMAF 58: ISS 131	Difference between opening balance as per the AFSs and Fixed Assets register (Year on Year)***NOT RESOLVED*** (AR)	Audit Report	Immovable assets	During the execution phase of the audit particularly for immovable assets we identified material difference between the opening balances of immovable assets compared to the opening balances of the assets included in the fixed assets register starting from the 2017-2018 financial year until the 2018-2019 financial year. Please refer to the table below.	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management should ensure that the property, plant and equipment disclosed in the financial statements and the notes thereto are supported by accurate information specifically where restatements were made.	1. Differences between AFS & FAR to be investigated and addressed, 2. Outstanding information to be obtained and made available for audit consideration. 3. Adjustments made in prior year to be adequately disclosed as Prior Period error	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
38	COMAF 58: ISS 132	Material Difference between Detailed work in progress register and the annual financial statements (2017-2018 work in progress opening balance adjustment)***NOT RESOLVED*** (AR)	Audit Report	WIP	During the execution phase of the audit particularly for the adjustments made to the 2017-2018 opening balance for work in progress adjustment. We discovered a material difference between the adjustment made to the opening balance of work in progress assets and the detailed asset register supporting the adjustment made. Please refer to the tables below.	Management did not ensure that the adjustments made to the opening balance of work in progress in the 2017-2018 financial year are supported with accurate and reliable information	Management must ensure that the adjustments made to the financial statements are supported with accurate and reliable information.	1. Revisit and review the preparation and reconciliation of WIP in 2018/19 2. Trace all adjustments made and obtain the relevant supporting information to support the adjustments 3. Include the adjustments on a file to be re-submitted for audit consideration	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
39	COMAF 61: ISS 137	Adjustments made to the 2018-2019 Opening balance***NOT RESOLVED*** (AR)	Audit Report	Immovable assets	During the execution phase of the audit particularly for the adjustments made to the 2018-2019 opening balance of immovable assets (Infrastructure assets, Land & Work in progress assets) the following adjustments including the journals processed were not adequately supported by reliable and accurate information to substantiate the adjustment:	Management did not ensure that the adjustments to the 2018-2019 opening balance for immovable assets (Work in progress and infrastructure assets) are adequately supported by reliable and accurate information to substantiate the adjustment	Management must ensure that the adjustments to the 2018-2019 opening balance for immovable assets (Work in progress and infrastructure assets) are adequately supported by reliable and accurate information to substantiate the adjustment	1. Differences between opening balances of AFS & FAR to be investigated and addressed, 2. Outstanding information to be obtained and made available for audit consideration. 3. Adjustments made in prior year to be adequately disclosed as Prior Period error	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
40	COMAF 61: ISS 138	Material difference between work in progress asset register and the annual financial statements (Transfers out of WIP)***NOT RESOLVED*** (AR)	Audit Report	Immovable assets	During the execution phase of the audit particularly for the 2017-2018 adjusted transfers out of work in progress assets, we discovered a material difference between the adjusted annual financial statements and detailed register submitted. Please refer to the table below	Management did not ensure that they prepare accurate and complete financial and performance reports	Management should ensure that they prepare accurate and complete financial and performance reports	1. Differences between Transfers to WIP and FAR to be investigated and addressed, 2. Outstanding information to be obtained and made available for audit consideration. 3. Adjustments made in prior year to be adequately disclosed as Prior Period error	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
144	COMAF 71: ISS 159	Completion of project -2018/2019 Completed asset completion certificate not signed by the municipality Internal control deficient***NOT RESOLVED*** (MR)	Management Report	Immovable assets	During the execution phase of the audit for 2018-2019 working progress assets transfers (Completed assets), we discovered that the final completion certificate for the Upgrading of Bulk Sewer Infrastructure in Bloemhof/Boitumelong Ext 5 project was not signed by the municipality as proof that the municipality certify that the project/assets are complete and ready for use as intended by management.	Management did not ensure that completion certificates of assets are properly prepared	Management should ensure that completion certificates of completed assets are adequately prepared and signed by municipal officials	1. Management to implement controls on projects to ensure that the necessary authorisations is done including sign-off of completion certificates were applicable 2. Ensure that this matters does not repeat in 2020/21	01/05/2021	30/06/2021	Manager Assets	Not yet started
41	COMAF 71: ISS 162	Difference of the amount between the total amount of completed assets as per completion certificates and the amount of expenditure incurred on the project - 2018-2019 Work in progress Infrastructure additions***NO transfers and 2018-2019	Audit Report	Immovable assets	During the execution phase of the audit particularly for the work in progress assets transfers (Completed Assets) we identified differences between the total amount capitalised for each completed project and the total expenditure incurred as included in the final completion certificates of the projects. Please refer to the attached completion certificates and the table below:	Management did not ensure that completed projects are recorded at the correct amounts as per the completion certificates	Management should ensure that the completed assets are recognised at the correct amounts	1. Revisit and review the capitalisation of projects during 2018/19 and ensure that Capitalised projects Costs/Transfers from WIP agrees to the Close Out Reports 2. All capitalisations to be reviewed against the supporting documents(completion certificate/payments certificates for accuracy 3. Ensure that Unbundling of Project Cost is based on accurate Capitalisation costs 4. Adjustments to WIP/FAR in 201 and 2020 to be accounted for as Prior Period Error and adequately disclosed on the AFS	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
42	COMAF 78: ISS 173	Overspending of the approved budget in a project Kagisano Molopo Bulk Water Feasibility Study***NOT RESOLVED*** (AR)	Audit Report	Immovable assets	During the execution phase of the audit particularly for work in progress assets we identified that the municipality has over spent on the Kagisano Molopo Bulk Water Feasibility Study 8550126-RDM2018-015A, as the approved budget for the project is R2 589 000 and total expenditure to date as per the progress report dated 30 June 2020 and the project asset register indicates spending of R13 632 810.62.	Management did not implement adequate controls over the spending of the budget of capital projects	Management should implement adequate controls over the spending of the budget of capital projects so as to prevent unauthorised expenditure	1. Projects to be reviewed if they are within the budget allocations 2. Overspending on Capital Projects to be included in Unauthorised Expenditure for 2019,2020 & 2021 3. Consequence Management to be followed on overspending in terms of s32 of MFMA	01/05/2021	31/07/2021	Manager Assets/CFO/Accounting Officer	Not yet started
43	COMAF 78: ISS 174	Expenditure to date from progress reports does not agree to expenditure to date as per Work in progress register***NOT RESOLVED*** (AR)	Audit Report	Immovable assets	During the execution phase of the audit particularly for work in progress assets, we discovered a material difference between the total expenditure to date as per the work in progress assets register and the cumulative progress reports for the following projects please refer to the table below and also the progress reports for the affected projects which services as annexures.	Management did not ensure that there are accurate and adequate reconciliations performed between the progress reports for WIP assets and the work in progress assets register	Management should ensure that there are accurate and adequate reconciliations performed between the progress reports for WIP assets and the work in progress assets register	1. Reperform the reconciliation of Work in Progress register during 2019, 2020 and ensure that movements is supported by adequate documents 2. Adjust WIP were applicable and ensure that the WIP Balances for prior year is correct 3. Account for all prior adjustments as Prior Period Errors and include on the Audit File for adjustments 4. Disclose Prior Period Errors on the Note to the AFS	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
44	COMAF 78: ISS 178	Projects completed in 2019/2020 Financial year not included in the WIP transfers and Infrastructure additions***NOT RESOLVED*** (AR)	Audit Report	Immovable assets	During the execution phase of the audit particularly for work in progress assets we discovered that the bulk water supply to the greater mamusa pipe jacking was completed in the 2019-2020 financial year (29 June 2020) as evidenced in the completion certificate signed by the Engineers IX Engineers (Pty) Ltd and the municipality by the Municipal Manager Mr. J Mononela. Please refer to the attached annexure being the completion certificate	Management did not ensure that all completed projects (assets) that are in the location and condition necessary for it to be capable of operating in the manner intended by management are recognised and capitalised	Management should ensure that all completed projects (assets) that are in the location and condition necessary for it to be capable of operating in the manner intended by management are recognised and capitalised	1. Reperform the reconciliation of Work in Progress register during 2019, 2020 and ensure that movements is supported by adequate documents 2. Adjust WIP were applicable and ensure that the WIP Balances for prior year is correct,Transfers from WIP is made for completed projects and Capitalised on FAR 3. Account for all prior adjustments as Prior Period Errors and include on the Audit File for adjustments 4. Disclose Prior Period Errors on the Note to the AFS	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
145	COMAF 62: ISS 42	Non-disclosure of the amount of the correction at the beginning of the earliest prior period error.	Management Report	Intangible assets	During the testing of Intangible assets, a prior year adjustment was made and disclosed within note 39 in the signed annual financial statements and it was identified when testing against the relevant GRAP 3 disclosures standards that management on the face of the AFS had not disclosed the earliest period with which the intangible assets was affected by the prior year adjustment made.	Management lacked oversight in ensuring that the disclosure made within the annual financial standards is in accordance with GRAP standards	Management should exercise oversight in ensuring disclosures made on the face of the AFS are in accordance with the relevant GRAP standards	1. Disclosure will be corrected in 2020/21 annual financial statements.	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress

146	COMAF 32: Iss.59 -	Limitation of scope Nonsubmission of information	Management Report	Intangible assets	The following information was not within the following requests for information: Request for information 97: <input type="checkbox"/> management's review of the amortisation period and method for all listed intangible assets. <input type="checkbox"/> management's reason for identifying software from BFE as a prior period error <input type="checkbox"/> All journals that relate to the prior period error of the BFE software Request for information no. 99: <input type="checkbox"/> Internal audit follow-up reports on the implementation of recommendations made by the internal audit function for the following reports: <input type="checkbox"/> Review of the asset management system <input type="checkbox"/> Review of Investment management <input type="checkbox"/> Review on the supply chain management system. <input type="checkbox"/> Review of the Human resource and fleet management <input type="checkbox"/> Review of the water audit. Request for information no 102 issued on the 22nd January 2021 and due on the 26th January 2021: 1. Progress report on the recommendations from the final disciplinary board report on the VBS investment 2. Investigation reports and progress reports on the investigations for the following matters that were referred to the council: <input type="checkbox"/> Allegations of financial misconduct with regards to the extension of of contract RDM 2012-012A and BID no.NLM 2014-003A Naledi WISIG projects (No signed appointment letters and payment made without the knowledge or authorisation of the accounting officer) <input type="checkbox"/> Prepayment to Murray and Dickson Construction (Pty) Ltd	Management lacked oversight in ensuring information was submitted within the agreed upon timeframes	Management is to ensure that information is submitted within the agreed upon timeframes.	1. Outstanding information will be obtained and made available for the audit.	01/05/2021	30/06/2021	Manager Assets/AFS Consultants	In Progress
147	COMAF 56: ISS.115	Development costs not capitalised in accordance with GRAP 31	Management Report	Intangible assets	During the testing of commitments, it was identified a contract was awarded for the design, development and maintenance of the municipality's official website. Through further investigation, a payment to the amount of R290 000 was made and upon further inspection of the payment voucher it detailed the expenditure related to the design and development of the municipality's website. Further inspection was conducted within the general ledger, and it was identified the amount of R290 000 was expensed and not capitalised as the costs satisfies the criteria detailed within paragraph 52.	Management had lacked oversight in not observing the accounting reporting framework by considering the applicability of certain standards to transactions that have occurred in the financial year as well as consider the manner in which the transactions have to be accounted for.	Management is to ensure oversight occurs and that amounts of expenditure is to be measured against accounting reporting framework standards	1. The development costs will be added to the intangible asset register for 2020 financial year. 2. Adjustment to Intangible Assets to be accounted for as Prior Period Error and disclosed on the AFS	01/05/2021	30/06/2021	Manager Assets/AFS Consultants	In Progress
45	COMAF 70: ISS 145	Journal entry for derecognition of intangible assets not supported.	Audit Report	Intangible assets	During the testing of journals of intangible assets, request for information no. 139 was issued on 11/02/2021 detailing the following information was to be submitted: <input type="checkbox"/> License for the use of the SAGE Evolution software detailing the period of use of the License. <input type="checkbox"/> License for the use of the Cybernetic software detailing the period of use of the license. The information was due for submission on 16/02/2021 and was not submitted thus limiting the auditor in completing tests on the journal entry raised detailing the DE recognition of intangible assets due to their period of use being expired.	Management lacked oversight in ensuring that requested information is submitted within the agreed upon timeframes. Limitation of scope on the amount R478 642.98 derecognised from intangible assets	Management should exercise oversight in ensuring requested information is submitted within the agreed upon timeframes	1. Supporting information to be obtained and made available for audit consideration.	01/05/2021	30/06/2021	Manager Assets/AFS Consultants	In Progress
148	COMAF 86: ISS 198	Non-disclosure of Operating lease in accordance with GRAP 13.42	Management Report	Leases	During the execution phase of the audit we noted that there was no disclosure note for operating lease relating to Green Droplets Projects (Pty) Ltd in the Annual Financial statements in accordance with GRAP 13.42.	Management did not disclose operating lease in the Annual Financial Statements in accordance with GRAP 13.42.	Management should ensure compliance with GRAP 13.42 with regards to operating leases	1. Disclosure will be corrected in 2020/21 annual financial statements. 2. Correction of Disclosure to be included on Prior Year Error Adjustments	01/05/2021	31/08/2021	Manager SCM/AFS Consultants	Not yet started
46	COMAF 25: Iss.12 -	Internal Control Deficiencies Movable assets**NOT RESOLVED** (MR & AR - compliance finding)		Movable assets	Finding 1 During the execution phase of the audit particularly for movable assets, from inspection of the 2019-2020 movable assets register it was discovered that the following asset does not have a description of the asset in the column Descriptor Selection which would render it difficult to verify the existence of the asset: During the execution phase of the audit particularly for movable assets, from inspection the of the 2019-2020 movable assets register it was discovered that the following asset does not include details of how the assets purchased was funded is not included in the asset register Finding 3: During the execution phase of the audit particularly for movable assets, it was discovered from the 2019-2020 movable assets register that the following asset with a condition status of "Poor" is included in the assets register.	Management did not ensure that it implements proper controls over the maintenance of the movable assets register This will result in an internal control deficiency and a non-compliance with laws and regulations particularly section MFMA 63(2)©	Management should ensure that it implements proper controls over the processing, recording and overall maintenance of the movable assets register.	1. Management of implement control to ensure that the Asset register is reviewed before submission 2. Internal control to be implemented to ensure that the FAR meet the minimum requirements as guided by Treasury Guidelines and address the GRAP requirements	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
149	COMAF 21: ISS.25	Iss.25 Internal Control deficiency - Movable assets**RESOLVED**		Movable assets	During the planning phase of the audit for capital assets particularly for movable capital assets it was discovered that the following newly procured laptop with the unique barcode number of 000802 to the 2019-2020 fixed movable assets register and confirmed that the assets is not included in the assets register. Furthermore, for the acquired furniture and office equipment for the two purchased chairs for Mr. M Mashati and Ms C Modirapule with assets numbers 000431 and 000215 respectively the take on dates as included in the 2019-2020 movable assets register submitted for audit differs from the actual purchase date. Asset number Component Descriptor Selection Purchase date as per invoice Take on date as per asset register Cost as per invoice cost as per asset register 000215 Chairs Black Leather Highback Chair 02-Mar-20 05-Nov-13 4 500,00 1 538,90 000431 Chairs Black Leather Visitor's Chair 02-Mar-20 24 Feb 19	Management did not implement adequate controls over the daily and monthly processing and reconciling of transactions of the fixed movable assets register.	Management should ensure that it implements adequate controls over the processing, recording and reconciliations of newly purchased movable assets in the fixed assets register.	1. The asset register for movable assets will be updated to clear all the omissions and ensure completeness 2. Changes to the FAR to be accounted as Prior Period errors and disclosed on the Note	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
150	COMAF 25: Iss.38 -	Internal Control Deficiency Movable assets with no Location details**NOT RESOLVED** (MR)	Management Report	Movable assets	During the execution phase of the audit particularly for movable assets, it was discovered from the 2019-2020 movable assets register that the following assets did not include details of where the assets are located thereby rendering difficult to locate and verify the existence of movable assets.	Management did not ensure that it implements proper controls over the maintenance of the movable assets register	Management should ensure that it implements proper controls over the processing, recording and overall maintenance of the movable assets register.	1. The asset register for movable assets will be updated to clear all the omissions and ensure completeness 2. Changes to the FAR to be accounted as Prior Period errors and disclosed on the Note	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress

151	COMAF 25: Iss.39 -	Internal Control deficiency - Movable assets with no unique barcodes/System Component ID***NOT RESOLVED*** (MR)	Management Report	Movable assets	During the execution phase of the audit particularly for movables assets, it was discovered from the 2019-2020 movable assets register that the following assets were no allocated unique barcodes/System Component ID thereby rendering it difficult to determine whether the assets do exist.	Management did not ensure that it implements proper controls over the maintenance of the movable assets register	Management should ensure that it implements proper controls over the processing, recording and overall maintenance of the movable assets register.	1. The asset register for movable assets will be updated to clear all the omissions and ensure completeness 2. Changes to the FAR to be accounted as Prior Period errors and disclosed on the Note	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
152	COMAF 25: Iss.40 -	Internal Control Deficiency - Movable assets with duplicate barcodes/System Component ID***NOT RESOLVED*** (MR)	Management Report	Movable assets	During the execution phase of the audit particularly for movable assets, it was discovered from the 2019-2020 movable assets register that the following assets as included in the movable assets register have duplicate barcodes/System Component ID:	Management did not ensure that it implements proper controls over the maintenance of the movable assets register	Management should ensure that it implements proper controls over the processing, recording and overall maintenance of the movable assets register.	1. The asset register for movable assets will be updated to clear all the omissions and ensure completeness 2. Changes to the FAR to be accounted as Prior Period errors and disclosed on the Note	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	In Progress
47	COMAF 26: Iss.49 -	Purchase of assets (Movable assets) not duly authorised by delegated authority	Audit Report	Movable assets	During the execution phase of the audit particularly for movable assets (Additions) the following assets where not approved by the delegated authority as per the municipality's 2019-2020 financial delegation of authority.	Management did not ensure that the procurement of assets of a total value above R50 000.00 were approved/authorised by the municipal manager as indicated by the financial delegation of authority	Management should ensure that the municipality/ municipal entity had and maintained an effective system of expenditure control including procedures for the approval, authorisation, withdrawal and payment	1. Management to ensure that controls will be monitored on acquisition of property plant and equipment	01/05/2021	31/07/2021	Manager Assets	Not yet started
48	COMAF 26: Iss.54 -	Limitation on journals (Movable assets Journals)***NOT RESOLVED*** (MR)	Management Report	Movable assets	During the execution phase of the audit for movable assets it was discovered that the following journal processed was not duly approved and authorised by a delegated authority and is not supported by appropriate supporting documentation. Please refer to the attached journal voucher for ease of reference.	Management did not ensure that processed journals are duly authorised by the delegated official and are supported by appropriate documentation	Management should ensure that journals processed are supported with appropriate supporting documentation and are duly approved and authorised.	1. Management to implement controls to ensure that the matter does not recur	01/05/2021	31/07/2021	Manager Assets	Not yet started
49	COMAF 87: ISS 62	The Municipality paid more than what was originally quoted for by the supplier - SCM Regulation 5- Movable assets***NOT RESOLVED*** (AR)	Audit Report	Movable assets	During the execution phase of the audit particularly for movable assets, the municipality procured laptop from comp-u-cell Zainab Shaikhnag (C0003-10/A06193/F0002/X049/R0435/001/5) from inspection of the purchase order and the invoice we discovered that the municipality did obtain the required number of quotations and furthermore paid more than what was quoted by the supplier and there is no proof that the accounting officer approved and reported the deviation to council	Management did not ensure that it complies with MFMA SCM regulation 5	Management should ensure it complies with all stated legislation	1. All expenditure not in compliance with SCM regulation to be added to the irregular register. 2. Consequence management to be applied on acquisition of assets that is not budgeted for and not in terms of SCM Policy	01/05/2021	31/07/2021	Manager Assets	Not yet started
50	COMAF 101 : Iss.65 -	Appropriateness of the adjustment on movable assets***NOT RESOLVED*** (MR)	Management Report	Movable assets	During the execution phase of the audit of the audit particularly for movable assets for the adjustments made to the opening balance, the adjusting journals passed were not supported with appropriate evidence in order to substantiate the adjustments made.	Management did not ensure that all adjusting journals are substantiated with appropriate evidence	Management must ensure that all journals processed are supported by appropriate and adequate information.	All journals to be reviewed and ensure appropriate and sufficient audit evidence is attached.	01/05/2021	31/07/2021	Manager Assets	Not yet started
153	COMAF 38: Iss.67 -	Opening balance - Movable assets depreciation expense***NOT RESOLVED*** (MR)	Management Report	Movable assets	During the execution phase of the audit particularly for opening balance of movable assets, the following depreciation and accumulated depreciation for these movable assets were incorrectly calculated based on the expected useful and remaining useful lives of the assets thereby understating the depreciation and accumulated depreciation expense of these assets.	Management did not appropriately calculate the depreciation expense for movable assets. Impact This has resulted in an understatement of the depreciation expense for the year	Management must ensure that the depreciation expense for assets is correctly calculated based on the depreciation policy and the accounting policy applied for property plant and equipment	1. Depreciation will be revised and recalculated on the assets identified 2. Adjustments to be made to 2020 FAR and the AFS to account for depreciation changes 3. Changes to be accounted for as Prior period error and disclosed on the Note	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	Not yet started
154	COMAF 58: ISS 116	Movable assets 2019-2020 Depreciation expense.***NOT RESOLVED*** (MR)	Management Report	Movable assets	During the execution phase of the audit particularly for the 2019-2020 depreciation expense for movable assets we recalculated the depreciation expense based on the accounting treatment and depreciation policy for these assets and we discovered a difference between the depreciation expense charged for the following assets	Management did not appropriately calculate the depreciation expense for movable assets	Management must ensure that the depreciation expense for assets is correctly calculated based on the depreciation policy and the accounting policy applied for property plant and equipment	1. Depreciation will be revised and recalculated on the assets identified 2. Adjustments to be made to 2020 FAR and the AFS to account for depreciation changes 3. Changes to be accounted for as Prior period error and disclosed on the Note	01/05/2021	31/07/2021	Manager Assets/AFS Consultants	Not yet started
	COMAF 23: Iss. 6-	Internal control deficiency - Purchase and payable***NOT RESOLVED*** (MR)	Management Report	Operating expenditure	During performance of audit planning on understanding the purchase and payable business process, we noted that the following documents were not signed by preparer: a) Creditor reconciliation for Stannic Fleet Management for Month of June 2020 with an amount of R 102 771.94. b) Correcting journal no 169 (181) (Reclassification of repairs and maintenance expenditure) with amount of R 738 105.01	Management has not implemented proper controls over creditor reconciliation and correcting journals.	Management should ensure the designed internal control over creditor reconciliation and correcting journals are implemented.	1. Controls will be implemented going forward to ensure reconciliations are signed by the preparer and reviewer	01/05/2021	30/06/2021	Manager Expenditure	Not yet started
156	COMAF 18: Iss. 28 -	Non-submission of information - Expenditure***NOT RESOLVED*** (MR)	Management Report	Operating expenditure	During performance of audit planning on understanding the purchase and payable business process, we noted that the following documents were not signed by preparer: a) Creditor reconciliation for Stannic Fleet Management for Month of June 2020 with an amount of R 102 771.94. b) Correcting journal no 169 (181) (Reclassification of repairs and maintenance expenditure) with amount of R 738 105.01	Management has not implemented proper controls over creditor reconciliation and correcting journals	Management should ensure the designed internal control over creditor reconciliation and correcting journals are implemented.	1. Controls will be implemented going forward to ensure reconciliations are signed by the preparer and reviewer	01/05/2021	30/06/2021	Manager Expenditure	Not yet started
51	COMAF 20: Iss.35 -	Expenditure management noncompliance - Water tankering services	Audit Report	Operating expenditure	During the previous financial year, the municipality appointed through regulation 32 on the Ngaka Modiri Molema District Municipality (NMMDM16/17/03), Ziggy Investments CC on 20 February 2019 to provide water tankering services to communities within the Dr Ruth Segomotsi Mompoti District Municipality on an ad-hoc basis for a period of 2 years in different areas within the district. Ziggy Investments charges the municipality a fixed rate per hour. This is not in line with the original contract where a fixed rate per km should have been charged and no approval of an hourly rate could be found. No charges are done for the water, as the water is transported by Ziggy Investments from a supply point (fire hydrant) where the water has been bought by the municipality itself	Weak controls over expenditure management. The municipality might have overpaid the supplier due to weak controls over expenditure management.	Management must ensure that proper controls are in place for reconciling, verifying and payment of invoices received and that the services are actually delivered and billed in accordance with the bid specifications and contract signed.	1. Controls to be implemented and monitored on contracts to ensure that the municipality pays for value for money 2. All payment vouchers to include evidence of goods and services rendered to the municipality	01/05/2021	30/06/2021	Manager SCM/Manager Expenditure/CFO	In Progress
157	COMAF 36: Iss.36 -	Expenditure - payments not made in 30 days	Non-compliance	Operating expenditure	During the audit of Expenditure, the following payments were not paid within 30 days	Controls which relating to invoiced amounts and the payment thereof were not properly enforced	Management should enforce controls over expenditure and ensure payments are made in 30 days	1. Management to implement controls that ensure that invoices payments is made within 30 days.	01/05/2021	30/06/2021	Manager SCM/Manager Expenditure/CFO	In Progress
52	COMAF 26: Iss.50 -	Payments not made within 30 days (movable assets)***NOT RESOLVED*** (AR)	Audit Report	Operating expenditure	During the execution phase of the audit particularly for movable assets (Additions) the following payments made to the following suppliers were not made within 30 days of receiving the invoice from the supplier:	Management did not ensure that payments were made within 30 days upon receipt of invoices from suppliers	Management must ensure that payments to suppliers are made within the legislated timeframes	1. Management to implement controls that ensure that invoices payments is made within 30 days.	01/05/2021	30/06/2021	Manager SCM/Manager Expenditure/CFO	Not yet started
158	COMAF 36: Iss.51 -	Expenditure - No proof of delivery provided	Management Report	Operating expenditure	During the audit of expenditure, it was noted that there were no delivery notes provided as proof that the good/ service has been delivered	It was caused by CFO not having the correct internal control to ensure that a delivery note is issued upon the delivery of the good/ service	Management should implement proper record keeping which ensures that all informations is complete and relevant and accurate information is accessible and available to support financial and performance reporting	1. Management to implement controls to ensure that departmental managers sign of delivery notes as proof of delivery of goods and service. 2. Payment vouchers to include evidence of occurrence for goods and services procured and invoiced.	01/05/2021	30/06/2021	Manager SCM/Manager Expenditure/CFO	Not yet started
53	COMAF 54: Iss.61 -	Expenditure transactions recorded in the incorrect period	Audit Report	Operating expenditure	During the audit of expenditure, it was noted that the following transaction is not included in the GL and therefore not recorded in the correct period. The insurance cover for period 01 April 2020 to 31 March 2021, however management did not account for the three months of insurance term which relates to the 2020 financial year which relates expenditure (April 2020 - June 2020)	Lack of control to ensure that information is prepared, reviewed and reconciled for accuracy.	Management should ensure that transactions are recorded in the correct period.	1. A proper reconciliation of the insurance premiums will be performed and a journal will be processed to allocate the amounts to different periods. 2. Adjustment to 2020 balances to be disclosed as prior period error on the note	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
159	COMAF47: Iss.79 -	SCM compliance - Contract extension	Non-compliance	Procurement and Contract Management	During the audit of general expenditure, it was noted that the contract between Stannic fleet and the municipality expired.	Management did not exercise oversight responsibility to ensure that the municipality comply to SCM regulations	Management should ensure that all SCM regulations regarding contract management is adhered to.	1. Investigate to determine the reason for the continuation of contract after expiration 2. Consider if not Irregular expenditure to be included on the register for Irregular expenditure	01/05/2021	30/06/2021	Manager SCM	Not yet started
160	COMAF 54: Iss.102-	Expired lease agreements	Non-compliance	Procurement and Contract Management	Through inspection the below lease agreements we confirmed that the contracts had expired and the municipality is now contracting with the suppliers on a month to month basis. The municipality has not initiated a new competitive bidding process to procure new contracts Expired lease agreements: 1. Markok Investments (Pty) Ltd -Lease Agreement - 50 Market Street Offices 2. MH office (Pty) Ltd - Serial No: V5110500150 3. MH office (Pty) Ltd - Serial No: V5110500156	Management did not adhere to Supply Chain Management regulation 19(a) and Municipal Finance Management Act section 116 (3)(a). Furthermore, management did not provide justification to the deviation with regards to the expired lease contracts.	Management should ensure compliance with Supply Chain Management regulation 19(a) and Municipal Finance Management Act section 116 (3)(a) with regards to expired contracts.	1. Investigate to determine the reason for the continuation of contract after expiration 2. Consider if not Irregular expenditure to be included on the register for Irregular expenditure	01/05/2021	30/06/2021	Manager SCM	Not yet started

