

Greater Giyani Municipality Annual Report 2014-2015



Ndavhuko I Rifuwo

Taking the lead in service delivery...





Vision

A Municipality where environmental sustainability, tourism and agriculture thrive for economic growth.

Mission

A democratic and accountable municipality that ensures the provision of services through sound environmental management practices, local economic development and community participation

Table of contents

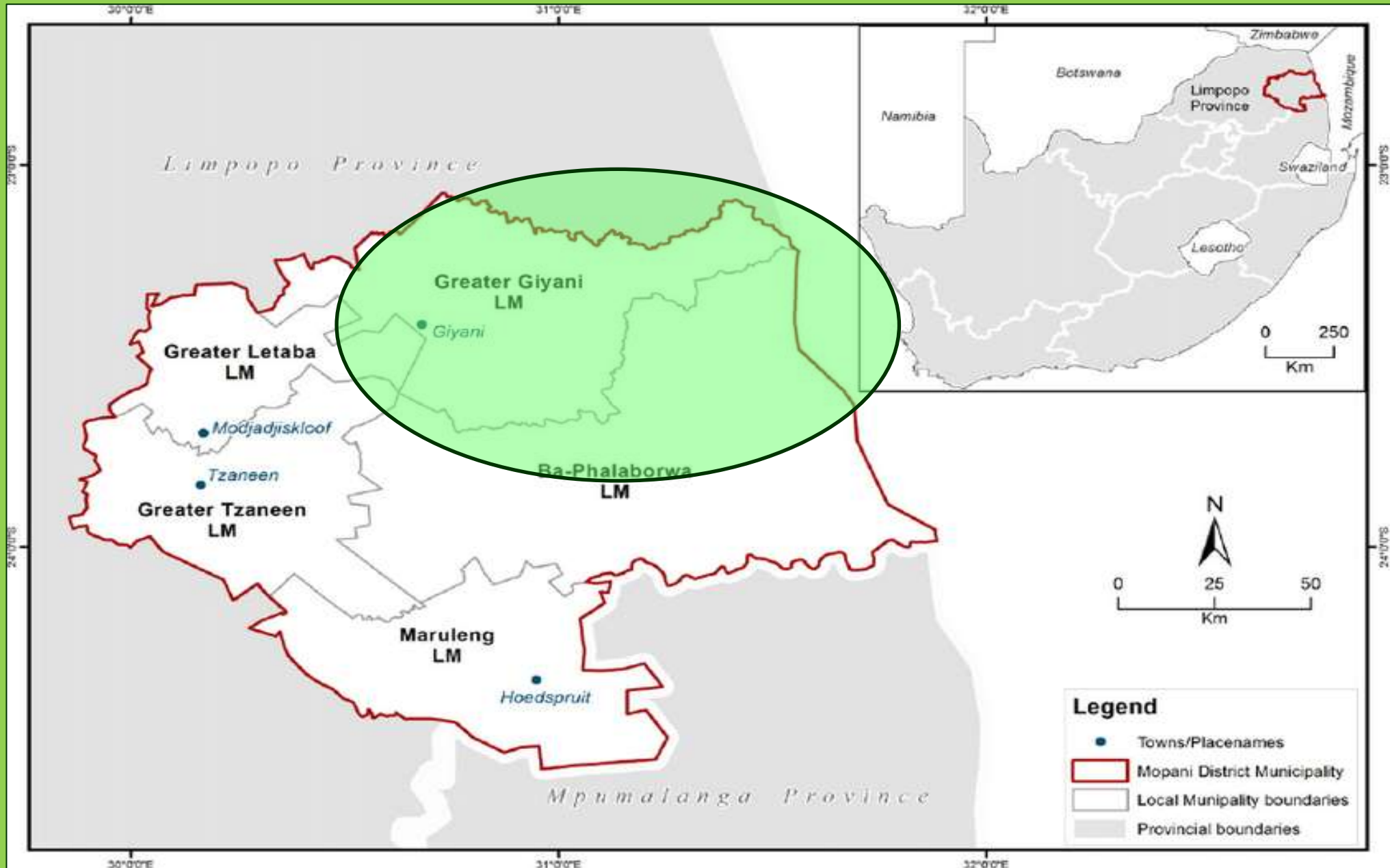
No	ITEM		PAGE
1	TABLE OF CONTENTS		2
2	TABLE OF ACRONYMS		3
3	GENERAL INFORMATION		4
4	LOCATIONAL MAP		5
5	CHAPTER 1,	MAYORS FOREWORD AND EXECUTIVE SUMMARY	8-18
6	CHAPERR 2,	GOVERNANCE	19-30
7	CHAPTER 3,	SERVICE DELIVERY PERFORMANCE(ANNUAL PERFORMANCE REPORT)	31-94
8	CHAPTER 4,	ORGANISATIONAL DEVELOPMENT PERFORMANCE	95-101
9	CHAPTER 5,	ANNUAL FINANCIAL STATEMENT & FINANCIAL PERFORMANCE FOR THE YEAR	102-173
10	CHAPTER 6,	ADUIT GENERAL REPORT	174-180
11	APPENDICES		181-209

TABLE OF ACRONYMS AND ABBREVIATION

AG	Auditor-General
GGM	Grater Giyani Municipality
MDM	Mopani District Municipality
COMM	Communications Division
CWP	Community Works Programme
DMP	Disaster Management Plan
DoE	Department of Energy
DoHS	Department of Human Settlement
Strats	Strategic Planning and Local Economic Development
EMP	Environmental Management Plan
EPWP	Expanded Public Works Programme
FBW	Free Basic Water
FY	Financial Year
IDP	Integrated Development Plan
IGR	Intergovernmental Relation
INST	Institutional
LED	Local Economic Development
MFMA	Municipal Finance Management Act, No, 56 of 2003
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MPAC	Municipal Public Account Committee
MSIG	Municipal Systems Improvement Grant
MW	Municipal Wide
N/A	Not applicable
SLA	Service Level Agreement
PIA	Project Implementing Agent
PMS	Performance Management System
PMU	Project Management Unit
R & S	Roads and Storm Water division
SCM	Supply Chain Management
SLP	Social and Labour Plan
SDBIP	Service Delivery and Budget Implementation Plan
WAC	Ward AIDS Council

GENERAL INFORMATION	
NAME OF ORGANIZATION	GIYANI MUNICIPALITY
TYPE OF ORGANAIZATION	LOCAL GOVERNMENT/MUNICIPALITY CATEGORY B
PROVINCE	LIMPOPO
DISTRICT	MOPANI
REGISTERED ADDRESS	CIVIC CENTRE GIYANI MAIN ROAD GIYANI 0826
POSTALADDRSS	PRIVATE BAG X 9559 GIYANI 0826
TELEPHONE	015 811 5500
FAX	015 812 2068
EMAIL	INFO@GREATERGIYANI.GOV.ZA
WEBSITE	www.greatergiyani.gov.za
BANKERS	ABSA BANK LIMITED
AUDITORS	AUDITOR-GENERAL OF SOUTH AFRICA
MAYOR	CLR MAFEMANI PATRICK HLUNGWANI
ACCOUNTING OFFICER \MUNICIPAL MANAGER	CHAAMANO M.C

LOCATIONAL MAP





CHAPTER ONE: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



MAYOR'S FOREWORD

The Greater Giyani Municipality (GGM) hereby, in terms of Section 46 of Municipal System Act No. 56 of 2003 (MFMA), present to Council the draft 2014/15 Annual Report which outlines achievements and challenges for the year under review.

GGM is fully aware and committed to the fact that it needs to continuously search for mechanisms to identify its priorities, issues and problems in the quest for efficient and effective alternatives towards maximum and sustainable fulfilment of Council mandate as enshrined in the Constitution of the Republic of South Africa, Act 108 of 1996. The Municipality has engaged in a strategic planning session, as part of the Integrated Development Plan (IDP) review processes, and the current vision, mission and strategic objectives were reviewed and retained. This process of planning is guided by the following two (2) key national objectives:

- a) The need to set out the core principles, mechanisms and processes that give meaning to development, local governance and to empower the municipality to move progressively towards the social and economic upliftment of communities and the provision of basic services to all communities.
- b) The democratic imperative for local government to actively involve and engage communities.

This process, which in a way facilitates planning and delivery, should arrive at decisions on such issues as municipal budgets, local economic development and institutional transformation in a consultative, systematic and strategic manner.

Noting that the IDP does not only inform municipal management, but also supposed to guide the activities of any agency from the other spheres of government, corporate service providers, NGO's and the private sector within the municipal area, the municipality embarked on a consultative process within very stringent timeframes to elicit the necessary input from various communities, to inform the compilation of this annual report. Emanating from this consultative engagement, the municipality was able to pick a basket of developmental issues which remain endowed to our communities ranging from roads, water, electricity, sanitation, housing, access to health facilities, sporting amenities, crime, unemployment etc. These issues also find expression in the National Development Plan (NDP), the diagnostic document which points out that "while we have made some progress in reducing poverty, poverty is still pervasive. Millions of people remain unemployed and many working households live close to the poverty line".

Critical to the legislated parameters, is the Local Government Municipal Systems Act 32 of 2000, in particular, Chapter 5 which states that a municipality must undertake developmentally-oriented planning so as to ensure that it-

- a) Strives to achieve the objectives of local government set out in Section 152 of the Constitution;
- b) Give effect to its developmental duties as required by Section 152 of the Constitution.

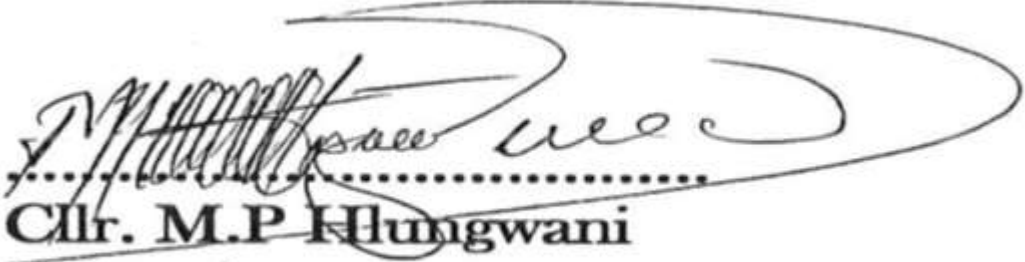
For the municipality to monitor its performance for the realisation of projects and programmes outlined in the IDP, Chapter 6 of the Local Government Municipal Systems Act requires that all municipalities must develop a Performance Management System (PMS) which will monitor the implementation of the IDP. The municipality in line with this legislated imperative has developed an Annual Report which gives account of municipal performance in terms of its own set predetermined objectives which set targets that need to be achieved at the end of that Financial Year. The Annual Report also indicates challenges for targets that were not achieved and the reasons for such non-achievement.

These are some of the achievements for 2014/15 Financial Year:

- ✓ The upgrading of more than 17 km of road from gravel to tar.
- ✓ The connection of more than 2000 household to the electricity grid.
- ✓ The completion of 1st phase of municipal building.
- ✓ The erection of 30-High Mast Lights in crime prone areas.
- ✓ Refurbishment of culvert bridges and storm water drainage system leading to our graveyards.
- ✓ More than 55 villages are now accessing portable water through the refurbishment of Giyani water works.

This was just few development highlights that the municipality is proud of delivering to our communities for the year under review. They were many projects which were also under-taken by other sectors which also contributed to the upliftment of the lives of our communities.

In conclusion the municipality is calling all the stakeholders to assist the municipality in ensuring that they form part of the planning and development of the municipality by taking part in all the initiatives the municipality is coming up with, by paying for services and participation in the IDP process.



Cllr. M.P Hungwani
(Mayor)



Chapter One: Overview by the Municipal Manager

Component B: Executive Summary



1.1. OVERVIEW BY THE MUNICIPAL MANAGER

The 2014/15 Financial Year has come with a great deal of hard work needed from the Municipal workforce and this collective commitment has paid dividends given the significant achievements recorded in the period under reporting.

The Municipality has improved the development landscape and changed the lives of the Greater Giyani communities through infrastructure interventions such as tar roads and electricity connections. The provision of high mast lights will directly contribute in the reduction of crime in the affected and attended communities. We have strengthened our commitment towards achieving our vision of realizing an environmentally sustainable development as we managed to obtain a license for a waste disposal site. Our service delivery performance has also been boosted by the acquisition of graders which will enhance our road maintenance capacity and ease the movement of our residents.

The institutional capacity of GGM remains the central pillar of our service delivery enablers and we are currently constructing the second phase of the Municipal Administration Building to accommodate all our departments in one roof for efficient coordination of administration and above all, to offer convenient services to the citizenry of Greater Giyani. High vacancy rate remains a challenge due to limited financial resources and high-turnover of personnel, but the Municipality has managed to prioritize and fill critical positions, as we grapple with the realities of scarce skills in the job market.

Our deliberate collective effort to improve the administration and governance of the Municipality has been boosted by our ability to sustain the improvements in the audit opinion that we realized in 2013/14 Financial Year, and despite retaining the same Audit Qualification in 2014/15, we have recorded improvements in asset management, revenue management, and expenditure management.

Finally, we call upon every resident of Greater Giyani to pay their municipal services (accounts) and actively participate in the Municipal Public Participation Programs, including ward based community mass meetings.

A handwritten signature in black ink, appearing to read 'M Maamain', enclosed within a large, loopy oval stroke.

CHAAMANO MC
MUNICIPAL MANAGER

1.2. Municipal Functions, Population and Environmental Overview

FUNCTION	RESPONSIBLE DEPARTMENT	DEFINITION
Municipal Planning	Strategic Planning & LED	Development of the integrated development plan in terms of the municipal Systems Act, 32 of 2000.
Local Tourism	Strategic Planning & LED	The promotion, marketing and, if applicable, the development of any tourism attraction within the area of the municipality with a view to attract Tourist; to ensure access, and municipal services to such attraction, and to regulate structure and control
Markets	Community Services and Strategic planning and LED	The establishment , operations, management , conduct, regulations and / or control of markets other than fresh produce markets including market permits, location, times, conduct, etc.
Trading Regulations	Strategic Planning & LED	To regulate of any facility and /or activity related to the trading of goods and services within the municipal area not already regulated by National and provincial legislation
Municipal Parks	Technical Services and Community Services	The provision, management, control and maintenance of any land, garden or facility set aside for recreation, sightseeing and / or tourism and including playground, but exclude sport facilities.
Open places	Community Services	The management, maintenance and control of any or facility owned by the municipality for public use.
Noise pollution	Community Services	The control and monitoring of noise that adversely affects the well-being of human health or the eco-system that is useful to maintain, now or in the future.
Control of public nuisance	Community Services	The regulation, control and monitoring of any facility or activity.
Municipal Airport	Technical Services	A demarcation area on land or water or a building which is used or intended to be used, either completely or in part, for the arrival or departure of air craft which includes the establishment and maintenance of such a facility, including all infrastructure and services
Municipal Public Transport	Technical Services	The regulation and control and where applicable, the provision of: services for the carriage of passengers, whether scheduled, operated on demand along a specific route or routes or, where applicable, within a particular area.
Storm Water drainage	Technical Services	The Management Systems to deal with storm water in building-up areas.
Portable Water	Technical Services	The establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution; bulk supply to local supply.
Sanitation District function	Technical Services	The establishment, operation, management and maintenance and regulation of a system, including infrastructure, for the collection of human excreta and domestic waste-water to ensure minimum standard of service.
Refuse Removals, refuse dumps, solid waste disposable	Community Services	Removal of any household or other waste and the disposal of such waste in an area, space or facility established for such purpose, and include the provision, maintenance and control of any infrastructure or facility to ensure a clean and healthy environment.
Street Trading	Community Services	The control, regulation and monitoring of the selling of goods and services along a public pavement or road reserve.

Bill boards and the display of advertisements in public places	LED	The display of written or descriptive material, any sign or symbol or light that is not intended solely for illumination or as a warning against danger which: promotes the sale and / or encourages the used of goods and services found on the streets.
Amusement facilities/beaches	Community Services	A public place for entertainment. The area for recreational opportunities and facilities along the sea shore available for public use and any other aspect in this regard which falls outside the competency of the National and provincial government.
Cemeteries, Funeral Palour a and crematoria	Community Services	The establishment, conduct, control facilities for the purpose of disposing of human and animal remains
Municipal Roads	Technical Services	The construction, maintenance and control of all public roads
Street Lighting	Technical Service	The provision and maintenance of lighting for the illumination of streets.
Local Amenities	Technical services	The provision, management, preservation and maintenance of any municipal place, land and building reserved for the protection of places or objects of scenic, natural, historical and cultural value or interest and the provision and control of any of such amenities.
Traffic and parking	Community Services	The management and regulation of traffic and parking within the area of the municipality including but not limited to the control over the operating speed of vehicles on municipal roads.
Municipal Public works	Technical Services	Any supporting infrastructure or services to empower a municipality to perform its functions
Building regulations	Technical Services	The regulation, through by-laws, of any temporary or permanent structure attached to, or to be attached to, the soil within the area of Jurisdiction of a municipality, which must at least provide for approval of building plans, building inspections.
Electricity reticulation ESKOM is responsible	Technical Services	Maintenance of the electricity reticulation network, bulk supply or electricity which includes for the purpose of such supply, the transmission, distribution and where applicable, the generation of electricity and regulation control.

1.2.1. Population

The total population is **244, 217 with** a total number of households of **63,537**. The municipality has **30 wards** grouped into 5 clusters. In most wards, the population exceeds 5000 people. In the past few years, the population has shown a slight decline. In the 2007 survey, the population was counted at **247 565** but according to the 2011 census, it has declined by almost **3000** people. The decline may be attributed to migration to other urban centers, such as Polokwane, Gauteng and Tzaneen in which the migrants search for better working condition

Ward	Male	Female	Total
1	3636	4636	8272
2	4531	5798	10329
3	4607	6123	10730
4	4411	5537	9948
5	4482	5652	10134
6	4663	5922	10585
7	3487	4468	7955
8	4704	5882	10586
9	3113	3934	7047
10	6363	7027	13390
11	8829	11119	19948
12	2432	3029	5461
13	4122	5161	9283
14	4172	5359	9531
15	4057	5390	9447
16	4487	5572	10059
17	3512	4419	7931
18	2045	2755	4800
19	4362	5494	9856
20	4583	5799	10382
21	3682	4761	8443
22	4464	5698	10162
23	3313	4072	7385
24	3305	4114	7419
25	3732	4605	8337
26	4326	6322	10648
27	5111	7384	12495

28	6214	8347	14561
29	10100	14200	24300
30	9432	13110	22542
TOTAL	107094	140473	244 217

1.2.2. Environmental Overview

The Greater Giyani municipality subscribe to the national environmental management act which means when we conduct our business as a municipality we are conscious of the fact that we need to adhere to the provision of the act. The vision of the municipality also makes specific reference to environmental sustainability as the core of our business.

(Section 152 of the constitution objects of local government) also prescribe to municipalities that they must ensure that communities lives in a safe and healthy environment. Our environment is characterized by different environmental factors e.g. climate, geomorphology, terrain and soil suitability.

There are some environmental challenges that the municipality is having which needs strong intervention from all stakeholders" e.g. illegal occupation of land (sensitive areas) deforestation, overstocking, veld fires and water pollution. This environmental challenge has serious impact in terms of sound environmental management practices that will ensure environmental sustainability as enshrined in our vision. GGM is currently implementing various projects that are in line with sustainable development and fight against phenomenon of global warming.

1.3. Service Delivery Overview

Great Giyani Municipality has the responsibility to provide services to the communities. For the year under review the municipality completed six (6) MIG projects within SDBIP timelines and only two (2) MIG projects were not completed within SDBIP timelines. High mast lights were provided to communities where there is high crime rate in order for municipality to fight crime. Gravel Roads were upgraded to tar and Culvert bridges were also refurbished and other new culvert bridges were constructed

1.4. Financial Health Overview

Greater Giyani municipality has in the year under review enjoyed healthy financial status this is supported by the fact that in the year 2014/15 the municipality was amongst the best in the province in terms of spending of municipal infrastructure spending. The municipality was able to spend all the allocated funds earmarked for MIG, for this reason provincial government allocated an additional amount of 10M as an incentive for spending all the money allocated for service delivery.

The municipality as part of its healthy financial status it was able to invest its surplus to the commercial banks, this enabled the municipality to generate interests which were used to fund other projects and programmes of the municipality. The municipality ended the financial year 2014/15 with a positive bank balance.

The municipality is currently engaged in the process of developing the revenue enhancement strategy that will improve the revenue generation in the municipality, the issue of revenue is one challenge that the municipality is currently facing.

1.5. Organizational Development Overview

The Municipality approved its Organizational Structure and the structure is aligned is with the IDP and the powers and functions to be conducted by the municipality however there is a high vacancy rate of 47 %. Most of the vacancies were not funded. For the period under review the municipality battled to fill the positions of Municipal Manager and Director Community Services. The municipality is in the process of reviewing its organizational structure to make sure that the structure is realistic to the financial resources of the municipality and that critical positions are funded. The organizational structure will be reviewed with the 2016/17 IDP.

1.6. Auditor General Report

Legislation mandates that upon closure of the financial year the municipality must prepare Annual Performance Report and Annual Financial statements and submit to the Auditor General of South Africa for auditing. For the Financial Years 2013/14 and 2014/15 the municipality obtained Qualified Audit Opinion.

The Issues that led to Qualified Audit relates to:

- Property, Plant and Equipment- Properties belonging to municipality not accounted to.
- Completeness of Revenue- Property rates revenue not reconciled on monthly basis
- Provision of Rehabilitation of Landfill Site
- Irregular Expenditure

1.7. Statutory Annual Report Process

Greater Giyani Municipality reviewed its PMS Framework and PMS for 2014/15 Financial Year in order to manage performance of both the organization and its employees. The Quarterly organizational reports were compiled and submitted to Council. The Annual Performance report was also compiled and submitted to Council and Auditor General of South Africa for audit. The municipality also generates the Draft Annual Report and submits it to Council of end of January. The Draft Annual Report tabled before Council and later to MPAC to conducts public hearing of the Draft Annual Report. Management engaged for clarify some questions by MPAC. Oversight Report compiled on all issues and inputs raised by stakeholders. The Final Annual Report submitted to Council of end of March for adoption with recommendations by MPAC. The Final Annual Report then placed on municipal website, submitted to Auditor General, Treasury, COGHSTA and Legislature.

CHAPTER 2

GOVERNANCE

Component A: Political and Administrative Governance

2. Political Governance

Greater Giyani Council constitutes 60 Councilors, 30 Ward councilors and 30 Public Representatives. It is comprised of seven full time councilors that are the Mayor, the Chief whip, the Speaker, MPAC Chairperson, Chairperson of Infrastructure Development, Chairperson Budget and Treasury and Chairperson Corporate and Shared Services. Ward councilors" represents communities in wards they are voted in ensuring that service delivery is brought to the people. Public Representative Play political role in wards they are deployed together with respective ward councilors. Ward councilors and Public Representative Councilors both form council committees. They all attend quarterly arranged council meetings and monthly portfolio committee meetings and special meetings if arranged.