161	COMAF 60: ISS 106	Schedule on prior period adjustment not adding up to note 39 in AFS on contracted services	Management Report	Operating expenditure	During the audit of the prior period adjustment on contracted services we identified a material difference between the prior period workings (submitted in the audit file) and the amount disclosed in note 39 of the AFS.	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management should ensure that the adjustment to Contracted services disclosed in the financial statements note 39 and the schedule thereto are supported by accurate breakdown for the full amount.	1. Ensure the adjustments are processed on the AFS and adequately disclosed on Prior Period error note	01/05/2021	30/06/2021	CFO/AFS Consultants	In Progress
162	COMAF 60: ISS 136	Limitation of scope - non submission of information Prior Period Error Note 39 Expenditure	Management Report	Operating expenditure	During the execution phase of the audit, Request for information no. 46 was sent on the 02/11/2020 and due for submission on 05/11/2020	Management did not ensure that all requested information is submitted within the agreed upon period	Management should ensure that all documentation is submitted within the agreed-upon period.	1. Obtain the outstanding information and include on the audit file to be made available for the audit.	01/05/2021	30/06/2021	Manager Expenditure/AFS Consultants	Not yet started
163	COMAF 62: ISS 147	Limitation of scope: None submission of information RFI 145	Management Report	Operating expenditure	Request for information no. 145 was sent on the 12/02/2021 and due for submission on 17/02/2021.	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit.	Management is to ensure that submission of information is to be within the time frame as stipulated within the audit engagement letter and that information submitted is correct	1. Obtain the outstanding information and include on the audit file to be made available for the audit.	01/05/2021	30/06/2021	Manager Expenditure/AFS Consultants	Not yet started
164	COMAF 74: ISS 154	Incorrect classification of expenditure in prior year adjustment	Management Report	Operating expenditure	During the audit adjustments made to bulk purchases and contracted service for the prior year the following was picked up:	Management did not exercise oversight responsibility to ensure that expenditure is classified correctly	Management should ensure that expenditure is classified according to their nature	1. A journal will be processed to allocate the amounts to correct accounts. 3. Adjustment to 2019 to be disclosed as prior period error/reclassifications 2. Proper due care will be implemented to ensure that classification of balances is correct on the AFS	01/05/2021	30/06/2021	Manager Expenditure/AFS Consultants	Not yet started
165	COMAF 74: ISS 157	Finance cost vs general expenditure - incorrectly classification	Management Report	Operating expenditure	During the audit of finance charges, it was picked up that the interest charged on outstanding balances was captured under general expenditure instead of finance costs.	Management did not exercise oversight responsibility to ensure that expenditure is classified correctly	Management should ensure that expenditure is classified according to their nature.	1. Review the entire GL to ensure that classification of transactions is correct 2. A journal entry will be processed for material differences to reclassify amounts to the correct votes. 3. Adjustments for reclassifications to be disclosed on the Note for Prior Period Error/Reclassifications	01/05/2021	30/06/2021	Manager Expenditure/AFS Consultants	Not yet started
166	COMAF 74: ISS 160	Payment not made in 30 days - Transfers and sub	Management Report	Operating expenditure	During the audit of transfers and subsidiaries the following payment were not made within 30 days	Management did not exercise oversight responsibility to ensure that payments were made within 30 days This result in non compliance to Section 65(2)(e) and section 99(2)(b) of the MFMA	Management did not exercise oversight responsibility to ensure that payments were made within 30 days This result in non compliance to Section 65(2)(e) and section 99(2)(b) of the MFMA	Invoices will be monitored to ensure payment is made within 30 days.	01/05/2021	30/06/2021	Manager Expenditure	Not yet started
54	COMAF 76: ISS 164	Bulk purchases classification issue	Audit Report	Operating expenditure	During the audit of bulk purchases specific items were selected. The invoices of Sedibeng Water board were inspected and some of the amounts on the invoice does not relate to bulk water purchases but rather operation and maintenance for both WWTP and WTP.	Management did not exercise oversight responsibility to ensure that expenditure is classified correctly. This will result in a material overstatement of specifically selected bulk purchases of R127 705 671.43 and a projected overstatement of R14 769 356.89 in	Management should ensure that bulk purchased are correctly accounted for and disclosed	1. Obtain all invoices from Sedibeng and quantify the amount bulk purchases from the Sedibeng invoices 2. Reclassify maintenance expenditures to repairs and maintenance 3. Reclassifications to be disclosed in a Note (Prior Period Reclassifications)	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	In Progress
55	COMAF 74: ISS 167	Prior period contracted services adjustment - classification issue	Audit Report	Operating expenditure	During the audit of prior period adjustment in contracted services the following was picked up: Contracted services is overstated by R27 567 277.21.	Management did not exercise oversight to ensure the classification of prior period adjustments is done correct	Management should ensure that prior period adjustment is classified correctly	1. Review Contracted services in 2019 and a reclassification journal will be processed to correct the misclassification	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	In Progress
167	COMAF 76: ISS 175	Additional disclosure - audit fee's differences	Management Report	Operating expenditure	During the audit of additional disclosure Audit fee (note 47), t	Management did not exercise oversight to ensure the completeness of the additional disclosure note audit fee	Management should ensure that the disclosure notes are complete and agree to supporting schedules. Management should ensure that the disclosure notes are consistent with prior year amounts	Disclosure will be corrected in 2020/21 annual financial statements.	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
168	COMAF 76: ISS 177	Limitation of scope: none submission of information Eskom statements	Management Report	Operating expenditure	Request for information no. 157 was sent on the 19/02/2021 and due for submission on 24/02/2021. Supplier statements for Eskom and Telkom of the following months was not submitted	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit.	Management must ensure that submission of information is done within the time frame as stipulated within the audit engagement letter and that information submitted is correct.	Outstanding information will be obtained and made available for the audit.	01/05/2021	30/06/2021	Manager Expenditure/AFS Consultants	In Progress
169	COMAF 80: ISS 179	Control deficiency: Expenditure journals description does not relate to transaction occurred	Management Report	Operating expenditure	During the audit of expenditure journals	Management did not exercise oversight to ensure that the description of the journal relates to the reason for the journal	Management should ensure that all journal is supported by a description that relates to the transaction that	Outstanding information will be obtained and made available for the audit.	01/05/2021	30/06/2021	Manager Expenditure/AFS Consultants	In Progress
170	COMAF 80: ISS 182	Goods procured from suppliers that is not registered on CSD for the specific purpose of providing such goods	Management Report	Procurement and Contract Management	During transfer and subsidies testing it was identified that some of the goods procured during COVID 19 was procured from suppliers that are not registered for the specific commodity that they delivered	Management did not exercise oversight to ensure that the suppliers used is registered for the purpose of product industry procured Possible overpayment for goods	Management should ensure that suppliers are registered for the intended service/goods on CSD and that the price is economically benchmarked	1. Management should ensure that suppliers are registered for the intended service/goods on CSD and that the price is economically benchmarked 2. Review the population and instances on non-compliance and adjust the register of Irregular expenditure with transactions identified to be irregular	01/05/2021	30/06/2021	Manager Expenditure/AFS Consultants	Not yet started
171	COMAF 86: ISS 183	Overstatement of transfers and subsidies - RDM2019-009A	Management Report	Operating expenditure	During the audit of Transfers and subsidies, it was identified that project RDM2019-009A - Construction of dry sanitation as part of Rural sanitation programme (R 2 977 543) was transferred to Transfers and subsidies, while the project was not completed.	This was cause by Management not exercising oversight to ensure that all projects transferred transfers and subsidies are complete Transfers and subsidies overstated by R2 977 543 Work in progress understated by R3 427 174.4	Management should ensure that only completed projects are transferred to transfers and subsidies	1. Review the transactions and account for correctly on the records and AFS 2. Prepare adjustments and disclose on prior period error note	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
172	COMAF 80: ISS 184	Payments not made within 30 days - prior year expenditure	Management Report	Operating expenditure	During the audit of Expenditure, the following payments were not paid within 30 days. Contracted services: Date Reference Reference 2 Description Debit Invoice Date Invoice no: Supplier Description Payment date PMT days 08/08/2018 GRV2706 JBFE-18524-F3 Contracted Services - GIS 1 618 392.42 12/06/2018 JBFE- 18 524-F3 JBFE GRAP Compliance asset management and accounting support 08/08/2018 57 17/10/2018 JBFE Consulting (Pty) Ltd GRV3683 Contracted Services - GIS 727 565.00	Controls which relating to invoiced amounts and the payment thereof were not properly enforced	Management should enforce controls over expenditure and ensure payments are made in 30 days	Invoices will be monitored to ensure payment is made within 30 days.	01/05/2021	30/06/2021	Manager Expenditure	Not yet started

173	COMAF 80: ISS 185	No proof of delivery - prior year expenditure	Management Report	Operating expenditure	During the audit of expenditure, it was noted that there were no delivery notes provided as proof that the good/ service has been delivered. Contracted services Date Reference Reference 2 Description Debit Invoice Date Date of receiving goods-services 05/10/2018 MAL2018/0050 GRV3627 RDM2018-009A Development of Spatial Development Framework Cert 01 42 195.65 29/08/2019 no proof Bulk purchases Date Reference Reference 2 Description Debit Invoice date Proof of delivery 23/01/2019 IN00005710	Management did not exercise oversight to ensure that the delivery note was received when good/services were rendered This will cause expenditure in prior year (2018/19) to be overstated by R 6 790 104.54	Management should implement proper record keeping which ensures that all informations is complete and relevant and accurate information is accessible and available to support financial and performance reporting	1. Management to implement controls to ensure that departmental managers sign of delivery notes as proof of delivery of goods and service. 2. Payment vouchers to include evidence of occurrence for goods and services procured and invoiced.	01/05/2021	30/06/2021	Manager SCM/Manager Expenditure/CFO	Not yet started
174	COMAF 80: ISS 186	Fruitless and wasteful expenditure understated	Management Report	Operating expenditure	During the execution phase of the audit in the interest charged testing the following was picked up: 2018/19 DBSA interest From the DBSA statement Amount from fruitless and wasteful register Difference Interest accrued 31/07/2018 R0.13 R26 133.90 -R5 737.72 Interest accrued 31/07/2018 R5 658.90 Interest accrued 31/08/2018 R0.14 Interest accrued 31/08/2018 R39.68 Interest accrued 30/09/2018 R0.14 Interest accrued 30/09/2018 R39.95 Interest accrued 31/10/2018 R0.14	Management did not exercise oversight to ensure that all interest is included in the finance changes and fruitless and waste full expenditure This will result in an understatement of interest charged of R5737.72 and in addition an understatement of fruitless and waste full expenditure for the 2018/19 year.	Management should ensure that all interse charge are accounted for.	Outstanding information will be obtained and made available for the audit.	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
175	COMAF 80: ISS 190	Limitation of scope: None submission of information RFI 157	Management Report	Operating expenditure	During the execution phase of the audit a Request for information no 157 issued on 19 Feb 2021 and was due on 24 Feb 2021. The following information was not submitted: DWSCU statements for the following months in the 2018/19 year - Aug 2018 - Sept 2018 - Oct 2018 - Dec 2018 - Feb 2019 - April 2019 - May 2019 - June 2019 DWSCU penalty document in the 2018/19 year – document to prove the penalty exists.	Management did not exercise oversight to ensure that all requested information was submitted	Management did not exercise oversight to ensure that all requested information was submitted	Outstanding information will be obtained and made available for the audit.	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
176	COMAF 86: ISS 206	Expenditure - Invoices relating to prior year included in current	Audit Report	Operating expenditure	During the audit of expenditure, the following invoices were picked up with a date relating to the 2018/19 financial year, yet it was included in expenditure in the current year. Kindly find the invoices the finding relates to: Details from the invoice Supplier Description Invoice Date Total Date Description Amount D & F Elektries BK Fuel and Oil 13/05/2019 1 912.50 23/12/2019 80 L Diesel supplied during festive seas 1 912.50 Ditiro Tsa Ka Work done for kerbing , paving and material on site 24/06/2019 437 276.32 7/8/2019 FNB OB 000028497 D407-DITIRO TSA KA 437 276.32 Lektratek Water Technology Vryburg - New Waste Water Treatment Plant - cert.11 14/06/2019	Management did not exercise oversight to ensure that invoices are captured in the year they relate to. This will result in a projected overstatement of expenditure of R21 354 599.26 in the current year and understatement of 2018/19 expenditure of R21 354 599.26	Management should ensure that the invoices are captured in the correct year's general ledger	1. Perform pre-audit of transactions for the 2020 and 2021 financial years to identify cut-off issues 2. Prepare adjustments to reallocate invoices to the correct reporting periods. 3. Adjustments for cut-off to be disclosed as Prior period error and be supported with valid information	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	In Progress

177	COMAF 88: Iss 209	Limitation of scope: Information not received (RFI 160)	Management Report	Operating expenditure	We noted that the payments made to EMS advisory for the months of October 2019, and November 2019, seems to be made on the same invoice. Through discussions with the Municipality, it has been indicated that the funds that have been paid twice, was paid back by the supplier. Kindly provide us with evidence of the back payment. Management did not exercise oversight to ensure that all requested information was submitted.	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Management should ensure that all requested information has been submitted within the agreed upon period.	1. Proof of refund to be included on Audit File for AGSA and were there was no refund a receivable will be recognised to record the double payment made to EMS.	01/05/2021	30/06/2021	Manager Expenditure/AFS Consultants	Not yet started
178	COMAF 89: ISS 211	Expenditure - Payments not paid within 30 days	Management Report	Operating expenditure	During the expenditure testing of contracted services the following payments were not paid within 30 days: Details as per GL Details per Supporting Documentation Date Reference Description Amount Date Payment date Payment days 2020/04/30 ZT/Drr/0133 Drought relief water - Lekwa-Teemane - D R703 760.00 29-Feb-20 30-Apr-20 44 2020/03/06 ZT/Drr/0130 Payment for Service Providers: Water Tan R772 920.00 31-Jan-20 26-Mar-20 40 2020/03/06 ZT/dRR/0126 Payment for Service Providers: Water Tan R695 400.00	Management did not exercise oversight to ensure that payments are made within 30 days Impact Non-compliance to Section 65(2)(e) and section 99(2)(b) of the MFMA	Management should ensure that payments are made within 30 days	Invoices will be monitored to ensure payment is made within 30 days.	01/05/2021	30/06/2021	Manager Expenditure	Not yet started
179	COMAF 100: ISS 100	Expenditure Management: Non-Compliance	Management Report	Operating expenditure	Management did not exercise oversight to ensure that all requested information was submitted.	Management did not exercise effective expenditure management to ensure that all invoices is only paid once.	Management should implement effective expenditure management to ensure that double payments does not occur	Outstanding information will be obtained and made available for the audit.	01/05/2021	31/07/2021	Manager Expenditure	Not yet started
180	COMAF 24: Iss.10 -	Non submission of information Payable from exchange transactions**NOT RESOLVED** (MR)	Management Report	Payable	During the execution stage of the audit, the following information was requested and not received: Request for information no. 86 issued on 03 December 2020 and due for submission on 07 December 2020: <input type="checkbox"/> Payable reconciliation for 2019/20 financial year. <input type="checkbox"/> All supplier statement as at 30 June 2020 as per RFI 86.	Management is to ensure that submission of information is to be within the time frame as stipulated within the audit engagement letter and that information submitted is correct.	Management did not ensure that all requested information is submitted within the agreed upon period	Outstanding information will be obtained and made available for the audit.	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
56	COMAF 59: Issue 122	Creditors balance do not agree to supporting documents/supplier's statement.	Audit Report	Payable	During execution phase of audit, we noted the difference between payable balance and supplier statement/ invoices.	This was caused by a lack of reviews by management to ensure the payable listing is supported by accurate supporting documents.	Management should implement adequate controls to ensure that payable balance is accurate and supported by accurate supporting documents.	1. Perform detailed investigation of accounts payables and corrections will be made to clear differences between supporting documents and individual sub ledgers 2. Adjust payables and disclose prior period adjustment on the Note	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
57	COMAF 58: ISS 134	Incorrect classification and valuation for trade payable and receivables	Audit Report	Payable	During execution phase of audit, we identified that trade payable listing has suppliers with negative(debit) balances of R 49 100 931. If suppliers have a debit balance, such suppliers should be recorded as a receivable. Please refer to the annexure for the	Management did not perform adequate reviews of the trade payable register to ensure that individual suppliers are added to the correct register.	Management should perform adequate reviews of payable registers and AFS to ensure that payables are correctly valued and classified	1. Balances with Debit balances will be investigated and necessary adjustments made. 2. Re-allocate creditors with debot balances to trade receivables	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
58	COMAF 82: ISS 169	Prior year (2019) register with negative balance	Audit Report	Payable	During execution phase of audit, we identified that trade payable listing has suppliers with negative(debit) balances of R 24 077 609. If suppliers have a debit balance, such suppliers should be recorded as a receivable. Please refer to the annexure for the	Management did not perform adequate reviews of the trade payable register to ensure that individual suppliers are added to the correct register.	Management should perform adequate reviews of payable registers and AFS to ensure that payables are correctly valued and classified	1. Balances with Debit balances will be investigated and necessary adjustments made. 2. Re-allocate creditors with debot balances to trade receivables	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
59	COMAF 82: ISS 172	Difference between trade payable and supporting document.	Audit Report	Payable	During execution phase of audit, we noted the difference between payable balance and supplier statement/ invoices.	This was caused by a lack of reviews by management to ensure the payable listing is supported by accurate supporting documents.	Management should implement adequate controls to ensure that payable balance is accurate and supported by accurate supporting documents.	1. Perform detailed investigation of accounts payables and corrections will be made to clear differences between supporting documents and individual sub ledgers 2. Adjust payables and disclose prior period adjustment on the Note	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
181	COMAF 84: ISS 187	Non-disclosure that Present obligation exists in accordance with GRAP19.21	Management Report	Payable	During the audit of contingent liabilities it was identified upon submission of information that a present obligation had existed with a court order instituted by the Mahikeng high court on 2020/09/10, submitted by the department of water and sanitation on 2020/09/18 detailing the municipality to take immediate remedial steps to stop the flow of pollution into the rosendahl farm and they incur all costs to necessitate the rectification of the matter as well that of the claim to the complainant and the legal costs of the complainants legal representatives. Upon receiving the summons, it gave rise to present obligation accordance with GRAP 19 paragraph 21 and that the municipality had to recognise within their records a provision.	Management lacked oversight in ensuring that facts and circumstances of litigation claims were evaluated in accordance with the relevant GRAP standards to ensure that disclosure requirements are complied with.	Management needs to exercise oversight in ensuring that litigations and claims are evaluated against relevant GRAP standards to ascertain that annual financial statements are in compliant thereof.	The claim will be assessed and a provision raised in the annual financial statements	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
182	COMAF 89: ISS 195	Non submission of information	Management Report	Payable	During the execution phase of audit payable prior period error for payable, information for adjustment was requested in RFI 41. We noted the following information was not submitted to support the prior period error payable journals: Supplier Amount I154 - IEMAS R 60 300 B614 - Bothabatsatsi Trading and Projects R 582 349,15 Total R 642 649.15	understatement of provisions to the amount of R3.5 million	Management should ensure that all documentation is submitted within the agreed-upon period.	Outstanding information will be obtained and made available for the audit.	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started
183	COMAF 98: ISS 231	Trade payable - Exchange vs non-exchange classification	Management Report	Payable	During the audit of trade payables from exchange transactions, the following line items were incorrectly classified as exchange items instead of non-exchange items: 2019/20 Receiver of Revenue - R2 539 867 Mamusa MIG - R1 830 304 2018/19 Mamusa MIG - R1 830 304 During the audit of Unspent conditional grants, the following was also identified which met the definition of non-exchange: 2019/20 Unspent conditional grant- Roll over forms not approved by National Treasury - R42 833 457 2018/19 Unspent conditional grant- Roll over forms not approved by National Treasury - R35 800 571	Management had lacked oversight in ensuring that Trade payables is correctly classified between exchange and non-exchange transaction	Management should create an account for Trade payables non-exchange transaction account and include all payables that meet the definition of non-exchange transaction.	1. Reclassification journal will be processed at year end to clear the finding on the annual financial statements 2. Reclassification to be disclosed as prior year reclassifications on the Note	01/05/2021	31/07/2021	Manager Expenditure/AFS Consultants	Not yet started