2.1. POLITICAL DECISION-TAKING

Political decisions are taken based on administration report generated by management led by the accounting officer. The municipality consist five directorates namely; Community Services; Technical Services; Corporate Services; Budget and Treasury and Planning and Economic Development. Each of the five directorates is linked to portfolio committees which are chaired by politicians or councilors. Community Services directorate is linked with Health & Social Development Portfolio Committee, Sports Recreation Arts & Culture and part of Public Transport and Roads. Technical Services directorate is linked with Water Sanitation and Energy Portfolio Committee, Infrastructure Development Portfolio Committee and Public Transport and Roads. Corporate Services directorate is linked with Portfolio Committee of Corporate and Shared Services. Budget and Treasury directorate is linked with Finance Portfolio Committee. Planning and Economic Development directorate is linked with Portfolio Committee of Planning and Economic Development. All reports of portfolio committees originates from administration and after the portfolio committee has interrogated the report, such reports are recommended to Executive committee which with delegated powers the Executive Committee took decisions and other matters are referred to council as the council is the highest decision making body. The council established the MPAC committee which plays an oversight role on the functions of council as well as compliance to all applicable legislations. The council appointed the audit committee which assist, advice and alerting the municipality on issues of compliance

POLITICAL MANAGEMENT TEAM

MAYOR: CLLR HLUNGWANI MP



Powers and functions of the mayor

- Promote the image of the municipality
- To ensure that the executive committee meetings performs its functions properly
- To lead and promotes social and economic development in the municipality
- To preside over public meetings and hearings
- To promote inter- governmental and inter institutional relations
- To ensure in consultation with the municipal manager, that a proper committee service responsible for

The agendas minutes is in place for the executive and other committees and that they meet regularly. And submit reports to the executive committee

To take responsibility for the quality and speed of decision making in the executive committee

SPEAKER: CLLR MATHEBULA SS



The speaker of Municipal Council Must

- Presides at meetings of council
- Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of The local Government: Municipal system Act, 2000 (Act 32 of 2000) :
- Must ensure that the council meets at least quarterly
- Must ensure compliance in the council and council committee with the code of conduct set out in schedule 1 to the local Government: Municipal system Act, 2000 (Act 32 of 2000) ; and must ensure that council meetings are conducted in accordance with the rules and orders of the council

CHIEFWHIP: BILANKULU JH



Duties of the Chief Whip to Municipal Council:

- Political Management of Council meetings and Committee Meetings
- Maintains discipline of Councillors
- Advises the Speaker on the amount of time to be allocated to the speaker and the order of such speakers addressing the council
- Ensures that Councillors motions are prepared and timeously tabled in terms of the procedural rules of council

EXECUTIVE COMMITTEE

Head of Finance
CLLR. Rikhotso NM



Head of Public Transports & Road
CLLR Chavalala JT



Head of Sports, Arts & Culture
CLLR. Manganyi KA



Head of infrastructure Development
CLLR. Rikhotso A



Head of Water, Sanitation & Energy
CLLR. Maswanganyi NM



Head of Economic Development
CLLR. Shimange MI



Head of Corporate & Shared Services
CLLR. Ndaba NHP



Head of Health, Social & Enviromental
CLLR. Mabunda EN



CLLR. Makamu MA



2.2. ADMINISTRATIVE GOVERNANCE

TOP ADMINISTRATIVE STRUCTURE MUNICIPAL MANAGER Vacant
CFO: Mr Maluleke Risimati Hitler Budget and Treasury Directorate
DIRECTOR: Mr Simango NS CORPORATE SERVICES DEPARTMENT
DIRECTOR: Mr Mathebula Precious Mikateko Technical Services
DIRECTOR: Ms: Hoaeane Nankie Sedibeng PLANNING AND ECONOMIC DEVELOPMENT DIRECTOR: COMMUNITY SERVICES Vacant
For the period under review or 2014/ 2015 financial year four positions of section 54 and 56 managers were filled Chief Financial Officer, Director Planning and Economic Development, Director Corporate Services and Director Technical Services. The position of Municipal Manager was vacant and the director Planning and Economic Development and the CFO both acted on the position for a period of six months each. The position of Director Community Services was vacant and Manager Environment and Waste Management acted on the position for a period of six months

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

COMPONENT B: INTERGOVERNMENTAL RELATIONS

For the period under review the municipality participated in various Co- Operative Governance and Intergovernmental structures at all levels from the local sphere, district sphere, provincial and national sphere. Participation in such forums and IGR structures assisted service delivery in the sense that integration and alignment of various role players is realized to avoid the silo mentality existing in the public sector. While remarkable progress has been realized in IGR structures challenges still existed in the 2014/15 year with regard to the provision of reliable and accurate information from other public sector players and this affected the municipality „s planning especially the accuracy of the information in the IDP. Provision of progress in the implementation of sector departments within municipal boundaries is also still a challenge.

2.3. Intergovernmental Relations

NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality participates in national intergovernmental structures such as the following:

- National municipal manager's forum
- South African Local Government Association sessions including working groups

PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The municipality participates in the following provincial intergovernmental structures:

- Premier-mayors' forum
- monitoring and evaluation forum (4 x per annum)
- provincial planning forum (3 x meetings)
- provincial municipal manager's forum (4x meetings)

STRICT INTERGOVERNMENTAL STRUCTU

The municipality participated in the following District IGR structures during the period under review:

- District and Provincial Speakers Forum
- District and Provincial Mayors' Forum
- District and Provincial Chief whips Forum

- District and Provincial Municipal Manager's Forum
- District and Provincial CFOs Forum
- District and Provincial Planning Forum
- District and Provincial Monitoring and Evaluation Forum

The existence of the above IGR structures has assisted in the sharing of challenges, best practices and resource mobilization. Alignment of programmes and standardization of activities were also achieved from the district IGR structures.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality also used its local IGR structures such as sector forums to ensure sector specific programmes are aligned with those of other role players in the sectors. All forums were functional and holding their meetings, save for the Agricultural forum which was not functional.

- Energy forum
- Roads and Transport Forum
- Tourism Forum
- Agricultural forum
- Housing Forum
- Disaster Management Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4. Public Meetings

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality established six clusters for public participation. Council meetings are held in public venues that are accessible to members of the public. Other forms of communication and public participation during the 2014\15 financial years include the usage of ward public meetings for the 30 wards wherein ward councilors provide feedback and progress report to ward members.

Apart from ward public meetings, the mayor is having Quarterly Mayoral Imbizos. Issues raised by communities were captured and report compiled. Those that were related to the municipality were attended to and those related to sector departments were referred to relevant sector departments.

The municipal website and media house are also useful tools which the municipality employed to communicate with its stakeholders to cover the cyberspace community.

The Municipal Newsletter RITO is published quarterly to communicate municipal programmes.

Public Meetings						
Nature and purpose of meeting		Date of events	Number of participating Municipal Councilors	Number of participating Municipal administrators	Number of community members attending	Dates and manner of feedback given to community
Special Meeting	Council	7/07/2014	53	14	48	
Special Meeting	Council	11/07/2014	56	4	-----	
Ordinary Meeting	Council	31/07/2014	49	16	156	
Special Meeting	Council	5/08/2014	51	10	-----	
Ordinary Meeting	Council	29/08/2014	48	4	40	
Ordinary Meeting	Council	30/10/2014	53	12	144	
Special Meeting	Council	20/11/2014	34	7	-----	
Special Meeting	Council	17/12/2014	50	13	134	
Ordinary Meeting	Council	23/01/2015	51	12	174	
Ordinary Meeting	Council	27/02/2015	43	6	55	
Ordinary Meeting	Council	30/03/2015	44	11	101	
Ordinary Meeting	Council	30/04/201	57	16	175	
Council Meeting		27/05/2015	57	10	331	
EXCO		22 -07-2014	-----	-----	-----	-----
EXCO		29-08-2014	07	06	None	Not Applicable

EXCO	21-10-2014	-----	-----	-----	-----
EXCO	20-11-2014	05	01	None	Not Applicable
EXCO	17-12-2014	09	07	None	Not Applicable
EXCO	20-01-2015	08	10	None	Not Applicable
EXCO	24-02-2015	05	04	None	Not Applicable
EXCO	27-03-2015	07	08	None	Not Applicable
EXCO	23-04-2015	07	07	None	Not Applicable
EXCO	25-05-2015	07	08	None	Not Applicable
MPAC					
WARD COMMITTEE FORUM					

WARD COMMITTEES

The municipality has a fully functional ward committee system. All the 30 wards have functioning ward committees with a total of 300 participants translating into 10 ward committee members for the 30 wards.

2.5. IDP PARTICIPATION AND ALIGNMENT

The IDP is reviewed annually and in-house. The IDP is reviewed in line with required standard and template and it is aligned to the budget, however a challenge existed in the alignment of IDP and SDBIP for the period under review. The IDP Process plan is developed and approved by council as the road map for the review of the IDP/Budget. The IDP Steering committee is responsible for the review of the IDP AND Budget. The draft IDP/Budget is tabled before the council for public participation process to unfold to wards and the municipality established six clusters for the purpose of the community accessibility and inputs. The IDP representative's forum where all the stake holders are represented is also conducted to interrogate the IDP document.

The other stakeholders that are consulted are the traditional authorities, NGO's, Businesses, Traditional Healers and Pastors' fraternity. Inputs to the IDP are also submitted physically to the office of the accounting officer.

All the inputs and comments are consolidated and the report is developed based on the inputs. The process of prioritization takes place taking into account the available resources and capacity of the municipality.

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 54/56 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

COMPONENT D: CORPORATE GOVERNANCE

COMPONENT D: OVERVIEW OF CORPORATE GOVERNANCE

For the 2014\15 financial year Greater Giyani Municipality took leaf from the King III report on good governance by including in its operations the functionality of risk function as well as the development and implementation of corruption and anti-fraud strategies. Risk register was developed and its focus was on strategic risks, operational risks and Human Resources risks.

Through IGR the municipality used the Premier and Presidential hotline to track areas of non-compliance to its corporate governance matters.

2.6. RISK MANAGEMENT

The Municipality regards risk management as one of the pillars required for the sustainability and corporate management. In compliance with the MFMA which S62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. For financial year 2014\15 the municipality had a dedicated risk unit to deal with risk matters. Risk assessment sessions were conducted with the assistance of the provincial Treasury and COGHSTA to help the municipal management with the identification and profiling of risks within the municipality.

Top five risks identified are the following

Inability to retain and attract competent staff

Inadequate revenue source
Dilapidated infrastructure
Inability to attract and retain investors
Unstructured land development

2.7. Anti-Corruption and Anti-Fraud AND ANTI-CORRUPTION STRATEGY

The municipality has an anti-corruption and risk management strategy in place. Internal audit unit has been established and is manned by three personnel, the senior, internal audit, the internal auditor and internal audit intern.

The audit committee is in place and it comprised of five members who have relevant experience and qualifications to discharge their responsibilities. For the period under review the term of audit committee expired at end of January 2015, and the new audit committee was appointed in May 2015 with five members who also have relevant qualifications and experience to discharge their responsibilities. For the period under review the audit committee also performed the role of the performance audit committee. The Audit committee excluded politicians and officials as voting members.

2.8. SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

During the 2014\15 financial year the Supply Chain Management policy was tabled to council for revision alongside other budget related policies. The revision took into account the BBBEEE codes and changing supply chain regime. .

2.9. By-Laws

New By –Laws introduced in 2014/15

No new By –Laws was introduced during 2014/15 FY

2.10. WEBSITES

Municipal website: content and currency of material		
Documents published on the municipality`s /entity`s website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget related documents	YES	2015/01/29
All current budget related policies	YES	2014/11/18
The previous annual report (2013/14)		
The annual report (2014/15) published / to be published		
All current performance agreements required in terms of section 54/56 (1) (b) of the MSA and resulting score cards	YES	2014/08/27
All service delivery agreements (2014/15)		
All long term borrowing contracts (2014/15)		
All supply chain management contracts above a prescribed value (give value) for 2012/13		

An information statement containin a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2014/15

Contracts agreed in 2012/13 to which subsection (1) of section 33 apply, subject to subsection (3) of that section

PPP agreements referred to in section 120 made in 2014/15

All quartely reports tabled in the council in terms of section 52 (d) during 2014/15

MUNICIPAL WEBSITE CONTENT AND ACCESS

Most of prescibed key website content material were placed on the municipal website such as IDP, Budget, Annual Report, Performance Agreements, Budget related policies, Adverts for tenders and Adverts for Vacancies

2.11. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

No formal public participation surveys were conducted during the period under review. The municipality relied on public participation sessions referred to above, as well as the usage of the Premier and Presidential Hotlines to gauge the level of satisfaction and \ dissatisfaction with municipal services.

Key general areas of dissatisfaction include:

- RDP houses
- state of road conditions
- water and sanitation supply
- unemployment
- health and education services

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

COMPONENT A: BASIC SERVICES

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

3.1 WATER PROVISION

3.1.1 INTRODUCTION TO WATER PROVISION

The Water Services Act 108 of 1997 provides that all residents have a right to access of Water. Mopani District Municipality has been issued with a Licence to become the Water Services Authority for all its Local municipalities, in terms of the National Water Act 36 of 1998. It has appointed such Local Municipalities to become its Water Services Provider whereby a Budget for Operations and Maintenance is allocated to ensure that the Water Infrastructure is well functional. New Water Infrastructure projects remain the responsibility of the District Municipality. The report below provides information in terms of Households with water services and those that still remain with the backlog the municipality.

Employees: Water Services									
Job Level	2012/13		2013/14			2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies fulltime equivalence) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies fulltime equivalence) No.	Vacancies (as a % of total posts) %
0-3	0	1	0	1	100%	1	0	0	0%
4-6	0	3	1	1		3	0	0	100%
7-9	0	5	4	4	100%	5	1	0	100%
10-12	0	0	1	1	100%	0	4	1	0%
13-15	8	8	8	0	0%	8	1	9	0%
16-18	0	0	0	0	0%	0	9	0	N/A
19-20	0	0	0	0	0%	0	0	0	N/A
Total	8	12	8	7	58.3%	12	15	10	

3.2 WASTE WATER (SANITATION) PROVISION

Sanitation Service Delivery Levels Households			
Description	2012/13 Outcome No.	2013/14 Actual No.	2014/15 Outcome No.
Sanitation/sewerage; (above minimum level)	6430	6430	6430
Flush toilet (connected to sewerage)			
Flush toilet (with septic tank)	6430	6430	6430
Chemical toilet			
Pit toilet (ventilated)			
Other toilet provisions (above min. service level)			
Minimum service level and above sub-total			
Minimum service level and above percentage			
Sanitation/sewerage; (below minimum level)			
Bucket toilet			
Other toilet provisions (below min service level)			
No toilet provisions			
Below Minimum service level sub-total			
Below Minimum service level percentage			
Total Households			

Households; Sanitation service delivery levels below the minimum Households							
Description	2012/13	2013/14		2014/15			
	Actual	Original	Adjustment	Actual	Original	Adjustment	Actual
	No.	Budget No.	Budget No.	No.	Budget No.	Budget No.	No.
Formal Settlements	6430	6430	6430	6430	6430	6430	6430
Total Households							
Households below minimum service level							
Proportion of households below minimum Service level							

Informal Settlements							
Total Households							
Households below minimum service level							
Proportion of households below Minimum service level							

Employees: Sanitation Services 2014/15

Job Level

	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts) %
0-3	0	0	0	0	0
4-6	0	1	0	1	100%
7-9	0	3	0	3	100%
10-12	1	1	0	1	100%
13-15	10	10	10	10	0%
16-18		0	0	0	0
19-20	0	0	0	0	0
Total	11	15	10	5	33,33%

Employees: Electricity Services									
Job Level	2012/13	2013/14				2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3		1	0	1	100%	0	0	0	0%
4-6		1	0	1	100%	1	1	0	0%
7-9		5	2	3	40%	7	3	4	57,14%
10-12		0	0	0	0%	0	0	0	0%
13-15		4	3	1	25%	5	5	0	0%
16-18		0	0	0	0%	0	0	0	0%
19-20		0	0	0	0%	0	0	0	0%
Total						13	13	0	0%

Financial performance 2012/13, 2013/14 and 2014/15 Electricity Services R`000									
Details	2012/13	2013/14				2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue (excluding tariffs)									
Expenditure	7 895	7 476	8 161	17 750	9 589	9 630	9 309	20 067	10 758
Employees	1 415	1 536	1 517	2 346	829	1 599	1 811	1 588	-223
Repairs and Maintenance		1 500	815	0	-815	2 000	1 987	0	-1 987
Other									
Total Operational Expenditure	9 310	10 512	10 493	20 096	9 603	13 229	13 107	21 655	8 548
Net Operational (service) expenditure									

Capital Expenditure 2013/14 and 2014/15; Electricity Services R`000									
Capital Projects	2013/14					2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total All	12 000	12 000							
Electricity Reticulation	12 000	12 000			10 000	12 287			
Master Plan					1 500	1 250			

3.3 WASTE MANAGEMENT (THIS SECTION INCLUDES: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

Greater Giyani Municipality Collect refuses from residential units in all townships, Businesses, Schools, Churches and industrial. Litter picking is conducted in all main roads, internal streets and CBD. The municipality currently has one waste disposal site in use.

Solid waste service delivery levels households			
Description	2012/13	2013/14	2014/15
	Actual No.	Actual No.	Actual No.
Solid waste removal: (minimum level)	7609	7609	7609
Removed at least once a week Minimum service level and above sub-total	48 weeks per annum(once per week)	48 weeks per annum(once per week)	48 weeks per annum(once per week)

Minimum service level and above percentage Solid waste removal: (below minimum level)	Refuse collected once per week using municipal solid waste disposal	Refuse collected once per week using municipal solid waste disposal	Refuse collected once per week using municipal solid waste disposal
Removed less frequently than once a week Using communal refuse dump Using own refuse dump Other rubbish disposal No rubbish disposal	All General Waste Disposed at a municipal disposal site	All General Waste Disposed at a municipal disposal site	All General Waste Disposed at a municipal disposal site
Below minimum service level sub-total	7609	7609	7609
Below minimum service level percentage Total number of households			

Households: Solid waste service delivery levels below the minimum						
Description		Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.
Formal settlements						
Total households						
Households below minimum service level						
Proportion of household below minimum service level						
Informal settlements						
Total households						
Households below minimum service level						
Proportion of household below minimum service level						

<i>Employees; solid waste management services</i>										
Job Level	2012/13	2013/14		2014/15						
	Employee No.	Posts No.	Employees No.	Vacancies (fulltime equivalent) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalent) No.	Vacancies (as a % of total posts) %	
0-3		0	0	0	0%	1	1	0	0%	
4-6		3	1	2	66.67%	7	2	5	71%	
7-9		2	0	2	100%	2	0	2	100%	
10-12		10	7	3	30%	12	10	2	16%	
13-15		30	22	8	36%	72	31	41	56%	
16-18		0	0	0	0%	0	0	0	0%	
19-20		0	0	0	0%	0	0	0	0%	
Total						94	44	50	53%	

Financial performance 2014/15; Refuse solid waste management services									
Details	2012/13		2013/14			2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	4 013	2 503	3 955	3 832	123	3 956	3 741	3 962	221
Expenditure;	269	290	311	313	2	3 360	3 670	3 251	-419
Employees	2 346	3 154	3 189	3 117	-72	3 650	3 904	3 807	-97
Repairs and maintenance						70	120	109	-11
Other									
Total operational expenditure	2 615	3 444	3 500	3 430	-70	7 080	7 694	7 167	-527
Net operational (service) SURPLUS	1 398	-941	455	402	-53	-3 124	-3 953	-3 205	-748

Capital expenditure; 2014/15; waste management services R' 000										
2013/14						2014/15				
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total All						3 300	1 000			
Project A						3 300	1 000			
Project B										
Project C										
Project D										

3.4 ROLL OUT AND BACKLOGS

WARD	AVAILABLE	BACKLOG
1	0	Blinkwater, Ximausa, Noblehoek
2	0	Phikela, Rivala, Maxavela, Mavhuza
3	0	Babangu, Ndengeza RDP, Ntshunxi
4	0	Basani, Dingamazi, Shimange, Maswanganyi, Bode
5	0	Sifasonke, Zamani, Mapuve
6	0	Gon"on"o, Hlaneke, Gandlanani, Khani
7	0	Siyandhani, Dzingizingi
8	0	Nwamankena, Sekhimini, Botshabelo
9	0	Mapayeni, Homu
10	0	Nkomo C, Nkomo B, Homu 14B
11	Giyani E,D1	0
12	Giyani A	Homu 14 C
13	Giyani D2 and Giyani F	0
14	0	Makosha, Shikukwani
15	0	Nwadekudzeku and Shivulani
16	0	Mninginisi B2 and B2
17	0	Thomo, Mhlava-Willem

18	0	Gawula, Khakhala, Muyexe
19	0	Hlomela, Ndindani, Mahlathi, Vuhehli, Nwakhuwani
20	0	Bonwani, Mavalani, Mbatlo
21	0	Ngove, Kremetart
22	0	Shawela RDP, Shawela, Shikhumba
23	0	Mbhedle, Guwela, Kheyi, Mushiyanani, Nsavulani
24	0	Bambeni, Mageva, Mnghonghoma, Loloka
25	0	Daniel, Ndhambhi, Mageva RDP
26	0	Maphata, Sikhunyani, Nkomo
27	0	Mayephu, Mzilela, Matsotsosela, Xitlakati, Khaxani
28	0	Mphagani, Zava
29	0	Makhuva, Mbaula, Phalaubeni
30		Tomu, Nghalalume
TOTAL		

3.4.1 CHALLENGES

There is a huge backlog of the refuse removal service as the service is yet to be extended to rural communities. Lack of proper waste management infrastructure is also a challenge as waste disposal is not meeting the minimum requirements for safe disposal of waste. The municipality also does not have sufficient funds to can initiate recycling initiate. There is also high shortage of employees as a result the municipality relies on contract workers to render the waste management service.

3.4.2 NTERVENTIONS

Site acquired for the development of new landfill site. Buyback Centre constructed to support recycling initiatives. Budget set aside under the EPWP Programme to appoint personnel on a contract basis to work on waste

The report include only sport centers only build by the municipality

3.4.3 THE TABLE BELOW REFLECTS AVAILABILITY AND BACKLOG OF STANDARD SPORTS FACILITIES WITHIN WARDS

WARD	AVAILABLE	BACKLOG
1	0	Blinkwater, Ximawusa, Noblehoek
2	Mavhuza	Rivala, Phikela, Mashavela
3	0	Babangu, Nden"eza RDP, Ntshuxi
4	0	Basani, Dingamazi, Shimange, Silawa, Maswanganyi, Bode
5	0	Sifasonke, Zamani, Mapuve
6	Khani	Gon"on"o, Hlaneki, Gandlanani
7	0	Siyandhani, DzingiDzingi
8	0	Nwamankena, Sekhimini, Botshabelo
9	0	Homu 14 A, Mapayeni
10	Homu 14B	Nkomo B, Nkomo C
11	Section E	Giyani D1
12	Giyani A	Homu 14C
13	0	Giyani D2,Giyani F
14	0	Makosha, Shikukwani
15	Shivulani	Nwadzekudzeku
16	0	Mninginisi B3,Mninginisi B2
17	0	Thomo, Mhlava Willem
18	Gawula, Muyexe	Khakhala
19	0	Hlomela, Ndindani, Mahlathi, Vuhehli, Nwakhuwani
20	0	Bonwani, Mavalani, Mbatlo
21	0	Ngove, Kremetart
22	Shawela	Shawela RDP, Shikhumba
23	0	Mbhedle, Guwela, Kheyi, Mushiyani, Nsavulani

24	0	Bambeni, Mageva, Mnghonghoma, Loloka
25	0	Daniel, Ndhambhi, Mageva RDP
26	0	Maphata, Sikhunyani, Nkomo A
27	Mzilela	Mayephu, Matsotsosela, Khaxani, Xitlakati
28	0	Mphagani, Zava
29	0	Makhuva, Mbaula, Phalaubeni
30	0	Tomu, Nghalalume
TOTAL		

The report reflects only halls build by the municipality. Excluded are privately owned halls and those built by other sector departments.

3.4.4 THE TABLE BELOW REFLECTS THE AVAILABILITY AND BACKLOG OF COMMUNITY HALLS WITHIN WARDWARD COMMUNITY HALLS

WARD	AVAILABLE	BACKLOG
1	0	Blinkwater, Ximawusa, Noblehoek
2	0	Rivala, Phikela, Mashavela, Mavhuza
3	0	Babangu, Nden"eza RDP, Ntshuxi
4	0	Basani, Dingamazi, Shimange, Silawa, Maswanganyi, Bode
5	0	Sifasonke, Zamani, Mapuve
6	0	Gon"on"o, Hlaneke, Gandlanani, Khani
7	0	Siyandhani, Dzingidzingi
8	0	Nwamankena, Sekhimini, Botshabelo
9	0	Homu 14 A, Mapayeni
10	0	Nkomo B, Nkomo C, Homu 14 B
11	Giyani Community Hall	Giyani E, Giyani D1
12	0	Giyani A, Homu 14C
13	0	Giyani D2, Giyani F
14	0	Makosha, Shikukwani

15	0	Shivulani, Nwadzekudzeku
16	0	Mninginisi B2,Mninginisi B3
17	0	Thomo, Mhlava Willem
18	0	Gawula, Muyexe, Khakhala
19	0	Hlomela, Ndindani, Mahlathi, Vuhehli, Nwakhuwani
20	0	Bonwani, Mavalani, Mbatlo
21	0	Ngove, Kremetart
22	0	Shawela RDP, Shikhumba
23	0	Mbhedle, Guwela, Kheyi, Mushiyani, Nsavulani
24	0	Bambeni, Mageva, Mnghonghoma, Lolok
25	0	Daniel, Ndhambhi, Mageva RDP
26	0	Maphata, Sikhunyani, Nkomo A
27	0	Mzilela, Mayephu, Matsotsosela, Khaxani, Xitlakati
28	0	Mphagani, Zava
29	0	Makhuva, Mbaula, Phalaubeni
30	0	Tomu, Nghalalume
Total		

3.5 Housing

The powers and functions for the provision and construction of housing lies with the provincial government under the Department of Co-operative Governance, Human Settlements and Traditional Affairs. The role of the municipality is to identify housing demands needs through the development of the Housing Chapter and identification of beneficiaries. For the 2014\15 financial year a total of.....fully implemented within the municipality. The implementing agent was the Department of Co-operative Governance, Human Settlements and Traditional Affairs.

No municipal entity renders the service on behalf of the municipality.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

3.6.1 INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Free basic services to low income households										
	Number of households									
	Total	Households earnings less than R1.100 per month								
		Free basic water			Free sanitation	basic	Free electricity	basic	Free basic refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2012/13		1300					14162	94.4%		
2013/14		1300					14074	89%		
2014/15		1300					13032	86.88%		

3.7 COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

3.7.1 COMPONENT B: ROADS AND TRANSPORT

3.7.2 INTRODUCTION TO ROADS

Gravel road infrastructure Kilometers				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2012/13	608	None	-	1848
2013/14	608	None	7.3 KM	2376
2014/15	608	None	12.8 KM	3432

Asphalted Road Infrastructure

	Total Asphalted roads	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt roads maintained
2012/13	4800 M2	-	79KM	-	4800 M2
2013/14	6251 M2	7.3 KM	86.3 KM	-	6251 M2
2014/15	22 800 m2	12.8 KM	99.1 KM	4.6KM	22 800 m2

Employees: roads services

Job level	2012/13	2013/14	2014/15						
	Employee s No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3		1	1	0	0%	1	1	0	0%
4-6		2	0	2	100%	1	1	1	0%
7-9		3	0	3	100%	4	0	0	100%
10-12		22	8	14	63.63%	20	12	8	40%
13-15		33	12	21	63.63%	33	28	15	84.8%
16-18		0	0	0	0%	0	0	0	0%
19-20		0	0	0	0%	0	0	0	0%
Total						59	42	17	28.8%

Financial performance 2012/13 2013/14 and 2014/15: road services
R`000

Details	2012/13		2013/14		2014/15				
	Actual	Original budget	Adjustment budget	Actual	Variance to budget	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue (excluding tariffs)									
Expenditure:	1 875	2 570	3 700	4 126	426	1 730	2 730	2 849	119
Employees	3 791	4 732	4 251	4 217	-34	4 770	4 903	4 718	-185
Repairs & Maintenance	2 834	4 344	6 344	8 571	2 227	10 000	7 008	5 091	-1 917
Other									
Total operational expenditure	8 500	11 646	14 295	16 914	2 619	16 500	14 641	12 658	1983
Net operational (service) expenditure	8 500	11 646	14 295	16 914	2 619	16 500	14 641	12 658	1983

Capital expenditure 2013/14 and 2014/15 Road Services
R`000

Capital Projects	2013/14					2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all										
NGOVE ROAD	2 700	2 159	1 987	-172						
MASWANGANYI ROAD	1 700	2 500	2 227	-273						
SECTION E ROAD	5 700	5 700	4 049	-1 651						
HLANEKI RAOD		92	80	-12						
MPHAKANE ROAD			862	862						
NKURI ROAD	3 950	3 950	309	-3 641		8 247	9 624	7 739	-1 885	
SKHUNYANI ROAD	3 150	3 158	2 995	-163					0	
NYAGELANI ROAD	7 500	5 045	10 800	5 755		15 000	20 600	18 600	-2 000	

TOURISM ROAD	8 000	11 841	10 287	-1 554				0
CBD PHASE 3			7 899	7 899	16 000	21 629	20 509	-1 120
NDENGEZA ROAD	2 500	3 100	1 388	-1 712		1 952	412	-1 540
NKOMO B UPGRADING FROM GRAVEL TO TARR				0		1 400	703	-697
MBAULA UPGRADING FROM GRAVEL TO TARR				0		1 960	1 712	-248
CULVERTS				0	0	4 982	3 469	-1 513
10 HIGH MAST LIGHTS	3 000	2 700	1 822	-878		466	1 276	810
30 HIGH MAST LIGHTS				0	1 596	480	519	39
REHABILITATION & INSTALLATION OF NEW STREET LIGHTS GIYANI SEC E		1 653	1 589	-64				
Other capitals								

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING &PUBLIC BUS OPERATION)

3.8.1 INTRODUCTION TO TRANSPORT

The municipality has a fully established licensing unit with the vehicle testing station, driver's license testing center and registering authority

The municipality also have complemented by law enforcement and traffic services unit responsible for speed checks, scholar patrols and escorts amongst other duties. Majority of the Greater Giyani Municipality Residents rely on public transport evident the number of buses and taxis on our roads.

3.8.2 PUBLIC TRANSPORT

3.8.3 STATUS OF TAXI RANK FACILITIES

LOCATION	STATUS	DESTINATIONS
Old Spar	Operational	Bushbuckridge, Polokwane, Tzaneen and Phalaborwa
Shoprite	Operational	Malamulele
New Boxer Supermarket	Operational	Tzaneen, Mooketsi, Vuhehli, Gawula
OBC(Main Taxi Rank)	Operational	Phalaborwa, Acornhoek, Tzaneen, Polokwane, Pretoria, Rustenburg, Johannesburg

3.8.4 PUBLIC TRANSPORT CHALLENGES

The major challenge experienced by the municipality is the lack of space for loading of passengers. The municipality currently does not have an integrated transport plan which would then be an integrated plan of the municipality.

3.9 WASTE WATER (STORMWATER DRAINAGE)

3.9.1 COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

Applications for Land Use Development									
Detail	Formalization of Townships			Rezoning			Built Environment		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
	0	1	1	4	5	11	0	0	0

Financial performance 2012/13, 2013/14 and 2014/15: Planning services R'000									
Details	2012/13			2013/14			2014/15		
	Actual	Original budget	Adjustment budget	Actual	Variance to budget	Original budget	Adjustment budget	Actual	Variance to budget
3									

Total Operational Revenue	382	399	423	437	14	428	436	511	75
Expenditure:	627	1 182	1 100	678	-422	2 650	1 810	1 045	-765
Employees	5 178	5 496	6 359	6 388	29	7 205	6 019	6 068	49
Repairs & Maintenance									
Other		1 000	1 000	1 298	298	1 000	1 000	0	1000
Total Operational Expenditure	5 805	7 678	8 459	8 364	-95	10 855	8 829	7 113	284
Net operational (service) expenditure	-5 423	-7 279	-8 036	-7 927	109	-10 427	-8 393	-6 602	-5 423

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Employees: Local Economic Development Services									
Job level	2012/13		2013/14		2014/15				
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3		1	1	0	0%	1	1	0	0%
4-6		12	0	12	100%	12	0	12	100%
7-9		0	0	0	0%	0	0	0	0%
10-12		8	4	4	50%	8	4	4	50%
13-15		0	0	0	0%	0	0	0	0%
16-18		0	0	0	0%	0	0	0	0%
19-20		0	0	0	0%	0	0	0	0%
Total		21	5	16	76.19	21	5	16	76,2%

3.12 COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

3.12.1 COMPONENT D: COMMUNITY & SOCIAL SERVICES

Capital expenditure 2013/14 and 2014/15: community Services R`000										
Capital Projects	2013/14					2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
SHIVULANI SPORTS CENTRE	500	2 700	2 531	-169						
SECTION E SPORTS CENTRE	4 000	3 000	0	-3000		6 000	4 241	3 426	815	
HOMU 14B SPORTS CENTRE	775	3 500	0	-3500		4 000	7 470	6357	-1 113	
FENCING OF POUND STATION (DZINGIDZINGI)	150	-				500	3 516	3 164	-352	
PURCHASE OF LAWN MOWER TRACTOR	250	250	0							
FENCING & PAVING IN GIYANI ARTS & CULTURE CENTRE	1 500	1 650	1 453	-197						

**THOMO
COMMUNITY
HALL**

500 500 407 -93

Project D

3.13 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATERS, ZOOS, ETC)

3.14 CEMETORIES AND CREMATORIIUMS

3.14.1 INTRODUCTION TO CEMETERIES & CREMATORIIUMS

The municipality has one cemetery under its control; the number of cemeteries under the control of the traditional authorities is yet to be audited. There is also no crematorium within the jurisdiction of the municipality.

Employees: Cemeteries and Crematoriums

Job level	2012/13	2013/14	2014/15						
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3		1	1	0	0%	1	1	0	0%
4-6		3	1	2	66.66%	3	1	2	66.66%
7-9		0	0	0	0%	0	0	0	0%
10-12		3	2	1	33.33%	3	2	1	33.33%
13-15		41	26	15	36.58%	41	26	15	36.58%
16-18		0	0	0	%	0	0	0	%
19-20		0	0	0	%	0	0	0	%
Total		46	29	18	39.13%	46	29	18	39.13%

Capital expenditure 2013/14 and 14/15 Cemeteries and Crematoriums

Capital Projects	2013/14					2014/15				
	Budget	Adjustme nt Budget	Actual Expenditure	Variance from original budget	Total project value	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total project value
Total all						1 000	3 093	2 728	365	
REFURB OF						1 000	3 093	2 728	365	

**GIYANI
CEMENTRY**

Project D

3.14.2 COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

The municipality is experiencing a challenge of space for the development of future cemetery site since most of the available land is under the control of the traditional leadership. Cemetery By-laws are currently under review to include clauses which will help the municipality to serve space.

3.15 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

3.15.1 INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The Municipality has a dedicated office responsible for the coordination of social programmes such HIV and AIDS, Women and Children, Old age, Gender and Disability. There are also oversight committees responsible for support and oversight. The committees include Aids council and technical committee, Men's forum, Disability's forum and gender forum amongst others.

The clinics and ambulance services are rendered by the provincial department of Health and Social Development

3.15.2 COMPONENT E: ENVIROMENTAL PROTECTION

The municipality is working together with DEA and LEDET to raise awareness on the need for Environmental Protection. All Greater Giyani Municipality villages are pre

3.16 POLLUTION CONTROL

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

3.17.1 COMPONENT F: HEALTH

The clinics and ambulance services are rendered by the provincial department of Health and Social Development.

3.17.2 COMPONENT G: SECURITY AND SAFETY POLICE, FIRE AND OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

The Police and Fire services are rendered by the provincial department and National Department. And fire rendered by the District Municipality. The municipality has animal pound station to be used for impoundment of animals. The development of by-laws for keeping of animals to deal with licensing and control of animals is in progress.

**Financial performance 2012/13, 2013/14 and 2014/15: Traffic
R`000**

Details	2012/13		2013/14			2014/15			
	Actual	Original	Adjustment	Actual	Variance	Original	Adjustment	Actual	Variance

		budget	budget		to budget	budget	budget		to budget
Total operational revenue	4 158	5 800	5 474	3 755	-1 719	5 547	5 489	4 835	-654
Expenditure:	53	65	95	87	-8	130	90	45	-45
Police Officers									
Other Employees	8 655	9 339	9 543	9 708	165	10 385	10 532	10 669	137
Repairs & Maintenance									
Other									
Total operational expenditure	8 708	9 404	9 638	9 795	-157	10 515	10 622	10 714	
Net operational (service) expenditure	-4 550	-3 604	-4 164	-6 040	1 876	-4 968	-5 133	-5 879	746

3.17.3 COMPONENT H: SPORT AND RECREATION

3.17.4 INTRODUCTION TO SPORT AND RECREATION

The municipality currently has 10 sports canter and 3 developed parks to be used for sporting and recreational purposes. The Municipality promotes sporting in local communities through the sport development programme by providing identified beneficiaries with sports equipment. e.g. kits, balls and funds. The municipality also runs an annual mayor's cup to assess the progress with regard to sports development with the assistance of the local sports federations.

The report include only sport centers only build by the municipality.

3.18 SPORT.

3.18.1 THE TABLE BELOW REFLECTS AVAILABILITY AND BACKLOG OF STANDARD SPORTS FACILITIES WITHIN WARDS

WARD	AVAILABLE	BACKLOG
1	0	1
2	1	0
3	0	1
4	0	1
5	0	1

6	1	0
7	0	1
8	0	1
9	0	1
10	1	0
11	0	1
12	1	0
13	0	1
14	0	1
15	1	0
16	0	1
17	0	1
18	1	0
19	0	1
20	0	1
21	0	1
22	1	0
23	0	1
24	0	1
25	0	1
25		
26	0	1
27	1	0
28	0	1
29	0	1
30	0	1
TOTAL		

3.19 RECREATION

The report reflects only halls build by the municipality. Excluded are privately owned halls and those build by other sector departments.

3.19.1 THE TABLE BELOW REFLECTS THE AVAILABILITY AND BACKLOG OF COMMUNITY HALLS WITHIN WARDS WARD COMMUNITY HALLS

WARD	AVAILABLE	BACKLOG
1	0	1
2	0	1
3	0	1
4	0	1
5	0	1
6	0	1
7	0	1
8	0	1
9	0	1
10	0	1
11	1	0
12	0	1
13	0	1
14	0	1
15	0	1
16	0	1
17	0	1
18	0	1
19	0	1
20	0	1
21	0	1
22	0	1
23	0	1
24	0	1
25	0	1
26	0	1
27	0	1
28	0	1
29	0	1
30	0	1
Total		

Employees: Sport and Recreation									
Job level	2012/13			2013/14			2014/15		
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3		1	1	0	0%	1	1	0	0%
4-6		5	1	4	80%	6	2	4	66,7%
7-9		1	1	0	0%	0	0	0	0%
10-12		2	1	1	50%	3	1	2	66,7%
13-15		48	36	12	25%	50	15	35	70%
16-18		0	0	0	0%	0	0	0	0%
19-20		0	0	0	0%			0	0%
Total		56	40	15	26.78%	60	19	41	68,3%

Employees: Sport and Recreation									
Job level	2012/13			2013/14			2014/15		
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3		1	1	0	0%	1	1	0	0%
Total									

3.19.2 CHALLENGES

The municipality is experiencing challenge of vandalism on its infrastructure in particular sporting facilities. There is also not adequate budget for maintenance of these facilities as a result some of this facilities are getting dilapidated. Another challenge is that of shortage of personnel to maintain and monitor these facilities.

3.19.3 INTERVENTIONS

Two sports canters are currently under construction at ward 11 and ward 10. The municipality will also built another sport center at ward 25 in the 2016/17 financial year. The designs for the community hall to be build at ward 17 has been completed

3.19.4 INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

3.19.5 COMCOMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.20 ORPORATE POLICY OFFICES AND OTHER SERVICES

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

3.20.1 INTRODUCTION TO CORPORATE POLICY OFFICES

3.20.2 EXECUTIVE AND COUNCIL

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

3.20.3 INTRODUCTION TO EXECUTIVE AND COUNCIL

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

Financial performance 2012/13,2013/14 and 2014/15 The Executive and Council R`000									
Details	2012/13			2013/14			2014/15		
	Actual	Original budget	Adjustment budget	Actual	Variance to budget	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expenditure:	6 791	7 881	8 209	7 554	-655	9 596	9 431	9 067	-364
Other Employees	20 476	22 951	20 480	22 171	1 691	22 189	21 046	22 610	1 564
Repairs & Maintenance									
Other									
Total operational expenditure	27 267	30 832	28 689	29 725	1036	31 785	30 477	31 677	1 200
Net operational (service) expenditure	-27 267	-30 832	-28 689	-29 725	-1036	-31 785	-30 477	-31 677	-1 200

3.21 FINANCIAL SERVICES

Debt recovery								
Details of the types of account raised and recovered	2012/13		2013/14		2014/15			
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in year	Estimated outturn for accounts billed in year	Estimated proportion of accounts billed that were collected %
Property Rates	25 027	88%	27 156	11 271	42%	28 668	30 092	105
Electricity – B	0	0	0	0	0	0	0	0
Water – B	0	0	0	0	0	0	0	0
Water – C	0	0	0	0	0	0	0	0
Sanitation	0	0	0	0	0	0	0	0
Refuse	7 023	178%	3 831	3831	100%	3 953	3 661	93
B-Basic, C-Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them								

Employees: Financial Services									
Job level	2012/13			2013/14			2014/15		
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3		1	0	1	100%	1	1	0	0%
4-6		4	3	1	25%	5	4	1	20%

7-9	1	1	0	0%	1	1	0	0%
10-12	24	12	12	50%	29	11	18	62,06%
13-15	0	0	0	0%	0	0	0	0%
16-18	0	0	0	0%	0	0	0	0%
19-20	0	0	0	0%	0	0	0	0%
Total	32	16	16	50%	36	17	19	52,85

Financial performance 2014/15 Financial Services R`000									
Details	2012/13	2013/14		2014/15					
	Actual	Original budget	Adjustment budget	Actual	Variance to budget	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue	212 864	247 941	271 734	256 695	-15 039	293 978	315 703	301 396	-14 307
Expenditure:	7 894	5 789	6 025	5 646	-379	6 710	11 810	11 772	-38
Other Employees	10 703	12 456	11 575	10 336	-1 239	14 117	14 611	16 575	1 964
Repairs & Maintenance									
Other	49 727	39 833	56 300	51 894	-4 406	50 450	50 450	-30 360	-80 810
Total operational expenditure	68 324	58 078	73 900	67 876	-6 024	71 277	76 871	-2 013	74 858
Net operational (service) expenditure	144 540	189 863	197 834	188 819	-9 015	222 701	238 832	299 383	60 551

3.22 HUMAN RESOURCE SERVICES

3.22.1 INTRODUCTION TO HUMAN RESOURCE SERVICE

3.22.2 SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Human Resource Services Policy objectives taken from IDP										
Service Objectives To develop and retain best human capital, effective and efficient administrative and operational support system Service indicators To submit the Employment equity report to Dept. of Labour by 31 October 2014	Outline service targets Submit Employment equity report.	2012/13		2013/14			2014/15			
		Target	Actual	Target		Actual	Target		Actual	
		Equity report submitted	Equity report submitted	Equity report submitted	Current year	Equity report submitted	Equity report submitted	Current year	*following year	
Service objective										

Employees: Human Resource Services										
Job level	2012/13		2013/14			2014/15				
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3		1	1	0	0%		1	1	0	0%
4-6		7	2	5	71.42%		7	2	5	71,42%
7-9		0	0	0	0%		0	0	0	0%

10-12	4	2	2	50%	4	2	2	50%
13-15	0	0	0	0%	0	0	0	0%
16-18	0	0	0	0%	0	0	0	0%
19-20	0	0	0	0%	0	0	0	0%
Total	11	5	7	63.63%	12	5	7	58,33%

Financial performance 2012/13,2013/14 AND 2014/15: Human Resource Services R`000									
Details	2012/13		2013/14			2014/15			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget	Original budget	Adjustment budget	Actual	Variance to budget
Total operational revenue	88	415	315	120	-195	360	360	0	-360
Expenditure:	2 054	4 533	6 255	3 183	-3 072	6 630	6 280	4 545	-1 735
Other Employees	3 092	3 154	3 363	5 191	1 828	3 782	3 431	2 565	-866
Repairs & Maintenance									
Other									
Total operational expenditure	5 146	7 687	9 618	8 374	-1 244	10 412	9 711	7 110	-2601
Net operational (service) expenditure	-5 058	-7 272	-9 303	-8 254	1 049	-10 052	-9 351	-7 110	-2 241

3.23 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

3.23.1 INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communication Technology ensure provision of services such as Network connectivity, information management, Email messaging for communicating with the internal stakeholders and the outside world, enhancing service delivery by providing reliable systems. Enabling the integration of systems within the municipality to achieve Municipal objectives. ICT operate under the guidance of ICT policies and frameworks as mandated by corporate governance of ICT. There are also committees that ensure good governance of ICT such as: ICT Steering Committee, Risk Assessment on ICT, and Audit Committee.

3.23.2 SERVICE STATISTICS FOR ICT SERVICES

For period under review 2014/15, Information and Communication Technology provided and supplied ICT equipment's e.g. computers, printers, 3Gs, etc. The Unit also updated of Municipal website on a continuous basis. Maintained network infrastructure for ease of communication. The Unit provided IT systems, user maintenance and support.

ICT Services Policy objectives taken from IDP							
Service Objectives	Outline service targets	2012/13		2013/14		2014/15	201415
		Target	Actual	Target	Actual	Target	Actual
To develop and retain best human capital, effective and efficient administrative and operational support system	4 payments for leased desk top and lap top computers and Procurement of IT equipment. Maintenance, support and provide connectivity to network (LAN and WAN). 12 payments for 3Gs	4 payments for leased desk top and lap top computers and Procurement of IT equipment.	4 payments of leased desk top and lap top computers and Procurement of IT equipment done	4 payments for leased desk top and lap top computers and Procurement of IT equipment.	4 payments of leased desk top and lap top computers and Procurement of IT equipment done	4 payments for leased desk top and lap top computers and Procurement of IT equipment.	desk top and lap top computers and Procurement of IT equipment.
Service Indicators	Secure network, information, and computers and						
Number of							

computers leased, laptops acquired and printers allocated	unified communication100% up to date website. 800 calls attended and resolved.						
Number of maintenance upgrade of network infrastructure	4 x IT Steering Committee meetings coordinated.						
Appointment of service provider to render secure network ,information and computers	4 x risk assessments conducted						
% update of municipal website							
Number of calls resolved Number of IT Steering Committee meetings							

Employees: ICT Services									
Job level	2012/13		2013/14				2014/15		
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3		1	0	1	100%	1	1	0	0%
4-6		3	0	3	100%	3	0	0	100%
7-9		1	1	0	0%	1	1	0	0%
10-12		0	0	0	0%	n/a	n/a	n/a	n/a
13-15		0	0	0	0%	n/a	n/a	n/a	n/a
16-18		0	0	0	0%	n/a	n/a	n/a	n/a
19-20		0	0	0	0%	n/a	n/a	n/a	n/a
Total		5	1	4	80%	5	2	3	60%

3.23.3 COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

For the period under review 2014/15, the Unit managed to lease 110 computers, 15 laptops, and also allocated 15 printers to Municipal officials; maintained, supported and connected the network (LAN/WAN); appointed Service Provider to secure network services; forwarded information to SITA for website update and information such as: adverts for tenders, advert for vacancies, annual budget and its related policies, and performance agreements were uploaded on Municipal website; 1732 calls were resolved .

However performance was not the one desired by the Unit due to lack of staff, limited budget and over reliance on SITA for website updates. **MM**

3.23.4 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Employees: Property; legal; Risk Management and Procurement Services									
Job level	2012/13		2013/14			2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3		5	4	1	25%	2	1	1	50%
4-6		23	6	17	68%	8	3	5	62,5%
7-9		0	0	0	0%	n/a	n/a	n/a	n/a
10-12		10	4	6	60%	4	0	4	100%
13-15		0	0	0	0%	n/a	n/a	n/a	n/a
16-18		0	0	0	0%	n/a	n/a	n/a	n/a
19-20		0	0	0	0%	n/a	n/a	n/a	n/a
Total						14	4	10	71,42%

3.24 2014/2015 Projects

Widening of access to CBD



Homu 14B sport Centre



Section A upgrading from gravel to tar



3.25 ANNUAL PERFORMANCE INFORMATION

3.25.1 SUMMARY OF PERFORMANCE FOR THE 2014/15 FINANCIAL YEAR

3.25.2 INTRODUCTION

The greater Giyani municipality 2014/15 annual performance report reflects the institution's service delivery and developmental achievements, as well as challenges, in recognition of the municipality's obligation to be an accountable, transparent and efficient organization. The compilation of this annual performance reports is done in compliance to various pieces of legislation. Key amongst such legislation are local Government: municipal system Act No. 32 of 2000, local Government: municipal finance management Act No 56 of 2003, and National Treasury circulars (especially circular 11 and 63).

The MSA and MFMA state that every municipality and entity must prepare an annual performance report which must form part of the annual report for each financial year in terms of the Act. This annual performance report is a reflection of the municipality's actual performance in relation to what was planned for in the IDP and SDBIP. It is there a post-reflection of planned targets and their actual with a provision for reasons for variance as well as mitigating\corrective measures taken.

The annual performance report of the Greater Giyani municipality is aligned to the municipal IDP and Budget for the 2014\15 financial year and that it is aligned to the service delivery and Budget implementation plan and in-year reports.

3.25.3 PURPOSE

This annual performance report seeks to attain the following purpose:

- The provision of a report on performance in service delivery and budget implementation plan for the 2014/15 financial year
- To promote transparency and accountability for the activities and programmers of the municipality vis-a –vis the six key performance areas
- To provide a record of activities of the municipality for the 2014/15 financial year to which this report relates

3.25.4 THE ROAD MAP

The attached annual performance report of the Greater Giyani municipal is a product of in- year reports which have been consistently submitted to council and council committees. Upon the signing of the SDBIP 2014/15 in June 2014 the municipality facilitated the signing performance agreements by the Senior Management led by the Accounting Officer. On a monthly basis reports on implementation of the SDBIP were sent to the Executive Committee and on a quarterly basis to council.