60	COMAF 15: Iss.26 -	Audit of Predetermined objectives - Portfolio of Evidence**NOT RESOLVE** (MR)	Management Report	Predetermined objectives	Upon inspection of the files submitted on the 20/11/2020, it was noted that POE (Portfolio of Evidence) is not complete as it does not include listing (Lead schedules) to support the reported achievements for the following indicators: <input type="checkbox"/> Number of households provided with access to sanitation through rural sanitation programme by 30 June 2020 - 2090 reported <input type="checkbox"/> Number of households provided with access to water through rural water supply programme by 30 June 2020 - 2558 reported It was also noted that performance quarterly reports submitted by each department manager to the PMS manager are in excel format and there is no evidence of any reviews being done.	Management did not review quarterly reports and ensure that full and proper records to support the reported performance information are kept in place and submitted to the auditors when requested.	Management must ensure proper record keeping is in place to support reported performance information and the submission of that information is made within the time frame as stipulated within the audit engagement letter. Management should also have proper reviewing of quarterly reports done by each division. This involves each division manager preparing a quarterly report and signing it off with the relevant POE to be reviewed by the PMS.	.SOPs and controls put on place and workshopped with all.Due to late submission of information which are unreferenced and in fragments caused a delay in the review of all POE and reports leading to such. In addition the SOPs as adopted by Management were not implemented by all as agreed.Seniors are to implement as PMS do not have control over such.	01/05/2021	30/06/2021	Manager Performance	Completed
184	COMAF 31: Iss.63 -	Inconsistent reporting - AOPO	Management Report	Predetermined objectives	The following inconsistencies regarding the reported key performance areas were identified between the 2019/20 annual report and the 2019/20 SDBIP: In the annual report, the organizational performance (Component K) : - Good governance and public participation - Municipal Financial Viability - Municipal transformation and organisational development - Basic Service Delivery and Infrastructure Investment The revised SDBIP, in reference to the Municipal KPA: - Public Participation and Good Governance - Municipal Financial Viability and Management - Community Services and development	Management did not ensure that it implements proper controls over the preparations of the annual report to ensure there is consistency. Inconsistent reporting in the annual report with planning documents	Management should ensure that the annual report is in line with the SDBIP and no inconsistencies are identified.	Management will ensure to disclose all KPAS from national and municipal which will be addressed in next APR.	01/05/2021	31/08/2021	Manager Performance	To be done in 20 21 APR
185	COMAF 31: Iss.64 -	Quarterly reports not done – AOPO	Management Report	Predetermined objectives	During the business process for AOPO, the following was noted and confirmed as a process followed by management: The senior manager of each departments signs a performance agreement and is responsible for preparing quarterly performance reports which are sent to the PMS manager. The PMS manager then consolidates the individual reports, agreeing the Portfolio of evidence (POE) to the reports. The consolidated report is then used when completing the annual report to include the final achievements of the targets The quarterly performance reports were submitted during the business process stage and the following was noted: The quarterly performance reports were submitted in excel, unsigned thus it is not evident that respective senior managers of each department prepares quarterly reports to be sent to the PMS manager. This will result in an internal control deficiency and a non-compliance with laws and regulations.	Management did not ensure that it implements proper controls over the preparations of quarterly performance reports	Management should ensure quarterly performance reports are completed and signed by the respective senior managers with the relevant POE, as per the signed performance agreement. The reports should further be signed by the PMS manager as a sign of review being done prior to the information being consolidated and taken to the annual report.	A EPMS System are used as to ensure senior manager reporting , PMS review and internal audit verification and determination of actual achievement	01/05/2021	30/06/2021	Manager Performance	Complete however there are serious challenges with implementation from some departments
61	COMAF 31: Iss.66 -	Presentation and disclosure – AOPO	Audit Report	Predetermined objectives	During the review of the submitted 2019/20 draft annual report, it was noted that for overachievement no sufficient reasoning was given for the variances and indicated incorrectly as n/a and for under achievement not sufficient detail was included that could be corroborated by evidence. Please refer to the following identified indicators:	Management did not ensure that it implements proper controls over the preparations of the annual report This will result in inaccurate presentation of the annual performance report.	For each variance noted, sufficient reasons must be given that explains to the user the reasons for variances (Both over and under). For all indicators affected by lockdown, more detailed information needs to be given as the lockdown came into effect in the remaining 3 months of the financial year. The details should be sufficient to a point that the user can reach the same conclusion that due to lockdown, the projects could not be completed. Further management should complete the remedial action tab for all under performance.	Management will ensure to include variance reasons in detail provided that everyone plays their part as PMS do not have answers without support of Seniors	01/05/2021	31/07/2021	Manager Performance	Done in Q3 and will also be done in Q4 as well as APR 20 21
186	COMAF 42: Iss.80-	AOPO - Completeness of indicators	Management Report	Predetermined objectives	In terms of section 41(1)(a) of the municipal systems act, A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed, set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan. The IDP states the following objectives for the service delivery and infrastructure development KPA: - Ensure all the bucket system is eradicated in the district - Ensure that the access to basic proper sanitation is provided to communities in the rural areas - Ensure that the access to basic provision of water is provided to communities in the district - Ensure that proper maintenance of roads is done continuously in the district During the review of the annual report and the disclosed indicators, it was noted that the municipality does not have sufficient indicators that are in line with its main objective and mission: "We provide efficient, effective and sustainable municipal service to the communities of the Dr Ruth Mompoti District Municipality" Management report of Dr. Ruth S Mompoti DM It was further noted that there are no specific indicators on infrastructure projects relating to water and sanitation. The only indicators included refer to a % spending which is a financial indicator and does not give the public an indication of what projects are currently implemented, the progress on it and if it was completed in the required timeframes. In addition, there is no indicators on the monitoring of SLA signed between the WSA and WSPs and no indicators to indicate that signed SLA	Management did not ensure that it implements proper controls over the preparations of the annual report to ensure sufficient disclosures of indicators that are relevant and relates to the core function of the municipality are made. This will result in incomplete reporting of performance indicators.	Management must ensure that during the planning process of the SDBIP and budget that indicators relating to the core functions of the municipality is very limited and should include more specific indicators on infrastructure projects and WSA monitoring and implementation functions.	Management will include indicators that are more relevant to actual mandate of organisation	01/05/2021	31/07/2021	Manager Performance	to be implemented in 20 21 SDBIP and reports thereof.
62	COMAF 45: Iss.103 -	Inconsistent reporting on planned and reported targets – AOPO	Audit Report	Predetermined objectives	During the usefulness test i.t.o the consistency of planned and reported targets between the 2019/20 SDBIP and the 2019/20 annual report, the following inconsistencies were identified for the "Number of households provided with access to sanitation through rural sanitation programme by 30 June 2020 indicator": SDBIP : 16000 Annual report: 1600	Management did not ensure that it implements proper controls over the preparations of the annual report to ensure there is consistency. Inconsistent reporting in the annual report with planning documents	Management should ensure that the targets included in the annual report is in line with the SDBIP	Management will ensure that the targets included in the annual report is in line with the SDBIP	01/05/2021	31/08/2021	Manager Performance	on going

187	COMAF 23: Iss.16 -	SCM: Procurement plan does not include all relevant projects**NOT RESOLVED***(MR)	Management Report	Procurement and Contract Management	Paragraph 39 of the Municipal Supply Chain Management Policy Approved by Council on 28 February 2018 states the following: Senior Managers of departments should submit to Budget and Treasury Office by 31 July of each year, a procurement plan containing all planned procurement of the financial year in respect of procurement of goods, works and/or services which exceed R200 000(all applicable taxes included). This procurement plan must be approved by the accounting officer or his or her delegate prior to its submission. During the confirmation of the business process of the Supply Chain Management function, it was noted that the procurement plans of the municipality is not complete. The following projects were identified on the contract register, that could not be traced to the procurement plans: □ RD 2019-012A - Preparation of Annual Financial Statement □ RD 2019-009A - Construction of Dry Sanitation as Part of the Rural Sanitation program (2020-2023) for Dr Ruth Segomotsi Mompoti District Municipality) □ RD 2018-002A4a - Rural Water Supply Programme: Turnkey Appointment – Design and Construction of New Water Reticulation Network in Taung Extensions 4, 5 & 7 We further noted that not all the procurement plans were	Management did not exercise oversight responsibility to ensure that all projects planned for the current year is planned within the procurement plans. This will result in a control deficiency	Management should ensure that all planned projects is disclosed within the procurement plans, and that all procurement plans are consolidated and submitted to provincial treasury.		01/05/2021	31/08/2021	Manager SCM	Not yet started
188	COMAF 13:	Limitation of scope: Information not received (RFI 50)**NOT RESOLVED***(AR)	Audit Report	Procurement and Contract Management	During the execution stage of the audit, the following information was requested and not received: Request for information no. 50, send out on 4 November, due for submission on 9 November 2020	Management did not ensure that all requested information is submitted within the agreed upon period	Management should ensure that all documentation is submitted within the agreed-upon period.	Outstanding information will be obtained and made available for the audit.	01/05/2021	31/08/2021	Manager SCM	Not yet started
63	COMAF 17: Iss.32 -	Limitation of scope SCM: Information not received (RFI 60,62 and 73) **NOT RESOLVED***(AR)	Audit Report	Procurement and Contract Management	During the execution stage of the audit, the following information was requested and not received: Request for information no. 60, send out on 16 November, due for submission on 19 November 2020: Declaration of interest forms for the following individuals: * Sophy van Nek * Tembanyanga Galeng * Gaolathue Seelamo Request for information no. 73, send out on 18 November 2020, and due for submission on 23 November 2020: Uncle Paul Distributors JV Jorian Construction - Letter of good standing from the bank	Management did not exercise oversight responsibility to ensure that all relevant information is submitted within the agreed upon period This will result in a limitation of scope	Management should ensure that the information is submitted within the agreed upon period of 3 days.	Information will be obtained and made available for audit	01/05/2021	31/08/2021	Manager SCM	Not yet started
189	COMAF 35: - Iss. 48	SCM: State employees doing Business with Dr. Ruth		Procurement and Contract Management	Supply Chain Management Regulation 13(c) states that : 13. A supply chain management policy must state that the municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted the quotation or bid - (c) has indicated - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months; (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months ; or (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months. Supply Chain Management Regulation 46(2)(f) states that : (2)A municipal code of ethical standards must stipulate that an official or other role player involved in the implementation of the supply chain management policy of the municipality or municipal entity - (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest; Municipal Finance Management Act section 112(1)(j) states the following: The supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following: (j) compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders and the exclusion of such prospective contractors	Management did not exercise oversight responsibility to ensure that the procurement of goods/services is done in compliance with the requirements SCM regulation. This will result in non-compliance with SCM regulation 13(c)	Management should put controls in place to ensure that suppliers declares all their interests		01/05/2021	31/08/2021	Manager SCM	Not yet started
64	COMAF 34: Iss. - 60	SCM: Local Content - Contract to provide less than required Local Content (AR)	Audit Report	Procurement and Contract Management	Through inspection of the bid documents for the tender: RDM 2019-010A it was noted that the winning bidder, Supply Cor cc, disclosed in their MBD 6.2 form that the supplier will supply the municipality with an average of 66.80% of Local Content production, This is inconsistent with the requirement listed above, indicating that 100% local content needs to be procured. We further inspected all the bidding documents presented by the supplier, and we could not identify any approval received for the supplier from the DTI for procuring less than the required local content. Post the allocation of this award, we could not obtain evidence that DTI was informed about the successful bidder including the value of the contract, as well as that a copy of the SBD 6.2 certificate has been send to the DTI Management did not ensure that goods classified under designated sectors are procured in terms of PPR 9(1)	Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	Management should ensure compliance with PPR 9(5)	Monitor compliance with PPR9(5)	01/05/2021	31/08/2021	Manager SCM	Not yet started
190	COMAF 34: Iss.68 -	SCM Deviations: No proof of benefits received provided		Procurement and Contract Management	Supply Chain Management regulations 32(1)(c) states the following: A supply chain management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if there are demonstrable discounts or benefits for the municipality or entity to do so. Management report of Dr. Ruth S Mompoti DM During the audit of the deviations to the supply chain management processes, the following two contracts was entered into in terms of section 32 of the Supply Chain Management regulations, however, there was no indication of the demonstrable discounts or benefits for the municipality provided: * RDM2018-029A: Water Tankering Services for Mamusa Local Municipality (Transversal Contract) - Contractor: Ziqvo	Management did not exercise oversight responsibility to ensure that contracts entered into through SCM regulations 32 provides benefits or discount to the municipality. Non-compliance to SCM regulation 32(1)(c) will be communicated within the Management report.	Management should ensure that all SCM deviations in terms of regulation 32 is supported by demonstrable discounts or benefits for the municipality.		01/05/2021	31/08/2021	Manager SCM	Not yet started
65	COMAF 34: Iss.70 -	SCM Deviations: Covid expenditure not in terms of the mandate		Procurement and Contract Management	Through our testing of deviations to the competitive bidding process, we noted that the following transactions occurred, that is not in line with the mandate of the municipality, nor included in the National governments support to municipalities to assist them in responding to the COVID-19 pandemic in the 2019/20 municipal financial year as this support was provided to assist municipalities to provide additional access to basic services for vulnerable communities during the lockdown and to sanitize public transport facilities as the economy undergoes a phased re-opening. We could also not confirm that this expenditure was communicated to	Management did not exercise oversight responsibility to ensure that the covid-19 expenditure that took place was in line with the mandate of the municipality, as well as the support initiative announced by the President.	Management should ensure that all expenditure that takes place is in line with the mandate and budget of the municipality.		01/05/2021	31/08/2021	Manager SCM	Not yet started

	RESOLVED COMAF 34: Iss.73 -	SCM Deviations: Not communicated to council and not disclosed in the Annual Financial Statements		Procurement and Contract Management					01/05/2021	31/08/2021	Manager SCM	Not yet started
191	COMAF 34: Iss.74 -	SCM Deviations: No tax certificate and declaration of interest forms		Procurement and Contract Management	SCM regulation 13(b) states the following: A supply chain management policy must state that the municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted the quotation or bid has authorised the municipality or municipal entity to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order SCM regulation 13(c) states the following: A supply chain management policy must state that the municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted the quotation or bid has indicated - (i) whether he or she is in service of the state, or has been in service of the state in the previous twelve months; (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous 12 months, (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous 12 months. Management report of Dr. Ruth S Mompoti DM During the audit of the tender: RDM2017-006A - Section 32: VAT, management have not supplied us with the tax certificate, as well as the declaration of interest forms that the supplier submitted with the award. Therefore	Management did not exercise oversight responsibility to ensure that all the relevant information is included in the bid documentation submitted for audit. This will result in a limitation of scope for the auditors to confirm the compliance with SCM regulation 13(b) and 13(c) that will be communicated in the management report	Management should ensure that all the relevant information requested is included within the bid documentation.	Outstanding information will be obtained and made available for the audit.	01/05/2021	31/08/2021	Manager SCM	Not yet started
192	COMAF 40: ISS 84	SCM: Contract register not up to date		Procurement and Contract Management	Section 62(1)(c) of the Municipal Finance Management Act states the following: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control; During our audit of supply chain management processes, we noted that the municipality had contracts with the following parties that could not be identified on the contract register: Management report of Dr. Ruth S Mompoti DM <input type="checkbox"/> Aon South Africa <input type="checkbox"/> CCG systems <input type="checkbox"/> Stannic Fleet Management <input type="checkbox"/> MURRAY AND DICKSON (PTY) LTD FineNhuu JV	Management did not exercise oversight responsibility to ensure that the contract register is kept up to date. This will result in a control deficiency communicated within the management report.	Management should ensure that the contract register is kept up to date	The contract register will be reconciled against other sources such as commitments register.	01/05/2021	31/08/2021	Manager SCM	Not yet started
193	COMAF 40: ISS 85	SCM: CIBD - Contractors no longer registered on the CIBD		Procurement and Contract Management	CIBD Act section 18(1) states the following: A contractor may not undertake, carry out or complete any construction works or portion thereof for public sector contracts, awarded in terms of competitive tender or quotation, unless he or she is registered with the Board and holds a valid registration certificate issued by the Board. CIBD regulation 25(5) states the following: Subject to subregulation (1), joint ventures are eligible to submit tender offers or expressions of interest if - (a) every member of the joint venture is a registered contractor in terms of these Regulations and the lead partner has a contractor grading designation in the class of construction works under consideration and possesses the required recognition status; and (b) the category of registration of the joint venture, determined in accordance with subregulation (6) is equal to or higher than the category of registration specified in accordance	Management did not exercise oversight responsibility to ensure that all contractors completing projects remains registered with the CIBD. This will result in non-compliance to CIBD regulation 18(1), as well as regulation 25(5). This will further result in irregular expenditure relating to the project: RDM2011-020D - Construction of Oxidation Pond in Glaudina at Mamusa local municipality of R 1 522 374 not disclosed.	Management should ensure that all contractors used remains registered throughout the period of the contract.		01/05/2021	31/08/2021	Manager SCM	Not yet started
194	COMAF 55: ISS. 118	SCM Competitive bidding: Tender not advertised for the required amount of time.		Procurement and Contract Management	Supply Chain Management regulations 22(1)(a) and 22(1)(b)(i) states the following: Management report of Dr. Ruth S Mompoti DM (a) A supply chain management policy must determine the procedure for the invitation of competitive bids, and must stipulate the information that any invitation to prospective providers to submit bids must be by means of public advertisement in newspapers commonly circulated locally, the website of the municipality or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and (b) the information a public advertisement must contain, which must include - the closure date of the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are for a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub regulation (2) During the audit of the competitive bidding process, we noted that the advertisement placed for RDM2014-034G: Taung Bulk Water Supply to Southern Eastern Villages: Volume C Reservoirs Phase 2E within the Sowetan dated 2 October 2017	Management did not exercise oversight responsibility to ensure that the bid was advertised for the required number of days.	Management should ensure that all bids are advertised for the required amount of days as per SCM regulation 22(1)(b)(i)		01/05/2021	31/08/2021	Manager SCM	Not yet started
195	COMAF 55 : ISS 121	SCM: Competitive bidding: Municipal account not included within tender documentation		Procurement and Contract Management	Supply Chain Management regulation 28(1)(c) states the following: A bid evaluation committee must check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears. Supply Chain Management regulations 38(1)(d)(i) states the following: A supply chain management policy must provide measures for the combating of abuse of supply chain management system, and must enable the accounting officer to reject any bid from a bidder if any municipal rates and taxes or municipal service charges owed by the bidder or any of its directors to the municipality or municipal entity, or any other municipality or municipal entity, are in arrears for more than three months. During the audit of the competitive bidding process, we noted that the tender files of the following winning bidders did not include the municipal account of the supplier: <input type="checkbox"/> Taung Bulk Water Supply to Southern Eastern Villages Volume A Pipelines - Phase 2E-2 (RDM2014-034E) - Amawakawaka JV Tipucab (Pty)Ltd <input type="checkbox"/> RD 2019-010A - Procurement of Station Uniform for Fire Services Personnel (Supply Contract RD 2019-015A - Design, Hosting and	Management did not exercise oversight responsibility to ensure that the winning supplier's municipal affairs are not in arrears. This will result in non-compliance to SCM regulation 28(1)(c) as well as SCM regulation 38(1)(d)(i) that will be reported in the management report	Management must check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears		01/05/2021	31/08/2021	Manager SCM	Not yet started
66	COMAF 55 : ISS 123	SCM: Bid Committee meetings		Procurement and Contract Management	During the audit of Competitive Bidding, we noted that for the following tenders, there has been members of the bid evaluation committee that have attended the bid adjudication committee meetings:	Management did not exercise oversight responsibility to ensure that members of the bid evaluation committee does not attend the bid adjudication committee meetings	Management should ensure that no member of the bid evaluation committee attends the meetings of the bid adjudication committee.		01/05/2021	31/08/2021	Manager SCM	Not yet started
67	COMAF 55 : ISS 124	SCM: Composition of bid committees		Procurement and Contract Management	During our review of the composition of the bid adjudication committee meetings relating to the tenders mentioned below, we noted the following non-compliance to SCM regulation 29(2):	Management did not exercise oversight responsibility to ensure that the bid committee is compiled in lines of SCM regulation 29(2)	Management should ensure that the bid adjudication committee is compiled in terms of regulation 29(2)		01/05/2021	31/08/2021	Manager SCM	Not yet started

68	COMAF 65: ISS 153	SCM: Limitation of scope - Information not received (RFI 152)		Procurement and Contract Management	The following information requested within RFI 152, send out on 16 February 2020, and due for submission on 19 February 2020 have not been received: 1. The following documents for the contracts listed below: <input type="checkbox"/> Advertisement <input type="checkbox"/> Bid committee minutes (bid specification, bid evaluation and bid adjudication committee minutes) <input type="checkbox"/> bid register control form (Bid received list) <input type="checkbox"/> Bid evaluation report <input type="checkbox"/> Bid documents received from winning and losing suppliers (declaration of interests, tax certificates, documents used to calculate the qualification criteria, proof that the supplier is in good standing with the bank, BBBEE certificate, municipal account and any other relevant document) <input type="checkbox"/> Appointment letter of the approved supplier <input type="checkbox"/> CSD reports of the winning supplier	Management did not exercise oversight responsibility to ensure that all information requested have been submitted.	Management should ensure that all information requested have been submitted within the agreed upon period of three days.		01/05/2021	31/08/2021	Manager SCM	Not yet started
196	COMAF 77: ISS 158:	SCM: PPR: Bid evaluated against the incorrect point system		Procurement and Contract Management	Preferential Procurement Regulations 7(1) states the following: 7.(1) The following formula must be used to calculate the points out of 90 for price in respect of a tender with a Rand value above R50 million, inclusive of all applicable taxes: $PS = 90(1-(Pt-Pmin)/Pmin)$ Where Ps = Points scored for price of tender under consideration; Pt = Price of tender under consideration; and Pmin = Price of lowest acceptable tender. (2) The following table must be used to calculate the points out of 10 for BBBEE: B-BBEE Status Level of Contributor Number of Points Level Points 1 10 2 9 3 6 4 5 5 4 6 3 7 2 8 1 Non-compliant contributor 0 (3) A tenderer must submit proof of its B-BBEE status level of contributor. (4) A tenderer failing to submit proof of B-BBEE status level of contribution or is a non-compliant contributor to B-BBEE may not be disqualified, but- (a) may only score points out of 90 for price; and (b) scores 0 points out of 10 for B-BBEE. (5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract. Management report of Dr. Ruth S Mompoti DM (6) The points scored by a tenderer for B-BBEE contribution in terms of sub regulation (2) must be added to the points scored for price under sub regulation (1). (7) The points scored must be rounded off to the nearest two decimal places. (8) Subject to sub regulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points. (9)(a) If the price offered by a tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer. (b) The organ of state may not award the contract to that tenderer if the price offered is not market related.	Management did not exercise oversight responsibility to ensure that the correct evaluation system was used. This will result in non-compliance to the PPR regulations to be communicated within the management report.	Management should ensure that the correct evaluation system in terms of the PPR regulations is used when evaluating transactions within procurement processes		01/05/2021	31/08/2021	Manager SCM	Not yet started
69	COMAF 77: ISS 163	SCM: Covid-19 Emergency deviations		Procurement and Contract Management	During the audit Supply Chain Management Processes, we noted that the municipality followed a deviation process in terms of Circular 100 of the MFMA, however, the expenditure that occurred were not in terms of the Circular, as the expenditure was not the basic preventative items to contain and manage the transmission of the Covid-19 virus. Therefore, the transactions do not consist of an approved case of emergency in terms of circular 100, and a competitive bidding process should have been followed. Consequently, the evaluation of the following bids were also not done in terms of the Preferential procurement policy framework	Management did not exercise oversight responsibility to ensure that a competitive bidding process is followed.	Management should ensure that all procurement above the value of R200 000 is done through a competitive bidding process		01/05/2021	31/08/2021	Manager SCM	Not yet started
197	COMAF 77: ISS 165	SCM: PPR: Two suppliers appointed for the same project		Procurement and Contract Management	The preferential procurement framework Act section 2(1)(f) states the following: An organ of state must determine its preferential procurement policy and implement it within the following framework: (f) the contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to another tenderer; The Preferential Procurement Regulations 11 states the following: (1) A contract may be awarded to a tenderer that did not score the highest points only in accordance to section 2(1)(f) of this Act. (2) If an organ of state intends to apply objective criteria in terms of section 2(1)(f) of the Act, the organ of state must stipulate the objective criteria in the tender documentations.	Management did not exercise oversight responsibility to ensure that separate competitive bidding processes have been followed for all contracts that have been entered into. This will result in non-compliance to the Preferential Procurement Policy Framework Act section 2(1)(f)	Management should ensure that a separate competitive bidding process is followed for each contract that is entered into.		01/05/2021	31/08/2021	Manager SCM	Not yet started
70	COMAF 77: ISS. 171	SCM: PPR - Unable to recalculate price.		Procurement and Contract Management	During the audit of the evaluation of points scored in terms of the PPR act, we noted that for the contract: Rural water supply programme (2016-19): equipping of boreholes and reticulation Kagisano Molopo Local Municipality (RDM2016-017Db) The price instructions included in the tender provides the Tenderer with guidelines and requirements with regards to the completion of the Schedule of Rates. These pricing instructions also describe the criteria and assumptions which will be assumed in the Contract to have been taken into account by the Tenderer when developing his prices. Within the bid evaluation report, the calculations were done based on the specific requirements of the contract to be awarded. Specialised prices have been calculated with the use of pricing schedule for each supplier. However, we were not able to recalculate the prices used within the evaluation, as the worksheet to specify which individual criteria has been used has not been included within the evaluation. Therefore, we were unable to determine if the prices within the	Management did not exercise oversight responsibility to ensure that the prices that the tenders are evaluated on are supported by calculations	Management should ensure that all evaluated bids are supported with sufficient calculations for the evaluation criteria used.		01/05/2021	31/08/2021	Manager SCM	Not yet started