The Municipality had 148 Key Performance Indicators wherein a total of 116 KPIs were achieved, 32 KPIs were not achieved as planned. The unachieved 32 KPIs does not translate in non-performance but that includes KPI's which were not fully actualized even though there were was progress towards their attainment. This includes partially achieved Indicators

3.25.5 The table below indicates progress per KPA

Key Performance Area	Total SDBIP Indicators	Total Achieved	Total Not Achieved
KPA 1: Spatial Rational	2	0	2
KPA 2: Institutional Development and Transformation	26	13	13

KPA 3: Infrastructure Development And Basic Services	57	52	5
KPA 4: Local Economic Development	9	6	3
KPA 5: Financial Viability	18	16	2
KPA 6: Public Participation And Good Governance	36	29	7
Total	148	116	32

5. KPA 1: SPATIAL RATIONAL

OUTPUT 4: ACTIONS SUPPORTIVE OF THE HUMAN SETTLEMENT OUTCOMES

Strategic Objective: To develop an effective spatial framework that promotes integrated and sustainable development

Programme	Measurable Objectives/Key Performance indicator	Baseline	Annual targets	Actual Performance	Variance	Reason For Variance	Measures for improvement/ intervention	Portfolio of evidence	Resp D
Formalisation of new settlement	To formalise new settlement at Xikukwani village by 30 June 2015	None	Formalisation of new settlement - Xikukwani village by June 2015	Proposed layout plan and required studies in place	Formalisation of Xikukwani village	Late appointment of service provider	Improvement in procurement processes	Layout plan, approved general plan from surveyor general, ROD(Record of Decision Making)	Strateg Plannir
GIS phase 2	To complete GIS Phase 2 by 30 June 2015	GIS Phase 1 completed	GIS Upgraded by June 2015	N/A	Upgrading of GIS	Viamment of funds	Each department should budget enough funds to avoid viament	Report, appointment letter of service provider.	Strateg Plannir

KPA 2: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

Strategic Planning: To develop and retain the best human capital, effective and efficient administrative and operational support systems

Programme	Measurable Objectives/Key Performance indicator	Baseline	Annual targets	Actual Performance	Variance	Reason for Variance	Measures for improvement/intervention	Portfolio of Evidence required	Responsible Dept.
Council	Number of council meetings coordinated by 30 June 2015	Coordination of 12 EXCO Meeting and 4 Council Meetings by June 2015	12 EXCO (1 special) Meeting and 6 Council Meetings	11 EXCO meetings and 11 Council meetings	1 EXCO and 1 Council meeting	Fourth quarter meeting scheduled for end of July	change of schedule	Attendance register and Minutes	Office of MM
Management	# of Management meetings held	12	12		None	None	N/A	Attendance register and Minutes	All Depts.
Portfolio Committee Meetings	Number of portfolio committee meetings held by 30 June 2015	12 portfolio meetings held by June 2015	12 portfolio committee meetings to be coordinated	09 meeting coordinated	03 meetings	Commitment by members	monitor schedule	Attendance registers and Minutes	Corporate Services
Occupational health	Number of OHS reports developed and submitted to Council by 30 June 2015	MOU in place with contractor	4 OHS reports developed and submitted to Council by June 2015	03 meetings coordinated	01 meeting	committee responsible expired	establishment of new committee	OHS implementation report, Council resolutions	Corporate Services

Employment Equity	To submit the Employment equity report to Dept. of Labour by 31 October 2014	1 Report on equity plan	Submit Employment equity report.	Equity report submitted	None	N/A	N/A	Equity Report, Proof of submission to Dept. of labour	Corporate Services
Capacity building	Number of councillors trained by 30 June 2015	12 Councillors trained	8 Councillors trained by June 2015	48 councillors trained	None	N/A	N/A	Nomination letters, Training Report	Corporate Services
Capacity building	Number of officials trained by 30 June 2015	116 officials trained	209 officials to be trained by June 2015	78 officials	131 not trained	unavailability of service providers	request service providers to register on data base	Nomination letters.	Corporate Services
Capacity building	Submission of annual training report and WSP by April 2015	Approved WSP and Annual training report submitted	Approval of WSP(2015/16) and Submission of Annual training Report (2014/15)	Submitted in April 2015	None	N/A	N/A	WSP, Proof of submission	Corporate Services
PMS Implementation	To pilot PMS to Implementation of PMS to Middle Management and supervisors by 30 June 2015	Approved PMS policy	Piloting of PMS to Middle Management and supervisors by June 2015	Five managers signed performance agreement	28 managers	No response/action from departments	request intervention by higher authorities	Performance plans, Quarterly Review Reports	Corporate Services
Council resolution implementation	Number of reports developed on implementation of council resolutions by 30 June 2015	Quarterly Council resolutions	4 Council resolution implementation reports developed by June 2015	4 Council resolutions reports implemented	None	N/A	N/A	Council resolution implementation reports.	Corporate Services

Appointment of staff	Number of employees appointed by 30 June 2015	36 staff members appointed	27 post filled by June 2015	38 positions filled	None	N/A	N/A	Copy of advertisement; report of appointments	Office of MM
Local Labour Forum	Number of LLF meetings held by 30 June 2015	LLF established	12 LLF meetings held by June 2015	o4 meetings coordinated	08 meetings	Commitment by members	Develop am monthly schedule of meetings.	Attendance registers and Minutes	Corporate Services
Committee meeting	Number of OHS committee meetings held by 30 June 2015	OHS committee established	4 OHS Committee meetings held by June 2015	3 meetings	Committee expired	Appointment of another committee	N/A	Attendance register and Minutes	Corporate Services
Complaints management	Number of reports developed on presidential and premier hotline by 30 June 2015	Signed register	4 progress reports on presidential and premier hotline developed by June 2015	4 reports developed	None	N/A	N/A	Presidential and premier hotline reports, Proof of submission	Corporate Services
Management of litigation	Percentage of litigation cases finalized by 30 June 2015 (# of cases addressed/# of cases received)	100% cases finalized (12 cases finalised/12 cases received)	100% cases finalized (# of cases addressed/# of cases received)	4 cases finalized	N/A	N/A	N/A	Court order, settlement agreement and litigation reports	Corporate Services
Programme	Measurable Objectives/Key Performance indicator	Baseline	Annual targets	Actual Performance	Variance	Reason for Variance	Measures for improvement/intervention	Portfolio of Evidence required	Responsible Dept.
Provisioning and supply of IT equipment	Number of computers leased, laptops	50 computers leased	4 payments for leased desktop	4 payments of leased desktop and lap top	NONE	N/A	N/A	Sent emails, purchase	Corporate services

	acquired and printers allocated	15 laptops acquired 15 printers allocated	and laptop computers and Procurement of IT equipment.	computers and Procurement of IT equipment done				orders, IT asset allocation register and allocation lists.	
Maintain network infrastructure	Number of maintenance upgrade of network infrastructure	LAN upgraded Data line speed increased Libraries connected	Maintenance, support and provide connectivity to network (LAN and WAN). 12 payments for 3Gs.	Maintenance, support and connectivity to network (LAN and WAN). 12 payments for 3Gs provided	NONE	N/A	N/A	Orders, SLA's and invoices.	Corporate services
Maintain computer security	Appointment of service provider to render secure network ,information and computers	Secure network, information and computers	Secure network, information, computers and unified communication	Upgrade of pastel system done.	NONE	N/A	N/A	Back up register, orders and AV prints out.	Corporate services
Update of Municipal website and Internet	% update of municipal website	100% up to date website.	100% up to date website.	Done, All information forwarded to IT was sent SITA	NONE	N/A	N/A	Sent email, email update register and up to date website.	Corporate services
IT Systems and User maintenance and support	Number of calls resolved	1000 calls attended and resolved. 150 memory sticks.	800 calls attended and resolved.	1732 calls resolved	NONE	N/A		Call registers, orders and allocation	Corporate services
				Done			N/A	Lists.	

N/A									
IT Governance, risks and compliance.	Number of IT Steering Committee meetings	5 X IT Steering Committee Meetings Coordinated.	4 x IT Steering Committee meetings coordinated.	02 meeting Coordinated.	02 Meetings	shortage of staff in IT	Appointment of staff	Agenda, minuets and attendance registers.	Corporate services
		6 X Risk assessments conducted	4 x risk assessments conducted						
Telecommunications infrastructure	Maintenance and support.	None	4 X Telecoms Support reports.	Maintenance and support done on Telecommunication	NONE	N/A	N/A	Reports.	Corporate services
Automation of processes and implementation of systems.	Implemented systems.	None	Implemented systems.	Not done. Still waiting for recommendations from service providers.	System not procured	Not done. Still waiting for SITA FOR GGM Portal.		Orders.	Corporate services
				Done			Project differed to next financial year.		
Programme	Measurable Objectives/Key Performance indicator	Baseline	Annual targets	Actual Performance	Variance	Reason for Variance	Measures for improvement/intervention	Portfolio of Evidence required	Responsible Dept.
Functionality of ward committee	Number of ward committee meetings	Monthly ward committee meetings	12 ward committee meetings per ward	12 ward committee meetings per ward held	NONE	N/A	N/A	Attendance registers	Corporate services

Mayoral Imbizo	Number of Mayoral Imbizo	04 Mayoral Imbizo	04 Mayoral Imbizo	3 Mayoral imbizo and 05 public gatherings	NONE	N/A	N/A	Attendance registers and reports	Corporate services
MPAC Committee Meetings	Number of committee meetings to be held	12 Committee meetings held	12 portfolio committee meetings to be coordinated	09 committee meetings coordinated	01 Public hearing	Reshuffling in Council		Attendance registers	Corporate services

7. KPA 3: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICES

OUTCOME NINE (OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES, OUTPUT 3: IMPLEMENTATION OF THE COMMUNITY WORK PROGRAMME)

Strategic Objective: To develop sustainable infrastructure networks which promotes economic growth and improve quality of life

Programme	Measurable Objectives/Key Performance indicator	Annual targets	Actual Performance	Variance	Reason for Variance	Measures to improve performance/intervention	Portfolio of Evidence required	Responsible Dept.
Project Management	% MIG project implemented within SDBIP timelines	100% (# of MIG within SDBIP timelines/# of MIG projects)	6 project implemented within SDBIP timeline	2 projects were not implemented within the timelines	Poor performance by the contractor. Delays and frustrations from inclement weather.	Extension of time granted due to delays and frustrations occurred. Contractual put on the poor performance of the contractor.	MIG Monthly Reports and Monthly SDBIP Report.	Office of MM
Electricity	To erect 30 high mast lights in crime prone areas by 30 June 2015	30 high mast lights in crime prone areas erected by June 2015	Designs finalize by 30 June 2015	None	N/A	N/A	Appointment letter, site handover certificate ,progress reports	Technical Services
Electricity	To develop the of Electricity Master Plan by 30 June 2015	Development of electricity master plan by June 2015	Electricity Master developed	None	N/A	N/A	Electricity Master Plan	Technical Services

Electricity	To do 12 indigent registrations submissions to ESKOM for free basic electricity tokens by 30 June 2015	Monthly (12) submissions of indigent registrations to ESKOM for issuing of free basic electricity tokens.	12 FBE report submitted to Eskom	None	N/A	N/A	Statement from ESKOM, Payment order	Technical Services
Electricity	To refurbish Giyani Streets Lights and High Masts by 31 December 2015	Refurbishment of Giyani Streets Lights and High Masts by December 2014	45 LED streets refurbished	None	N/A	N/A	Appointment letter, progress report, Site handover certificate	Technical Services
Electricity	To electrify Makhuva, Nsavulani Gon'on'o & Ndengeza villages by 31 March 2015	Electrification of Makhuva, Nsavulani Gon'on'o & Ndengeza villages by March 2015	679 connections in ndengeza, Gon'on'o, Mphagani and Nsavulani	None	N/A	N/A	Appointment letter, progress report, Site handover certificate	Technical Services
Roads	To upgrade 1.8km of Nkuri Zamani village road- from gravel to tar (from main road to Tribal offices) by 30 June 2015	Nkuri (Zamani) Upgraded from gravel to tar 1,8KM by June 2015	2.1km of road upgraded from gravel to tar in Nkuri (Zamani)	None	N/A	N/A	Appointment letter, Progress Reports, Completion certificates	Technical Services
Roads	To tar 5.7km of Giyani Section A (Nyagelani) street by 30 June 2015	Giyani Section A (Nyagelani) upgraded from gravel to tar 5.7km by June 2015	5.7 km of road (Streets) in Giyani section A (Nyagelani) upgrade from gravel to tar.	none	N/A		Appointment letter, progress report and completion certificate	Technical Services

Roads	To widen streets CBD phase 3 by 30 June 2015	Widening of streets to the CBD by June 2015	4, 6 km access road (R81) is widened and upgrade in Giyani CBD.	None	N/A	N/A	Appointment letter, progress report and completion certificate	Technical Services
Roads	To appoint a consultant for designs and approve the detailed designs	Approval of detailed designs and specification for the construction of 3,8km in Mbaula	Detail designs approved	none	N/A	N/A	Detailed Design Approval Letter	Technical Services
Roads	To finalise planning for Makosha 5,1 km from Gravel to tar by 30 June 2015	Planning for Makosha Upgrading From Gravel to tar completed by June 2015	Detailed designs approved	None	N/A	N/A	Detailed Design Approval Letter	Technical Services
Roads	To finalise planning for Bode Paving 2,1 km of internal streets by 30 June 2015	Planning for Bode Paving of internal streets completed by 30 June 2015	Consultant appointed to start with the designs	None	N/A	N/A	Appointment letter, progress report and completion certificate	Technical Services
Roads	To finalise designs for paving of sidewalks in Giyani by 31 December 2014	To finalise designs for Paving of sidewalks in Giyani by 31 December 2014	Consultant appointed to start with the designs	None	N/A	N/A	Appointment letter, progress report and completion certificate	Technical Services

Roads	To upgrade parking lot for civic centre by 31 December 2015	Upgrading of civic centre parking lot completed by December 2015	Consultant was appointed	None	N/A	N/A	Appointment letter, progress report and completion certificate	Technical Services
Disaster Management: Roads	To refurbish culvert bridge infrastructure by 30 June 2015	1 refurbished culvert bridge at Sikhunyani	Contractor started with the slab	None	N/A	N/A	Appointment letters of contractors, progress report.	Disaster Management & Technical Services
Disaster Management: Roads	To refurbish culvert bridge infrastructure by 30 June 2015	1 refurbished culvert bridge at Mhlava- Willem	Contractor busy with casting of slab	None	N/A	N/A	Appointment letters of contractors, progress report.	Disaster Management & Technical Services
Disaster Management: Roads	To refurbish culvert bridge and installation of stormwater side drains by 30 June 2015	1 refurbished culvert bridge and installation of stormwater side draws at Mninginisi Block 3	Contactore busy demolishing the wing walls and compacted the base	None	N /A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services
Disaster Management: Roads	To refurbish culvert bridge by 30 June 2015	1 refurbished culvert bridge at Xikukwani	Contractor appointed and site handover conducted	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services
Disaster Management: Roads	To refurbish stormwater sidedrains by 30 June 2015	Refurbished stormwater side drains at Sekhiming and Botshabelo	Contractor completed the V-drain	None	N/A	N/A	Appointment letters of contractors ,progress report	Disaster Management & Technical Services
Disaster Management: Roads	To refurbish culvert bridge and installation of Reno mattress and gabions by 30 June 2015	Refurbished culvert bridge, Reno mattress and gabion at Bode	Construction of culvert bridge	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services

Disaster Management: Roads	To construct 2 culvert bridges by 30 June 2015	2 culvert bridges at Silawa	1 culvert bridge to school and 1 culvert bridge to cemetery completed	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services
Disaster Management: Roads	To construct 3 culvert bridges by 30 June 2015	3 culvert bridges at Blinkwater	Culvert bridge to cemetery completed	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services
Disaster Management: Roads	To upgrade cemetery access culvert bridge by 30 June 2015	1 upgraded cemetery access culvert bridge at Homu 14A	Contractor appointed and site hand over conducted	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services
Disaster Management: Roads	To refurbish culvert bridge by 30 June 2015	1 culvert bridge at Sodoma	Contractor appointed and site hand over conducted	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services
Disaster Management: Roads	To install culvert pipes by 30 June 2015	Culvert pipes at Mapuve	Contractor busy casting concrete slab	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services
Disaster Management: Roads	To regravell and backfill by 30 June 2015	Regravelled and backfilled Road D3820	Contractor completed all the works	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services
Disaster Management: Roads	To do regravelling and anti-erosion works by 30 June 2015	Regravelled and anti-erosion works at Road D3849- Mayephu- Masotsosela	Contractor doing the final layer of the road	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services
Disaster Management: Roads	To construct culvert bridge by 30 June 2015	Culvert bridge at Road D3853 - Shawela - Shikhumba	Contractor appointed and site handover conducted	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services

Disaster Management: Roads	To backfill and construct culvert bridge by 30 June 2015	Culvert bridge at Road D3854 - Shikhumba - Guwela	Contractor appointed and site handover conducted	None	N/A	N/A	Appointment letters of contractors, progress report	Disaster Management & Technical Services
Roads	To upgrade parking lot for civic centre by 30 June 2015	Upgrading of civic centre parking lot completed by June 2015	Consultant appointed	None	N/A	N/A	Appointment letter, progress report and completion certificate	Technical Services
Sports Centre	To construct Homu 14B village Sports Centre by 30 June 2015	Homu 14B Sports Centre completed by June 2015	87% progress - contractor constructing ablution block under the pavilion	13%	The Contractor is not performing and currently subjected to penalties	Steps are being taken to fast track the project. Intension to terminate will be issued with recommendation.	Appointment letter , progress reports	Technical Services
Sports Centre	To construct Giyani Section E Sports Centre up to 60% by 30 June 2015	Section E Sports Centre constructed up to 60% by June 2015	Detailed Designs approved	None	N/A	N/A	Appointment letter , progress reports	Technical Services
Municipal Building	To construct Civic Centre phase 2 concrete structure up to 60% by 30 June 2015	Civic Centre Building, phase 2 constructed up to 60% by June 2015	Consultant and contractor appointed and site hand over was done	None	N/A	N/A	Appointment letter , progress reports	Technical Services
Municipal Building	To finalise designs for the construction of Thomo community hall by 31 December 2014	Planning for Thomo Community Hall (designs) completed December 2014	Detailed designs approved	None	N/A	N/A	Appointment letter , progress reports	Technical Services
Municipal Building	To finalise planning for Ndhambi Taxi Rank by 30 June 2015	Planning for Ndhambi Taxi Rank completed by June 2015	Consultant was appointed	None	N/A	N/A	Appointment letter , progress reports	Technical Services

Municipal Building	To finalise designs for upgrading of pound station Dzingidzingi by 31 December 2014	Planning for Upgrading of pound station Dzingidzingi. (Designs and construction.) completed by December 2014	Project is at 100%	None	N/A	N/A	Appointment letter , progress reports	Technical Services
Municipal Building	To finalise designs for refurbishment of Giyani arts and Culture by 30 June 2015	Planning for Refurbishment of Giyani Arts and Culture (designs) completed by June 2015	Consultant was appointed by June 2015	None	N/A	N/A	Appointment letter , progress reports	Technical Services
Municipal Building	To refurbish Giyani Cemetery by 30 June 2015	Refurbishment of Giyani Cemetery completed by June 2015	Project is at 100%	None	N/A	N/A	Appointment letter , progress reports	Technical Services
Municipal Building	To develop a Waste Disposal site by 30 June 2015	Waste Disposal site development completed by June 2015	Consultant was appointed	None	N/A	N/A	Appointment letter , progress reports	Technical Services
Municipal Building	To construct 10% of Public Transport Shelters(Turnkey) by 30 June 2015	Public Transport Shelters at 10% by June 2015	Project is at 100%	None	N/A	N/A	Appointment letter , progress reports	Technical Services
Portfolio Committee Meetings	Number of portfolio committee meetings held by 30 June 2015	12 portfolio committee meetings held by June 2015	12 portfolio committee meetings held by June 2015	None	N/A	N/A	Attendance registers and minutes	Technical Services
Cemetery maintenance	Well maintained cemetery	1 x (One) well maintained cemetery	well maintained cemetery	None	N/A	N/A	Monthly report	Community Services

Indigent support	% qualifying households provided with indigent burials by 30 June 2015 (# of indigent burials /# of indigent burial request)	100% indigent burials request honoured	no request for indigent burial was made	None	N/A	N/A	Assessment report. Implementation Report.	Community Services
Refuse Removal	# of refuse removal done in townships per week	Refuse removal, once a week in the townships	Refuse collected once in township and twice per week in CBD	None	None	N/A	Collection sheet	Community Services
Environmental awareness campaigns	Number of environmental awareness campaigns conducted by 30 June 2015	8 x Awareness campaigns and Educational programs to be conducted	21 campaigns conducted	None	None	N/A	Attendance register, minutes , schedule, photos and report	Community Services
Gawula nursery maintenance	% budget spent on maintenance of Gawula Nursery by 30 June 2015 (R-Value spent/R-Value Budgeted)	% budget spent on maintenance (R40000/R40000)	Well maintained nursery	None	None	N/A	Report and requisition	Community Services
Horticulture and beautification	To beautify the CBD area by 30 June 2015	Beautification of the CBD completed by June 2015	None	Delay in supply chain processes	Capacitating the supply chain unit	N/A	Specifications, requisition and monthly report	Community Services
Parks Maintenance	# of parks maintained by 30 June 2015	Maintain 3 parks in Section A, B and E	Well maintained parks	None	N/A	N/A	Maintenance schedule Progress Report.	Community Services
scholar patrol conducted	Number of scholar patrol conducted by 30 June 2015	To conduct 8 scholar patrols	19 scholar patrols conducted	None	N/A	N/A	Reports	Community Services

Speed Checks	Number of speed checks conducted by 30 June 2015	20 Speed checks conducted	15 speed checks conducted		5	Understaffing	Municipality has 2 speed check machine which will be serviced at different intervals. We are currently recruiting 2 additional officers.	Quarterly report	Community Services
Facilitate the payment of Roads and Transport 80% fees as per Service Level Agreement.	Number of reconciliation payments of 80% to Dept. of Transport by 30 June 2015	Generate 12 reconciliation payments of 80% to Dept. of Transport	12 reconciliation reports generated	None		N/A	N/A	Monthly reconciliation Reports to Dept. of Transport	Community Services
Facilitate the payment of Monthly RTMC fees as per Service Level Agreement	Number of RTMC reconciliation Payment done by 30 June 2015	12 payments of RTMC fees done	12 recondition reports were submitted to BTO for payment	None		N/A	N/A	Monthly reconciliation reports	Community Services
Facilitate daily PRODIBA fees payment as per Government Gazette require	Number PRODIBA fees payment done as per Government Gazette by 30 June 2015	12 PRODIBA payment done	12 payments done	None		N/A	N/A	Monthly reconciliation reports.	Community Services
Facilitate payment of SABS 3% fees as per National Road Traffic Act	Number of Payment for SABS done by 30 June 2015	Make 2 payments for SABS 3% fees	2 reconciliation were submitted to BTO for payments	None		N/A	N/A	Report, Bank statements/ deposit slip	Community Services
Facilitate calibration of VTS test equipment	Number of calibration of vehicle testing per year	1 calibration per year	1 calibration done	None		N/A	N/A	Calibration Certificate.	Community Services
Portfolio Committee Meetings	Number of portfolio committee meetings held by 30 June 2015	12 portfolio committee meetings to be coordinated	8 meetings were held		4	There was no acting director at times to coordinate the meetings	Appointment of director to coordinate meetings on permanent basis	Attendance registers	Community Services

8. KPA 4: LOCAL ECONOMIC DEVELOPMENT

OUTPUT 3: IMPLEMENTATION OF THE COMMUNITY WORK PROGRAMME

Strategic Objective: To create an enabling environment for sustainable economic growth

Programme	Measurable Objectives/Key Performance indicator	Baseline	Annual targets	Actual Performance	Variance	Reason for Variance	Measures to improve performance/ intervention	Portfolio of Evidence required	Responsible Dept.
LED functionality	Number of LED forum meetings held	4	4	2 meetings held	2	Forum not active	Elect new committee	Minutes, Attendance Register	Office of MM and Strategic Planning & LED
Street trading management	Number of meetings for Management of street traders held by 30 June 2015	None	Street Vendors monitored	4 meetings were held with street vendors	None	N/A	N/A	Minutes, Attendance Register	Strategic Planning & LED
Street trading management	To review the database for street vendors by 30 June 2015	None	Street Vendors data base completed	Database completed	None	N/A	N/A	Minutes, Attendance Register	Strategic Planning & LED
Agriculture	Number of Agricultural meetings to be held by 30 June 2015	1Agricultural meeting held	4 Agricultural meetings held by June 2015	2 meetings held	2	Forum not active	Elect new committee	Minutes & attendance register	Strategic Planning & LED
Tourism	Number of Tourism Forum Meetings to be held by 30 June 2015	1 Tourism Forum Meetings held	4 Tourism Forum Meetings held by June 2015	4 meetings held	None	N/A	N/A	Minutes & attendance register	Strategic Planning & LED
SMME Development	Number of SMME development supported by 30 June 2015	SMME development done	2 SMMEs supported by June 2015	None	None	N/A	N/A	Invoice	Strategic Planning & LED

Giyani Show	To support SMME's by 31 March 2015	1 Market stall purchased	Purchase of an exhibition stall and coordination of SMMEs to participate	1 SMME was supported by purchasing stalls	None	N/A	N/A	Purchase order, List of SMME's	Strategic Planning & LED
Business attraction & retention strategy	To develop Business attraction & retention strategy	None	Business attraction & retention strategy developed by 31 December 2014	Business Attraction and Retention Strategy developed	None	N/A	N/A	Specification, Appointments and final document	Strategic Planning & LED
Portfolio Committee Meetings	Number of portfolio committee meetings held by 30 June 2015	12 portfolio meetings held	12 portfolio committee meetings held by June 2015		None		N/A	Attendance registers	Strategic Planning & LED

9. KPA 5: FINANCIAL VIABILITY

OUTCOME NINE (OUTPUT 6:ADMINISTRATIVE AND FINANCIAL CAPABILITY)

Strategic Objective: To improve financial management systems to enhance revenue base

Programme	Measurable Objectives/Key Performance indicator	Baseline	Annual targets	Actual Performance	variance	Reason for Variance	Measures to Improve/Intervention	Portfolio of Evidence required	Responsible Dept.
Capital Budget Expenditure	% Capital Budget spent by 30 June 2015 (R-Value spent/R-Value Budget)	100%	100% Capital Budget spent (R100 918 179/R100 918 179)	95% spent	5%	Own funded projects contributed to variance because the projects	Adherence and monitoring of procurement plan	Financial report	All Depts.

						funded by Grant spent 100%			
MIG	% MIG Budget spent by 30 June 2015 (R-Value spent/R-Value Budget)	100%	100% MIG Budget spent (R100 918 179/R100 918 179)	100% MIG budget spent	N/A	N/A	N/A	MIG report	Office of MM
Operational Expenditure	% Operational Budget spent by 30 June 2015 (R-Value spent/R-Value Budget)	100%	100% Operational Budget spent (R185 437 768/R185 437 768)	90% spent	10%	Advert for sourcing contractors to maintain the roads was done late.	Adherence and monitoring of procurement plan	Financial report	All Depts.
Bank Reconciliations	Number of monthly bank reconciliation done	12 bank reconciliation done in 2012/13	12 monthly bank reconciliation all done within 10 days of each month	12 bank reconciliation done within 10 days of each month	N/A	N/A	N/A	Bank reconciliation Reports	Budget and Treasury
Outstanding debts	Number of outstanding debt reports submitted to Treasury	12 outstanding debts were submitted report to Provincial Treasury submitted	12 outstanding debts report submitted to Provincial Treasury on Monthly bases	12 outstanding debts report submitted	N/A	N/A	N/A	Acknowledgement from Treasury	Budget and Treasury
Asset register	Number of FAR/GL reconciliation done by 30 June 2015	None	4 FAR/GL reconciliation performed by June 2015	4 FAR/GL reconciliation performed	N/A	N/A	N/A	Bank reconciliation Reports	Budget and Treasury

Insurance on assets	To appoint and monitor the contract of the insurance company	1 Insurance company	Appointment of Insurance company	Insurance company appointed	N/A	N/A	N/A	Appointment letter	Budget and Treasury
Reporting (MFMA compliance)	Number of Section 71 reports submitted to Treasury within 10 working days after end of month	12 section 71 reports submitted in 2012/13	Section 71 report submitted to National Treasury within 10 working days after end of month	12 section 71 reports submitted to National Treasury	N/A	N/A	N/A	Acknowledgement from Treasury	Budget and Treasury
Reporting (MFMA compliance)	To submit the Mid-year budget and performance assessment report to Treasury by 25 January	1 Mid-year report submitted in 2012/13	Mid-year budget and performance assessment report submitted Treasury by 25 January 2015	Submitted to Treasury	N/A	N/A	N/A	Acknowledgement letter signed by treasury OR Courier receipt	Budget and Treasury
Reporting (MFMA compliance)	Number of grants monthly reports compiled	12 Grants monthly reports for grants (MSIG, MIG, EPWP, FMG) in 2012/13	12 Grants monthly reports for grants (MSIG, MIG, EPWP, FMG)	All grant reports submitted on time	N/A	N/A	N/A	Reports	Budget and Treasury

Reporting (MFMA compliance)	Number of MFMA implementation and monitoring check list submitted by 30 June 2015	None	4	4 reports submitted to National Treasury	N/A	N/A	N/A	Acknowledgement letter. Monitoring check list	Budget and Treasury
SCM	% tenders evaluated within 30 days after closure of tender	100% Evaluation done within 30 days after closure of tender	100% Evaluation of tenders done 30 days after closure of tender	100% tenders evaluation done within 30 days after closure	N/A	N/A	N/A	Attendance registers	Budget and Treasury
SCM	% tenders adjudicated within 10 days after evaluation	100% tenders adjudicated within 10 days after evaluation	100% tenders adjudicated within 10 days after evaluation	100% tenders adjudicated within 10 days after evaluation	N/A	N/A	N/A	Attendance registers	Budget and Treasury
SCM policy	To review SCM policy by 30 June 2015	1 SCM Policy	Revise (1) SCM policy to include listing and be in line with MFMA	The SCM policy was reviewed	N/A	N/A	N/A	Council resolution	Budget and Treasury
Billing reports Review of billing reports	Number of monthly review of billing reports compiled	12 Monthly review of billing reports	12 Monthly review of billing reports	12 billing reports has been reviewed	N/A	N/A	N/A	Report	Budget and Treasury

Asset registration	% Assets registered within 10 days of purchase	100% asset registered within 10days	100% asset registered within 10days	100% asset registered within 10days	N/A	N/A	N/A	Asset Register	Budget and Treasury
Asset Verification	Number of asset verification reports	1 asset verification process done in 2010/11	2 asset verification reports	2 Assets verification report done	N/A	N/A	N/A	Asset verification reports	Budget and Treasury
Portfolio Committee Meetings	Number of portfolio committee meetings held	12 portfolio meetings held	12 portfolio committee meetings held	12 Portfolio committee meetings were held	N/A	N/A	N/A	Attendance registers	Budget and Treasury

10. KPA 6: PUBLIC PARTICIPATION AND GOOD GOVERNANCE

OUTPUT 5: DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE MODEL, OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPABILITY)

Strategic Objective: To develop governance structures and systems that will ensure effective public consultation and organizational discipline

Programme	Measurable Objectives/Key Performance indicator	Baseline	Annual targets	Actual Performance	Variance	Reason for Variance	Measures for improvement/intervention	Portfolio of Evidence required	Responsible Dept.
Arts & Culture Support	To host the Arts & Culture Festival by 30 September 2014	Arts & Culture policy	Arts & Culture Festival held by September 2014	Arts & Culture Festival held by September 2014	None	N/A	N/A	Attendance register, Report & Participants register	Community Services
Heritage Day celebration	To host the Heritage Day celebration by 30 September 2014	Heritage Day celebration	Heritage Day celebration held by September 2014	Heritage Day celebration held by September 2014	None	N/A	N/A	Attendance register & report	Community Services

Sport Development	To develop sports programme for communities by 30 June 2015	6 communities benefited from the program(Daniel, Botshabelo, Mavuza, Vuhehli, Xivulani &Tomu	Sports Development	Submission of memorandum to procurement to purchase soccer and netball kits for the 6 communities	Purchase of soccer and netball kits	Delay in procurement process	Speeding up of purchase process.	Attendance registers. Concept Document & Requisitions. Progress report	Community Services
Indigenous games	To procure indigenous games services and equipment's by 31 December 2014	Provincial & District program	Local team support by December 2014	Local teams supported	None	N/A	N/A	Attendance register Invoice/ proof of payment	Community Services
Library	Number of library outreach conducted by 30 June 2015	8 library outreach conducted	8 Library outreach conducted by June 2015	8 Library outreach conducted	None	N/A	N/A	Attendance register & programme Report	Community Services
IDP/Budget	To review Budget Process Plan by August 2014	1 budget process plan approved	Approved Process plan by August 2014	Process plan approved	None	N/A	N/A	Council resolution	Strategic Planning & LED
IDP/Budget	# of IDP REP forums organised by 30 June 2015	2 IDP REP forums	4 IDP rep forums attended	4 IDP Rep forums attended	None	N/A	N/A	Attendance register& Minutes	Strategic Planning & LED
IDP/Budget	Number of Cluster Meetings attended by 30 June 2015	6 Cluster Meetings attended 2010/11	6 Cluster Meetings attended by June 2015	6 Cluster meetings attended	None	N/A	N/A	Attendance register& Minutes	Strategic Planning & LED

IDP Expenses	To review the IDP 2014/15 for 2015/2016 financial year	Approved 2014/15 IDP	Approved 2015/16 IDP by 31 May 2015	IDP 2015/16 approved	None	N/A	N/A	Attendance register, Reports	Strategic Planning & LED
Auditing	Number of Audit reports submitted to Management by 30 June 2015	12 Reports submitted	12 audit reports submitted to management by June 2015	12 reports submitted	None	N/A	N/A	Audit progress reports and minutes of management meetings	Office of the MM
Auditing	Number of Audit Report submitted to Audit committee by June 2015	4 reports submitted	4 audit reports submitted to the audit committee by June 2015	4 audit reports submitted	None	N/A	N/A	Quarterly progress reports and minutes of AC meeting.	Office of the MM
Risk Management	Number of Risk Report as per Risk assessment implementation plan submitted to management committee by 30 June 2015	12 reports	12 reports	12 reports submitted	None	N/A	N/A	Risk progress reports	Office of the MM

Risk Management	Number of Risk Report as per Risk assessment implementation plan submitted to risk committee by 30 June 2015	4 quarterly risk reports	4 quarterly risk reports submitted to the Risk Committee	4 quarterly reports submitted	None	N/A	N/A	Quarterly risk progress reports and minutes of Risk Committee meeting	Office of the MM
Ward committee	Number of ward committee meetings by 30 June 2015	Monthly ward committee meetings	12 ward committee meetings held by June 2015	12 Ward Committee meetings held	None	N/A	N/A	Copy of receipt of invitations, Attendance registers, minutes	Corporate Services
Performance Management System	Number of individual performance assessments to be conducted for section 57 managers	None	Conduct individual performance assessments for section 57 managers	Performance assessments not conducted	Conducting of performance assessments	Shortage of staff. Training of senior managers	Appointment of Coordinator in PMS	Attendance register	Office of the MM
Risk Management	# of risk management plan monitoring report developed by 30 June 2015	Risk management plan 2014/15	4 Reports	4 reports	None	N/A	N/A	Risk management Plan annual reports.	Office of the MM
Risk Management	% implementation of dept. risk management register by 30 June 2015	management plan 2014/15	100% Implementation of dept. risk management register	Dept. risk management register implemented	None	N/A	N/A	Supporting evidence to the action plan implemented by dept.	All Depts.

Clean Audit Report	% implementation of AG and Internal Audit plans by 30 June 2015	Action plan 2011/12	100% Implementation of AG and Internal Audit plans	76%	24%	Issues overtaken by events		Supporting evidence to the action plan implemented by management	All Depts.
Youth	Number of youth council meetings held by 30 June 2015	4 meetings	4 forum council meeting	4 forum council meeting held	None	N/A	N/A	Attendance registers & Minutes	Community Services
Youth	To coordinate youth programmes by 30 June 2015	None	Youth programme coordinated	Youth programme coordinated	None	N/A	N/A	Attendance registers. Report	Community Services
Disability support	To coordinate Disability programmes by 30 June 2015	1 meeting	Disability programme coordinated	1 Disability programme coordinated	None	N/A	N/A	Attendance registers & Minutes	Community Services
HIV/AIDS	To coordinate HIV/AIDS programmes by 30 June 2015	4 meetings	4 Local Aids council quarterly meeting	4 meetings coordinated	None	N/A	N/A	Attendance registers & Minutes	Community Services
Gender Support	To coordinate Gender Support programmes by 30 June 2015	4 Gender and Men's forum Quarterly meetings	Gender Support programme coordinated	4 Gender and Men's forum meetings were coordinated	None	N/A	N/A	Attendance registers, Minutes & Report	Community Services

Child and old age support	To support Child and old age activities by 30 June 2015	Support Child and old age activities.	Child and old age activities supported	Child and old age activities were supported	None	N/A	N/A	Report	Community Services
Communication related	Number of Newsletters published by 30 June 2015	4 News letter	4 news letters to be published	4 Newsletters published	None	N/A	N/A	Copy of newsletter	Office of the MM
	To review the communication strategy and policy by 31 December 2015	None	Review of communication strategy and approve the policy	Not yet approved by council	Approval by council	N/A	policy to be approved by council	Approved communication strategy and policy, Council Resolution	Office of the MM
	Number of special events advertised by 30 June 2015	6 special events were advertised	Advertise 10 special events in the media	10 special events advertised	None	N/A	N/A	Copy of advert, Report	Office of the MM
Event Management	To support all special programmes events by 30 June 2015	None	Coordinate and support event related activities(internal & external)	Event related activities were coordinated and supported	None	N/A	N/A	Attendance register, Report	Office of the MM
Public Meetings and Campaigns	Number of public meetings and campaigns held by 30 June 2015	None	Public Meetings and Campaigns	Public meetings attended (imbizos, IDP and Budget cluster meetings attended)	None	N/A	N/A	Adverts, attendance register , Report	Community Services

Disaster Relief	% Disaster cases attended to by 30 June 2015	DM plan	Disaster cases attended as and when need arises	151 disaster incidents attended to: Damage assessment conducted and relief provided accordingly	None	N/A	N/A	Assessment reports	Office of the MM
Disaster Management (DM) Capacity Building	To establish Municipal DM inter-departmental committee by 31 March 2015	DM plan	Facilitate trainings and workshops for officials and stakeholders	One stakeholder Disaster Management workshop held	None	N/A	N/A	Reports	Office of the MM
DM Awareness Campaigns	Number of campaigns held conducted by 30 June 2015	DM plan	Conduct 4 disaster risk reduction awareness campaigns	Action -based awareness done through distribution of multi-hazard brochures. Evacuation contingency planning conducted with Giyani Nursing College. Generic hazard presentation at Mayoral community engagement. Presentation of disaster response	None	N/A	N/A	Reports	Office of the MM

				procedures done at GCR FM					
Traditional authority Support	To support traditional authorities events by 30 June 2015	None	Homu day, Ngove day, Mahumani day(Support 10 traditional authorities)	No requests were received from traditional authority offices	None	N/A	N/A	Attendance registers	Community Services
Sport	To organise Mayors Tournament by 30 June 2015	8 Mayors Tournaments conducted	Mayors Tournaments (Soccer/Netball tournament at ward level)	Soccer and netball tournaments organised for all wards	None	N/A	N/A	Concept document, prize list, requisition, attendance register and report	Community Services
Excellent Awards	To organise excellence awards for best performing students by 30 June 2015	None	Excellent awards	No requests were received from schools.	None	N/A	N/A	Awards Report.	Community Services
Bursaries	To award bursaries to deserving students in FET Colleges by 31 March 2015	None	Bursaries	Bursaries awarded to deserving students	None	N/A	N/A	Student results, proof of support done and report	Community Services

CHAPTER 4

4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 INTRODUCTION

The municipal Organizational structure was aligned to IDP and budget. The structure was also adopted by the council. All skills gaps that were crucial in work performance were identified and training interventions were made to address skills gap. The institution comply with the national legislations

4.2 COMPONET A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

EMPLOYEE TOTALS, TURNOVER AND VACANCIES



Vacancy Rate: 14/15

Designation	*Total approved posts No.	*Variances (Total time that vacancies exist using fulltime equivalents) No.	*Variances (as a proportion of total posts in each category) %
Municipal Manager	1		
CFO	1		
Other S57 Managers (excluding Finance Posts)	4		
Other S57 Managers (Finance posts)	0		
Municipal Police	0		
Fire Fighters	0		
Senior Management: Levels 13-15 (excluding Finance Posts)	0		
Senior Management: Levels 13-15 (Finance Posts)	0		
Highly skilled supervision: Levels 9- 12 (excluding Finance posts)			
Highly skilled supervision: Levels 9- 12 (Finance posts)			
Total			
The position of Municipal Manager and Director Community Services has been vacant since the expiry of the previous candidates' contract in			

4.3 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality has taken into cognizance the history of apartheid laws and practices with the resultant disparities and inequalities, in the spirit of Employment Equity Act is geared towards achieving employment equity across all occupational levels and categories and therefore in order to redress the imbalance of the past and move towards a humane and representative Labour market underpinned by Equity, Equity redress and Affirmative Action. The Municipality has Employment Equity Plan and active/ functional Employment Equity Committee. 2014/2015 Employment Equity report was timeously submitted to the Department of Labour. HR Policies are in place

4.4 POLICIES

HR Policies & Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action			Legislated
2	Attraction & Retention	100%	0%	
3	Code of conduct for employees	100%	0%	Collective Agreement
4	Delegations, Authorisation & responsibility			
5	Disciplinary Code & Procedures	100%		Collective Agreement
6	Essential Services	100%	0%	Not yet signed by labour unions
7	Employee Assistance/ wellness			
8	Employment Equity	100%	0%	Expired on the 30th September 2015
9	Exit Management	100%	0%	
10	Grievance Procedures			
11	HIV/AIDS			
12	Human Resource & Development			
13	Information Technology			
14	Job Evaluation	20%	n/a	Collective Agreement
15	Leave	100%	100%	Collective Agreement
16	Occupational Health & Safety			
17	Official Housing			
18	Official Journeys	100%	100%	
19	Official Transport to attend funerals			
20	Official working hours and overtime	100%	100%	
21	Organisational rights	100%	100%	Collective Agreement
22	Payroll Deductions	100%	100%	
23	Performance Management & Development			

24	Recruitment, selection & Appointments	100%	100%
25	Remuneration Scales & Allowances	100%	100%
26	Resettlement		
27	Sexual Harassment		
28	Skills development		
29	Smoking		
30	Special skills		
31	Work Organisation		
32	Uniforms & protect clothing		
33	Other		
Use name of local policies if different from above and at any other HR policies not listed			

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Over the years the Municipality has managed to develop all priority human resource policies, procedures and systems in line with the MSA 2000 (S67) to ensure fair, efficient, effective and transparent personnel administration. During 2014/15 emphasis was placed on improving implementation of the policies and amendment of those policies that were becoming outdated. The implementation of the policies is monitored through Council resolution implementation report.

Skills Matrix														
Management	Gender	Employees in post as at 30 June 2012	Number of skilled employees required and actual as at 30 June 2015											
		No.	Learnerships			Skills programme & other short courses			Other forms of training			Total		
			Actual 30 June 2014	Actual 30 June 2015	Target	Actual 30 June 2014	Actual 30 June 2015	Target	Actual 30 June 2014	Actual 30 June 2015	Target	Actual 30 June 2014	Actual 30 June 2015	Target
MM & S57	Female		0	0		0	1		0	0		0	1	

	Male		0	0		1	3					1	3	
Councilors, senior officials & managers	Female		2	0		1	0		7	0		10	0	
	Male		4	0		0	0		10	7		14	7	
Technicians & associate professionals	Female		0	0		0	0		0	0		0	0	
	Male													
Professionals	Female		0	0		5	1		0	0		5	1	
	Male		1	0		7	12		0	0		8	12	
Sub Total	Female		2	0		6	2		7	0		13	2	
	Male		5	0		8	15		10	7		22	22	
Total			7	0		14	17		17	7		36	24	

Competency Level Requirement		
2012/2013	2013/2014	2014/2015
Senior Managers	Snr Managers	Snr Managers
01 M 01 F	01 F	
Managers	Managers	Managers
02 M 02 F	01 F	01
Middle Managers	Middle Managers	Middle Managers
02 M	04 M 01 F	
Admin	Admin	Admin
	04 F	03 M 02 F
Skills Development		
Lower Level		
2012/2013	2013/2014	2014/2015
25 M 30 F	13 M 17 F	27 M 35 M
Middle Level		
13 M 19 F	10 M 30 F	40 M 69 F

Chapter: 5

**Annual Financial Statements and Financial Performance for the Year Ended June
30 2015**



Greater Giyani Municipality
Annual financial statements
for the year ended 30 June 2015

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Legal form of entity	Local Municipality
Executive committee	
Mayor	MP Hlungwani
Speaker	SS Mathebula
Chief Whip	JH Bilankulu
Councillors	XJ Baloyi
	NR Khandihela
	GA Maluleke
	KA Manganyi
	NHP Ndaba
	NM Rikhotso
	MQ Rikhotso
	TE Baloyi
	MA Makamu
	WW Mhlongo
	HH Makhubele
	W Baloyi
	HR Shivambu
	MJ Ndlovu
	SS Mathebula
	TA Makhubele
	M Shiviti
	MJ Mathebula
	PP Makhubele
	BM Makhubele
	MI Shimange
	MT Sambo
	HI Baloyi
	HD Shivambu
	JH Bilankulu
	B Gaveni
	ZR Maswanganyi
	TC Zitha
	TJ Moshwana
	S Makhubele
	TR Maluleke
	RO Mabasa
	AM Mthombeni
	GE Kobane
	HJ Manganyi
	SS Maswanganyi
	C Modjela
	MJ Makhubele
	DE Baloyi
	PY Matukane
	MG Makhubele
	NP Mhlongo
	MD Hlungwani
	GE Sithole

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

	TC Manganyi
	TN Mavasa
	MS Maswanganyi
	SH Vukeya
	MP Makhubele
	MW Mthombeni
	AM Ngobeni
	HB Ntimana
	A Rikhotso
	SH Fuela
	PP Mkhari
	BM Khosa
	EN Mabunda
	JT Chavalala
	NM Maswanganyi
Audit committee members	SAB Ngobeni - Chairperson
	MP Ramutsheli
	HG Hlomane
	MN Chauke
	RR Shilenge
Grading of local authority	Grade 3
Accounting Officer	
Chief Whip	JH Bilankulu
Chief Finance Officer (CFO)	MA Mothapo
Accounting Officer	RH Maluleke
Business address	BA 59 Civic centre CBD Giyani
Postal address	Private X9559 GIYANI 0826
Bankers	ABSA Giyani Branch
Auditors	Auditor General of South Africa
Provincial Treasury	M Maeta
Website	www.greatergiyani.gov.za
Enabling legislation	The Division of Revenue Act of 2011 The Constitution of the Republic of South Africa The Municipal Finance Management Act 56 of 2003 The Municipal Systems Act 32 of 2000

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Index

The reports and statements set out below comprise the annual financial statements presented to the Greater Giyani Municipality:

Index	Page
Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 13
Accounting Policies	14 - 33
Notes to the Annual Financial Statements	34 - 64

Abbreviations

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund
MDM	Mopani District Municipality

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

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 2016 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 service charges and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Greater Giyani Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is 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 pages 5 to 64, which have been prepared on the going concern basis, were approved by the accounting officer on 28 August 2015 and were signed on its behalf by:

RH Maluleke
Accounting Officer
Greater Giyani Municipality

10 December 2015

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2015.

The Financial year 2014/2015 could be regarded as a period for reconstruction of the administration of Greater Giyani Municipality, especially since the Municipality was recovering from operating without some key personnel in the previous year; however, be that as it may, a lot in terms of implementation has been achieved in this period.

Having regard to the developmental nature of the local government, the municipality has continued to put premium value on public participation. The views of the stakeholders are and will always be central in accelerating service delivery. Public participation was more than listening as it was effecting changes to Integrated Development Plans (IDP) when such a call was made. It is always important to frequently keep the community abreast of the performance of the municipality against its targets.

The challenges facing the Municipality are therefore to successfully implement its Strategic documents namely the IDP and to improve on the audit status so that we are able to realise the 2015 goal of having clean audit. To realise the above there is a need for more emphasis and implementation of the AGSA's recommendations and strengthening systems of Internal control.

The Municipality largely depends on grants, with a low revenue base with a wide scale of rural areas with major issues such as poverty, inequality, housing, mobility, crime and unemployment. Greater Giyani remains a remarkable Municipality with incredible natural beauty, places and people, all to the rich tapestry of heritage, history and culture that make Greater Giyani the attraction that is.

The appointment of the Municipal Public Accounts Committee (MPAC) and fully capacitating Internal Audit unit and Risk Management have assisted the Municipality in ensuring that Internal financial management control measures are improved and effective.

The Annual Report highlights the policies, programmes and achievements that brought the Municipality to a point which one can proudly proclaim with confidence that today is better than yesterday and tomorrow looks much brighter than today. Financial statements are prepared in-house and according to GRAP standards.

Subsequent events

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

Going concern

Based on current financial analysis by the management, the financial statements is prepared with assumption that the municipality will operate in the next coming 12 months

Audit Committee

The Audit Committee was not fully functional during the financial year as the term of the audit committee came to an end in January 2015. The Municipality's council appointed the audit committee from 27May 2015 .