198	COMAF 80: ISS 181	Payments made not economical		Procurement and Contract Management	Municipal Finance Management Act section 62(1)(a) states the following: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically; MFMA Circular 102 paragraph 4.6 states the following: Municipalities and Municipal Entities may approach any supplier to obtain quotes and may procure from such suppliers on condition that (a) the items are to the specifications as determined by the WHO and NDOH (b) the prices are equal or lower than the prices in Annexure A; and (c) the supplier is registered in the Central Supplier Database and any other database as may be approved by National Treasury Municipal Financial Management Act section 62(1)(d) states the following: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented; During the testing of COVID related expenditure, we noted that some of the covid procurement was procured at a higher price than it would normally be for specific goods. We benchmark the following prices, and confirmed that the following payments were paid at a higher price than the benchmark we used. Please note that the prices obtained which we benchmarked was during March 2021 (expectation is that inflation was already added thus our benchmarked price could be higher than the prices during March/April 2020 when the procurement occurred at the municipality. therefore the procurement cost could actually be higher	Management did not exercise oversight responsibility to ensure that procurement is economical Possible financial loss of R1 253 816.67 for the selected items in this finding.	Management should ensure that goods and services procured are economical and that prices are benchmarked when quotations are sourced. If prices were benchmarked to ensure most economically price was paid then management must provide support for this.		01/05/2021	31/08/2021	Manager SCM	Not yet started
71	COMAF 80: ISS 188	SCM: Deviations not communicated to council		Procurement and Contract Management	During the audit of the deviations made to the supply chain management processes, we noted that the following two transactions were not communicated to council: * Provision of sanitisers (Covid 19), (PO1758), dated 25 March 2020, R 446 500 - Kwantuthuko Trading enterprise * Provision of bar soaps and dispensers for covid-19 intervention (PO1834), dated 2 April 2020. R 320 000 - Kwantuthuko trading enterprise We inspected the SCM reports ending 31 March 2020, as well as the report ending 30 June 2020, and confirmed that this transactions were not included	Management did not exercise oversight responsibility to ensure that all deviations have been communicated to council	Management should ensure that all deviations to the competitive bidding process have been communicated to council	Deviations register will be updated and ensure all deviations are tabled at council.	01/05/2021	31/08/2021	Manager SCM	Not yet started
199	COMAF 85: ISS 194	Payment not economical part 2		Procurement and Contract Management	Municipal Finance Management Act section 62(1)(a) states the following: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically; MFMA Circular 102 paragraph 4.6 states the following: Municipalities and Municipal Entities may approach any supplier to obtain quotes and may procure from such suppliers on condition that (a) the items are to the specifications as determined by the WHO and NDOH (b) the prices are equal or lower than the prices in Annexure A; and (c) the supplier is registered in the Central Supplier Database and any other database as may be approved by National Treasury Municipal Financial Management Act section 62(1)(d) states the following: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented; During the testing of COVID related expenditure, we noted that some of the covid procurement was procured at a higher price than it would normally be for specific goods. We benchmarked the following prices, and confirmed that the following payments were paid at a higher price than the benchmark we used. Please note that the prices obtained which we benchmarked was during March 2021 (expectation is that inflation was already Management report of Dr. Ruth S Mompoti DM added thus our benchmarked price could be higher than the prices during March/April 2020 when the procurement occurred at the municipality - therefor the procurement cost could actually be higher	Management did not exercise oversight responsibility to ensure that procurement is economical Possible financial loss of R247 429.85 for the selected items in this finding.	Management should ensure that goods and services procured are economical and that prices are benchmarked when quotations are sourced. If prices were benchmarked to ensure most economically price was paid, then management must provide support for this.	The issue will be investigated to determine the reason for the differences.	01/05/2021	31/08/2021	Manager SCM	Not yet started
72	COMAF 88: ISS 199	SCM Contract Management: No Proper contract Management in place		Procurement and Contract Management	During the audit of Procurement and Contract Management we noted that the project management reports of suppliers have been compiled by the consulting engineers. However, there is no indication that the municipality has went to the projects locations to confirm that what the reports have reported is accurate in terms of the progress and problems identified on the projects. Furthermore, we identified the following issues with the reported progress	Management did not exercise oversight responsibility to oversee day to day management of projects and agreements	Management should ensure that the contract management processes is effectively managed by the municipality through site inspections and verifications of work done to ensure that all contracts are properly managed.	Review of projects will be evidenced by signatures of municipal officials	01/05/2021	31/08/2021	Manager SCM	Not yet started
200	COMAF 88: Iss 200	Contract Management: No indication that variation orders have been communicated to council		Procurement and Contract Management	Municipal Finance Management Act section 116(3)(a) states the following: A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; During the audit of the contract management processes of the municipality, we noted that for the following projects, variation orders were approved. However, there is no indication that the proposed amendments were tabled to council before the amendments were processed: Taung Bulk Water Supply to South Eastern Villages Volume A Pipelines - Phase 2E-2 (RDM2014-034E) - Amawakawaka JV Tipucab (Pty)Ltd An extension letter dated 22 April 2020 extended this contract for a time period of 300 days, as well as an additional cost of R84 787 303.20. This extension letter was approved by the accounting officer. We inspected the SCM report tabled at council dated 30 March 2020, as well as the SCM report tabled 30 June 2020, and there was no indication that this proposed amendment was tabled. Management report of Dr. Ruth S Mompoti DM Vryburg - New Waste Water Treatment Plant (BDM2007-042C) - Lektratek Water Technology (Pty) Ltd The variation orders identified were not approved by the accounting officer, nor was there any indication that the proposed amendments were tabled at council before the amendments were processed. The following variation orders were identified: Variation order 1: Inspected the variation order and confirmed that it has the following details: VO 01. Project No. BDM2007-042C Date: 29 August 2018 Project: New Wastewater treatment works for the greater vryburg area: Mechanical and Electrical Engineering under Client Dr. Ruth S Mompoti District	Management did not exercise oversight responsibility to ensure that all amendments to contracts have been tabled. This will result in non-compliance to MFMA section 116(3)(a) that will be communicated in the management report.	Management should ensure that all amendments to contracts are tabled at council before the amendments is made	To table amendments of contracts to council	01/05/2021	31/08/2021	Manager SCM	Not yet started

201	COMAF 88: ISS 201	Contract Management: Contract not signed by the accounting officer		Procurement and Contract Management	Municipal Finance Management Act section 116(2)(a) states the following: The accounting officer of a municipality or municipal entity must (a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced; During the audit of the Contract Management Processes, we noted that the following contracts were entered into. However, the contract is not signed by the accounting officer: 1. Taung Bulk Water Supply to Southern Eastern Village: Volume C Reservoirs Phase 2E (RDM2014-034G) - Ultimate Dynamic Civils 2. Vryburg - New Waste Water Treatment Plant (BDM2007-042C) - Lektratek Water Technology (Pty) Ltd 3. Vryburg - New Waste Water Treatment Plant (BDM2007-042B) - MDE JV 4. RDM2019-009B: Construction of Dry Sanitation as Part of the Rural Sanitation program (2020-2023) for Dr Ruth Segomotsi Mompoti District Municipality) - PLS Construction 5. RDM2017-007A1 Compilation of GRAP and mSCOA compliant asset register and related asset management system – 3-year contract (JBFE Consulting (PTY)LTD) 6. RDM2016-016A: Rural Sanitation Programme (2016-2019): Izweletshu Cemforce 7. RDM2016-017A Provision of Professional Services - Rural Water Supply Programme A188 -	Management did not exercise oversight responsibility to ensure that the contracts is signed by both parties This will result in non-compliance to MFMA section 116(1)(a) that will be communicated in the management report	Management should ensure that all contract is signed for approval by the accounting officer as well as the supplier.		01/05/2021	31/08/2021	Manager SCM	Not yet started
202	COMAF 88: ISS 202	SCM: Limitation of scope - No evaluation report		Procurement and Contract Management	Supply Chain Management regulation 28(1)(a)(ii) states the following: "a Bid evaluation committee must evaluate bids in accordance with the points system as must be set out in the in the supply chain management policy of the municipality in terms of regulation 27(2)(f) and as prescribed in terms of the preferential procurement policy framework act Supply chain management policy of the municipality in terms of SCM regulation 27(2)(f); Bid specification committee. specifications - must indicate each specific goal for which points may be awarded in terms of the point system set out in the supply chain management policy of the municipality. Section 2(c) of the SCM policy of Dr Ruth S Mompoti District Municipality: Policy complies with the regulatory framework prescribed in the supply chain management regulations for	Management did not exercise oversight to ensure that an evaluation report is supplied Non-compliance to SCM regulation 28(1)(a)(ii)	Management should ensure that all payment vouchers is supported with the bid evaluation reports.	To attach bid evaluation reports to payment vouchers going forward.	01/05/2021	31/08/2021	Manager SCM	Not yet started
203	COMAF 88: Iss 203	SCM - Only evaluate on price and highest priced supplier used		Procurement and Contract Management	In terms of section 62(1)(c)(i) of the municipal finance management act states the following: The accounting officer of a municipality is responsible for the managing of financial administration of the municipality, and must for this purpose take all reasonable steps to ensure, that municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000: PREFERENTIAL PROCUREMENT REGULATIONS, 2011, section 5(1) states the following: (a)The following formula must be used to calculate the points for price in respect of tender (including price quotations) with a Rand value equal to, or above R 30 000 and up to a Rand value of R1 000 000 (all applicable taxes included): (P	This was cause by management not exercising oversight to ensure that BEE certificates for all evaluated suppliers are received and that the supplier that scored the highest points is selected Non compliance to PPR 5.1	Management should ensure that all potential suppliers for procurements above R30 000 are evaluated based on price and BEE and that a BEE certificate is submitted even for a sole supplier.		01/05/2021	31/08/2021	Manager SCM	Not yet started
204	COMAF 88: Iss 204	SCM Contract Management: Value of extension is not reasonable		Procurement and Contract Management	Municipal Finance Management Act Circular 62 states the following: Management report of Dr. Ruth S Mompoti DM Management of expansion or variation of orders against the original contract It is recognized that, in exceptional cases, an accounting officer of a municipality or municipal entity may deem it necessary to expand or vary orders against the original contract. The expansion or variation of orders against the original contract has, however, led to wide scale abuse of the current SCM system. In order to mitigate such practices, accounting officers of municipalities and municipal entities are advised that, from the date of this Circular, contracts may be expanded or varied by not more than 20% for construction related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract. Municipal Councils and Board of Directors of municipal entities are required to amend their supply chain management policies accordingly. Furthermore, anything beyond the abovementioned thresholds must be reported to council or the board of directors. Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract. The contents of the above paragraph are not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of municipalities and municipal entities and, specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown. During the audit of the following project, we noted that the variation order processed was above the threshold of 20%: Taung Bulk Water Supply to Southern Eastern Village: Volume C Reservoirs Phase 2E (RDM2014-034G) - Ultimate Dynamic Civils	Management did not exercise oversight responsibility to ensure that all variation orders is in line with the prescripts. This will result in non-compliance to MFMA circular 62	Management should ensure that all variation orders are within the reasonable limits.		01/05/2021	31/08/2021	Manager SCM	Not yet started
205	COMAF 88: Iss 205	SCM Contract management: No dispute resolution in contracts, and contracts does not refer to the general conditions of a contract		Procurement and Contract Management	Municipal Finance Management Act section 116(1)(b)(ii) states the following: A contract or agreement procured through the supply chain management system of a municipality or municipal entity must stipulate the terms and conditions of the contract or agreement, which must include provisions providing for dispute resolution mechanisms to settle disputes between the parties; SCM regulations 21(a) states the following: A Supply Chain Management policy must determine the criteria to which bid documentation for a competitive bidding process must comply, and state that in addition to regulation 13 the bid documentation must take into account: (i) The general conditions of contract (ii) any Treasury guidelines on bid documentation, and (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure; Management report of Dr. Ruth S Mompoti DM During the audit of the contract management processes, we identified the following contracts where the SLA with the supplier did not include any dispute resolution mechanisms to settle disputes between parties. The Service Level Agreements also did not include any reference to the General Conditions of a contract. The contracts identified are as follows: 1. RDM2018-027A: Provision of ICT Network Services with Maintenance and support (Rebus Technologies (Pty) Ltd) 2. RDM2019-012A: Preparation of Annual Financial Statement (KMH Chartered Accountants) 3. RDM2018-028A: The Provision of Automated Telephone and Printing Services (Green droplets Projects (Pty) Ltd) 4. RDM2019-015A: Design, Hosting and	Management did not exercise oversight responsibility to ensure that all the required sections are included within the contract. This will result in non-compliance to MFMA section 116(1)(b)(ii) as well as SCM regulation 21(a)	Management should ensure that all contracts include dispute resolutions mechanisms and that all contracts are in line with the General Conditions of a Contract as prescribed by National Treasury.		01/05/2021	31/08/2021	Manager SCM	Not yet started

206	COMAF 88: Iss 208	No CSD report submitted for winning supplier.		Procurement and Contract Management	Supply Chain Management regulation 17(a) and 17(b) " A Supply chain management policy must stipulate the conditions for procuring goods or services through formal written price quotations which must include conditions stating: a) That quotations must be obtained in written from at least 3 different providers whose names appear on the list accredited prospective providers of the municipality b) the quotations may be obtained from providers who are not listed, provided that the provider meets the listing criteria in the supply chain management policy required	Management did not exercise oversight to ensure that all selected suppliers are registered on CSD None compliance of SCM regulation 17(a) and (b)	Management should ensure that all selected supplier are registered on CSD.		01/05/2021	31/08/2021	Manager SCM	Not yet started
73	COMAF 89: ISS 213	SCM: Local Content		Procurement and Contract Management	Through the inspection of the following two procurement processes, we noted that goods were procured that is defined as goods obtained within designated sectors. However, through inspection of the tender documentation, confirmed that Municipal Bidding Documents (MBD 6.2) 'Declaration Certificate for Local Production and Content for Designated Sectors' was not completed, indicating that Management did not take into account the local content declaration for the below mentioned bids: * RDM2019-011A - Replace Redundant Fire Station Protection Uniform of Fire Services Personnel (Vanguard Fire and Safety Inland (Pty) Ltd) * Vryburg - New Waste Water Treatment Plant (BDM2007-042C) - Lektratek Water Technology (Pty) Ltd	Management did not ensure that goods classified under designated sectors are procured in terms of PPR 9(1)	Management should ensure that local production and content is taken into account for goods and services procured within the designated sectors		01/05/2021	31/08/2021	Manager SCM	Not yet started
207	COMAF 100: ISS 241	SCM - Deviations not reported to council and/or in AFS		Procurement and Contract Management	SCM regulations 36(2) states the following: "The accounting officer must record the reasons for any deviations in terms of sub regulation (1) (a) and (b) and report them in the next meeting of the council and include as a note to the annual financial statements." During the audit of SCM quotation process the	Management did not exercise oversight responsibility to ensure that the procurement of goods/services is done in compliance with the requirements of SCM regulation. Non-compliance to SCM reg 36(2), deviation disclosure is understated by R449 001.35	Management should ensure that all deviation are reported to council and included in the AFS as required by SCM reg 36(2)	Deviations register will be updated and ensure all deviations are tabled at council.	01/05/2021	31/08/2021	Manager SCM	Not yet started
	COMAF 56:	Completeness of data Employee Benefit Obligation RESOLVED	Non-compliance	Provisions					01/05/2021	31/08/2021	CFO	Not yet started
208	COMAF 68: ISS 135	Overstatement of leave daysProvisions	Management Report	Provisions	In terms of section 62(1)(c)(i) of the municipal finance management act, the accounting officer of a municipality is responsible for the managing of financial administration of the municipality, and must for this purpose take all reasonable steps to ensure, that municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. In terms of the leave policy ,the below needs to take place ; A 5 day worker is required to take a minimum of 16 days within each leave cycle A 6 day worker is required to take a minimum of 19 days within each leave cycle If they do not take 6.1.5 or 6.1.6 ,the days will be forfeited .Only 8 days will be carried over or encashed Through enquiries and inspection of the leave registers generated by the VIP system we confirmed that the system did not update for leave days forfeited as per leave policy, therefore leave carried forward for employees was overstated resulting in	Management did not ensure that the payroll consultants updated the leave registers on the system in accordance with the leave policy. The projected misstatement of R 1 321 274,22 will result in an overstatement for leave provision.	Management should ensure that the payroll consultants updates the leave registers on the system in accordance with the leave policy.		01/05/2021	31/08/2021	HR Manager	Not yet started
74	COMAF 30: Iss.43 -	Completeness of Revenue (Exchange) No signed SLA's	Audit Report	Accounts receivable	The district municipality as water service authority does not have signed Service level agreements with the following local municipalities: Kagisano-Molopo, Naledi, Greater Taung and Mamusa. The previous SLAs expired in June 2018.	Management did not ensure that the district municipality as a water services authority complies with all required legislation.	Management should ensure that SLAs are signed with local municipalities for water services	1.Management will engage with the respective local municipalities and ensure that service level agreements are signed and put in place to address this audit matter. 2. Management to develop policies and procedures that will ensure that the accounting for revenue and debtors meet the requirements of the Standards of GRAP, eg, the substance of the transactions over the legal form should be adequately considered in the recognition of	01/05/2021	30/06/2021	CFO/Accounting Officer	In Progress
209	COMAF 76: ISS 176	Understatement of finance income - Lekwa loan	Management Report	Accounts receivable	Section 62(1)(b) of the Municipal Finance Management Act 56 of 2003 states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards" Grap 108.11 Management report of Dr. Ruth S Mompoti DM An entity shall measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any: (a) interest or other charges that may have accrued on the receivable (where applicable); (b) impairment losses; and (c) amounts derecognised. An entity may be required or entitled to levy interest on any overdue or unpaid amounts in terms of legislation, supporting regulations, by-laws or similar means. In most instances, the interest rate, as well as the basis for levying such interest, e.g. simple or compound interest and, the events that give rise to the levying of interest, is often specified in legislation or in the supporting regulations. Where interest is levied, this affects the subsequent measurement of statutory receivables. Where an entity levies interest on the outstanding balance of statutory receivables, it shall adjust the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate. Interest on statutory receivables shall be recognised as	Management did not exercise oversight to ensure that interest is charged and accounted for on the Lekwa loan □ Understatement of finance income R649 778.30 (2020 FY), R559 789.60 (2019 FY) and R482 263.55 (2018 FY). □ Understatement of surplus R649 778.30 (2020 FY), R559 789.60 (2019 FY) and R482 263.55 (2018 FY).	Management should adjust the annual financial statement to disclose the correct balances for finance income. □ Management should implement a proper review process to ensure that all schedules supporting the balances on the financial statements are appropriately reviewed against service level agreements prior to preparing financial statements	1. Management to investigate why interest is not levied on the account and to rectify the matter going forward to ensure that the policy to levy interest is applied on all accounts. 2. To restate prior year financials to accrue for for interest income receivable	01/05/2021	31/07/2021	Manager Budget	Not yet started
210	COMAF 96: ISS 222	Receivables- No interest charged on overdue accounts	Management Report	Accounts receivable	In terms of section 64(2)(g) of the municipal finance management act, the accounting officer must for purposes of subsection (1) take all reasonable steps to ensure that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budgetrelated policies and within a prescribed framework furthermore, in terms section 11 credit control policy of the municipality must be accrued for all accounts in arrears be charged on arrears at prime rate	This was caused by management not reviewing listings accordingly	Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	1. Management to investigate why interest is not levied on the account and to rectify the matter going forward to ensure that the policy to levy interest is applied on all accounts. 2. To restate prior year financials to accrue for for interest income receivable and ensure that interest is levied in current year as per the policy	01/05/2021	31/07/2021	Manager Budget	Not yet started
211	COMAF 99: ISS 234	Receivables - Ageing list includes receivables with negative balances	Management Report	Accounts receivable	MFMA Section 62:" General financial management functions The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure— a) that the resources of the municipality are used effectively, efficiently and economically; b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards:"	This was caused by management not reviewing the financials prior to submission for audit	Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	1. Management to review the accounts receivable balances for 2019/20 and 2020/21 and ensure that debtors with credit balances are investigated and confirmed that the balances are valid 2. Debtors with credit balances to be allocated and classified to trade payables on the AFS 3. Reclassification disclosure to made on Prior period error note	01/05/2021	31/07/2021	Manager Budget/AFS Consultants	Not yet started