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Current Assets			
Inventories	3	1 436 620	494 168
Trade and other receivables	4	6 980 402	14 028 261
Receivables from non-exchange transactions	6	11 981 327	1 997 218
VAT receivable	5	1 958 118	-
Receivables from exchange transactions	7	17 038 397	3 489 422
Cash and cash equivalents	8	150 453 186	86 643 612
		189 848 050	106 652 681
Non-Current Assets			
Property, plant and equipment	9	412 961 499	338 903 022
Total Assets		602 809 549	445 555 703
Liabilities			
Current Liabilities			
Finance lease obligation	10	392 566	784 171
Trade and other payables (from non-exchange transactions)	11	48 018 414	40 315 962
VAT payable	12	-	1 426 710
Unspent conditional grants	13	2 086 416	2 268 319
		50 497 396	44 795 162
Non-Current Liabilities			
Retirement benefit obligation	14	20 792 798	16 479 130
Total Liabilities		71 290 194	61 274 292
Net Assets		531 519 355	384 281 411
Accumulated surplus	15	531 519 355	384 281 411

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
Revenue			
Revenue from exchange transactions			
Service charges	16	3 953 160	3 830 578
Rental of facilities and equipment		840 130	838 776
Agency services		244 525	324 657
Licences and permits		4 499 346	3 683 193
Other income	20	1 552 859	1 354 454
Interest received	25	15 023 337	13 077 310
Total revenue from exchange transactions		26 113 357	23 108 968
Revenue from non-exchange transactions			
Taxation revenue			
Fines		91 418	76 445
Property rates	17	28 668 162	27 155 717
Transfer revenue			
Government grants & subsidies	18	257 148 385	216 010 928
Total revenue from non-exchange transactions		285 907 965	243 243 090
Total revenue		312 021 322	266 352 058
Expenditure			
Employee related costs	22	(95 355 117)	(88 816 760)
Remuneration of councillors	23	(18 573 328)	(16 980 056)
Depreciation and amortisation	26	(14 427 060)	(13 019 390)
Finance costs	27	(431 320)	(514 286)
Lease rentals on operating lease		(390 755)	(373 545)
Debt Impairment	24	35 957 254	(28 449 727)
Repairs and maintenance		(7 888 503)	(10 248 757)
Contracted services	29	(213 876)	(426 898)
General expenses	21	(63 973 768)	(51 143 782)
Total expenditure		(165 296 473)	(209 973 201)
Operating surplus		146 724 849	56 378 857
Gain on disposal of assets and liabilities		427 436	-
Surplus for the year		147 152 285	56 378 857

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2013	255 418 176	255 418 176
Changes in net assets		
Correction of Error	72 484 378	72 484 378
Net income (losses) recognised directly in net assets	72 484 378	72 484 378
Surplus for the year	56 378 857	56 378 857
Total recognised income and expenses for the year	128 863 235	128 863 235
Total changes	128 863 235	128 863 235
Balance at 01 July 2014	384 367 070	384 367 070
Changes in net assets		
Surplus for the year	147 152 285	147 152 285
Total changes	147 152 285	147 152 285
Balance at 30 June 2015	531 519 355	531 519 355
Note(s)		

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Receipts			
Cash received from trade services, assessment rates and rental		63 258 393	15 102 199
Grants		257 330 288	206 499 638
Interest income		14 940 212	13 077 310
Other receipts		2 318 364	731 884
		<u>337 847 257</u>	<u>235 411 031</u>
Payments			
Employee costs		(112 775 716)	(99 001 854)
Suppliers		(72 466 600)	(62 966 423)
Finance costs		(431 320)	(514 286)
		<u>(185 673 636)</u>	<u>(162 482 563)</u>
Net cash flows from operating activities	30	<u>152 173 621</u>	<u>72 928 468</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(87 545 649)	(70 825 999)
Proceeds from sale of property, plant and equipment	9	1 776 608	-
Net cash flows from investing activities		<u>(85 769 041)</u>	<u>(70 825 999)</u>
Cash flows from financing activities			
Finance lease payments		(391 605)	(280 490)
Net increase in cash and cash equivalents		66 012 975	1 821 979
Cash and cash equivalents at the beginning of the year		86 643 612	84 821 633
Cash and cash equivalents at the end of the year	8	<u>152 656 587</u>	<u>86 643 612</u>

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

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	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	3 955 000	(218 300)	3 736 700	3 953 160	216 460
Rental of facilities and equipment	726 580	57 270	783 850	840 130	56 280
Agency services	400 000	(200 000)	200 000	244 525	44 525
Licences and permits	5 100 000	140 000	5 240 000	4 499 346	(740 654)
Other income	4 391 367	(890 917)	3 500 450	1 552 859	(1 947 591)
Interest received - investment	17 000 000	(4 850 000)	12 150 000	15 023 337	2 873 337
Total revenue from exchange transactions	31 572 947	(5 961 947)	25 611 000	26 113 357	502 357

Revenue from non-exchange transactions

Taxation revenue

Traffic fines	47 000	11 000	58 000	91 418	33 418
Property rates	30 000 000	11 600 000	41 600 000	28 668 162	(12 931 838)

Transfer revenue

Government grants & subsidies	244 236 000	14 982 000	259 218 000	257 148 385	(2 069 615)
Total revenue from non-exchange transactions	274 283 000	26 593 000	300 876 000	285 907 965	(14 968 035)

Total revenue	305 855 947	20 631 053	326 487 000	312 021 322	(14 465 678)
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Expenditure

Personnel	(94 994 662)	(451 999)	(95 446 661)	(95 355 117)	91 544
Remuneration of councillors	(16 944 232)	-	(16 944 232)	(18 573 328)	(1 629 096)
Depreciation and amortisation	(30 000 000)	-	(30 000 000)	(14 427 060)	15 572 940
Finance costs	(450 000)	-	(450 000)	(431 320)	18 680
Lease rentals on operating lease	-	-	-	(390 755)	(390 755)
Bad debts written off	(20 000 000)	-	(20 000 000)	35 957 254	55 957 254
Repairs and maintenance	(17 555 000)	(3 564 291)	13 990 709	(7 888 503)	6 102 206
Contracted Services	(850 000)	-	(850 000)	(213 876)	636 124
General Expenses	(54 643 874)	6 488 816	(48 155 058)	(63 973 768)	(15 818 710)

Total expenditure	(235 437 768)	2 472 526	(197 855 242)	(165 296 473)	60 540 187
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Operating surplus	70 418 179	23 103 579	93 521 758	146 724 849	53 203 091
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Gain on disposal of assets and liabilities	500 000	(250 000)	250 000	427 436	177 436
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Surplus before taxation	541 293 715	18 158 527	524 342 242	477 317 795	(75 005 865)
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	541 293 715	18 158 527	559 452 242	477 317 795	(82 134 447)
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Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

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	Reference
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Figures in Rand

1. Agency services

The budget was reduced during the adjustment budget because there was no actuals for the first 6 months of the year (From July to December 2014)

2. Licences and permits

This income depend on the customer needs.

3. Other income

The budget for the other income also include vat returns and the actuals for vat returns go to professional fees.

4. Interest received - Investment

This is because of the two short term investments that the municipality is having.

5. Traffic fines

The municipality underbudget for traffic fines checking the trend of paying traffic fines by our customers. Some of the traffic fines are cancelled without the municipality knowledge

6. Property rates

Public works pays a lot of money for property rates for the first six months, and that contributed to the increase of the budget during adjustment budget.

7. Government grants & subsidies

This is because of the MIG roll over that was not approved by national treasury for 2013 2014 Financial year.

8. Depreciation and amortisation

There was correction of error/ recalculation of depreciation that was caused by revised depreciation rates. As a result the change in depreciation rates affected the current year depreciation. Refer to the correction of error note and the Assets register.

9. Debt impairment

The reason for the variance is that during the year under review we calculated debt impairment applying GRAP 104. The assessment was done on each individual account hence the calculation was different from last financial year. 2014 financial year the Municipality used a blanket approach and provided for all the debt above 90 days.

10. Repairs and maintenance

The contractors for road maintenance was appointed late in May 2015.

11. Contracted Services

Insurance for assets was paid once during the Financial Year

12. General Expenses

The actuals for Project costs expensed was part of General expenses whereas the budget for those projects is under capital budget

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

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	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	2 500 000	-	2 500 000	1 436 620	(1 063 380)	
Trade and other receivables	-	-	-	16 533 198	16 533 198	
Receivables from non-exchange transactions	-	-	-	11 981 327	11 981 327	
VAT receivable	-	-	-	1 958 118	1 958 118	
Consumer debtors	54 111 000	-	54 111 000	17 038 398	(37 072 602)	
Cash and cash equivalents	48 000 000	-	48 000 000	150 453 186	102 453 186	
	104 611 000	-	104 611 000	199 400 847	94 789 847	

Non-Current Assets

Property, plant and equipment	374 849 000	-	374 849 000	412 961 498	38 112 498	
Total Assets	479 460 000	-	479 460 000	612 362 345	132 902 345	

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	392 566	392 566	
Trade and other payables (from non-exchange transactions)	56 607 000	-	56 607 000	48 018 414	(8 588 586)	
Unspent conditional grants	-	-	-	2 086 416	2 086 416	
	56 607 000	-	56 607 000	50 497 396	(6 109 604)	

Non-Current Liabilities

Retirement benefit obligation	-	-	-	20 792 798	20 792 798	
Total Liabilities	56 607 000	-	56 607 000	71 290 194	14 683 194	
Net Assets	422 853 000	-	422 853 000	541 072 151	118 219 151	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	422 853 000	-	422 853 000	531 519 354	108 666 354	
Total Net Assets	422 853 000	-	422 853 000	531 519 354	108 666 354	

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

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	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	244 236 000	14 982 000	259 218 000	206 499 638	(52 718 362)	
Interest income	5 500 000	900 000	6 400 000	13 077 310	6 677 310	
Other receipts	34 933 447	6 834 543	41 767 990	15 834 067	(25 933 923)	
	284 669 447	22 716 543	307 385 990	235 411 015	(71 974 975)	
Payments						
Employee costs	(111 938 894)	(451 999)	(112 390 893)	(99 001 854)	13 389 039	
Suppliers	(73 048 874)	(2 924 233)	(75 973 107)	(62 966 423)	13 006 684	
Finance costs	(450 000)	-	(450 000)	(514 286)	(64 286)	
	(185 437 768)	(3 376 232)	(188 814 000)	(162 482 563)	26 331 437	
Net cash flows from operating activities	99 231 679	19 340 311	118 571 990	72 928 452	(45 643 538)	
Cash flows from investing activities						
Capitalised development costs	(100 918 179)	(17 004 527)	(117 922 706)	(70 825 983)	47 096 723	
Cash flows from financing activities						
Finance lease payments	-	-	-	(280 490)	(280 490)	
Net increase/(decrease) in cash and cash equivalents	(1 686 500)	2 335 784	649 284	1 821 979	1 172 695	
Cash and cash equivalents at the beginning of the year	86 643 612	-	86 643 612	84 821 633	(1 821 979)	
Cash and cash equivalents at the end of the year	84 957 112	2 335 784	87 292 896	86 643 612	(649 284)	

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

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) and MFMA Circulars as issued by National Treasury.

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

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

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

These accounting policies are consistent with the previous period, unless explicitly stated otherwise.

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:

Loans and receivables

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

Fair value estimation

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

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.

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. 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.

Useful lives of property, plant and equipment

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

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.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 14.

Effective interest rate

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Debtors impairment

The provision for impairment is measured with reference to historical data and payment trend analysis per group of consumers and/or category. An impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.4 Property, plant and equipment

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

Recognition

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.

Initial measurement

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 assets, or a combination of assets 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, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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

Subsequent measurement

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

Item	Average useful life
Buildings	30
Plant and equipment	5 - 15
Motor vehicles	3-20
Office equipment	3-9
IT equipment	3-9
Computer and accessories	3-9
Roads, pavement, bridges and storm water	15-80
Community halls	30
Security measures	3-5
Libraries	30
Car parks, bus terminals and taxi ranks	20
Street lighting	20-25
Fire services	5-15
Clinics	30
Cemeteries	30
Parks	30
Sport fields	10 - 30
Specialised vehicles	15
Housing	30
Furniture and fittings	5-10
Office machines	3-5
Air conditioners	5 - 8
Other equipments	5 - 15

Land is not depreciated as it is deemed to have an indefinite useful life.

The residual value, the useful life and depreciation method of each asset are reviewed at least at of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Derecognition

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 or disposal 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.

1.5 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.

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Financial instruments (continued)

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 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.

Classification

The municipality 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
Consumer debtors	Financial asset measured at amortised cost
Other receivables	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
Finance lease obligation	Financial liability measured at amortised cost
Trade and other payables (from non-exchange transactions)	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Financial instruments (continued)

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

Financial assets measured at cost:

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Financial instruments (continued)

Presentation

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

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

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

Distributions to holders of residual interests are debited by the municipality directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit.

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.6 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 municipality assesses the classification of each element separately.

Finance leases - lessor

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

Operating leases - lessee

Operating leases are those leases that do not fall within the scope of the definition of a finance lease. The aggregate benefit of incentives of operating lease are recognised as a reduction of rental expense on a straight-line basis over the lease term.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

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

Inventories consisting of consumables stores, raw materials, work in progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

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

1.8 Impairment of cash-generating assets

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

Identification

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

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

Value in use

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

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

Redesignation

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

1.9 Impairment of non-cash-generating assets

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

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

Redesignation

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

1.10 Employee benefits

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

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.

Short-term employee benefits

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 municipality during a reporting period, the municipality recognise 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 municipality recognise 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 municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Retirement benefits

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise 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 recognise 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.

Post-employment benefits: Defined benefit plans

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

The municipality 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;
- actuarial gains and losses;

The municipality 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.

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.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.10 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.

Other post retirement obligations

The municipality offers various types of long service awards to its employees. The provision is to recognise the present value of the obligation as at the reporting date.

1.11 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.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

1.12 Revenue from exchange transactions

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.12 Revenue from exchange transactions (continued)

Service charges

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period which the meters have been read.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

1.13 Revenue from non-exchange transactions

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

Rates, including collection charges and penalties interest

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Government grants, transfers and donations

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Stipulations can either be in the form of conditions or in the form of restrictions. For both conditions and restrictions a recipient may be required to use the transferred asset for a particular purpose. However the difference between a restriction and a condition is that a condition has an additional requirement which states that the asset or its future economic benefits or service potential should be returned to the transferor should the recipient not use the asset for the particular purpose stipulated.

When conditions are attached to a transferred asset, the municipality incurs a liability. The municipality has a present obligation to comply with the conditions of the asset or to return the economic benefits or service potential of the asset to the transferor when the conditions are not met. Therefore, when a recipient initially recognises an asset that is subject to a condition, the recipient also incurs a liability.

Restrictions on transferred assets arise when there is an expectation and/or understanding about the particular way that the assets will be used. However, there is no requirement that the transferred asset, or future economic benefits or service potential are to be returned to the transferor if the assets are not used as per the expectation or understanding. Thus, initially gaining control of an asset with restrictions does not impose a present obligation on the recipient and consequently no liability is recognised.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

Fines

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

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

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

Other

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

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

1.14 Borrowing costs

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

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.15 Comparative figures

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.16 Unauthorised expenditure

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

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.

1.19 Offsetting

Assets, liabilities, revenue and expenses have not been offset.

1.20 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.21 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

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

Comparative information is not required.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.22 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager as well as the Mayor and Councillors.

1.23 Value added tax

The municipality accounts for Value Added Tax on the payments basis.

1.24 Conditional grants and receipts

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

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

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:

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

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 2015 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2015.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

3. Inventories

Consumable stores	1 436 620	494 168
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Inventory has been valued using the weighted average method.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
4. Trade and other receivables		
Staff receivables (a)	121 575	948 456
Sundry receivables (b)	3 622 511	3 622 511
Agency fee - MDM (c)	2 069 684	1 826 797
Inter-municipal account (MDM)	4 837 604	-
Sundry receivables provision	(3 670 972)	(3 670 975)
Other receivables (payroll)	9 552 796	11 301 472
Other Payroll Receivables Provision	(9 552 796)	-
	6 980 402	14 028 261

(a) Staff receivables

Staff receivables of R 48 464 relate to amounts owed by councillors arising from exceeding cellphone limits on the Vodacom group subscription. A cellphone contract with Vodacom was based on the cellphone allowances of councillors, but the contract was not implemented as agreed by the service provider to ensure that limits are not exceeded. The recovery of the amounts still owing is in progress.

An amount of R 855 817 relates to the overpayments of salaries to councillors. The amount is was to be paid back to the Municipality by councillors over the period of 6 months starting from July 2014. The outstanding balance as at 30 June is R 14 308. This is as per the council resolution taken by Greater Giyani Municipal Council.

Other Debtors

Included in the other debtors is the payroll suspense account of R 9 464 789

(b) Sundry receivables

Gross sales	4 016 500	4 016 500
Cash received	(588 989)	(588 989)
Debtor for fraudulent bank transaction	195 000	195 000
	3 622 511	3 622 511

The gross sales and cash received of the sundry debtors relates to sale of stands through an auction during 2009. The balance of the funds regarding sale of stands is paid into attorneys trust account. The amount paid into attorneys to date is R1 191 992 and the auction commission fee is R419 919. The balance in this attorneys trust account is unknown. Due to the dispute with the auctioneer, the outstanding amount was never paid to the Municipality and as a result, it was provided for in full based on the credit control policy.

(c) Agency fee - MDM

The agency fee is equals to the 5% of the collection of water and sewer debt as per water service agreement with Mopani District Municipality.

(D) Mopani Inter-Municipal Transactions

The water service fuction is ringfenced on the account of MDM which is the water service authority. The revenue earned, Expenditure and the transfer received with regard to water are posted to inter-municipal control account. The net effect of all balances arising from the water service related the transactions will either be debit or credit in the books of the Municipality. refer to Trade and other payables summary for Inter-Municipal Account (MDM)

Staff receivables

Current (0 - 30 days)	62 772	855 817
> 365 days	-	48 464
	62 772	904 281

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
4. Trade and other receivables (continued)		
Sundry receivables		
> 365	3 622 511	3 622 511
Agency fee-MDM		
Current (0 - 30 days)	242 887	324 658
> 365	1 862 797	1 502 139
	2 105 684	1 826 797
5. VAT receivable		
Output VAT	44 888 967	-
Input VAT supplies	(12 970 118)	-
VAT recoveries	(29 960 731)	-
	1 958 118	-
6. Receivables from non-exchange transactions		
Property Rates	30 473 880	55 780 923
Allowance for Impairment	(18 492 553)	(53 783 705)
	11 981 327	1 997 218
7. Receivables from exchange transactions		
Classified by service category		
Debtors with credit balance	3 055 426	1 493 143
Refuse	13 269 585	12 069 454
Interest	19 783 480	19 694 666
Housing rental	1 947 487	1 576 432
Cemetery charges	564 411	456 614
	38 620 389	35 290 309
Less: Allowance for impairment		
Refuse	(8 052 421)	(12 026 477)
Regional services levies	(12 005 267)	(17 855 412)
Housing rental	(1 181 799)	(1 442 439)
Cemetery charges	(342 504)	(476 558)
	(21 581 991)	(31 800 886)
Net balance		
Sewerage	3 055 426	1 493 143
Refuse	5 217 164	42 977
Regional services levies	7 778 212	1 839 254
Housing rental	765 688	133 993
Cemetery charges	221 907	(19 944)
Net balance	17 038 397	3 489 422

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

7. Receivables from exchange transactions (continued)

Ageing analysis per service category

Rates

Current (0 -30 days)	628 580	821 857
31 - 60 days	944 203	1 055 099
61 - 90 days	(8 519 633)	192 434
91 - 120 days	(1 573 188)	1 676 188
121 - 365 days	(16 988 154)	8 272 724
> 365 days	55 982 072	43 762 621
	30 473 880	55 780 923

Debtors with credit balance

> 365 days	3 055 426	1 493 143
	3 055 426	1 493 143

Refuse

Current (0 -30 days)	260 665	226 740
31 - 60 days	2 935	(252 833)
61 - 90 days	93 988	67 493
91 - 120 days	183 936	(49 406)
121 - 365 days	658 606	1 289 957
> 365 days	12 069 455	10 787 503
	13 269 585	12 069 454

Interest

Current (0 -30 days)	677 769	648 733
31 - 60 days	(2 596)	637 972
61 - 90 days	(24 242)	635 374
91 - 120 days	729 186	652 755
121 - 365 days	4 113 312	4 644 492
> 365 days	14 290 051	12 475 340
	19 783 480	19 694 666

Housing rental

Current (0 -30 days)	29 108	31 540
31 - 60 days	32 244	24 866
61 - 90 days	35 344	30 508
91 - 120 days	30 250	30 018
121 - 365 days	244 408	269 305
> 365 days	1 576 133	1 190 195
	1 947 487	1 576 432

Cemetery charges

Current (0 -30 days)	6 340	(33 329)
31 - 60 days	8 496	6 877
61 - 90 days	9 357	6 485
91 - 120 days	8 390	6 938
121 - 365 days	75 236	76 384
> 365 days	456 592	393 259
	564 411	456 614

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
7. Receivables from exchange transactions (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(85 584 591)	(101 259 514)
Contributions to allowance	45 510 047	(28 449 727)
Debt impairment written off against allowance	-	44 124 650
	(40 074 544)	(85 584 591)

In the current financial year, the municipality reviewed the basis for the calculation of debt impairment. The assessment was done on each individual account. And the calculation was different from the prior financial year, resulting in write back of debt to the amount of R45 510 047

The Municipality had used a blanket approach in the financial year 2014 where provision was provided on all the debt above 90 days.

During 2014 financial year an amount of R 44 124 650 relating to unclassified debtors were written off by the council of Greater Giyani Municipality. This amount was as a result of error occurred during the migration of data from Promise system to Pastel Evolution system. The amount was deemed unrecoverable by the council.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Call investments deposits	53 542 980	50 915 140
Short-term deposits	82 928 420	231 473
Cashbook balance - primary	13 759 633	32 355 763
Cashbook balance - secondary	222 153	3 141 236
	150 453 186	86 643 612

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Current Account - 71032635579 (FNB)	242 570	229 335	245 024	231 423
Current Account - 4077078193 (ABSA)	13 579 548	32 355 943	13 759 933	32 355 763
Current Account - 4077078486 (ABSA)	226 748	3 141 648	88 048	3 141 236
Call Deposit - 4078155655 (ABSA)	23 822 681	22 656 267	23 921 561	22 747 563
Call Deposit - 4078155744 (ABSA)	29 498 978	28 054 640	29 621 419	28 167 627
Notice Account- 03/7881116218/000010 (Nedbank)	31 000 455	-	31 000 455	-
Notice Account- 03/7881116218/000008 (Nedbank)	51 682 941	-	51 682 941	-
Total	150 053 921	86 437 833	150 319 381	86 643 612

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

9. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Air conditioners	664 740	(402 903)	261 837	664 740	(322 800)	341 940
Buildings - Community	6 744 111	(600 126)	6 143 985	2 343 000	(518 754)	1 824 246
Buildings - Market and industrial	6 655 327	(684 311)	5 971 016	4 942 247	(506 897)	4 435 350
Buildings - Municipal and civic	80 952 985	(3 331 166)	77 621 819	54 125 189	(2 453 632)	51 671 557
Finance leased assets	1 121 335	(839 721)	281 614	1 121 335	(465 943)	655 392
Furniture and fixtures	5 005 723	(2 283 895)	2 721 828	1 477 943	(715 549)	762 394
IT equipment	2 735 523	(2 027 958)	707 565	2 749 954	(1 481 875)	1 268 079
Motor vehicles	4 627 489	(1 840 824)	2 786 665	5 699 913	(2 279 406)	3 420 507
Office equipment	913 832	(326 685)	587 147	1 306 408	(617 711)	688 697
Plant and machinery	15 892 625	(4 365 108)	11 527 517	14 356 609	(4 127 699)	10 228 910
Road infrastructure	453 139 235	(178 488 731)	274 650 504	411 317 665	(170 176 749)	241 140 916
Street lights	2 933 966	-	2 933 966	3 411 388	-	3 411 388
Sport and recreation facilities	33 411 965	(6 645 929)	26 766 036	24 709 527	(5 655 881)	19 053 646
Total	614 798 856	(201 837 357)	412 961 499	528 225 918	(189 322 896)	338 903 022

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Assets under construction	Disposals	Depreciation	Total
Air conditioners	341 941	-	-	-	(80 104)	261 837
Buildings - community	1 824 245	-	4 401 111	-	(81 372)	6 143 984
Buildings - Market and industrial	4 435 350	1 713 079	-	-	(177 414)	5 971 015
Buildings - Municipal and civic	45 851 676	1 451 016	31 183 719	-	(864 591)	77 621 820
Finance leased assets	655 392	-	-	-	(373 778)	281 614
Furniture and fixtures	2 826 124	447 782	-	-	(552 078)	2 721 828
IT equipment	1 226 454	-	-	-	(518 889)	707 565
Motor vehicles	3 435 915	-	-	(100 068)	(549 182)	2 786 665
Office equipment	219 232	418 266	-	-	(50 351)	587 147
Plant and machinery	9 726 991	4 816 184	-	(1 249 104)	(1 766 554)	11 527 517
Road infrastructure	187 313 974	16 805 858	78 842 654	-	(8 311 982)	274 650 504
Street lights	-	-	2 933 966	-	-	2 933 966
Sport and recreation facilities	13 614 267	-	14 187 068	-	(1 035 299)	26 766 036
Total	271 471 561	25 652 185	131 548 518	(1 349 172)	(14 361 594)	412 961 498

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Assets under construction	Depreciation	Total
Air conditioners	254 894	162 705	-	(75 658)	341 941
Buildings - community	774 511	1 049 735	-	-	1 824 246
Buildings - Market and industrial	4 600 091	12 673	-	(177 414)	4 435 350
Buildings - Municipal and civic	30 547 243	8 392 321	13 556 691	(824 698)	51 671 557
Finance leased assets	1 029 170	-	-	(373 778)	655 392
Furniture and fixtures	641 185	290 343	-	(169 133)	762 395
IT equipment	1 933 319	-	-	(665 240)	1 268 079
Motor vehicles	2 660 031	1 183 895	-	(423 419)	3 420 507
Office equipment	578 224	231 396	-	(120 924)	688 696
Plant and machinery	7 851 635	3 793 674	-	(1 416 399)	10 228 910
Road infrastructure	199 612 946	16 597 018	32 744 080	(7 813 127)	241 140 917
Street lights	-	-	3 411 388	-	3 411 388
Sport and recreation facilities	15 654 164	4 359 086	-	(959 604)	19 053 646
	266 137 413	36 072 846	49 712 159	(13 019 394)	338 903 024

Reconciliation of Work-in-Progress 2015

	Opening balance	Current year cost	Changes and other movements	Total
Road related infrastructure	62 084 169	33 646 036	(13 541 719)	82 188 486
Land and buildings - Municipal	30 624 278	8 124 646	(3 164 095)	35 584 829
Sport and Recreation facilities	4 404 336	9 782 732	-	14 187 068
	97 112 783	51 553 414	(16 705 814)	131 960 383

Reconciliation of Work-in-Progress 2014

	Opening balance	Current year cost	Changes and other movements	Total
Road related infrastructure	19 448 073	42 862 125	(19 218 523)	43 091 675
Land and buildings - Municipal	17 255 370	16 359 143	(20 057 822)	13 556 691
Sport and Recreation facilities	1 629 251	2 531 310	(4 160 561)	-
	38 332 694	61 752 578	(43 436 906)	56 648 366

Land owned by the Municipality

Included in the Land and buildings is an amount of R 2 645 328 for land that belongs to the municipality. The breakdown of that land is as follows:

Land Civic	528 115	528 115
Land Community	822 900	822 900
Land Recreation Facilities	1 294 313	1 294 313
	2 645 328	2 645 328

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
10. Finance lease obligation		
Minimum lease payments due		
- within one year	449 912	599 882
- in second to fifth year inclusive	-	449 912
	449 912	1 049 794
less: future finance charges	(57 408)	(265 623)
Present value of minimum lease payments	392 504	784 171

Finance Lease obligation relates to computers. The lease period is for 3 years (36 months) commencing from 1 April 2013 to 31 March 2016.

11. Trade and other payables (from non-exchange transactions)

Trade payables	35 745 111	23 295 713
Accrued bonus	1 345 714	2 079 767
Payroll creditors	176 014	-
Unspecified direct deposits	249 694	393 672
Inter-municipal account (MDM) *	-	3 220 233
Accrued leave	10 501 881	11 326 577
	48 018 414	40 315 962

Inter-municipal account (MDM) *

The water services function is ringfenced on the account of MDM which is the water services authority. Revenue earned, net of agency fees, and transfers received are credited to the inter-municipal control account, while all expenses incurred are charged to the same control account. The net effect of all the balances arising from water services related transactions is a credit amount of:

Gross revenue - water	72 220 808	61 568 231
Gross revenue - sewerage	13 150 133	10 710 442
Gross revenue - Interest	20 037 119	13 291 220
Overheads - water	(97 590 327)	(71 287 086)
Overheads - sewerage	(10 710 596)	(9 305 660)
Water debtors ex GGM - Water	(46 163 799)	(37 866 552)
Water debtors ex GGM - Sewerage	(8 782 394)	(7 020 160)
Water debtors ex GGM - Interest	(24 524 362)	(12 670 642)
Trade creditors	610 960	46 217
Inventory	(1 145 914)	(112 571)
Accrued leave	560 877	521 685
Accrued bonus	105 335	105 414
Long service award	392 261	392 261
Post retirement medical contribution	908 171	847 460
Provision for bad doubtful debts	76 094 125	53 999 975
	(4 837 603)	3 220 234

12. VAT payable

Output VAT	-	10 273 477
Input VAT supplies	-	(25 819 895)
VAT recoveries	-	16 973 128
	-	1 426 710

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
13. Unspent conditional grants		
Municipal Infrastructure Grant (MIG)	-	2 268 709
Municipality System Improvement Grant (MSIG)	539 200	-
Municipal Disaster Recovery Grant (MDRG)	1 512 907	-
National Electrification Grant (INEG)	34 309	-
Unspent balance at the end of the year	2 086 416	2 268 709
Municipal Infrastructure Grant (MIG)		
Opening balance at beginning of the year	2 268 709	11 780 000
Current receipts	66 046 000	47 115 000
Roll Over not approved	(2 268 709)	-
Conditions met - transferred to income	(66 046 000)	(56 626 291)
Conditions still to be met - transferred to liabilities	-	2 268 709
National Electrification Grant (INEG)		
Current receipts	10 000 000	8 000 000
Conditions met - transferred to income	(9 965 691)	(8 000 000)
Conditions still to be met - transferred to liabilities	34 309	-
Financial Management Grant (FMG)		
Opening balance at beginning of the year	-	447 618
Not approved	-	(447 618)
Current receipts	1 600 000	1 550 000
Conditions met - transferred to income	(1 600 000)	(1 550 000)
Conditions still to be met - transferred to liabilities	-	-
Municipal System Improvement Grant (MSIG)		
Opening balance at beginning of the year		
Current receipts	934 000	890 000
Conditions met - transferred to income	(394 800)	(890 000)
Conditions still to be met - transferred to liabilities	539 200	-
Municipal Disaster Recovery Grant (MDRG)		
Current receipts	4 982 000	-
Conditions met - transferred to income	(3 469 093)	-
Conditions still to be met - transferred to liabilities	1 512 907	-

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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14. Retirement benefit obligation

The amounts recognised in the statement of financial position are as follows:

Long service award / bonus

Opening balance	4 255 414	3 776 104
Service costs	388 299	1 278 271
Interest cost	339 118	273 564
Actuarial gain / loss	188 128	(192 820)
Benefit paid	(144 135)	(296 423)
	5 026 824	4 838 696

Post retirement benefit obligation

Opening balance	13 463 437	8 338 361
Service cost	1 060 034	928 241
Interest cost	1 247 813	791 147
Actuarial gain / loss	1 308 950	3 405 688
	17 080 234	13 463 437
Less: Water and Sewer	(1 314 260)	(1 823 003)
Total balance	20 792 798	16 479 130

The Post-Retirement Healthcare Liability represents the obligation of the municipality to meet the medical aid contributions of retired employees. The amount of the liability is the present value of the obligation less the fair value of any plan assets held in respect of the post-retirement medical scheme. There are no plan assets in this valuation.

The Municipality outsourced the actuarial value assistance of service provider for the purpose of the valuation. (Arch Actuarial Consulting). The valuation was done for the entire reporting period.

The valuation was done for all the employees attached to Greater Giyani Municipality. The Portion relating to water and sewer employees was transferred to Mopani District Municipality.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	22 739 376	12 489 224
Benefits paid	-	5 125 076
Net expense recognised in the statement of financial performance	3 616 797	5 125 076
	26 356 173	22 739 376

Net expense recognised in the statement of financial performance

Current service cost	1 060 034	928 241
Interest cost	1 247 813	791 147
Actuarial (gains) losses	1 308 950	3 405 688
	3 616 797	5 125 076

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

14. Retirement benefit obligation (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9,25 %	9,27 %
Medical cost trend rates	8,38 %	8,35 %
Net effective discount rate	0,80 %	0,84 %

The basis used to determine the overall expected rate of return on assets is as follow: [provide details]

The effect of the major categories of plan assets is as follow: [state effect]

Salaries - Changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefit increases: [provide details]

The basis on which the discount rate has been determined is as follow: [state basis]

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

Actual returns

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Amounts for the current and previous four years are as follows:

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	17 080 234	13 463 437	8 338 361	4 187 498	3 447 773

15. Accumulated surplus

Sub-heading

Balance at the beginning of the year	384 367 070	327 902 556
Surplus/ deficit for the year	147 152 284	56 378 857
Balance at the end of the year	531 519 354	384 281 413

16. Service charges

Service charged	3 953 160	3 830 578
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Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
17. Property rates		
Rates received		
Property rates billed	28 668 162	27 155 717
Valuations		
Residential	1 756 414 884	1 534 354 233
Government	750 263 209	681 437 609
Business	372 078 879	395 094 550
Church	18 850 070	16 031 020
Industrial	8 974 500	26 711 606
	2 906 581 542	2 653 629 018
18. Government grants and subsidies		
Operating grants		
LGSETA	377 481	119 638
PSETA	-	168 000
Municipal Systems Improvement Grant (MSiG)	394 800	890 000
Expanded public works (EPWP)	1 480 000	1 000 000
Finance Management Grant (FMG)	1 600 001	1 550 000
Equitable share	171 547 000	147 657 000
	175 399 282	151 384 638
Capital grants		
Municipal Disaster Recovery Grant (MDRG)	3 469 093	-
National Electrification Grant (INEG)	9 965 691	8 000 000
Municipal Infrastructure Grant (MIG)	68 314 319	56 626 290
	81 749 103	64 626 290
	257 148 385	216 010 928
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents receive a monthly subsidy of R (2013: R 6 820 679), which is funded from the grant.		
19. Rental of facilities and equipment		
Premises		
Rental of facilities - premises	652 616	687 071
Facilities and equipment		
Rental of other facilities and equipment	187 515	151 706
	840 131	838 777

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
20. Other income		
Building plans	111 384	116 080
Clearance certificates	10 899	11 196
Confirmation letters	324 507	269 131
Escort fees	46 754	76 200
Other income	244 877	265 561
Registration and transfers	87 725	77 306
Registration of suppliers	89 295	63 877
Re-issue of statements	10 531	7 637
Rental income - houses	8 991	1 316
Sale of grave plots	77 865	56 367
Sale of refuse bins	8 379	1 662
Sale of tender documents	365 760	235 023
Sewer unblocking	24 286	15 931
Sewer connection	8 282	11 065
Water connection	15 828	13 394
Sewerage and waste disposal	117 496	132 708
	1 552 859	1 354 454

21. General expenses

Advertising	502 076	281 575
Auditors remuneration	3 624 060	2 157 527
Cellphones	655 509	561
Consulting and professional fees	12 826 199	6 672 898
Consumables	836 587	803 123
Donations	55 000	42 250
Entertainment	38 213	26 609
IT expenses	469 777	766 745
Magazines, books and periodicals	34 225	27 489
Medical expenses	6 566	156 740
Motor vehicle expenses	2 362 823	1 784 947
Postage and courier	742 724	595 302
Printing and stationery	103 334	227 270
Special programmes	874 044	521 889
Special programmes	3 005 185	4 441 356
Other expenses	6 982 676	6 038 970
Subscriptions and membership fees	1 943 351	845 715
Telephone and fax	912 685	872 804
Training	1 081 922	831 751
Travel - local	4 627 207	3 992 494
General programmes	3 011 491	1 714 930
Project costs expensed	8 492 375	9 479 233
Electricity	2 469 280	1 564 203
Uniforms	86 534	418 964
Vat returns	905 817	-
Free basic services to indigent communities	7 324 112	6 878 438
	63 973 772	51 143 783

Projects relating to electricity are not capitalised by the municipality.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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22. Employee related costs

Basic	59 552 837	54 400 005
Bonus	3 926 003	3 942 204
Medical aid - company contributions	2 323 907	1 843 091
UIF	515 755	348 499
SALGA	891 253	184 152
Leave pay provision charge	(165 214)	2 045 347
Defined contribution plans	15 739 046	15 646 724
Overtime payments	3 051 608	1 564 398
Long-service awards	917 209	1 627 989
Acting allowances	225 610	168 707
Car allowance	6 337 334	4 437 934
Housing benefits and allowances	193 262	157 262
Cellphone allowance	13 555	356 330
Other employee costs	1 598 393	1 914 360
Clothing allowance	7 500	5 000
Other allowances	-	81 035
Standby allowance	227 059	93 723
	95 355 117	88 816 760

Remuneration of accounting officer: GI Masingi

Annual Remuneration	80 042	863 006
Car Allowance	-	97 500
Cellphone allowance	-	20 628
Leave Pay	184 417	-
Contributions to UIF, Medical and Pension Funds	1 719	1 785
Back Pay	38 420	-
	266 178	982 919

Remuneration of chief finance officer: RH Maluleke

Annual Remuneration	599 947	574 176
Car Allowance	288 000	288 000
Cellphone allowance	-	13 752
Contributions to UIF, Medical and Pension Funds	52 443	58 328
	940 390	934 256

Remuneration of corporate services director: NS Simango

Annual Remuneration	547 948	514 123
Car Allowance	174 556	174 556
Cellphone allowance	-	13 752
Contributions to UIF, Medical and Pension Funds	157 804	209 995
	880 308	912 426

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

22. Employee related costs (continued)

Remuneration of technical services director: P Mathebula

Annual Remuneration	515 250	492 000
Car Allowance	328 000	328 000
Cellphone allowance	-	13 752
Contributions to UIF, Medical and Pension Funds	9 608	13 585
	852 858	847 337

Remuneration of acting community services director: NS Mabundza

Annual Remuneration	390 316	365 499
Acting allowance	43 808	44 606
Annual bonus	32 526	30 458
Car Allowance	131 836	131 836
Cellphone allowance	-	8 250
Housing assistance	6 402	5 736
Contributions to UIF, Medical and Pension Funds	98 968	116 928
	703 856	703 313

Remuneration of strategic planning director: NS Hoaeane

Annual Remuneration	603 667	534 967
Car Allowance	155 813	155 813
Cellphone allowance	-	12 996
Contributions to UIF, Medical and Pension Funds	1 785	107 121
Back pay	13 699	-
Acting Allowance	68 493	-
	843 457	810 897

Remuneration of acting chief finance officer: A Mothapo

Annual remuneration	427 055	-
Overtime	26 387	-
Acting allowance	23 299	-
Annual bonus	35 588	-
Car allowance	133 779	-
Contribution to UIF, medical & pension funds	110 458	-
	756 566	-

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

23. Remuneration of councillors

	Basic	Pension	Travelling allowance	Data allowance	Cellphone allowance	Total
MP Hlungwani (Mayor)	538 955	76 339	169 642	3 551	20 582	809 069
NM Maswanganyi	222 319	31 490	69 977	3 551	20 582	347 919
JT Chavalala	222 319	31 490	69 977	3 551	20 582	347 919
PP Makhubele	56 011	7 521	16 713	1 184	6 861	88 290
NHP Ndaba	404 218	57 254	127 232	3 551	20 582	612 837
NM Rikhotso	404 218	57 254	127 232	3 551	20 582	612 837
NR Khandihela	161 687	22 902	50 893	3 551	20 582	259 615
KA Manganyi	222 319	31 490	69 977	3 551	20 582	347 919
TE Baloyi	161 687	22 902	50 893	3 551	20 582	259 615
XJ Valoyi	161 687	22 902	50 893	3 551	20 582	259 615
GA Maluleke	161 687	22 902	50 893	3 551	20 582	259 615
MA Makamu	222 319	31 490	69 977	3 551	20 582	347 919
HD Shivambu	94 755	13 162	29 249	2 071	12 006	151 243
SS Mathebula	431 164	61 071	135 714	3 551	20 582	652 082
HJ Manganye	161 687	22 902	50 893	3 551	20 582	259 615
EN Mabunda	222 319	31 490	69 977	3 551	20 582	347 919
MJ Ndlovu	161 687	22 902	50 893	1 479	20 582	257 543
PY Matukane	161 687	22 902	50 893	3 551	20 582	259 615
W Baloyi	161 687	22 902	50 893	3 551	20 582	259 615
MJ Makhubela	161 687	22 902	50 893	3 551	20 582	259 615
GE Kobane	161 687	22 902	50 893	3 551	20 582	259 615
M Shiviti	161 687	22 902	50 893	3 551	20 582	259 615
MS Maswanganye	161 687	22 902	50 893	3 551	20 582	259 615
SH Fuela	161 687	22 902	50 893	3 551	20 582	259 615
SH Vukeya	161 687	22 902	50 893	3 551	20 582	259 615
RO Mabasa	385 836	49 580	110 179	3 551	20 582	569 728
AM Ngobeni	161 687	22 902	50 893	3 551	20 582	259 615
B Gaveni	161 687	22 902	50 893	3 551	20 582	259 615
TA Makhubele	161 687	22 902	50 893	3 551	20 582	259 615
MT Sambo	161 687	22 902	50 893	3 551	20 582	259 615
TN Mavasa	161 687	22 902	50 893	3 551	20 582	259 615
PP Mkhari	161 687	22 902	50 893	3 551	20 582	259 615
MG Makhubele	161 687	22 902	50 893	3 551	20 582	259 615
DE Baloyi	161 687	22 902	50 893	3 551	20 582	259 615
GE Sithole	161 687	22 902	50 893	3 551	20 582	259 615
MW Mthombeni	161 687	22 902	50 893	3 551	20 582	259 615
AM Mthombeni	161 687	22 902	50 893	3 551	20 582	259 615
MI Shimange	222 319	31 490	69 977	3 551	20 582	347 919
TR Maluleke	161 687	22 902	50 893	3 551	20 582	259 615
NP Mhlongo	161 687	22 902	50 893	3 551	20 582	259 615
TC Manganyi	161 687	22 902	50 893	3 551	20 582	259 615
HR Shivambu	161 687	22 902	50 893	3 551	20 582	259 615
TJ Moshwana	161 687	22 902	50 893	3 551	20 582	259 615
ZR Maswanganyi	161 687	22 902	50 893	3 551	20 582	259 615
HB Ntimana	161 687	22 902	50 893	3 600	20 582	259 664
MP Makhubele	161 687	22 902	50 893	3 551	20 582	259 615
HH Makhubele	161 687	22 902	50 893	3 551	20 582	259 615
MD Hlungwani	161 687	22 902	50 893	3 551	20 582	259 615
MJ Mathebula	161 687	22 902	50 893	3 551	20 582	259 615
TC Zitha	161 687	22 902	50 893	3 551	20 582	259 615
A Rikhotso	404 218	57 254	127 232	3 551	20 582	612 837
HI Baloyi	161 687	22 902	50 893	3 551	20 582	259 615
BM Makhubele	161 687	22 902	50 893	3 551	20 582	259 615
WW Mhlongo	161 687	22 902	50 893	3 551	20 582	259 615

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand					2015	2014
23. Remuneration of councillors (continued)						
MQ Rikhotso	161 687	22 902	50 893	3 551	20 582	259 615
JH Bilankulu	404 218	57 254	127 232	3 551	20 582	612 837
S Makhubele	161 687	22 902	50 893	3 551	20 582	259 615
BM Khosa	161 687	22 902	50 893	3 551	20 582	259 615
SS Maswanganyi	161 687	22 902	50 893	3 551	20 582	259 615
MC Modjela	161 687	22 902	50 893	3 551	20 582	259 615
ME Ngobeni	26 575	3 986	8 858	592	3 430	43 441
PP Makhubele	26 575	3 986	8 858	592	-	40 011
	11 786 572	1 664 191	3 698 188	208 374	1 216 053	18 573 378

In-kind benefits

The Mayor, Speaker, Chief Whip and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Mayor has use of a Council owned vehicle for official duties.

24. Debt impairment

Debt impairment	(35 957 254)	28 449 727
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In the current year, the municipality reviewed the basis for the calculation of debt impairment relating to consumer debtors and wrote back impaired debt to the amount of R 45 510 047. A provision on other receivables amounting to R 9 552 796 was made and this resulted in the net write back on impairment provision of R35 957 254

Additional text

25. Interest received

Interest revenue		
Interest on investments	9 354 686	5 784 133
Interest on outstanding debtors	5 668 651	7 293 177
	15 023 337	13 077 310

26. Depreciation

Property, plant and equipment	14 427 060	13 019 390
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27. Finance costs

Bank	431 320	514 286
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28. Auditors' remuneration

Auditor General Audit fees	2 887 753	2 157 527
Consulting	437 120	-
Audit committee fees	299 187	-
	3 624 060	2 157 527

29. Contracted services

Insurance	213 876	426 898
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Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
30. Cash generated from operations		
Surplus	147 152 285	56 378 857
Adjustments for:		
Depreciation	14 427 060	13 019 390
Loss on sale of assets and liabilities	(427 436)	-
Debt impairment	(35 957 254)	-
Movements in retirement benefit assets and liabilities	4 313 668	5 032 531
Changes in working capital:		
(Decrease) / Increase in Inventories	(942 452)	(235 508)
(Decrease) / Increase in Trade and other receivables	7 047 859	(12 512 022)
(Decrease) / Increase in Consumer debtors	22 408 278	7 178 134
Other receivables from non-exchange transactions	(9 984 108)	-
Trade and other payables (from non-exchange transactions)	7 702 451	15 262 391
(Decrease) / Increase in VAT	(3 384 827)	(1 684 035)
(Decrease) / Increase in Unspent conditional grants	(181 903)	(9 511 270)
	152 173 621	72 928 468

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
31. Commitments		
Authorised capital expenditure		
Approved and contracted for		
• Formalisation of new settlement	51 163	-
• Nkomo B upgrading from gravel to tarr	455 529	-
• Section E sports centre	21 367 925	-
• Electrification of Gandlanani village	228 363	-
• Electrification of Bambeni village	229 898	-
• Electrification of Mninginisi	294 331	-
• 30 Highmast lights in crime prone arears	7 128 569	-
• Nkuri (Zamani) access road	-	8 641 432
• Refurbishment of giyani streets lights	508 700	-
• Sec A nyagelani upgrading of streets	-	16 277 877
• Thomo Community Hall	179 085	-
• Development of electricity master plan	154 800	-
• Electrification of phikela and Dingamazi	1 901 699	-
• Electrification of Mbaula	4 547 953	-
• Electrification of Mphagani and Nsavulani	777 294	-
• Electrification of Shikhumba	4 232 779	-
• Rehabilitation of streets CBD phase 3	-	29 899 537
• High Mast lights in crime prone areas	-	511 066
• Ugrading of main streets (Ndengeza)	-	1 345 316
• Homu sports center	-	6 533 217
• Movable and Imovable Assets Verification	-	660 858
	42 058 088	63 869 303
Not yet contracted for and authorised by accounting officer		
• Waste disposal site development	2 728 606	-
• Homu 14 B to 14 A upgrading from gravel to tarr	3 390 679	-
• Civic Centre offcices phase 2	2 708 030	-
• Culvert bridges to cemeteries	2 396 166	-
• Mageva sports centre	20 717 238	-
• Bode paving of internal streets	1 921 232	-
• Makosha upgrading from Gravel to tarr	3 801 906	-
• Ndhambi taxi rank	1 424 936	-
• Refurbishment of Giyani arts and culture	955 894	-
• Upgrading of Parking Lot	6 840 000	-
• Debtors Data Cleansing	795 104	-
	47 679 791	-
Total commitments	5 527 568	29 811 679
Total capital commitments		
Already contracted for but not provided for	42 058 088	63 869 303
Not yet contracted for and authorised by accounting officer	47 679 791	-
	89 737 879	63 869 303

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

32. Contingencies

Contingent liabilities

The municipality has various claims of legal disputes with suppliers that are subject to mediation or legal process.

The table below indicates the details of claims referred above:

Name of the case	Description	Legal representatives	Current status	Litigation amount R
GGMUN V/S TT Ngobeni	The matter is concerning extension of structure at market stall without approval of municipality	Chabalala Mthombeni Attorneys	Received court interdict, we are now awaiting trial date	45 000
GGMUN V/S Nkonyane R	The matter is concerning structure as an illegal extension of market stall	Chabalala Mthombeni Attorneys	Received court interdict, we are now awaiting trial date	45 000
GGMUN V/S Kalusi Makamu	GGMUN V/S Kalusi Makamu and 10 unknown illegal occupiers at section E 65 next to 497	Modjadji - Raphesu	New instruction given to the attorney to proceed with the matter	65 000
GGM V/S Fickson Hlungwani	Operation of carwash in the municipal area without the municipality's consent	Mushwana Incorporated	New attorney appointed and instruction given to the attorney to proceed with the matter	100 000
GGMUN V/S Maselesele	GGMUN V/S Maselesele land claim within the CBD	Popela-Maake attorneys	Awaiting trial date	3 000 000
Knowledge Ngobeni V/S GGM Plaintiff	Knowledge Ngobeni V/S GGM Plaintiff issued summons against the Municipality for an amount of R 900 000 for structure demolished at site 1947 and 1948 F	Modjadji - Raphesu	Pre-trial conference held on 22/03/2013. Waiting for trial date	145 000
Telkom SA VS. Greater Giyani Municipality	Telkom sued the municipality the amount of R 27000 for damages suffered	No Attorney appointed	Matter withdrawn	27 000
				3 427 000

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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33. Related parties

Relationships

Members of key management

RH Maluleke
NS Hooeane
P Mathebula
NS Mabundza
NS Simango
MA Mothapo

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

33. Related parties (continued)

Mopani District Municipality

Mopani District Municipality signed a Service Level Agreement for water and sewerage with all its Local Municipalities including Greater Giyani Municipality. The agreement indicates that all water related transactions should be reconciled and transferred to the District. This means that all the billings, collections, expenses, salaries, assets and liabilities should be transferred. The transactions will have to be reconciled and locals are entitled to 5% commission on collections.

Key personnel

The salaries and benefits of all the section 57/56 Managers are treated as related party transactions due to the nature of their work and the responsibilities.

Refer to note 22 of the Employee related costs for remuneration details of Section 57 Managers.

Compensation to accounting officer and other key management

Defined contribution plans	-	9 000
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34. Prior period errors

The correction of the error(s) results in adjustments as follows:

Property, plant and equipment

Statement of financial position

Previously reported	-	256 204 154
Plant Equipments	-	2 576 374
Motor vehicle	-	883 187
Motor Vehicle Accumulated Depreciation	-	(634 791)
Motor Vehicle Accumulated Depreciation	-	(1 100 160)
Reinstated amount	-	257 928 764

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
34. Prior period errors (continued)		
Roads Infrastructure		
Previously reported	-	129 300 793
Accumulated surplus adjustments	-	70 312 152
Depreciation adjustment for 2014- Infrastructure	-	10 858 461
Depreciation on Disposed Assets	-	(196 353)
Reinstated amount	-	210 275 053
Net impact to Accumulated surplus (Increase)	-	47 653 711

Plant Property and Equipment

During the 2013 financial year, the council took the decision to disposed off certain assets that were old and not useful to the Municipality. The Municipality wrote off those assets against the Accumulated surplus. It was then realised that it is wrong to have written off and as a results the assets had to be brought back in to the brought back in to the books until they are disposed.