212	COMAF 99: ISS 235	Receivables - Presentation & disclosure not in accordance with GRAP	Management Report	Accounts receivable	In terms of section 62(1)(b) of the municipal finance management act, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. Furthermore, in terms of Grap 108. paragraph 11 (a) An entity shall measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any (a) interest or other charges that may have accrued on the receivable (where applicable); During the audit it was noted that no interest accrued was disclosed in the disclosure note in	This is caused by management not reviewing financials prior to submission for audit	Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	1. Management to investigate why interest is not levied on the account and to rectify the matter going forward to ensure that the policy to levy interest is applied on all accounts. 2. To restate prior year financials to accrue for interest income receivable and ensure that interest is levied in current year as per the policy	01/05/2021	31/07/2021	Manager Budget	Not yet started
213	COMAF 102: ISS 239	Not sufficient information submitted for journals (Receivables)	Management Report	Accounts receivable	Section 62(1)(b) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. During the audit it was noted that the following journals is not support by sufficient information, there is a reclassification into correct control account support is a list of debtors and does not support the reason why the journal was support. JNL JBR 00269 Amount R384 298 The following journal was posted to correct transactions into the correct GL accounts, support indicates a request of funds by Department of water and sanitation which may be a payable not receivable, thus incorrect classification. JNL JBR 00058 Amount R45503000	Management did not implement correct internal control to ensure transactions are processed accurately	Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	1. The outstanding information will be obtained and made available for the audit.	01/05/2021	30/06/2021	Manager Budget	Not yet started
214	COMAF 103: ISS 242	Completeness/disclosure of unspent conditional grants	Management Report	Unspent conditional grants	Section 62(1)(b) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. During the Audit of Unspent conditional grants it was noted that the Roll over disapproval from treasury identifies an unspent balance of R18 000 of the Rural Roads Asset Management which was not disclosed in the AFS as well as disclosed in the grant register.	This was caused by non-compliance with laws and regulations	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	1. The AFS will be adjusted to correct the RAMS grant. 2. Correction to be disclosed as Prior Period Error on the Note and appropriate valid information re-submitted for audit	01/05/2021	30/06/2021	Manager Budget/AFS AFS Consultants	Not yet started
215	COMAF 47: Iss.89	Disclosure of key management remuneration	Management Report	Related parties	GRAP 20 Related party disclosure paragraph 35: "Disclosure of remuneration of management An entity shall disclose the remuneration of management per person and in aggregate, for each class of management, in the following categories: Management report of Dr. Ruth S Mompoti DM (a) fees for services as a member of management; (b) basic salary; (c) bonuses and performance related payments; (d) other short-term employee benefits; (e) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care; (f) termination benefits; (g) other long-term benefits; (h) any commission, gain or surplus sharing arrangements; and (i) any other benefits received." GRAP 1 Presentation of financial statements paragraph 17 "Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation." During the audit of related party disclosure, it was picked up that the remuneration of senior managers was disclosed under note 24 Employee related cost. Within note 38 Related parties there is no separate to refer to note 24 Employee related cost for the	Management did not ensure that all required disclosure requirements are met. This may lead financial statements not complying to all disclosure requirements as set out in GRAP	Management should ensure that all disclosure requirements are met.	1. Prepare adjustments to the AFS to account for all Related Parties as required in terms of GRAP 20 2. A schedule of related parties to be included on the Audit File for 2020 and 2021 financial years 3. Adjustments made to the AFS will be disclosed as prior period error adjustments	01/05/2021	31/07/2021	CFO/AFS Consultants	Not yet started
216	COMAF 47: Iss.90 -	Key management disclosure not complete	Management Report	Related parties	MFMA Section 62: "General financial management functions The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure— a) that the resources of the municipality are used effectively, efficiently and economically; b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;" During the audit of related parties, it was identified that the engineering senior manager was omitted from the related party disclosure note 38	Management did not ensure that all senior managers were included in the related party note. This impact will be that the related party disclosure is not complete	Management should ensure that all senior managers is included in the related party disclosure note.	1. Prepare adjustments to the AFS to account for all Related Parties as required in terms of GRAP 20 2. A schedule of related parties to be included on the Audit File for 2020 and 2021 financial years 3. Adjustments made to the AFS will be disclosed as prior period error adjustments	01/05/2021	31/07/2021	CFO/AFS Consultants	Not yet started
	RESOLVED: COMAF 47: Iss.91 -	Completeness of related party disclosure	Management Report	Related parties				1. Prepare adjustments to the AFS to account for all Related Parties as required in terms of GRAP 20 2. A schedule of related parties to be included on the Audit File for 2020 and 2021 financial years 3. Adjustments made to the AFS will be disclosed as prior period error adjustments	01/05/2021	31/07/2021	CFO/AFS Consultants	Not yet started

217	COMAF 95: ISS 226	Related party disclosure not complete	Management Report	Related parties	MFMA Section 62: "General financial management functions The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure— a) that the resources of the municipality are used effectively, efficiently and economically; Management report of Dr. Ruth S Mompoti DM b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;" GRAP 11 Presentation of financial statements paragraph 17 "Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation." GRAP 20.27 Disclosure of related party transactions Subject to the exemptions in paragraph .32, if a reporting entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph .35 to disclose remuneration of management. At a minimum, disclosures shall include: (a) the amount of the transactions; (b) the amount of outstanding balances, including commitments; and (i) their terms and	Management did not exercise oversight to ensure that all related party transactions and their nature are disclosed in the related party note Related party disclosure not complete	Management should ensure that all related party transactions are disclosed in the related party note of the financial statements.	1. Prepare adjustments to the AFS to account for all Related Parties as required in terms of GRAP 20 2. A schedule of related parties to be included on the Audit File for 2020 and 2021 financial years 3. Adjustments made to the AFS will be disclosed as prior period error adjustments	01/05/2021	31/07/2021	CFO/AFS Consultants	Not yet started
75	COMAF 10: Iss20	Difference between note 40 and corresponding amounts	Management Report	Revenue	During the high level review of the financial statements submitted for audit, the following differences were noted:As a result, the corresponding amount of revenue from exchange transactions is understated by R 513 002	This was caused by a lack of adequate reviews by management of the financial statements	Management should ensure that the annual financial statements are adequately reviewed.	1. Caseware error resulted in the movements. System providers will be contacted to address the issue 2. AFS will be adequately reviewed to ensure that restated figures are adequately supported and included on Prior Period Error/Reclassification Note	01/05/2021	31/08/2021	Manager SCM/AFS Consultants	Not yet started
218	COMAF 80:	Completeness of Revenue (Exchange) No signed SLA's	Audit Report	Revenue	The district municipality has no signed SLA with the following local municipalities: Kagisano-Molopo, Naledi, Greater Taung and Mamusa, the previous SLAs expired in June 2018.	Management did not ensure that the district municipality as a water services authority complies with all required legislation	Management should ensure that SLAs are signed with local municipalities for water services	1. To engage local municipalities and have SLAs signed for water reticulation. 2. Adjust prior year revenue were applicable and disclose on prior period error note	01/05/2021	31/08/2021	CFO/Accounting Officer	Not yet started
76	COMAF 79: Iss.86 -	Grants and Subsidies - overstatement of revenue realised .	Audit Report	Government Grants	During the Execution stage of the audit various invoices were not accounted for in the correct financial year period as listed below, furthermore through inspection of progress reports it could not be confirmed which proportion of the service was rendered within the current financial period, therefore it could not be confirmed whether the service was rendered within the current financial year, as the invoice date was after year end	Management did not exercise oversight responsibility to ensure the review of dates relating to invoices which should be accounted for in the correct financial period.	It is recommended that management should implement on a regular basis a review of transactions to ensure that transactions are recognised within the period in which they were incurred.	1. Management to review cut-off of invoices in 2019 and 2020 2. An adjustment will be processed to re-allocate invoices to the correct reporting periods 3. Supporting information to be included on audit file for all prior period adjustments 4. Prior year adjustments to be disclosed as prior period	01/05/2021	31/07/2021	Manager Budget/AFS Consultants	Not yet started
219	COMAF 86: ISS 126	Internal control Deficiency Rental amount not paid in advance as per rent agreement	Management Report	Revenue	In terms of Section 62 of the Municipal Finance Management Act General Financial Management Functions (1)- The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps ensure - (b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards (c) that the municipality has and maintains effective, efficient and transparent systems- (i) of financial and risk management and internal control. Lease Agreement paragraph 4.3 states that: The rent shall be paid monthly in advance commencing on the commencement date and shall be paid without any deduction, free of bank exchange and any other charges. During the execution stage of the audit, through inspection of the rental invoices it was confirmed that the following invoices listed below were not received in advance as per the lease agreement requirement rather either paid in arrears	Management did not exercise oversight responsibility to ensure the review, implementation and maintenance of internal controls to ensure compliance of the lease agreement. Impact As a result, the municipality did not comply with Section 62 of the Municipal Finance Management Act and paragraph 4.3 of the lease agreement.	Management should design, implement and maintain internal controls to ensure that rental amounts are received timeously as per lease agreement when due.	1. Management should design, implement and maintain internal controls to ensure that rental amounts are received timeously as per lease agreement when due. 2. Prepare year-end adjustments to account for rental income receivable	01/05/2021	31/07/2021	CFO	Not yet started
77	COMAF 86: ISS 133	Accuracy of the rental amount charged - Revenue from exchange transactions	Management Report	Revenue	During the execution stage revenue from exchange, rental amount was recalculated as per lease agreement from commencement to date and the following differences were noted: Current year's recalculated rental amount exclusive of vat: (104209.07*9) +(114629.98 *3) = 1 281 771.57 Rental amount disclosed exclusive of vat = 1 032 511.00 Difference = 249 260 .57	Management did not exercise oversight responsibility to ensure the review and accuracy of the rental amount charged as per lease agreement requirements.	Management should review the lease agreement regularly and ensure rent is charged at the correct amount.	1. Investigate to determine the reason for the differences. 2. Prepare adjustments to correct the AFS nad disclose the adjustments on the prior period error note	01/05/2021	30/06/2021	Manager Budget/AFS Consultants	Not yet started
78	COMAF 62: Iss 140	Outstanding Information on RFI 137 Limitation of scope	Management Report	Revenue	Request for information no. 137 was sent on the 09/02/2021 and due for submission on 12/02/2021.	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit	Management is to ensure that submission of information is to be within the time frame as stipulated within the audit engagement letter and that information submitted is correct.	1. Prepare an Audit File to include all Information that failed to upload due to network challenges during the prior year audit 2. Re-submit the the information to AGSA with all the references for audit consideration	01/05/2021	30/06/2021	Manager Budget/AFS Consultants	Not yet started
220	COMAF 79: ISS 156	Government Grants and subsidies : Prior year Misstatements	Management Report	Government Grants	Section 62(1)(b) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. Through inspection of the prior period note in the current Financial Year, it was confirmed that the prior period misstatements relating to revenue from non-exchange transactions were not adjusted or addressed in the current financial Year, misstatements thus further affect the current year's comparatives figures, therefore the issue remains as a recurring finding in the current year, as the audit is performed on both the current year and comparative figures. The findings were indicated as follows on final management report and Audit Report >Completeness management report (30 June 2020 as per final mne 2019)	Overstatement Issue as per final Audit report (June 2019) Overstatement of the opening unspent balance resulted in the overstatement of MIG revenue, due to unapproved roll-forward application for unspent conditional grants. Revenue from conditional grants have been overstated by R3 714 693. Management did not ensure that revenue relating to grants and subsidies is completely and accurately recorded. This will result in an understatement of government grants and subsidies and potential overstatement of the unspent conditional grants for RBIG and WSIG. Further Overstatement of opening unspent balance resulting in the overstatement of MIG revenue	Management needs to ensure that reviews are performed to ensure that all transactions which needs to be recorded for the respective AFS line items are accurately and completely adjusted or recorded.	1. Management to process prior period adjustments to correct revenue and unspent grants as subsequent events reveal that the rollover was not granted 2. Supporting information to be included on audit file for all prior period adjustments 3. Prior year adjustments to be disclosed as prior period error on the Note to the AFS	01/05/2021	31/07/2021	Manager Budget	Not yet started
79	COMAF 79: ISS 180	Governments Grants and Subsidies -Completeness	Audit Report	Government Grants	The following invoices identified from the WIP register relating to projects funded by various conditional grants where not recognised as revenue in relation to those conditional grants as they could not be identified on the expenditure listing provided.	Management did not ensure that revenue relating to grants and subsidies is completely recorded.	Management needs to ensure that reviews are performed to ensure that all transactions which need to be recorded for the respective AFS line items are completely recorded.	1. Management to provide AGSA with adequate Grant reconciliations for 2019/20 financial 2. Transactions for grants to be supported by valid information which matches with WIP reconciliations	01/05/2021	31/07/2021	Manager Budget/AFS Consultants	Not yet started
221	COMAF 83: ISS 191	Fair presentation of the Statement of Budget	Management Report	Revenue	Grp 1.17 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation. During the audit of the Statement of Budget it was identified that some of the reasons for variances do not give a fair presentation of the	This was caused by the Municipality not reviewing the Financials prior to submitting for audit Impact Non-compliance to GRAP and MFMA	Where there are significant variances between budget and actuals figures, management should provide sufficient reasons relating to the cause of the variance to provide a fair representation of what caused the variance.	1. Ensure that the matter does not recur in 2020/21 2. The reasons provided by management should be a correct reflection of the reason for variances between budget and actuals.	01/05/2021	31/08/2021	Manager Budget/CFO/AFS Consultants	Not yet started

222	COMAF 90: ISS 215	Internal control deficiency -No segregation of duties	Management Report	Revenue	In terms of Section 62 of the Municipal Finance Management Act General Financial Management Functions (1)- The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps ensure - (b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards (c) that the municipality has and maintains effective, efficient and transparent systems- (i) of financial and risk management and internal control. During the execution stage of the audit through inspection of various batch journals listed below, there was no segregation of duties in relation to the preparer of journals authorised, there was no name and signature of the preparer, thus the control was designed but not	Management did not exercise oversight responsibility to ensure the review, implementation and maintenance of internal controls to ensure segregation of duties.	Management should ensure that internal controls such as segregation of duties, are not only designed but are implemented and maintained over daily transactions.	Internal controls on journals to be implemented going forward to ensure the journals are signed by the preparer and the reviewer.	01/05/2021	30/06/2021	Manager Budget/CFO	Not yet started
223	COMAF 96: ISS 228	Internal control deficiency _Revenue Journals	Management Report	Revenue	In terms of Section 62 of the Municipal Finance Management Act General Financial Management Functions (1)- The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps ensure - (b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards (c) that the municipality has and maintains effective, efficient and transparent systems- (i) of financial and risk management and internal control.	Management did not exercise oversight responsibility to ensure the review, implementation and maintenance of internal controls to ensure segregation of duties. As a result, the municipality did not comply with Section 62 of the Municipal Finance Management Act.	Management is to ensure that submission of information is to be within the time frame as stipulated within the audit engagement letter and that information submitted is correct.	1. Obtain the outstanding information and include on Audit File to be made available for the audit.	01/05/2021	30/06/2021	Manager Budget/AFS Consultants	Not yet started
80	COMAF 99: ISS 233	Overstatement of Revenue Mamusa Interest	Management Report	Revenue	During the execution stage of the audit, through Inspection of the investment Register and bank statement it was confirmed that interest earned for Mamusa grant, was presented and disclosed as part of the Municipality's interest as per call account 62453014103	Management did not exercise oversight responsibility to ensure the review and classification of interest earned on Mamusa Grant	Management should ensure that internal controls such as review of AFS is performed	1. Management to revisit the matter as the previous response to dispute the matter was not considered as per the conclusion made by AG. 2. No necessary action should be taken in this regard to correct the accounting for the interest based on substance over legal form	01/05/2021	30/06/2021	Manager Budget/AFS Consultants	Not yet started
224	COMAF 104: ISS 245	Operational Grants -salaries funded by operational grants	Management Report	Government Grants	Section 62(1)(b) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. Paragraph 50 of the audit engagement letter it states ->Management has three working days to submit the information requested from the date the request was made. ->Failure to submit the information requested within the agreed time frame will result in an audit finding and if material, individually or in aggregate, will impact the audit opinion. During the execution stage of the audit through Inspection of the 12 months' salary reports, it was confirmed that various officials were paid from the EPWP grant, however information submitted was not sufficient to perform specific procedures, thus it could not be confirmed if officials paid by EPWP grants actually qualified as per the respective conditions of the grants. Thus Information was not sufficiently submitted to confirm whether or not the grants were indeed utilised against its intended purposes, as it could not be verified if respective officials as per salary report carries qualifies to be paid by the specific grant Information was previously requested as per RFI 54 sent on the 10th of November and due on the 12th of November 2020 The following information is still outstanding EPWP Grant ->Salary report submitted, however	Management did not exercise oversight responsibility to ensure that all the requested information is submitted for audit.	Management is to ensure that submission of information is to be within the time frame as stipulated within the audit engagement letter and that information submitted is correct.	1. Outstanding information to be obtained and made available for the audit.	01/05/2021	30/06/2021	Manager Budget/AFS Consultants	Not yet started
81	COMAF 89: ISS 217	VAT receivables - Limitation for VAT accruals	Management Report	VAT receivable	Through enquiry with management, it was confirmed that the total VAT receivables amount presented on the face of the financial statements consists of two accounts, VAT control account and the VAT accrual account. The information submitted to support the full R91 873 065 consisted of monthly VAT schedules, monthly VAT 201's and monthly VAT 201 reconciliations. Management did not submit any VAT accrual listing which ties up to the amount disclosed in the financial statements. Based on the information submitted, the only amount that could be recalculated is the VAT control account as VAT 201 and statement of accounts were sufficient. Thus the following differences were calculated	Management did not exercise oversight responsibility to ensure that all listings that relate to VAT accruals are submitted to enable the auditors to select a sample.	Management should exercise oversight responsibility to ensure that all listings that relate to VAT accruals are submitted to enable the auditors to select a sample.	1. Include the Information to be re- submitted to AG on an audit file 2. Any adjustments to VAT to be disclosed as Prior Period error and disclosed	01/05/2021	30/06/2021	Manager Budget/AFS Consultants	Not yet started

VOLUME II: ANNUAL AUDITED FINANCIAL STATEMENTS

Volume II refer to the Annual financial statements as Audited by the Auditor General for the 2019-2020 financial year which follow on the next page deliberately.



Dr Ruth S Mompoti District Municipality
Annual Financial Statements
for the year ended 30 June 2020

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

General Information

Legal form of entity	District Municipality
Mayoral committee	
Executive Mayor	Cllr B.L. Mahlangu: Directly elected Dr Ruth S Mompoti District Municipality
Speaker	Cllr L.V. Setlhake: directly elected Dr Ruth S Mompoti District Municipality
MMC: Economic Development, Tourism & Agriculture	Cllr P. Maleke: Directly elected - Naledi Local Municipality
MMC: Budget and Treasury	Cllr L Mamapula: Directly elected - Greater Taung Local Municipality
MMC: Community Services	Cllr N Ncobo: Directly elected - Naledi Local Municipality
MMC: Engineering and Technical Services	Cllr G. Kgabo: Directly elected – Dr Ruth S Mompoti District Municipality
MMC Corporate services	Cllr D. Molapo: Directly elected - Dr Ruth S Mompoti District Municipality
MMC: Planning and Development	Cllr O.J. Balebanye: Directly elected - Greater Taung Local Municipality
Councillors	Cllr M W Moseswa : Directly elected - Dr Ruth S Mompoti District Municipality Cllr B Setlhabetsi: Directly elected- Dr Ruth S Mompoti District Municipality. Cllr M Mkandawira Cllr M Keetile: Directly elected- Dr Ruth S Mompoti District Municipality. Cllr TA Babuile: Directly elected- Dr Ruth S Mompoti District Municipality. Cllr L Mocumi: Directly elected- Dr Ruth S Mompoti District Municipality. Cllr K Herbst: Directly elected- Dr Ruth S Mompoti District Municipality. Cllr K Sereko: Directly elected-Dr Ruth S Mompoti District Municipality. Cllr CE Tladinyane: Directly elected-Dr Ruth S Mompoti District Municipality. Cllr T Lenkopane: Indirectly elected- Kagisano Molopo Local Municipality M Diphikwe: Indirectly elected- Kagisano Molopo Local Municipality Cllr M Diphikwe: Indirectly elected- Kagisano Molopo Local Municipality Cllr T Loabile: Indirectly elected- Kagisano Molopo Local Municipality Cllr B Bareng: Indirectly elected- Kagisano Molopo Local Municipality Cllr E Van Biljon: Indirectly elected- Lekwa-Teemane Local Municipality Cllr J Adonis: Indirectly elected- Naledi Local Municipality Cllr A Bareng: Indirectly elected- Naledi Local Municipality Cllr M Olifant : Indirectly elected - Greater Taung Local Municipality Cllr R Modise: Indirectly elected - Greater Taung Local Municipality Cllr D Itumeleng : Indirectly elected - Greater Taung Local Municipality Cllr D Mothibedi : Indirectly elected - Greater Taung Local Municipality Cllr T Tlhaganyane: Indirectly elected - Greater Taung Local Municipality Cllr T Sebe: Indirectly elected - Greater Taung Local Municipality Cllr M Mosinkiemang: Indirectly elected - Greater Taung Local Municipality Cllr K Herbst: Indirectly elected - Mamusa Local Municipality

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

General Information

Accounting Officer

Mr Jerry L Mononela
Municipal Manager
mononelaj@bophirima.co.za
053 928 8297

Chief Finance Officer (CFO)

Lekubu Charles Malema
malemac@bophirima.co.za
053 928 8449

Registered office

50 Market Street
Vryburg
8600

Postal address

PO Box 21
Vryburg
8600

Bankers

First National Bank

Auditors

The Auditor General of South Africa
Registered Auditors

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

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

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Appendix A: Schedule of External loans	

Dr Ruth S Mompati District Municipality

Annual Financial Statements for the year ended 30 June 2020

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AGSA	Auditor-General South Africa
AARTO	Administrative Adjudication of Road Traffic Offences
AUC	Assets under construction
BAC	Bid Adjudication Committee
CFO	Chief Financial Officer
COID	Compensation for Occupational Injuries and Diseases
COGTA	Department of Co-operative Governance and Traditional Affairs
COO	Chief Operations Officer
DBSA	Development Bank of South Africa
EPWP	Expanded Public Works Programme
DoRA	Division of Revenue Act
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
SA GAAP	South African Statements of Generally Accepted Accounting Practice
CIGFARO	Chartered Institute Of Government Finance Audit and Risk Officers
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act, 2003 (Act 56 of 2003)
MIG	Municipal Infrastructure Grant (Previously CMIP)
EQS	Equitable Share
PIG_MRG	Public Infrastructure Grants _Municipal Rehabilitation Grant
RBIG	Regional Bulk Infrastructure Grant
LGSETA	Local Government Sector Education and Training Authority
MMC	Member of Mayoral Committee
MPRA	Municipal Property Rates Act
mSCOA	Municipal Standard Chart of Accounts
PPE	Property, plant and equipment
RUL	Remaining useful life

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

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SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, irregular, fruitless and wasteful expenditure
VAT	Value-Added Tax
RAMS	Roads Asset Management System
WSIG	Water Service Infrastructure Grant
MDG	Municipal Disaster Recovery Grant

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Officer's Responsibilities and Approval

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

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

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

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

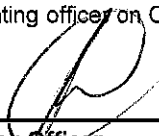
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the government grants and rental income from letting of properties for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Dr Ruth S Mompoti District municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer on October 31, 2020 and were signed on its behalf by:



Accounting Officer
Jerry Mononela (MM)

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2020.

1. Review of activities

Main business and operations

The district municipality is a water services provider and operates in the North West.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus of R 2 530 310 330 and that the municipality's total Assets exceed its liabilities by R 2 530 310 330.

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

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting Officer's interest in contracts

The accounting officer does not have any interest in any contract concerning Dr Ruth S Mompoti District Municipality.

5. Accounting policies

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

6. Non-current assets

There were no major changes in the nature of non-current assets of the municipality during the year.

7. Bankers

The bankers of Dr Ruth S Mompoti District Municipality is First National Bank (FNB)

8. Auditors

The Auditor General of South Africa will continue in office for the next financial period.



Accounting Officer
Jerry Mononela (MM)

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Receivables from non-exchange transactions	8	688 397	1 789 360
VAT receivable	9	100 090 435	91 873 065
Cash and cash equivalents	10	115 312 615	112 920 737
		216 091 447	206 583 162
Non-Current Assets			
Investment property	3	5 512 282	5 512 282
Property, plant and equipment	4	3 030 823 146	2 834 028 345
Intangible assets	5	3 101 679	4 183 221
		3 039 437 107	2 843 723 848
Total Assets		3 255 528 554	3 050 307 010
Liabilities			
Current Liabilities			
Other financial liabilities	13	10 800 000	10 800 000
Payables from exchange transactions	15	598 888 987	517 509 746
Employee benefit obligation	6	1 763 991	2 392 757
Unspent conditional grants and receipts	12	42 833 457	35 800 571
Provisions	14	8 541 850	7 096 869
		662 828 285	573 599 943
Non-Current Liabilities			
Other financial liabilities	13	23 334 315	33 234 315
Employee benefit obligation	6	39 055 633	39 937 895
		62 389 948	73 172 210
Total Liabilities		725 218 233	646 772 153
Net Assets		2 530 310 321	2 403 534 857
Accumulated surplus	11	2 530 310 330	2 403 534 858

* See Note 40 & 39

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

Figures in Rand

	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	17	1 032 511	906 597
Other income	19	232 393	91 372
Investment revenue	20	5 253 336	9 927 268
Fair value adjustments	3	-	85 654
Actuarial gains	6	5 492 232	427 348
Total revenue from exchange transactions		12 010 472	11 438 239
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	22	696 969 638	708 434 648
Public contributions and donations	23	2 853 420	-
Total revenue from non-exchange transactions		699 823 058	708 434 648
Total revenue	16	711 833 530	719 872 887
Expenditure			
Employee related costs	24	(146 562 581)	(136 975 016)
Remuneration of councillors	25	(9 341 847)	(8 646 300)
Depreciation and amortisation	26	(69 560 085)	(66 283 602)
Finance costs	27	(4 937 058)	(4 734 359)
Lease rentals on operating lease	18	(5 670 432)	(3 421 002)
Debt impairment	28	(1 631 296)	(241 364)
Bulk purchases	29	(214 992 229)	(232 196 995)
Contracted services	30	(76 702 801)	(120 719 122)
Transfers and Subsidies	21	(30 562 355)	(17 317 986)
Loss on disposal of assets		(769 786)	(10 482 844)
General Expenses	31	(24 666 130)	(31 006 616)
Total expenditure		(585 396 600)	(632 025 206)
Surplus for the year		126 436 930	87 847 681

* See Note 40 & 39

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2018	2 315 687 177	2 315 687 177
Changes in net assets		
Surplus for the year	87 847 681	87 847 681
Total changes	87 847 681	87 847 681
Restated* Balance at 01 July 2019	2 403 873 400	2 403 873 400
Changes in net assets		
Surplus for the year	126 436 930	126 436 930
Total changes	126 436 930	126 436 930
Balance at 30 June 2020	2 530 310 330	2 530 310 330

Note(s)

* See Note 40 & 39

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Government grants and subsidies		704 002 524	632 295 411
Interest received		5 253 336	9 927 268
Other receipts		2 365 867	997 969
		711 621 727	643 220 648
Payments			
Employee costs		(155 970 475)	(143 710 287)
Suppliers		(250 863 271)	(88 027 327)
Finance costs		(4 937 058)	(4 734 359)
		(411 770 804)	(236 471 973)
Net cash flows from operating activities	34	299 850 923	406 748 675
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(287 559 045)	(316 224 849)
Cash flows from financing activities			
Repayment of other financial liabilities		(9 900 000)	(10 800 000)
Net cash flows from financing activities		(9 900 000)	(10 800 000)
Net increase/(decrease) in cash and cash equivalents		2 391 878	79 723 826
Cash and cash equivalents at the beginning of the year		112 920 737	33 196 911
Cash and cash equivalents at the end of the year	10	115 312 615	112 920 737

* See Note 40 & 39

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Comments
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	1 303 000	-	1 303 000	1 032 511	(270 489)	Increase on monthly rental only effected on the last 3 months of the year.
Other income	200 000	-	200 000	232 393	32 393	More tender fees received as a result of more bidders per tender in current year.
Interest received - investment	15 382 000	-	15 382 000	5 253 336	(10 128 664)	Covid 19 lockdown allowed funds more time to accumulate interest
Total revenue from exchange transactions	16 885 000	-	16 885 000	6 518 240	(10 366 760)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	678 826 000	6 100 000	684 926 000	696 969 638	12 043 638	Municipal disaster grant is an additional grant received in current year.
Public contributions and donations	-	-	-	2 853 420	2 853 420	Donations are not budget for these are extraordinary events.
Total revenue from non-exchange transactions	678 826 000	6 100 000	684 926 000	699 823 058	14 897 058	
Total revenue	695 711 000	6 100 000	701 811 000	706 341 298	4 530 298	
Expenditure						
Personnel	(145 156 000)	4 555 000	(140 601 000)	(146 562 581)	(5 961 581)	variance insignificant
Remuneration of councillors	(7 600 000)	-	(7 600 000)	(9 341 847)	(1 741 847)	
Transfer payments - Other	(1 680 000)	-	(1 680 000)	-	1 680 000	
Depreciation and amortisation	(38 053 000)	-	(38 053 000)	(69 560 085)	(31 507 085)	

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Comments
Finance costs	(10 800 000)	10 710 000	(90 000)	(4 937 058)	(4 847 058)	variance is due to finance costs from employee benefits obligations.
Lease rentals on operating lease	-	-	-	(5 670 432)	(5 670 432)	rentals were not budgeted for
Debt Impairment	(800 000)	-	(800 000)	(1 631 296)	(831 296)	debt expected to be recovered in the current year could not be recovered
Bulk purchases	(92 500 000)	10 100 000	(82 400 000)	(214 992 229)	(132 592 229)	budget was based on incorrect amounts
Contracted Services	(30 237 000)	(3 000 000)	(33 237 000)	(76 702 801)	(43 465 801)	Dry sanitation projects were reclassified to income statement from capital expenditure.
Transfers and Subsidies	(13 500 000)	-	(13 500 000)	(30 562 355)	(17 062 355)	Classification between general expenses transfers and subsidies and contracted services
General Expenses	(31 884 000)	(655 000)	(32 539 000)	(24 666 130)	7 872 870	Classification between general expenses transfers and subsidies and contracted services
Total expenditure	(372 210 000)	21 710 000	(350 500 000)	(584 626 814)	(234 126 814)	
Operating surplus	323 501 000	27 810 000	351 311 000	121 714 484	(229 596 516)	
Loss on disposal of assets and liabilities	-	-	-	(769 786)	(769 786)	
Actuarial gains/losses	-	-	-	5 492 232	5 492 232	
	-	-	-	4 722 446	4 722 446	
Surplus before taxation	323 501 000	27 810 000	351 311 000	126 436 930	(224 874 070)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	323 501 000	27 810 000	351 311 000	126 436 930	(224 874 070)	

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Comments
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Receivables from non-exchange transactions	-	-	-	688 397	688 397	
VAT receivable	-	-	-	100 090 435	100 090 435	
Cash and cash equivalents	35 798 000	-	35 798 000	115 312 615	79 514 615	suspension of projects delayed payments hence a huge balance at year end.
	35 798 000	-	35 798 000	216 091 447	180 293 447	
Non-Current Assets						
Investment property	5 806 000	-	5 806 000	5 512 282	(293 718)	
Property, plant and equipment	2 830 989 000	-	2 830 989 000	3 030 823 146	199 834 146	
Intangible assets	-	-	-	3 101 679	3 101 679	
Biological assets	2 077 000	-	2 077 000	-	(2 077 000)	
	2 838 872 000	-	2 838 872 000	3 039 437 107	200 565 107	
Total Assets	2 874 670 000	-	2 874 670 000	3 255 528 554	380 858 554	
Liabilities						
Current Liabilities						
Other financial liabilities	10 800 000	-	10 800 000	10 800 000	-	
Payables from exchange transactions	220 395 000	-	220 395 000	598 888 987	378 493 987	Lockdown delayed payments of trade payables.
Employee benefit obligation	-	-	-	1 763 991	1 763 991	
Unspent conditional grants and receipts	-	-	-	42 833 457	42 833 457	
Provisions	-	-	-	8 541 850	8 541 850	
	231 195 000	-	231 195 000	662 828 285	431 633 285	
Non-Current Liabilities						
Other financial liabilities	33 238 000	-	33 238 000	23 334 315	(9 903 685)	Budget includes current portion not included on this amount.
Employee benefit obligation	39 537 000	-	39 537 000	39 055 630	(481 370)	
	72 775 000	-	72 775 000	62 389 945	(10 385 055)	
Total Liabilities	303 970 000	-	303 970 000	725 218 230	421 248 230	
Net Assets	2 570 700 000	-	2 570 700 000	2 530 310 324	(40 389 676)	

Dr Ruth S Mompoti District Municipality
Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Comments
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Foreign currency translation reserve	10 514 000	-	10 514 000	-	(10 514 000)	
Accumulated surplus	2 560 186 000	-	2 560 186 000	2 530 310 324	(29 875 676)	
Total Net Assets	2 570 700 000	-	2 570 700 000	2 530 310 324	(40 389 676)	

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Comments
Figures in Rand						

Cash Flow Statement

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Figures in Rand

Note(s)

2020

2019

1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables

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

The impairment for trade receivables, is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

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

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

Provisions

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

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

Allowance for doubtful debts

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

VAT

The municipality accounts for Value Added Tax (VAT) on a cash basis. The municipality is liable to account for VAT at the standard rate to 15% in terms of section 7(1)(a) of the VAT Act in respect of supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.4 Investment property

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

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

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

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

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings		
Wall	Straight-line	60 years
Carpots	Straight-line	7 years
Electrical installation	Straight-line	30 years
Electrical connection	Straight-line	45 years
Floor	Straight-line	50 years
FF&E	Straight-line	15 Years

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.5 Property, plant and equipment (continued)

Fire Protection	Straight-line	20 Years
Foundation or Formation	Straight-line	100 years
Heating and air conditioning	Straight-line	5 years
Lift	Straight-line	30 years
Paving	Straight-line	50 years
Parameter protection	Straight-line	30 years
Pipe Sewer	Straight-line	40 years
Pipe water	Straight-line	80 years
Plumbing	Straight-line	20 years
Security System	Straight-line	7 years
Septik tank	Straight-line	40 years
Small building or enclosure	Straight-line	20 years
Swimming pool	Straight-line	20 years
Office equipment	Straight-line	5 years
IT equipment	Straight-line	5 years
Furniture	Straight-line	7 years
Vehicles	Straight-line	7 years
Infrastructure - Sanitation		
Building	Straight-line	60 years
Civil structure	Straight-line	30 years
Communal water	Straight-line	10 years
Drainage structure	Straight-line	5 years
Earthworks	Straight-line	20 years
Electrical equipment	Straight-line	50 years
External facility	Straight-line	15 years
HV Substation	Straight-line	50 years
LV Conductors	Straight-line	60 years
Mechanical equipment	Straight-line	30 years
Metal Work	Straight-line	20 years
Municipal service connection	Straight-line	45 years
Parking area	Straight-line	20 years
Paved Roads	Straight-line	5 years
Pipe Work	Straight-line	80 years
Unpaved roads	Straight-line	80 years
Electricity:		
MV substation	Straight-line	45 years
MV transformer	Straight-line	45 years
LV conductor	Straight-line	45 years
Water:		
Boreholes	Straight-line	100 years
Bulkmain	Straight-line	80 years
Damn and Weirs	Straight-line	15 years
Distribution	Straight-line	20 years
PRV stations	Straight-line	80 years
Pump stations	Straight-line	20 years
Reservoirs and Towers	Straight-line	20 years
Water treatment works	Straight-line	30 years
Perimeter protection - Iron palisade	Straight-line	43 years
Wave protection	Straight-line	95 years
Switchgear	Straight-line	18 years
Perimeter protection	Straight-line	28 years
Bridge	Straight-line	100 years
Taxidermy mounts	Straight-line	11 years

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

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

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

1.6 Intangible assets

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.6 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Patents, trademarks and other rights	Straight-line	Indefinite
Computer software	Straight-line	3 to 5 Years

1.7 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.7 Financial instruments (continued)

- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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Accounting Policies

1.7 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	Category
Receivable from exchange and non exchange	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
DBSA loan	Financial liability measured at amortised cost
Payables from exchange	Financial liability measured at amortised cost
Lease obligations	Financial liability measured at amortised cost

1.8 Leases

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

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

Accounting Policies

1.8 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.9 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

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Accounting Policies

1.9 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.10 Impairment of non-cash-generating assets

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

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

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

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Accounting Policies

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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Accounting Policies

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

Reversal of an impairment loss

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

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

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

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

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

1.11 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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Accounting Policies

1.11 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity 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 amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Post-employment benefits

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

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

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

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Accounting Policies

1.11 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity 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.

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

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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Accounting Policies

1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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Accounting Policies

1.11 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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Accounting Policies

1.11 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.12 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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

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

Provisions are not recognised for future operating surplus.

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

Dr Ruth S Mompoti District Municipality

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Accounting Policies

1.12 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

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

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

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

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

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

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

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

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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Accounting Policies

1.13 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.14 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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

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

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

1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

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

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

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

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Transfers

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

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

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

1.16 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.17 Fruitless and wasteful expenditure

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

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

Dr Ruth S Mompoti District Municipality

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Accounting Policies

1.18 Irregular expenditure

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

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

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

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

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

1.19 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

Dr Ruth S Mompoti District Municipality

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Accounting Policies

1.20 Events after reporting date

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

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

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

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme	01 April 2019	The impact of the is not material.
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2019	The impact of the is not material.
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2019	The impact of the is not material.
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2019	The impact of the is not material.
• GRAP 20: Related parties	01 April 2019	The impact of the is not material.
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	The impact of the is not material.
• GRAP 105: Transfers of functions between entities under common control	01 April 2019	The impact of the is not material.
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2019	The impact of the is not material.
• GRAP 107: Mergers	01 April 2019	The impact of the is not material.
• GRAP 108: Statutory Receivables	01 April 2019	The impact of the is not material.
• GRAP 109: Accounting by Principals and Agents	01 April 2019	The impact of the is not material.
• IGRAP 11: Consolidation – Special purpose entities	01 April 2019	The impact of the is not material.
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2019	The impact of the is not material.
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	The impact of the is not material.
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	The impact of the is not material.
• IGRAP 19: Liabilities to Pay Levies	01 April 2019	The impact of the is not material.
• IGRAP 19: Liabilities to Pay Levies	01 April 2019	The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2020	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact

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2. New standards and interpretations (continued)

• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact
• Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	01 April 2020	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	01 April 2020	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2020	Unlikely there will be a material impact

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3. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	5 512 282	-	5 512 282	5 512 282	-	5 512 282

Reconciliation of investment property - 2020

	Opening balance	Total
Investment property	5 512 282	5 512 282

Reconciliation of investment property - 2019

	Opening balance	Fair value adjustments	Total
Investment property	5 426 628	85 654	5 512 282

Pledged as security

None of the Investment properties were pledged as security.

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

Dr Ruth S Mompati District Municipality

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3. Investment property (continued)

Details of valuation

The effective date of the revaluation was 30 June 2020. Revaluation (Fair value adjustments) were performed by independent valuers, Corné Theron and Tinus Geyser.

Professional Registration with the South African Council for the Property Valuers Profession: 6831 and 2802. Both Theron and Geyser are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on the comparable sales method which consists of comparing the properties with other properties

Which have recently been sold in the market and then making the necessary adjustments in order to determine the present market value of the properties

The valuation was based on open market value for existing use. These assumptions are based on current market conditions.

The investment properties were valued in terms of the requirements of GRAP 16 and the details of the valuation is available for inspection at the registered office of the municipality. Properties were individually investigated to confirm classification as investment properties. Investment properties are identified under GRAP 16.

The following criteria was used to determine whether a property should be classified as an investment property:

A building owned by the municipality and leased out to third parties under one or more operating leases

Land held for a current undeterminable future use

Property being constructed or developed for future use as investment property.

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

Maintenance of investment property

There were no repairs and maintenance for investment property during the period ended 30 June 2020.

Investment Property in the process of being constructed.

There is no investment property under construction not being acquired

No investment property that is taking a significantly longer period of time to complete than expected

Income generated from Investment property

Rentals of Investment property

Revenue from Investment property	1 032 511	906 597
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4. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3 458 580	-	3 458 580	3 458 580	-	3 458 580
Buildings	125 694 375	(82 640 947)	43 053 428	125 694 375	(79 310 135)	46 384 240
Plant and equipment	2 700 472	(2 348 896)	351 576	2 700 472	(2 105 690)	594 782
Furniture and office equipment	2 042 650	(1 660 199)	382 451	2 001 681	(1 464 987)	536 694
Motor vehicles	24 589 421	(18 277 667)	6 311 754	21 043 343	(16 485 622)	4 557 721
IT equipment	5 836 515	(3 548 997)	2 287 518	4 699 968	(2 821 905)	1 878 063
Infrastructure	2 114 753 496	(457 937 845)	1 656 815 651	2 094 713 205	(397 146 389)	1 697 566 816
Work In progress	1 318 162 188	-	1 318 162 188	1 079 051 449	-	1 079 051 449
Total	3 597 237 697	(566 414 551)	3 030 823 146	3 333 363 073	(499 334 728)	2 834 028 345

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers	Revaluation	Depreciation	Total
Land	3 458 580	-	-	-	-	-	3 458 580
Buildings	46 384 240	-	-	-	-	(3 330 812)	43 053 428
Plant and equipment	594 782	-	-	-	-	(243 206)	351 576
Furniture and office equipment	536 694	40 969	-	-	-	(195 212)	382 451
Motor vehicles	4 557 721	3 546 078	-	-	-	(1 792 045)	6 311 754
IT equipment	1 878 063	1 136 547	-	-	-	(727 092)	2 287 518
Infrastructure	1 697 566 816	21 862 356	(769 786)	-	346 442	(62 190 177)	1 656 815 651
Work In Progress	1 079 051 449	260 973 095	-	(21 862 356)	-	-	- 1 318 162 188
	2 834 028 345	287 559 045	(769 786)	(21 862 356)	346 442	(68 478 544)	3 030 823 146

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	3 458 580	-	-	-	-	3 458 580
Buildings	50 146 657	-	(391 916)	-	(3 370 501)	46 384 240
Plant and equipment	1 325 857	42 792	(474 502)	-	(299 365)	594 782
Furniture and office equipment	674 174	74 560	(4 374)	-	(207 666)	536 694
Officials vehicles	6 584 823	-	-	-	(2 027 102)	4 557 721
IT equipment	2 292 725	522 403	(270 495)	-	(666 570)	1 878 063
Infrastructure	1 640 531 929	127 235 737	(10 090 928)	-	(60 109 922)	1 697 566 816
Work in progress	890 702 092	315 585 094	-	(127 235 737)	-	1 079 051 449
	2 595 716 837	443 460 586	(11 232 215)	(127 235 737)	(66 681 128)	2 834 028 345

Pledged as security

No property plant and equipment has been pledged as security.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	329 925	1 038 983
Official vehicles	79 309	984 559
Computer equipment	-	27 513
Machinery and equipment	64 309	100 671
Office equipment	59 828	37 993
	533 371	2 189 719

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

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5. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Patents, trademarks and other rights	700 000	-	700 000	700 000	-	700 000
Computer Software	5 402 766	(3 001 087)	2 401 679	5 881 409	(2 398 188)	3 483 221
Total	6 102 766	(3 001 087)	3 101 679	6 581 409	(2 398 188)	4 183 221

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Patents, trademarks and other rights	700 000	-	700 000
Computer Software	3 483 221	(1 081 542)	2 401 679
	4 183 221	(1 081 542)	3 101 679

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Patents, trademarks and other rights	700 000	-	700 000
Computer Software	4 636 033	(1 152 812)	3 483 221
	5 336 033	(1 152 812)	4 183 221

Pledged as security

None of the intangible assets were pledged as security

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5. Intangible assets (continued)

Intangible assets with indefinite useful life

Patents, trademarks and other rights	700 000	700 000
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Dr Ruth Segomotsi Mompoti District Municipality as a Water Services Authority (WSA) acquired rights to Wentzel Dam located in the Mamusa LM area where they have sole rights to extract water from the dam in order to satisfy their business mandate of supplying water to the communities. This right will only cease to exist when one of the following becomes enforced; (1) the municipality ceases to exist or merges; (2) the District enters into a contract with one of the locals where they will delegate their service. For this reason, management had concluded that the right will exist into the unforeseen or undeterminable future..

6. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(34 491 221)	(35 687 524)
Present value of the defined benefit obligation wholly funded	(6 328 403)	(6 643 128)
	(40 819 624)	(42 330 652)
Non-current liabilities	(39 055 633)	(39 937 895)
Current liabilities	(1 763 991)	(2 392 757)
	(40 819 624)	(42 330 652)

The fair value of plan assets includes:

Entity's own financial instruments

Assets used by the entity

Active employees - PEMA	(17 454 169)	(18 520 000)
Continuation pensioners - PEMA	(17 037 052)	(17 167 524)
employers accrued liability - LSA	(6 328 403)	(6 643 128)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	42 330 652	38 771 000
Benefits paid - PEMA	(1 552 289)	(1 443 000)
Benefits paid - LSA	(840 468)	(378 000)
Net expense recognised in the statement of financial performance	881 729	5 380 652
	40 819 624	42 330 652

Net expense recognised in the statement of financial performance

Current service cost - PEMA	1 606 385	1 594 000
Current service cost - LSA	604 355	543 000
Interest cost - PEMA	3 634 275	3 179 000
Interest cost - LSA	528 946	492 000
Actuarial (gains) losses - PEMA	(4 884 674)	(836 476)
Actuarial (gains) losses - LSA	(607 558)	409 128
	881 729	5 380 652

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(5 492 232)	(427 348)
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Dr Ruth S Mompoti District Municipality

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6. Employee benefit obligations (continued)

Key assumptions used - PEMA

Assumptions used at the reporting date:

Discount rates used	13.98 %	10.41 %
Consumer price inflation	8.89 %	6.71 %
Health care cost inflation	10.39 %	8.21 %
Net discount rate	3.25 %	2.03 %
Normal retirement age	65	65
Fully accrued age (to take account for ill health and early retirement decrements	63	63
Continuation percentages - % of active employees, or their surviving dependents	90.00 %	90.00 %
Mortality - active employees	SA85 - 90	SA85 - 90
Mortality - pensioners	PA(90) - 2	PA(90) - 2

Full actuarial valuations were performed by independent actuaries, One Pangaea Financial, for the present value of Employment Medical Subsidy liability at 30 June 2020 using the Projected Unit Credit method

The basis used to determine the overall expected rate of return on assets is as follow:

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2019 the duration of liabilities was 15.73 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 22 June 2020 is 13.98% per annum, and the yield on the inflation linked bonds of a similar term was about 4.67% per annum, implying an underlying expectation of inflation of 8.89% per annum $([1 + 13.98\%] / [1 + 4.67\%] - 1)$.

A healthcare cost inflation rate of 10.39% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.25% per annum $([1 + 13.98\%] / [1 + 10.39\%] - 1)$. This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

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6. Employee benefit obligations (continued)

Key assumptions used - LSA

Discount rate	8.62 %	8.50 %
CPI	3.81 %	4.64 %
Salary increase rate	4.81	5.64 %
Net discount rate	4 %	2.71 %
Net retirement age (years)	63	63
Mortality	SA85-90	SA85-90
Number of employees	203	191

Full actuarial valuations were performed by independent actuaries, One Pangaea Financial, for the present value of Long Service Bonus Awards liability at 30 June 2020 using the Projected Unit Credit method.

The basis on which the net discount rate has been determined is as follow:

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2019 the duration of liabilities was 7.08 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 22 June 2020 is 8.50% per annum, and the yield on inflation linked bonds of a similar term was about 4.15% per annum. This implies an underlying expectation of inflation of 3.81% per annum ($[1 + 8.62\% - 0.5\%] / [1 + 4.15\%] - 1$).

We have assumed that salary inflation would exceed general inflation by 1.0% per annum, i.e. 4.81% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.64% per annum ($[1 + 8.62\%] / [1 + 4.81\%] - 1$).

7. Receivables from exchange transactions

Trade and other receivables pledged as security

No receivable have been pledged as security.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2020, R 227 422 (2019: R 25 387.20) were past due but not impaired.

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

1 month past due	15 784	4 351
2 months past due	10 564	6 038
3 months past due	201 073	14 999

8. Receivables from non-exchange transactions

Provision for impairment on receivables	(11 215 328)	(9 584 032)
Public contributions and subsidies	3 007 592	3 007 596
Other receivables from non-exchange revenue	8 517 559	7 987 222
Employee debtor	378 574	378 574
	688 397	1 789 360

9. VAT receivable

VAT	100 090 435	91 873 065
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Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
9. VAT receivable (continued)		
All VAT returns have been submitted by the due date throughout the year		
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	102	1 742
Bank balances	1 316 095	2 637 160
Short-term deposits	113 996 418	110 281 835
	115 312 615	112 920 737

No cash and cash equivalents have been pledged as security

Dr Ruth S Mompoti District Municipality

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2020

2019

10. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
FNB - Primary Bank Account - Cheque Account # 62419781374	1 316 096	2 637 161	664 930	1 316 096	2 637 160	664 930
FNB - 6 Months Fixed Account # 71230646229	4 500 000	4 500 000	4 500 000	4 500 000	4 500 000	4 664 232
FNB - Call Account # 62453114383	29 885 567	11 991 551	7 456 787	29 885 567	11 991 551	7 456 787
FNB - Call Account # 62453115224	14 623 969	44 224 200	9 149 310	14 623 969	44 224 200	9 149 310
FNB - Call Account # 62453121065	1 014 688	1 017 227	1 011 786	1 014 688	1 017 227	1 001 507
FNB - Call Account # 62453095666	-	-	3	-	-	3
FNB - Call Account # 62453121552	126 490	897 326	152 902	126 490	897 326	152 902
FNB - Call Account # 62453063986	624 306	438 676	436 329	624 306	438 676	436 329
FNB - Call Account # 62453006283	260 090	2 467 354	2 454 158	260 090	2 467 354	2 454 158
FNB - Call Account # 62453097472	30 025	30 106	29 944	30 025	30 106	29 944
FNB - Call Account #62453117452	289	720	1 835 461	289	720	1 835 461
FNB - Call Account #62453014103	1 612 854	2 995 984	32 138	1 612 854	2 995 984	32 138
FNB - Call Account #62453118509	3 000	5 427	1 379	3 000	5 425	1 377
FNB - Call Account #62464422056	-	18 654	10 907	-	18 654	10 907
FNB - Call Account #62483135664	28 824	2 915 325	4 873 558	28 824	2 915 325	4 873 558
FNB - Call Account #62522175878	44 725 324	38 772 495	314 930	44 725 324	38 772 495	314 930
FNB - Call Account #62453058987	820 591	6 794	270 657	820 591	6 794	270 657
VBS MUTUAL BANK - 6 monthsSmart Fixed Deposit - 10087600002	-	-	150 000 000	-	-	-
FNB RBIG Retention 62849834127	910 419	-	-	910 419	-	-
FNB WSIG Retention 62849634490	6 426 656	-	-	6 426 656	-	-
FNB MIG Retention 62849634820	8 403 329	-	-	8 403 329	-	-
Petty cash	102	1 737	-	102	1 740	-
Total	115 312 619	112 920 737	183 195 179	115 312 619	112 920 737	33 349 130

Dr Ruth S Mompoti District Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2020 2019

11. Accumulated surplus

Accumulated surplus reconciliation 2020

	Accumulated surplus	Total
Opening balance	(2 403 502 806)	(2 403 502 806)
Net Surplus for the year	(126 416 939)	(126 416 939)
Property plant and equipment adjustment	(338 542)	(338 542)
	(2 530 258 287)	(2 530 258 287)

Accumulated surplus Reconciliation 2019

	Accumulated surplus	Total
Opening balance	(2 321 408 115)	(2 321 408 115)
Net surplus for the year (Previously reported)	(296 113 333)	(296 113 333)
Restatement of 2018/19 financial year surplus - correction of error	208 265 652	208 265 652
Restatement of 2018/19 financial year - correction of error	7 219 390	7 219 390
Restatement of 2017/18 financial year - correction of error	(1 466 400)	(1 466 400)
	(2 403 502 806)	(2 403 502 806)

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Regional Bulk Infrastructure Grant (RBIG)	4 279 661	-
National Borehole Refurbishment (NBR)	(1)	(1)
Municipal Infrastructure Grant (MIG)	11 342 393	-
Water Service Infrastructure Grant (WSIG)	27 202 255	35 800 572
Municipal Disaster Grant (MDG)	9 149	-
	42 833 457	35 800 571

13. Other financial liabilities

At amortised cost

DBSA loan	34 134 315	44 034 315
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Loan redemption date is 31 July 2023. Interest is only incurred on arrear amounts at an interest rate of 12,75% per annum.

This is a loan that was inherited by the district municipality during the 2005 re-demarcation process for the 2 local municipalities, namely Mamusa Local Municipality and Lekwa - Teema Local Municipality for water and sanitation infrastructure projects.

Non-current liabilities

At amortised cost	23 334 315	33 234 315
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Current liabilities

At amortised cost	10 800 000	10 800 000
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Defaults and breaches

The Municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been renegotiated by the Municipality.

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand 2020 2019

14. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Total
Leave provision	7 096 869	4 013 417	(2 568 436)	8 541 850

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Total
Leave provision	5 185 840	4 292 816	(2 381 787)	7 096 869

15. Payables from exchange transactions

Trade payables		534 571 956	471 852 811
Accrued bonus		3 486 911	3 564 368
Receiver of Revenue		2 539 867	-
Retentions		55 213 809	40 262 263
Output accrual		1 246 140	-
Mamusa MIG		1 830 304	1 830 304
		598 888 987	517 509 746

16. Revenue

Rental of facilities and equipment	1 032 511	906 597
Other income	232 393	91 372
Interest received - investment	5 253 336	9 927 268
Government grants & subsidies	696 969 638	708 434 648
Public contributions and donations	2 853 420	-
	706 341 298	719 359 885

The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities and equipment	1 032 511	906 597
Other income	232 393	91 372
Investment revenue	5 253 336	9 927 268
	6 518 240	10 925 237

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Government grants & subsidies	696 969 638	708 434 648
Public contributions and donations	2 853 420	-
	699 823 058	708 434 648

17. Rental of facilities and equipment

Premises

Premises	1 032 511	906 597
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The operating lease revenue relates to investment property, ERF 1853, portion of ERF 506 Vryburg, that is being leased to the Department of Transport and Public Work on a month to month pending signing of the new agreement since the initial contract lapsed.

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
17. Rental of facilities and equipment (continued)		
The property is leased at market related prices		
18. Lease rentals on operating lease		
Premises		
Contractual amounts	3 704 757	3 421 002
Plant and equipment		
Contractual amounts	1 965 675	-
	5 670 432	3 421 002

The rentals above are lease rentals for:

The Municipal office, situated at 50 Market Street, from Markork Investment Limited.

The lease contract commenced on 1 July 2015 and ended on 30 June 2018. The lessee had the option to extend the lease on a year to year basis. The municipality exercised the option and has been leasing the premises from 1 July 2018 on a yearly basis.

The storage space in Market Street is leased on a yearly basis.

19. Other income

Tender Fees	122 372	69 318
Insurance refund	110 021	22 054
	232 393	91 372

20. Investment revenue

Interest revenue

Bank	198 453	9 246 982
Interest received: Fixed term deposit	348 750	-
Interest received - Call accounts	4 706 132	680 286
	5 253 335	9 927 268

21. Grants and subsidies paid

Other subsidies

Grants paid	30 562 355	17 317 986
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Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
22. Government grants and subsidies		
Operating grants		
Equitable share	361 316 000	337 205 000
Expanded Public Works Programme (EPWP)	2 050 000	1 680 662
Financial management Grant (FMG)	1 785 000	1 320 000
Municipal Disaster Grant (MDG)	675 851	-
LG SETA Grant	192 051	-
	366 018 902	340 205 662
Capital grants		
Municipal Infrastructure Grant (MIG)	127 050 607	139 196 693
Regional Bulk Infrastructure Grant (RBIG)	117 413 339	127 200 055
Roads Asset Management Systems Grant (RAMS)	2 589 000	2 444 000
Water Services Infrastructure Grant (WSIG)	77 797 790	96 181 428
National Borehole Refurbishment (NRB)	6 100 000	3 206 810
	330 950 736	368 228 986
	696 969 638	708 434 648
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	378 295 000	299 705 000
Unconditional grants received	259 519 000	439 639 810
	637 814 000	739 344 810
Regional Bulk Infrastructure Grant (RBIG)		
Balance unspent at beginning of year	-	106 924 090
Current-year receipts	121 693 000	163 927 000
Conditions met - transferred to revenue	(117 413 339)	(127 200 055)
Other	-	(37 500 000)
Transfer to liability	-	(106 151 035)
	4 279 661	-
Conditions still to be met - remain liabilities (see note 12).		
The purpose of the grant is to fund bulk connector and internal infrastructure for water services at a basic level of service.		
National Borehole Refurbishment (NRB)		
Balance unspent at beginning of year	(1)	418
Current-year receipts	6 100 000	3 206 810
Conditions met - transferred to revenue	(6 100 000)	(3 206 811)
Transfer to liability	-	(418)
	(1)	(1)
Conditions still to be met - remain liabilities (see note 12).		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	-	3 714 691
Current-year receipts	138 393 000	135 482 000
Conditions met - transferred to revenue	(127 050 607)	(139 196 691)

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand 2020 2019

22. Government grants and subsidies (continued)

11 342 393 -

Conditions still to be met - remain liabilities (see note 12).

Expanded Public Works Incentive (EPWP)

Balance unspent at beginning of year	-	402 662
Current-year receipts	2 050 000	1 278 000
Conditions met - transferred to revenue	(2 050 000)	(1 680 662)
	-	-

Conditions still to be met - remain liabilities (see note 12).

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP Guidelines.

Municipal Financial Management Grant (FMG)

Current-year receipts	1 785 000	2 444 000
Conditions met - transferred to revenue	(1 785 000)	(2 444 000)
	-	-

Conditions still to be met - remain liabilities (see note 12).

To assist rural district municipalities to set up rural Roads Asset Management Systems, and collect road, bridges and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa.

Water Service Infrastructure Grant (WSIG)

Balance unspent at beginning of year	35 800 572	-
Current-year receipts	105 000 045	131 982 000
Conditions met - transferred to revenue	(77 797 790)	(96 181 428)
Transfer to liability	(35 800 572)	-
	27 202 255	35 800 572

Conditions still to be met - remain liabilities (see note 12).

Municipal Disaster Grant (MDG)

Current-year receipts	685 000	-
Other	(675 851)	-
	9 149	-

Conditions still to be met - remain liabilities (see note 12).

23. Public contributions and donations

Public contributions and donations	2 853 420	-
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Donations consist of a truck that was donated by Department of Local government and traditional affairs to support the fire and disaster management division of the Municipality.

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
24. Employee related costs		
Basic Salaries	85 656 784	77 357 373
Bonus	6 122 249	6 129 808
Medical aid - company contributions	7 590 061	7 140 880
Pension fund contributions	12 397 365	12 307 200
UIF and SDL contributions	1 418 482	1 497 490
Leave pay provision charge	3 616 660	4 345 153
Travel, motor car, accommodation, subsistence and other allowances	23 806 019	22 836 907
Overtime payments	2 608 114	2 235 472
Long-service awards	463 477	662 790
Housing benefits and allowances	1 219 387	1 182 681
Sitting allowance	452 500	428 000
Telephone officials	1 030 879	834 812
Other allowances and subsidies	180 604	16 450
	146 562 581	136 975 016

Remuneration of municipal manager

Annual Remuneration	831 982	591 271
Travel allowances	201 268	195 983
Housing allowance	360 096	231 005
Contributions to UIF, Medical and Pension Funds	66 980	66 978
Cellphone Allowance	20 268	20 268
Rural allowance	55 465	22 994
Accommodation and subsistence	30 300	36 850
Acting allowances	26 452	27 321
Leave pay	53 064	-
	1 645 875	1 192 670

The Municipal manager, Mr J Mononela was suspended from 1 April 2019. Please refer to the related parties note for the acting periods

Remuneration of chief finance officer

Acting allowances	224 591	394 918
	224 591	394 918

The position of Chief Financial Officer has been vacant for the entire financial year ending 30 June 2020. Please refer to the related parties note for the acting periods

Remuneration of Economic Development, Tourism and Agriculture manager

Annual Remuneration	680 078	445 008
Housing Allowance	232 517	148 546
Accommodation and subsistence	56 250	70 650
Contributions to UIF, Medical and Pension Funds	110 808	90 242
Rural allowance	45 339	18 879
Travel allowance	173 989	137 356
Telephone allowance	11 388	10 439
Acting allowances	-	9 737
Leave pay	43 568	-
	1 353 937	930 857

Remuneration of engineering senior manager

Dr Ruth S Mompoti District Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
24. Employee related costs (continued)		
Annual Remuneration	296 207	461 047
Housing Allowance	51 797	122 297
Accommodation and subsistence	16 300	23 650
Contributions to UIF, Medical and Pension Funds	71 951	128 559
Rural allowance	16 926	18 879
Travel allowance	63 454	97 395
Telephone allowance	5 694	10 439
Acting allowances	134 868	2 480
Leave	51 918	-
	709 115	864 746
Remuneration of executive support manager (office of Mayor)		
Termination leave	-	48 709
	-	48 709
Department was discontinued		
Remuneration of Corporate Services manager		
Annual Remuneration	338 523	463 828
Housing Allowance	66 648	125 845
Accommodation and subsistence allowance	6 100	25 000
Contributions to UIF, Medical and Pension Funds	83 489	122 773
Travel allowance	54 868	102 820
Telephone allowance	17 082	-
Rural Allowance	19 747	18 879
Acting allowance	142 452	70 597
Leave pay	115 901	-
	844 810	929 741
Remuneration of Chief Audit executive		
Annual Remuneration	-	138 528
Travel allowance	-	18 335
Housing Allowance	-	52 333
Contributions to UIF, Medical and Pension Funds	-	29 549
Telephone allowance	-	1 158
Termination leave	-	66 935
Accommodation and subsistence	-	5 150
Acting allowances	198 272	225 099
	198 272	537 087
Remuneration of community services manager		
Annual Remuneration	56 673	259 741
Housing Allowance	21 569	43 100
Accommodation and subsistence	-	500
Contributions to UIF, Medical and Pension Funds	4 641	51 807
Travel allowance	11 720	31 278
Termination leave	-	112 027
Telephone allowance	949	2 847
Rural allowance	3 778	-
Acting allowances	-	209 005
	99 331	710 303

Dr Ruth S Mompoti District Municipality

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Figures in Rand	2020	2019
24. Employee related costs (continued)		
Remuneration of Planning and development manager		
Acting allowances	211 716	-
	211 716	-
25. Remuneration of councillors		
Councillors - Refer to related parties for details	9 341 847	8 646 300
26. Depreciation and amortisation		
Property, plant and equipment	68 478 543	65 130 790
Intangible assets	1 081 542	1 152 812
	69 560 085	66 283 602
27. Finance costs		
Interest paid	773 837	1 063 359
Finance costs on employee benefit plan	4 163 221	3 671 000
	4 937 058	4 734 359
28. Debt impairment		
Movement in provision for bad debts	1 631 296	241 364
29. Bulk purchases		
Water	214 992 229	232 196 995
30. Contracted services		
Outsourced Services		
Professional Services	37 945 516	14 243 485
Security Services	3 855 756	3 631 197
Consultants and Professional Services		
Business and Advisory	187 905	4 216 289
Infrastructure and Planning	34 713 624	99 042 682
	76 702 801	121 133 653

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
31. General expenses		
Advertising	623 218	748 947
Assessment rates & municipal charges	1 255 098	184 676
Auditors remuneration	3 900 600	3 183 399
Bank charges	78 760	65 168
Cleaning	2 452	-
Legal Fees	3 249 142	3 583 928
Consumables	500	694
Donations	2 316	97 620
Refreshment and meals	1 084 541	612 693
Insurance	565 797	607 293
Community functions	818 039	282 372
Conferences and seminars	522 526	337 308
IT expenses	404 245	-
Promotions and sponsorships	219 356	61 223
Magazines, books and periodicals	764 025	1 565
Fuel and oil	1 288 529	1 165 784
Postage and courier	-	400
Printing and stationery	1 571 448	904 210
Protective clothing	753 178	161 728
Repairs and maintenance	533 370	2 238 829
Royalties and license fees	43 174	68 578
Bursaries for officials	386 081	479 706
Software expenses	644 907	603 243
Subscriptions and membership fees	1 647 832	1 358 476
Telephone and fax	1 449 555	1 590 417
Training	272 946	1 241 136
Travel and subsistence officials	916 248	7 279 866
Small tool and equipment	1 489 810	28 242
Electricity	-	559 968
Water	24 588	354 292
Refuse	69 649	124 726
Rental expense	-	1 026 237
Employee assistance program	-	185 634
Special projects	84 200	1 368 684
Cleaning material and consumables	-	147 644
Sundry expenses	-	351 930
	24 666 130	31 006 616
32. Fair value adjustments		
Investment property (Fair value model)	-	85 654
33. Auditors' remuneration		
Fees	3 900 600	3 183 399

Dr Ruth S Mompoti District Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
34. Cash generated from operations		
Surplus	126 436 930	87 847 681
Adjustments for:		
Depreciation and amortisation	69 560 085	66 283 602
Gain on sale of assets and liabilities	769 786	10 482 844
Fair value adjustments	-	(85 654)
Debt impairment	1 631 296	241 364
Actuarial Gains	(5 492 232)	(427 348)
Movements in provisions	1 444 981	-
Donated assets	(2 853 420)	-
Changes in working capital:		
Receivables from non-exchange transactions	1 100 963	(1 598 116)
Provision: Leave	-	1 911 029
Payables from exchange transactions	109 948 046	350 551 154
VAT	(8 217 370)	(35 878 296)
Movements in retirement benefits assets and liabilities	(1 511 028)	3 559 652
Unspent conditional grants and receipts	7 032 886	(76 139 237)
	299 850 923	406 748 675

35. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At amortised cost	At cost	Total
Other receivables from non-exchange transactions	100 776 957	-	100 776 957
Cash and cash equivalents	-	115 312 615	115 312 615
	100 776 957	115 312 615	216 089 572

Financial liabilities

	At amortised cost	Total
Other financial liabilities	34 134 315	34 134 315
Trade and other payables from exchange transactions	573 485 964	573 485 964
	607 620 279	607 620 279

2019

Financial assets

	At amortised cost	At cost	Total
Other receivables from non-exchange transactions	93 662 425	-	93 662 425
Cash and cash equivalents	-	112 920 737	112 920 737
	93 662 425	112 920 737	206 583 162

Financial liabilities

	At amortised cost	Total
Other financial liabilities	44 034 315	44 034 315

Dr Ruth S Mompoti District Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
35. Financial instruments disclosure (continued)		
Trade and other payables from exchange transactions	411 358 292	411 358 292
	455 392 607	455 392 607
36. Commitments		
Authorised capital expenditure		
Approved and contracted		
• Property, plant and equipment	794 733 444	891 055 320
Approved but not contracted for.		
• Property, plant and equipment	4 576 402	31 383 681
Total capital commitments		
Already contracted for but not provided for	794 733 444	891 055 320
Not yet contracted for and authorised by accounting officer	4 576 402	31 383 681
	799 309 846	922 439 001
Authorised operational expenditure		
Already contracted for but not provided for		
• Asset management services	911 806	15 211 661
• Security services	4 346 133	8 655 944
• Analysis of water samples	856 592	1 059 293
• ICT services	3 388 761	7 218 011
• Accounting systems	-	1 725 369
• AFS preparation	7 981 492	9 194 509
• Town rezoning	449 500	1 074 125
• Rental of municipal offices	2 102 537	1 126 891
• Telephone and printing services	4 537 474	6 791 080
• Revenue enhancement strategy	421 425	-
• Road Asset management System	2 256 918	4 845 918
	27 252 638	56 902 801
Not yet contracted for and authorised by accounting officer		
• Revenue enhancement strategy	-	2 400 000
• Fire fighting and protective clothing	-	347 000
• Rental of municipal offices	13 248 000	-
• ICT Services	1 259 900	-
• Performance management and risk systems	2 400 000	-
• Supply of Short term insurance	729 625	-
	17 637 525	2 747 000
Total operational commitments		
Already contracted for but not provided for	27 252 638	56 902 801
Not yet contracted for and authorised by accounting officer	17 637 525	2 747 000
	44 890 163	59 649 801
Total commitments		
Total commitments		
Authorised capital expenditure	799 309 846	922 439 001
Authorised operational expenditure	44 890 163	59 649 801
	844 200 009	982 088 802

Dr Ruth S Mompoti District Municipality

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Notes to the Annual Financial Statements

Figures in Rand		2020	2019
37. Contingencies			
37.1 CONTINGENT LIABILITIES		2020	2019
37.1.1	Morweng Attorneys Obo Vince Homes 04-03-2020 The Plaintiff, Vince Homes, issued summonses against the Municipality alleging non-payment for the construction of oxidation pond in Morokweng. The Municipality has appointed Attorneys to defend the matter.	6 251 728	-
37.1.2	Levin Tatanis Attorneys 05-03-2020 The Plaintiff, alleges that he struck pothole/potholes between Schweizer Reneke and Wolmaransstad and he suffered damages because of negligence of Mamusa Local Municipality, District Municipality, Department of Public Works and Roads and The South African National Roads Agency Limited. The Municipality has appointed Morwaagae Attorneys to defend the matter.	2 750 000	-
37.1.3	Honey Attorney Obo Cemforce 17-02-2020 CEMFORCE alleges that the municipality owes them R 39 million for work done. The Municipality has counter-claim for R21 million for work not done but paid for. The Municipality has appointed Seabela Attorneys to defend the matter.	39 000 000	-
37.1.4	Willem Coetzee Attorneys Obo Lekratrek. 20-05-2020 LEKTRATEK WATER TECHNOLOGIE has taken the Municipality to court for claims for work done, 8 months storage costs, Loss of profit and insurance costs. The Municipality has appointed Katake Attorneys to defend the matter.	2 193 228	-
37.1.5	Bill Motswening Attorneys Obo Mr. Mononela 01-10-2019 Mr Mononela was subjected to disciplinary process that has since been postponed sine die. He now claims legal costs he incurred during disciplinary process. The Municipality appointed Sifumba Attorneys to defend the matter, the matter was before the High Court on the 19th of June 2020 and judgment was reserved	-	-
37.1.6	Letsapa Attorneys Obo Councillor Keetile 07-02-2019 Letsapa Attorneys send a letter of demand to the District Municipality demanding that the municipality assist Mrs. Keetile with her medical bills after she inhaled pepper spray during Council meeting and she had get medical attention which led to her incurring medical expenses, her medical expenses is currently standing at R149 000.00 The claim was referred to the municipality insurance and it was rejected.	-	-
37.1.7	Mohlala Attorneys 14-01-2019 the municipality received a letter of demand from Mohlala Attorneys demanding a payment for damages suffered by Tswaraganang Poultry Trust at Rosendal Farm, they alleged that the damages were occasioned by spillage of sewer at their farm. Still waiting for summonses	-	3
37.1.8	Department of Water and Sanitation 14 May 2019 the municipality received an urgent court application from the Department of Water and Sanitation demanding that the municipality stops sewer spillage from flowing into Rosendal farm and for general sewer maintenance in Huhudi On the 01st November 2019, the North West High Court postponed the matter to the 16th April 2020, we are in the process of negotiating with the Department to settle the matter.	-	-

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37. Contingencies (continued)

37.1.9	Sedibeng Water Board 23-10-2018 Sedibeng Water Board took the municipality to court demanding payment of the outstanding money that the municipality owe them. The matter is still pending at the High Court.	-
37.1.10	Baloyi Attorneys Obo Executive Mayor 07-03-2019 On the 07th of August 2019, Executive Mayor went to Mahikeng High Court on an urgent basis to review and set aside Council resolution to place her on special leave for 30 days. The court ruled in favour of the Executive Mayor and set aside Council resolution to place her on a special leave for 30 days, court ordered that the Municipality must pay the legal costs of the applicant.	-

Contingent assets

35.2	CONTINGENT ASSETS	-
35.2.1	Mr. C Tlhabi (IT Officer) on 01-12-2018 Mr. C. Thabi was placed on precautionary suspension for insubordination and for disclosing confidential information to unauthorized people. The disciplinary hearing is not yet finalised. The estimated recoverable amount was determined.	-
35.2.2	Mr. J Mononela (Municipal Manager) 01-03-2019 Mr. J Mononela was placed on immediate suspension with full salary for investing with VBS Mutual Bank. The disciplinary hearing was postponed sine die. The costs of this matter include those of initiating and chairing law firms amounting to 1 014 417.68	-
35.2.3	Mr. T Moroka (IT Manager) on 01-07-2019 Mr. T. Moroka was charged for alleged sexual harassment. The disciplinary hearing not yet finalised. The estimated recoverable amount was determined.	331 771
35.2.4	Nakana L and 2 Others, 2020 L. Nakana, L. Mabula and D. Motshelabola were place on suspension for allegations of misconduct that involves making irregular payment of R 21 800 000 to CEMFORCE. The matter has been postponed due to COVID19 Regulations and is soon to proceed under level 3 of the lockdown. The estimated recoverable amount was determined	21 800 000

Dr Ruth S Mompoti District Municipality

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2019

38. Related parties

Relationships

Accounting Officer

Mr J Mononela (Municipal Manager)

Appointed 01/07/2018 - 30/06/2020

Suspended 01/04/2019 to 01/10/2019

Mr M Mothibi (Acting Accounting officer)

Acting period - 1/07/2019 - 30/09/2019

Chief Financial officer

Ms D.L. Motshelabola (Acting Chief Financial Officer)

Acting period 01/07/2019 – 31/10/2019

Mr K Kalanko (Acting Chief Financial Officer)

Acting period 01/11/2019 – 20/03/2020

Mr M Matshangaza (Acting Chief Financial Officer)

Acting period 21/03/2020 – 30/04/2020

Mr K Kalanko (Acting Chief Financial Officer)

Acting period 01/05/2020 – 30/06/2020

Mr Charles Malema (CFO)

Appointed 01 July 2020

Members of Key management

Mr T Gaanagomo (Senior manager EDTA)

Appointed 01/07/2019 – 30/06/2020

Mr M Mothibi (Senior Manager Corporate Services)

Appointed 01/07/2019 – 30/09/2019

Mr J Shai (Acting senior manager corporate services)

Acting period 01/07/2019 – 30/09/2019

Mr M Mothibi Senior manager corporate services)

Appointed 01/10/2019 - 31/01/2020 resigned

Mr T Moroka (Acting corporate services)

Acting period 01/02/2020 – 30/06/2020

Mrs GC Modirapula (Senior manager internal audit)

Acting period 01/07/2019 – 31/10/2019

Mrs GM Pereira (Acting senior internal audit)

Acting 01/11/2020 – 29/02/2020

Mr MS Mashati (Acting manager Internal audit)

Acting period 01/03/2020 – 29/06/2020

Mr BOS Mosiapoa (Acting senior manager community service)

Acting period 01/07/2019 – 31/05/2020

Mr K Vogt (Senior manager community service)

Appointed 01/06/2020 – 30/06/2020

Remuneration of Councillors

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38. Related parties (continued)

Management class: Councillors

2020

Name	Basic salary	Travel allowance	Telephone allowance	Housing allowance	Medial, Pension, SDL and UIF	Sitting Allowance	Total
Cllr B.L. Mahlangu - Executive Mayor	536 310	134 078	44 400	200 965	80 717	-	996 470
Cllr L.V. Maogwe - Speaker	429 047	107 262	44 400	182 842	82 319	-	845 870
Cllr K.L. Mamapula - MMC: Economic Development, Tourism & Agriculture	238 774	105 131	-	159 589	3 371	-	506 865
Cllr OJ Balebanye - MMC	238 774	66 679	-	114 789	3 009	-	423 251
Cllr GD Kgabo - MMC: Engineering and technical services	402 232	124 434	44 400	187 747	5 562	-	764 375
Cllr D. J. Molapo - MMC	402 232	228 700	44 400	255 397	6 541	-	937 270
Cllr P Maleke - MMC	402 232	127 458	44 400	205 197	5 661	-	784 948
Cllr M.E. Ncobo - MMC	60 738	16 672	-	30 407	302	-	108 119
Cllr TA Babuile - Directly elected	169 722	43 484	44 400	68 130	14 206	-	339 942
Cllr CP Herbst - Directly elected	58 662	15 221	14 800	16 340	8 743	-	113 766
Cllr M.E. Keetile - Directly elected	165 579	52 085	40 700	42 044	48 418	-	338 826
Cllr MW Moseswa - Directly elected	67 085	76 129	-	83 002	1 160	-	227 376
Cllr MM Mkwandawira - Directly elected	169 722	42 431	44 400	56 842	25 781	-	339 176
Cllr ETL Mccumi - Directly elected	169 722	68 871	44 400	114 818	2 847	-	400 658
Cllr K Sereko - Directly elected	169 722	44 251	44 400	70 968	2 489	-	331 830
Cllr B Sethabetsi Mokone - Directly elected	169 722	89 980	44 400	89 512	43 433	-	437 047
Cllr CE Tladinyane - Directly elected	169 722	69 702	44 400	72 718	2 825	-	359 367
Cllr M.K.I. Olifant - Indirectly elected	-	8 353	-	750	(128)	10 608	19 583
Cllr OR Modise - Indirectly elected	6 264	14 051	-	21 010	421	-	41 746
Cllr JG Brand	-	-	-	-	149	14 851	15 000
Cllr AN Bareng - Indirectly elected	-	-	-	-	202	21 216	21 418
Cllr MM Diphikwe - Indirectly elected	21 306	10 611	-	11 328	228	-	43 473
Cllr DA Itumeleng - Indirectly elected	6 264	6 801	-	3 610	74	-	16 749
Cllr BR Bareng - Indirectly elected	21 306	5 327	-	17 378	266	-	44 277
Cllr KR Kgosisore - Indirectly elected	-	-	-	-	53	5 304	5 357
Cllr LC Loabile	21 306	6 347	-	10 578	207	-	38 438
Cllr TM Lenkopane	21 306	14 139	-	18 078	267	-	53 790
Cllr OE Mgorosi - Indirectly elected	40 865	10 216	-	17 027	671	1 061	69 840

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38. Related parties (continued)

Cllr MV Mosinkiemang - indirectly elected	-	20 186	-	22 300	302	13 790	56 578
Cllr SD Mthibedi - Indirectly elected	-	54 324	-	25 950	553	15 912	96 739
Cllr TP Sebe - Indirectly elected	-	23 756	-	750	187	20 155	44 848
Cllr KM Seleseng- Indirectly elected	40 865	12 097	-	17 777	671	1 061	72 471
Cllr T Tlhaganyane - Indirectly elected	-	-	-	4 850	185	15 912	20 947
Cllr E Van Biljon - Indirectly elected	16 667	6 416	-	7 445	140	-	30 668
Cllr PG Modise - Indirectly elected	13 098	3 274	3 700	5 457	-	-	25 529
Cllr VL Moseki - Indirectly elected	79 591	40 765	-	55 213	1 377	-	176 946
Cllr ADV SDJ Strydom	99 005	24 752	25 900	18 332	24 309	-	192 298
	4 397 840	1 673 983	573 500	2 209 140	367 618	119 870	9 341 851

2019

Name	Basic salary	Travel allowance	Housing allowance	Telephone Allowance	Pension, Medical aid and SDL	Sitting allowance	Accommodation allowance	Total
Cllr B.L. Mahlangu - Executive Mayor	498 559	124 162	132 440	44 400	79 934	-	27 200	906 695
Cllr L.V. Maogwe - Speaker	398 848	99 330	88 672	44 400	81 556	-	53 150	765 956
Cllr K.L. Mamapula - MMC: Economic Development, Tourism & Agriculture	215 317	65 324	89 715	-	3 396	-	12 650	386 402
Cllr M.K.I. Olifant - MMC: Planning & Development	75 959	22 852	31 650	-	1 281	-	5 850	137 592
Cllr O.R. Modise - MMC: Community Services	75 959	33 831	31 650	-	1 488	3 182	31 750	177 860
Cllr B. Selthabetsi - MMC: Corporate Services	234 777	106 334	44 888	44 400	54 582	-	88 350	573 331
Cllr G.D. Kgabo - MMC: Engineering and Technical Services	372 488	123 656	155 203	44 400	6 776	-	45 900	748 423
Cllr DJ Molapo	296 529	102 289	102 564	44 400	5 253	-	22 100	573 135
Cllr CP Herbst	-	1 989	-	-	58	5 304	-	7 351
Cllr OJ Balebanye	134 415	42 384	56 006	-	2 301	6 365	11 150	252 621
Cllr DA Itumefeng	-	24 277	-	-	338	18 033	12 150	54 798
Cllr MV Mosinkiemang	-	17 241	-	-	243	21 216	7 300	46 000
Cllr SD Mthibedi	-	29 070	-	-	366	18 034	13 350	60 820
Cllr TP Sebe	-	26 585	-	-	220	22 154	2 709	51 668
Cllr T Tlhaganyane	-	-	-	-	180	18 034	1 250	19 464
Cllr JA Adonis	-	7 986	-	-	286	24 398	8 250	40 920

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38. Related parties (continued)

Cllr AN Bareng	-	2 297	-	-	173	14 851	3 900	21 221
Cllr ME Keetle	153 141	59 794	28 175	44 400	50 167	(3 570)	7 400	339 507
Cllr P Maleke	296 529	97 614	123 554	44 400	5 106	-	10 300	577 503
Cllr MM Mkandawira	157 776	39 293	41 912	44 400	25 663	-	15 750	324 794
Cllr ETL Mocumi	157 171	44 653	65 487	44 400	3 078	-	17 950	332 739
Cllr SDJ Strydom	157 171	39 293	27 203	44 400	40 680	-	-	308 747
Cllr KD Tshite	144 074	60 984	60 030	40 700	3 070	-	53 500	362 358
Cllr BR Bareng	19 975	3 616	6 027	-	409	-	15 500	45 527
Cllr MM Diphikwe	14 464	15 830	6 027	-	324	-	14 050	50 695
Cllr TM Lenkopane	14 464	17 714	6 027	-	293	(1 020)	11 150	48 628
Cllr LC Loabile	14 464	14 396	6 027	-	293	-	9 450	44 630
Cllr E Van Bijjon	10 003	7 243	4 168	-	161	-	-	21 575
Cllr MW Moseswa	83 081	88 339	34 617	-	1 845	-	66 050	273 932
Cllr K.G. Sereko	157 171	46 136	65 488	44 400	2 975	-	1 565	317 735
Cllr C.E. Tladinyane	157 171	86 832	65 488	44 400	3 094	-	7 550	364 535
Cllr TA Babuile	13 097	3 274	5 457	3 700	397	-	-	25 925
Cllr VL Moseki	215 316	85 088	89 715	-	3 827	-	49 750	443 696
	4 067 919	1 539 706	1 368 190	577 200	379 813	146 981	626 974	8 708 783

39. Prior period errors

VAT Receivable

VAT reconciliations resulted in the split between VAT accrual and VAT receivable. In addition, correction on trade payables to clear difference between age analysis and control account resulted in the adjustment of the VAT on the associated transactions. Correction of Bulk Purchases to reconcile GL and billings for the year resulted in the correction of VAT on the relevant invoices.

Cash and Cash equivalents

The balance was misstated by WIP amounts that were debited on the point of sale account mapped under cash and cash equivalents, also revenue for tender fees was never transferred to revenue and to this account. An adjustment was made to reclassify WIP amounts to WIP account. As well as other income that was not captured.

Receivables from Non exchange

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39. Prior period errors (continued)

Provision for doubtful debts for 2019 financial year was not calculated according to the policy. An adjustment was made to the provision for doubtful debts to align it with the accounts receivable policy. In addition, all the billings and receipts for pensioners that were initially processed through incorrect accounts were reclassified to the accounts receivable for them to correctly appear on the age analysis.

Property Plant and equipment

In the prior period, there was misclassification between infrastructure cos and accumulated depreciation. Remaining useful life was incorrectly calculated on PPE. Some transfers between WIP to Infrastructure were incorrectly done as the full project was transferred instead of only transferring the subprojects. Additional Water Supply Network assets were identified (4 components) not previously included in the FAR – Impacted infrastructure. 4 parks were identified not previously included in the FAR (title deeds are in Dr Ruth's name). Land item was identified as a duplicate (it was included twice in the FAR) and subsequently removed.

Intangible assets

Software from JBFE for assets was not capitalized as computer software payments for the acquisition of this software were expensed in three years from 30 June 2018 to 30 June 2020. An adjustment has been made to capitalize the software and record corresponding amortization for the period.

Trade Payables.

Trade payables control account was not reconciling to the age analysis. Journal entries have been passed to clear all the errors that resulted in the differences between the GL and age analysis.

Unspent conditional Grants

For RBIG and MIG, some invoices for amounts spent were incorrectly accounted for. After the review of invoices for amounts spent, necessary adjustments were carried out resulting in the movements between reported amounts and opening balances as indicated on this set of annual financial statements. For the SPORT Grant the amount have been long standing unspent liabilities, point of origin of these liabilities is not even know Provincial Treasury have also stopped this as a result this year it was taken to accumulated surplus. And for VUNA this has been long standing liability. In fact this is not really a liability it was money won on a competition on behalf of the municipality, therefore it was taken to accumulated surplus.

Provisions

Leave provision was previously reported as an accrual under trade payables. The accrual was also incorrectly calculated. The provision has been adjusted and reclassified from accruals to be presented separately as a provision.

Government grants and subsidies

With EQS it was determined that general expenditure was debited to EQS vote. An adjustment has been done to reclassify the expenditure to the correct vote. For MIG, RBIG and WSIG Amounts that were initially transferred to revenue were based on incorrect invoices lists. After investigations a correct list was prepared and the revenue adjusted accordingly.

Other Income

Other income was presented in two separate items on the face of annual financial statements. The two items were combined to appear as one item. Revenue from tender fees was also not captured on the GL. The necessary adjustment has been made to capture the transactions on the GL.

Employee related costs

Employee related costs was mixed up with remuneration of councillors and general expenses. Also the leave provision expense was understated. Contributions to medical aid for pensioners was also captured incorrectly on the GL. An adjustment and remapping has been done to address all the issues identified.

Remuneration of councillors

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39. Prior period errors (continued)

Remuneration of councillors was mixed up with employee related cost. In addition transactions relating to third parties were incorrectly captured on the GL. An adjustment ad remapping was performed to resolve the issues identified.

Depreciation and Amortisation.

Incorrect remaining useful lives were used in calculation of depreciation in the prior year. An adjustment has been made to correct the error. Software from JBFE for assets was not capitalized as computer software payments for the acquisition of this software were expensed in three years from 30 June 2018 to 30 June 2020. An adjustment has been made to capitalize the software and record corresponding amortization for the period

Bad debts written off

Provision for doubtful debts for 2019 was not calculated according to the policy. An adjustment was made to the provision for doubtful debts to align it with the accounts receivable policy and resulted in the corresponding bad debts written off.

Bulk Purchases

Reconciliation has been performed to align GL to the Bulk purchases invoices register. The differences identified resulted in reversal of incorrectly captured invoices, invoices captured in incorrect period and invoices relating to contracted services.

Contracted Services

Contracted services transactions were incorrectly classified in bulk purchases and employee related costs. Journal entries have been processed to classify them from the votes where they are incorrectly sitting.

General expenses

Some employee related costs and councillors remuneration were mapped to general expenses. The accounts were mapped out of general expenses and resulted in the decrease after taking into account some amounts brought to general expenses through a journal.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Decrease in Receivables from non exchange	(101 014)
Increase VAT receivable	8 050 631
Decrease in Cash and cash Equivalents	(2 968 504)
Decrease in Property plant and equipment	(30 778 143)
Increase in Intangible assets	3 146 400
increase in Unspent conditional grants	104 363 209
Increase in Provisions	(7 096 869)
Trade and other payables	(292 179 205)

Statement of financial performance

Increase in Government grants and Subsidies	33 421
Increase in Other Income	46 436
Decrease in Depreciation expense	425 166
Increase in Employee related costs	(8 686 056)
Increase in Remuneration of councillors	(1 416 791)
Increase in Bad debts written off	(241 364)
Increase in Bulk Purchases	(157 311 157)
Increase in Contracted Services	(43 191 862)
Decrease in general expenses	4 192 360

Dr Ruth S Mompoti District Municipality

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39. Prior period errors (continued)

Fruitless and wasteful expenditure

Opening balance	1 240 371
Adjustments made	1 919
Restated opening balance	1 242 290

Irregular expenditure

Opening balance	1 205 785 252
Adjustments made	(145 916 756)
Restated opening balance	1 059 868 496

40. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2020

	As previously reported	Correction of error	Re-classification	Restated
VAT receivable	83 822 434	7 894 337	156 294	91 873 065
Receivable from non exchange	1 890 374	(101 014)	-	1 789 360
Provisions	-	(2 182 723)	(4 914 146)	(7 096 869)
Cash and cash equivalents	115 889 241	(2 968 504)	-	112 920 737
Property plant and equipment	2 864 806 488	(30 778 143)	-	2 834 028 345
Intangible assets	1 036 821	3 146 400	-	4 183 221
Trade payables	(225 330 541)	(186 027 752)	(106 151 453)	(517 509 746)
Unspent Conditional grants	(143 740 268)	1 788 244	106 151 453	(35 800 571)
	2 698 374 549	(209 229 155)	(4 757 852)	2 484 387 542

Statement of financial performance

2020

	As previously reported	Correction of error	Re-classification	Restated
Government grants and Subsidies	708 401 227	33 421	-	708 434 648
Other Income	44 936	30 632	15 804	91 372
Other Income	15 804	-	(15 804)	-
employee related costs	128 288 960	(2 886 032)	11 572 088	136 975 016
Remuneration of councillors	7 229 508	12 025 769	(10 608 978)	8 646 299
Depreciation	66 708 768	(425 166)	-	66 283 602
Bulk purchases	74 885 838	157 311 157	-	232 196 995
Contracted services	77 527 260	43 639 814	(447 952)	120 719 122
General expenditure	35 198 976	-	(4 192 360)	31 006 616
Debt Impairment	-	241 364	-	241 364
Deficit for the year	1 098 301 277	209 970 959	(3 677 202)	1 304 595 034

Dr Ruth S Mompoti District Municipality

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41. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

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

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

42. Going concern

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus of R 2 530 310 330 and that the municipality's total assets exceed its liabilities by R 2 530 310 330.

Management considered the following matters relating to the going concern assumption

- The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The municipality receives conditional grants and equitable share every year. This aids the municipality in the realisation of assets and settlement of liabilities, contingent obligations and commitments.
- The municipality's budget is subjected to a very rigorous independent assessment process to assess its cash backing status before it is ultimately approved by Council
- Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following events and conditions that may cast significant doubt about the going concern assumption has been analyzed as at 30 June 2020 and conclusion made on each of them.:

A - Financial events

Dr Ruth S Mompoti District Municipality

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42. Going concern (continued)

1. Net liability position

We have assessed that the municipality's financial position at 30 June 2020 and the municipality is not at a net liability position.

The municipality has a net asset of R 2 530 258 289 as at 30 June 2020. This means that the municipality will be in position to pay off all its liabilities during the normal course of operations.

2. Borrowings

We have assessed that the municipality does not have fixed term borrowings approaching maturity without realistic prospects of renewal. The municipality's borrowings as at 30 June 2020 are as follows:

? DBSA Loan – R23 334 315 (Short term portion – R 10 800 000)

The above loan was inherited from the 2005 demarcation process for the two local municipalities (Lekwa – Teemane and Mamusa Local Municipalities) for water and infrastructure projects

The municipality is able to meet its monthly repayment amount of R900 000 on the loan and there are no arrears on the loan. There are no other short-term borrowings except for normal credit terms to fund normal operations.

3. Financial support by debtors and creditors

All creditors are paid within 30 days except for the amount owed to Sedibeng Water board with a balance of R 432 966 829 as at end of June 2020. The amount is currently subject to verification by the municipality and a payment settlement plan will be finalized by end of November 2020. There is no indication from the water board of any intention to withdraw financial support to the municipality as the negotiations are underway

The accounts receivable R99m as at 30 June 2020 is mainly from amounts payable by SARS on VAT outstanding. R87.1m of the VAT receivable is the VAT on amount owed to Sedibeng Water which will only be declared when payments are made. Even though there is a low debt recoverability rate there is no deliberate intention by debtors to withdraw financial support..

4. Operating cash flows

We have assessed the operating cash flows of the municipality for two financial periods ending 30 June 2020. The municipality showed a net positive cash flow of R 115 300 454 and R112 909 706 for 2020 and 2019 financial years respectively.

We also inspected the approved budget for 2021 financial year and it also shows a positive net cash flow.

There are no negative operating cash flows indicated by historical and prospective financial information.

B - Other operating events

1. Key Management turnover

Senior management positions have been filled except for the three positions (Engineering, Corporate Services and Chief Audit Executive) as at 30 June 2020. The municipality has managed to appoint two senior managers including the CFO during the current financial year and the other three positions will be appointed by 31 December 2020.

2. Legal proceedings

The municipality has several numbers of litigations as disclosed on the contingent register but the legal division confirmed that there is no material exposure financially to the municipality as most of the cases are favorable to the municipality.

3. Grant funding

The municipality also noted that in terms of the Division of Revenue Act (DORA), treasury has appropriated equitable shares that are increasing over the years. (There is no decline in grant funding for operations). There is also no indication from treasury to stop continued funding to the municipality

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42. Going concern (continued)

Conclusion

The management after analyzing all the factors that may cast doubt to the going concern assumption as documented above, conclude that there are no material uncertainties about the municipality's ability to continue as a going concern and there is no need for any disclosure on the financial statements.

43. Events after the reporting date

No events occurred after the reporting date neither adjusting nor non adjusting.

44. Unauthorised expenditure

Opening balance as previously reported	293 291 029	226 697 099
Opening balance as restated	293 291 029	226 697 099
Add: Expenditure identified - current	248 720 418	66 593 930
Closing balance	542 011 447	293 291 029

45. Fruitless and wasteful expenditure

Opening balance as previously reported	1 242 290	177 012
Opening balance as restated	1 242 290	177 012
Add: Expenditure identified - current	834 814	1 065 278
Closing balance	2 077 104	1 242 290

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45. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Interest charged by eskom	No Disciplinary action taken	527	475
DWSCU West interest and penalties	No Disciplinary action taken	-	1 020 235
Interest charged by Telkom	No Disciplinary action taken	6 839	1 849
Interest charged by Auditor General	No Disciplinary action taken	30 241	14 667
Interest charged by DBSA	No Disciplinary action taken	17 619	26 133
Interest and Penalties - SARS	No Disciplinary action taken	17 657	-
Interest charged by Bona Bona	No Disciplinary action taken	759 587	-
Interest charged by D&F Elektries	No Disciplinary action taken	-	1 143
		832 470	1 064 502

46. Irregular expenditure

Opening balance as previously reported	1 059 868 496	878 821 342
Opening balance as restated	1 059 868 496	878 821 342
Add: Irregular Expenditure - current	366 319 823	181 047 154
Closing balance	1 426 188 319	1 059 868 496

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46. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Declaration of interest not submitted	No Disciplinary action taken	49 862 154	64 838 058
Tax clearance certificates not submitted/ not in order	No Disciplinary action taken	231 849 641	6 920 848
Three (3) quotes not obtained	No Disciplinary action taken	621 084	493 741
Awards made to persons in the service of state	No Disciplinary action taken	-	120 654
Bid amount higher than CIDB grading	No Disciplinary action taken	-	17 728 647
Prescribed SCM procedures not followed	No Disciplinary action taken	3 071 782	89 186 443
Contract expired and extension not signed by delegated official	No Disciplinary action taken	-	1 717 336
Lowest quote not selected. No valid reason for deviation.	No Disciplinary action taken	-	14 877
Deliberate splitting into parts or items of smaller value for transactions to avoid procurement processes	No Disciplinary action taken	-	28 750
Reasons not documented and approved by CFO/MM, where the decision to select a high quote was selected.	No Disciplinary action taken	31 990	-
The bid adjudication committee did not consist of at least 4 senior managers of the municipality.	No Disciplinary action taken	80 883 172	-
		368 319 823	181 047 154

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Opening balance	1 063 357	1 057 568
Current year subscription / fee	1 432 669	1 408 160
Amount paid - current year	(1 523 563)	(1 402 371)
	972 463	1 063 357

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47. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Opening balance	(140)	143 652
Current year subscription / fee	4 455 838	3 663 926
Amount paid - current year	(4 428 815)	(3 678 733)
Interest charged	30 241	14 667
Amount paid - previous years	-	(143 652)
	57 124	(140)
PAYE and UIF		
Current year subscription / fee	28 242 762	26 323 331
Amount paid - current year	(25 702 895)	(26 323 331)
	2 539 867	-
Pension and Medical Aid Deductions		
Current year subscription / fee	31 495 564	28 577 089
Amount paid - current year	(31 495 564)	(28 577 089)
	-	-
VAT		
VAT receivable	100 090 435	91 873 065

All VAT returns have been submitted by the due date throughout the year.

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48. Deviation from supply chain management regulations

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

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Buses and gym equipment were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The following deviations from and ratification of minor breaches of procurement processes.

	2020	2019
Appointment of training and development service providers	726 393	2 290 551
Appointment of repairs and maintenance service providers	349 444	-
Appointment of an advertising service providers	159 387	-
Appointment of an infrastructure development service provider	31 369 463	-
Appointment of service providers for support of SMMEs and farmers	7 867 354	-
Appointment of service providers to supply equipment	633 048	-
Appointment of cleaning services providers	495 000	-
Other deviations	115 321	-
TOTAL	41 715 410	-

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* See Note 39

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The supplementary information presented does not form part of the annual financial statements and is unaudited