Road Infrastructure

During the year municipality unbudded its road infrastructure from 2010 using units rates, as a results the cost and accumulated depreciation had to be adjusted significantly through accumulated surplus

Unspent Conditional Grant

Statement of financial position

Previously reported	-	2 715 937
Adjustments	-	(447 618)
Reinstated amount	-	2 268 319
Net impact to Accumulated surplus (Increase)	-	(447 618)

During 2013 financial year the roll over for Financial Management Grant (FMG) was not approved by the National Treasury and as a result the amount was sett off agiast the equitable shares allocation for the Municipality. The amount was still in the books of the Municipality even after it has been set off.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

35. Risk management

Financial risk management

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The municipality's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the municipality's internal audit function.

The municipality monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. The municipality has exposure to the following financial risks from its use of financial instruments:

- Liquidity risk
- Market risk (including interest rate risk and price risk)
- Credit risk

The municipality seeks to minimise the effects of these risks in accordance with the municipality's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade in financial instruments for speculative purposes.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

35. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipality's exposure to liquidity risk is a result of the funds available to cover future commitments. The municipality manages liquidity risk through ongoing review of commitments.

The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The municipality has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. The entity's exposures to interest rates on financial assets and financial liabilities are detailed below.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call and notice deposits.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the economic entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. The municipality's policy is to make as far as possible use of fixed rate instruments. During 2011 and 2010, the municipality's borrowings at variable rate were denominated in the Rand.

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.

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

Financial instrument	2015	2014
Cash and cash equivalents	150 319 382	86 643 612
Trade and other receivables	16 533 198	14 028 261

These balances represent the maximum exposure to credit risk.

36. Fruitless and wasteful expenditure

Opening balance	43 968	41 000
Current year disclosures	29 402	2 968
	73 370	43 968

Interest charged on outstanding Eskom and Telkom accounts.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
37. Irregular expenditure		
Opening balance	19 467 717	7 100 947
Current year disclosures	4 480 605	12 366 770
	23 948 322	19 467 717

The irregular expenditure as disclosed came as a result of the Municipality deviating from the normal procurement processes.

38. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

In terms of section 36 / MFMA regulations, any deviation from the SCM policy should be approved or condoned by the accounting officer.

Incident

Disclosures are hereunder made in terms of the MFMA (section 114), in terms whereof if a tender other than the one recommended in the normal course of implementing the SCM policy is approved, the accounting officer must, in writing, notify Auditor-General, the relevant Provincial Treasury and National Treasury of the reasons for deviating from such recommendations. With regards to the current year, the deviations were tabled to Council and the relevant offices duly notified in writing.

SALGA

Current year SALGA deductions	75 430	70 803
Amount paid - current year	(75 430)	(70 803)
	-	-

PAYE and UIF

Current year fee	14 476 773	13 249 039
Amount paid - current year	(14 476 773)	(13 249 039)
	-	-

Pension and Medical Aid Deductions

Current year fee	14 967 058	20 305 312
Amount paid - current year	(14 967 058)	(20 305 312)
	-	-

Audit fees

Auditor General	3 292 039	2 157 527
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Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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38. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015:

30 June 2014

	Highest outstanding amount R	Highest outstanding amount R
MJ Maluleke	5 342	-
KA Manganyi	14 307	9 595
MI Shimange	12 465	9 867
PP Makhubele	-	4 388
TE Baloyi	14 620	4 656
YM Matukane	6 619	6 619
HR Shivambu	355	-
MA Makamu	-	1 629
WW Mhlongo	14 307	9 120
	68 015	45 874

Appendix B

June 2015

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Disposals Rand	Assets under construction Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Assets under construction Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix C

June 2015

Segmental analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation

Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Municipality									
Executive & Council/Mayor and Council	11 067 689	2 249 814	-	13 317 503	(4 585 818)	-	(307 388)	(4 893 206)	8 424 297
Finance & Admin/Finance	16 641 732	3 382 892	-	20 024 624	(6 895 383)	-	(462 199)	(7 357 582)	12 667 042
Planning and Development/Economic Development/Plan	30 382 244	6 775 285	-	37 157 529	(12 588 867)	-	(843 821)	(13 432 688)	23 725 041
Health/Clinics	4 081 316	825 575	-	4 886 891	(1 682 777)	-	(112 797)	(1 795 574)	3 091 317
Comm. & Social/Libraries and archives	7 520 285	1 528 702	(1 072 424)	7 976 563	(3 115 988)	672 356	(208 864)	(2 352 476)	5 624 087
Housing	-	-	-	-	-	-	-	-	-
Public Safety/Police	542 884	110 356	-	653 240	(224 940)	-	(15 077)	(240 017)	413 223
Sport and Recreation	36 141 708	11 467 089	-	47 628 797	(14 975 060)	-	(1 003 781)	(15 978 841)	31 649 956
Environmental Protection/Pollution Control	-	-	-	-	-	-	-	-	-
Waste Water Management/Sewerage	476 063	97 179	-	575 242	(198 082)	-	(13 277)	(211 359)	363 863
Road Transport/Roads	350 787 091	131 742 393	(2 576 373)	479 953 111	(144 036 290)	1 327 269	(11 366 833)	(154 104 654)	325 828 457
Water/Water Distribution	790 803	154 854	-	945 657	(315 233)	-	(21 130)	(336 363)	579 094
Electricity /Electricity Distribution	556 649	113 561	-	670 210	(231 472)	-	(15 515)	(246 987)	425 223
Other/Air Transport	223 208	45 373	-	268 581	(92 484)	-	(6 199)	(98 683)	169 898
	459 145 652	158 512 873	(3 648 797)	614 009 728	(188 942 174)	2 299 625	(14 405 681)	(201 048 230)	412 961 498
Total	459 145 652	158 512 873	(3 648 797)	614 009 728	(188 942 174)	2 299 625	(14 405 681)	(201 048 230)	412 961 498

Appendix D

June 2015

Segmental Statement of Financial Performance for the year ended Prior Year Current Year

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
-	33 784 651	(33 784 651)	Executive & Council/Mayor and Council	-	37 517 345	(37 517 345)
257 015 132	102 216 716	154 798 416	Finance & Admin/Finance	301 570 450	36 498 471	265 071 979
437 511	8 365 341	(7 927 830)	Planning and Development/Economic Development/Plan	510 590	7 113 318	(6 602 728)
7 762 603	18 269 695	(10 507 092)	Comm. & Social/Libraries and archives	8 813 801	21 149 824	(12 336 023)
572 605	697 550	(124 945)	Housing	496 645	824 503	(327 858)
-	4 599 668	(4 599 668)	Public Safety/Police	-	6 774 092	(6 774 092)
48 941	5 078 633	(5 029 692)	Sport and Recreation	56 222	5 616 393	(5 560 171)
-	2 250	(2 250)	Waste Water Management/Sewerage	117 496	114 496	3 000
(2 233)	20 467 091	(20 469 324)	Road Transport/Roads	-	16 795 465	(16 795 465)
323 351	5 617 906	(5 294 555)	Water/Water Distribution	242 887	-	242 887
-	19 230 230	(19 230 230)	Electricity /Electricity Distribution	-	21 655 341	(21 655 341)
56 367	1 577 712	(1 521 345)	Other/Air Transport	77 865	3 872 483	(3 794 618)
266 214 277	219 907 443	46 306 834		311 885 956	157 931 731	153 954 225

Appendix E(1)

June 2015

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2015

	Forecast # 1 2015 Act. Bal.	Forecast # 1 2015 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	28 668 162	41 600 000	(12 931 838)	(31,1)	The municipality underbudget for traffic fines checking the trend of paying traffic fines by our customers. Some of the traffic fines are cancelled without the municipality knowledge
Service charges	3 953 160	3 736 700	216 460	5,8	
Rental of facilities and equipment	840 130	783 850	56 280	7,2	
Agency services	244 525	200 000	44 525	22,3	The budget was reduced during the adjustment budget because there was no actuals for the first 6 months of the year (From July to December 2014)
Licences and permits	4 499 346	5 240 000	(740 654)	(14,1)	This income depend on the customer needs.
Fines	91 418	58 000	33 418	57,6	The municipality underbudget for traffic fines checking the trend of paying traffic fines by our customers. Some of the traffic fines are cancelled without the municipality knowledge
Other income 1	1 547 171	3 500 450	(1 953 279)	(55,8)	This income depend on the customer needs.
Other income - (rollup)	-	-	-	-	
Interest received - investment	9 225 009	6 400 000	2 825 009	44,1	This is because of the two short term investments that the municipality is having.
Interest received-outstanding debtors	5 668 651	5 750 000	(81 349)	(1,4)	
Government grants & subsidies	257 148 385	259 218 000	(2 069 615)	(0,8)	
	311 885 957	326 487 000	(14 601 043)	(4,5)	
Expenses					
Personnel	(94 202 388)	(95 446 661)	1 244 273	(1,3)	
Remuneration of councillors	(18 573 328)	(16 944 232)	(1 629 096)	9,6	
Depreciation	(14 405 689)	(30 000 000)	15 594 311	(52,0)	Assets additions in the current increased depreciation charged for the year
Impairments	35 957 254	(20 000 000)	55 957 254	(279,8)	The reason for the variance is that during the year under review we calculated debt impairment applying GRAP 104. The assessment was done on each individual account hence the calculation was different from last financial year. 2014 financial year the Municipality used a blanket approach and provided for all the debt above 90 days.
Finance costs	(430 059)	(450 000)	19 941	(4,4)	
Rentals on operating lease	(390 755)	-	(390 755)	-	
Repairs and maintenance - General	(7 888 503)	(13 990 709)	6 102 206	(43,6)	The contractors for road maintenance was appointed late in May 2015.
Contracted Services	(213 876)	(850 000)	636 124	(74,8)	Insurance for assets was paid ones during the Financial Year.
General Expenses	(63 973 768)	(61 132 690)	(2 841 078)	4,6	
Gain or loss on disposal of assets and liabilities	427 436	250 000	177 436	71,0	
	(163 693 676)	(238 564 292)	74 870 616	(31,4)	
Other revenue and costs					
Net surplus/ (deficit) for the year					
	148 192 281	87 922 708	60 269 573	68,5	

June 2015

Budget Analysis of Capital Expenditure as at 30 June 2015

[illegible]

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2015

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
		Jun									Yes/ No
Municipal Infrastructure Grant	DPLG	30 678 000	18 901 000	16 467 000	-	9 158 646	22 470 861	25 251 996	9 164 497		Yes
Municipal System Improvement Grant	LGTA	934 000	-	-	-	19 895	2 975	149 500	222 430		Yes
Finance Management Grant	National Treasury	1 600 000	-	-	-	290 815	682 357	570 730	56 099		Yes
Equitable Share	National Treasury	68 801 000	55 670 000	47 076 000	-	-	-	-	-		Yes
EPWP	Public Works	592 000	444 000	444 000	-	453 125	572 818	454 057	-		Yes
INEG	Dept of Energy	7 500 000	2 500 000	-	-	1 416 755	-	2 614 864	5 934 072		Yes
MDRG		-	-	4 982 000	-	-	-	-	3 469 093		Yes
LGSETA		247 523	51 720	49 905	28 333	-	-	-	-		Yes
		110 352 523	77 566 720	69 018 905	28 333	11 339 236	23 729 011	29 041 147	18 846 191		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.



Chapter 6

AUDITOR-GENERAL'S REPORT

Introduction

Legislation dictates that upon closure of financial year the Municipality must prepare its annual financial statements and performance information for the year in review. Such Annual Statements and Performance Report must be submitted to the office of the Auditor-General of South Africa (AGSA) for auditing to determine the usefulness, accuracy and reliability of information provided

AUDIT FINDINGS FOR PERIOD 2011/12 FINANCIAL YEAR TO 2014/15 FINANCIOLAL YEAR

Financial year	Opinion
2011/12	Disclaimer
2012/13	Disclaimer
2013/14	Qualified
2014/15	Qualified

Report of the auditor-general to the Limpopo provincial legislature and the council on Greater Giyani Local Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Greater Giyani Local Municipality set out on pages 133 to 198 which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing.

Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property, plant and equipment

6. I identified land belonging to the municipality that was not accounted for in the accounting records in accordance with SA standards of GRAP 17, Property, plant and equipment. The value of these properties could not be determined. Consequently, I was unable to determine whether any adjustments relating to property, plant and equipment stated at R412 961 499 (2014: R 338 903 022) as disclosed in the financial statements were necessary.
7. The municipality did not transfer completed projects amounting to R9 350 328 from work in progress to buildings and infrastructure assets in accordance with SA standards GRAP 17, Property, plant and equipment. Consequently there was a resultant impact on depreciation for the year and accumulated surplus.

Revenue

8. The municipality did not reconcile on monthly basis property rates revenue as disclosed in note 17 to the financial statements. I identified an unreconciled difference between the revenue system and valuation roll amounting to R6 374 596 as the municipality did not maintain a system of revenue reconciliation performed on a regular basis. Consequently I was unable to determine whether any adjustments relating to property rates stated at R28 668 162 in the financial statements were necessary.

Provisions

9. The municipality did not recognise a provision for landfill site rehabilitation as required by SA standards of GRAP 19, Provisions, contingent liabilities and contingent assets. I was unable to determine the reliable estimate of the provision by alternative means as work

from experts required to determine a reasonable estimate could not be obtained. Consequently liabilities in the financial statements have been understated. I was unable to determine the extent of the understatement as it was impracticable to do so.

Irregular Expenditure

10. As disclosed in note 37, to the financial statements, the municipality incurred irregular expenditure of R4 480 605. Additionally I identified irregular expenditure amounting to R12 019 412 that is in contravention of the supply chain management requirements, which was not included. The municipality did not have adequate systems in place to identify and report on irregular expenditure incurred. Consequently I was unable to determine the full extent of the understatement in irregular expenditure as it was impracticable to do so.

Qualified opinion

11. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Greater Giyani Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Restatement of corresponding figures

13. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material impairments

14. As disclosed in note 7 to the financial statements, the municipality reviewed its basis for debt impairment calculation and wrote back impaired debt to the amount of R45 510 047.

Material under spending of the budgets

15. As disclosed in the statement of comparison of budget and actual amounts, the municipality has materially underspent on its budget to the amount of R60 540 187. As a consequence; the municipality has not achieved all of its objectives in mainly the budget and treasury units.

Additional matters

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

Unaudited supplementary schedules

17. The supplementary information set out on pages 84 to 119 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

18. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

19. 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 findings on the reported performance information against predetermined objectives for selected development priorities/ objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

20. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the Greater Giyani Local Municipality for the year ended 30 June 2015:
- a. KPA 3: Infrastructure Development and Basic Service Delivery on pages 91 to 102
 - b. KPA 6: Good governance and public participation on pages 110 to 118
21. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
22. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
23. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. The material findings in respect of the selected development priorities are as follows:

Usefulness of reported performance information

KPA 3: Infrastructure Development and Basic Service Delivery

25. Section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 46% of the reported indicators and 47% of targets were not consistent with those in the approved integrated development plan. This was due to a lack of proper systems and processes for the planning of performance information and the absence of standard data definitions for each indicator and target.
26. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 29% of the indicators were not well defined.

KPA 6: Good governance and public participation

27. I did not identify any material findings on the usefulness of the reported performance information.

Reliability of reported performance information

KPA 3: Infrastructure Development and Basic Service Delivery

28. The FMPPI requires auditors to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and/or technical indicator descriptions for the accurate measurement, recording and monitoring of performance, monitoring of the completeness of source documentation in support of actual achievements and frequent review of the validity of reported achievements against source documentation.

KPA 6: Good governance and public participation

29. The FMPPI requires auditors to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and/or technical indicator descriptions for the accurate measurement, recording and monitoring of performance, monitoring of the completeness of source documentation in support of actual achievements and frequent review of the validity of reported achievements against source documentation.

Additional matter

30. I draw attention to the following matter:

Achievement of planned targets

31. Refer to the annual performance report on page(s) 82 to 119 for information on the achievement of the 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 for the selected development priorities/ objectives reported in paragraph(s) 25, 25, 27, 28 and 29 in this report.

Compliance with legislation

32. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue and expenditure identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

34. The performance of contractors was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA.

35. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2) (c) of the MFMA

Human resources management

36. Positions in senior management were vacant for more than 12 months.

Expenditure management

37. An effective system of expenditure control, including procedures for the approval of funds, was not in place, as required by section 65(2) (a) of the MFMA.

38. Reasonable steps were not taken to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.

Revenue management

39. An adequate management, accounting and information system which accounts for receipts of revenue was not in place, as required by section 64 2e/ 97h of the MFMA.

Assets management

40. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2) (a) of the MFMA.
41. An effective system of internal control for assets including an asset register was not in place, as required by section 63(2) (c) of the MFMA.

Consequence management

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

Internal control

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

Leadership

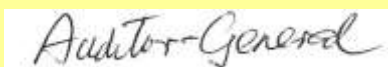
44. Oversight responsibility regarding financial and performance reporting and compliance and related internal controls was not exercised.
45. The accounting officer did not implement HR management effectively to ensure that adequate and sufficiently skilled resources are in place.
46. There was no detailed review of the financial statements and the annual performance report, resulting in several misstatements not identified and corrected.

Financial and performance management

47. The financial statements and other information to be included in the annual report are not reviewed for accuracy and completeness by the accounting officer.
48. Controls over daily and monthly processing and reconciling of transactions were not implemented by the accounting officer
49. Compliance with laws and regulations was not reviewed and monitored by the accounting officer.

Governance

50. The internal audit unit is not fully capacitated and could therefore not perform all its functions as per the approved audit plan.



Polokwane

08 December 2015

APPENDICES

APPENDIX A



GREATER GIYANI MUNICIPALITY

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0826

OFFICE OF THE MUNICIPALITY PUBLIC ACCOUNTS

OVERSIGHT REPORT ON ANNUAL REPORT: 2014/2015 FINANCIAL YEAR.

PURPOSE OF THE REPORT

To consider the Greater Giyani Municipality's Annual Report for the 2014/2015 financial year and to adopt an Oversight report containing Council's comments on the Annual Report in terms of section 129(10) of Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003)(hereafter indicated as MFMA)

BACKGROUND

Legal requirements

Section 121(1) (2) and (3) of the MFMA determines as follows:

121(1) every municipality must for each financial year prepare an Annual Report. The council must within nine months after the end of a financial year deal with the annual report of a municipality in accordance with section 129.

The purpose of an annual report is:-

- (a) To provide a record of the activities of the municipality during the financial year to which the report relates;
- (b) To provide a report on performance against the budget of the municipality for the financial year; and
- (c) To promote accountability to the local community for decisions made throughout the year by the municipality.

The annual report of a municipality must include:-

- (a) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor General for audit in terms of section 126(1);
- (b) The Auditor-General audit report in terms of section 126(3) on those financial statements;

- (c) The annual performance report of the municipality in terms of section 46 of the Municipal Systems Act.
- (d) The Auditor-General's audit report in terms of section 45(b) of Municipal Systems Act;
- (e) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (f) An assessment by the municipality's Accounting Officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue from each source and for each vote in the municipality's approved budget for the relevant financial year;
- (g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
- (h) Any explanations that may be necessary to clarify issues in connection with financial statements;
- (i) Any information as determined by the municipality;
- (j) Any recommendation as determined by the municipality; and
- (k) Any other information as may be prescribed.

In terms of section 127(5) of the MFMA, the Accounting Officer must immediately after the annual report is tabled, make public the annual report, invite the local community to submit representations in connection with the annual report and submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

According to section 129(a) of the MFMA, the Council must consider the annual report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing the Council's comments on the annual report which must include a statement whether-

- The Council has approved the annual report with or without reservations
- Has rejected the annual report or;
- Has referred the annual report back for revision of those components that can be revised.

Process

(a) Submission and tabling of the Annual Report

The Annual Report of the Greater Giyani Municipality for the 2014/2015 financial year was tabled at a Scheduled Council Meeting, on the 29 January 2016, item 10.1, in terms of section 127(2) of the Local Government: Municipal Finance Management Act 56 of 2003.

Council resolved at its meeting held on 29 January 2016, item 10.1 the following:

UNANIMOUSLY RESOLVED: (presented by Cllr Shimange M.I)

- (1) That the tabling of the Annual Report be noted; and
- (2) That the Acting Municipal Manager in terms of section 127(5) of the MFMA:
 - (a) Make public the Annual Report for 2014/2015 financial year;
 - (b) Invites the local community and Councilors to submit representations in connection with the Annual Report on or before 28 February 2016;
 - (c) Submit the Annual report to the Auditor-General, the Provincial Treasury and the Provincial Department responsible for Local Government;
- (3) That the Annual Report and Oversight report on 31 March 2016 be presented to council for consideration and adoption;
- (4) That the Annual Report be referred to MPAC for oversight.

The Oversight Committee

With reference to MFMA Circular nr. 32 of 15 March 2006, MPAC analysed and reviewed the Annual Report in detail and generated questions to the Executive; (Annexure A) and the Executive responded (annexure B); and held a public hearing on the 23 March 2016.

The Draft Annual Report was advertised as follows;

- The local community was invited via the press and website of the Greater Giyani Municipality to submit comments / objectives in connection with the Report on or before 28 February 2016.
- The Annual report was placed on the municipal website at www.greatergiyanimunicipality.gov.za
- The Annual Report was placed at the municipal offices
- The Annual report was submitted to all relevant government departments.

At the closing date for public comments on the 28 February 2016, no comments/representations were received.

SECTION 121(3) OF THE MFMA DETERMINES	COMMENT
(a) The Annual financial statements of the municipality, and in addition, if section 122(2) applies the consolidated annual financial statements as submitted to the Auditor –General.	The Annual Financial Statements of the Municipality are included in the report at page 136 and the then Acting Municipal Manager, Mr. RH Maluleke signed on 31 August 2015 in conjunction with Auditor General
(b) The Auditor-General’s audit report is included in the annual report in terms of section 126(3) on those financial statements	The Auditor-General’s report is included in the annual report at page 172. the committee noted the improvement from past years, its view is that we can do better than this,
(c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act	The report is at page 36(chapter 3) although additional information is needed, like the number of EPWP projects and jobs created and number of houses implemented; it received a qualified audit opinion.
(d) An assessment by the Accounting Officer on any arrears on municipal taxes and service charges;	We need effective systems of expenditure control and reasonable steps to prevent irregular expenditure and fruitless and wasteful expenditure,
(e) An assessment on asset management, as required by section 63(2)(a) of the MFMA	We noted that the municipality failed to account for all its assets, we had hired consultants to do this but material misstatements were still identified
(f) Allocations received and made to the municipality	It should be noted that the municipality’s functionality depends largely on grants; (LGSETA, PSETA, MSIG, EPWP, FMG, Equitable shares and Capital grants-MDRG, INEG, MIG)
(g) Information in relation to the use of allocations received;	It should be noted we spent 100% grant on MIG but we failed to utilise MSIG, MDRG and INEG
(h) Information in relation to outstanding debtors and creditors of the municipality	It should be noted that there are ongoing engagements with national and provincial departments, but there is a national concern on growing culture of non-payment by our communities;
(i) Information relating to benefits paid by municipality to councillors, directors and officials	It should be noted that the information has been properly disclosed, and explanations provided are acceptable and conditions of allocations have been met, that there are arrears owed by individual councillors to the municipality, and their names are on page 209.
(j) Information on the annual performance reports of the municipality	The performance report has been included in the annual report, as a local municipality we are a Water Services Provider, there is a huge backlog of refuse removal service extension to rural communities, the powers and functions for the provision and construction of housing lies with provincial government, there is free basic services and indigent support, there is slowly increasing progress on road construction, there is a 48% vacancy rate, there is an alignment of IDP and Budget, of 146 KPAs 20 were not achieved,
(k) Audit reports on performance(section 45,MSA)	The EMPPI requires the municipality to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned

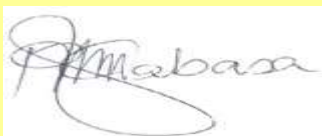
	objectives, indicators and targets, we lack standard operating procedures or documented systems descriptions.
(I) Audit report on leadership	Municipal leadership did not exercise oversight responsibility on financial and performance reporting and compliance and related internal controls, the municipality is not adequately and sufficiently skilled

RECOMMENDATIONS BY MPAC COMMITTEE

- ❖ Municipality must strengthen the processes to create and sustain a control environment that supports reliable financial reporting.
- ❖ Action plans to address external audit and internal audit findings immediately after the audit is concluded.
- ❖ Management should identify the root cause of material misstatements identified during the audit and ensure that adequate and immediate action is taken to address them.
- ❖ Management must document processes for identifying, collating and verifying performance information, clearly documenting officials responsible for each aspect.
- ❖ MPAC should investigate all instances of unauthorized, irregular and fruitless and wasteful expenditure timeously to identify the responsible person, and there should be consequences for incurring this type of expenditure.
- ❖ Management should consider all contracts found to be irregular to determine whether these contracts can be cancelled and new procurement processes followed.
- ❖ Management to make sure that all planned targets in the SDBIP are achieved per KPA
- ❖ Management to develop a realistic procurement plan and forward planning to be developed and implemented.
- ❖ The municipal organizational structure to be realistic and all funded positions to be filled
- ❖ Management to develop a proper plan to spend all allocated grants and those from our on funding and fully implement it
- ❖ All outdated by-laws to be reviewed

Accordingly, MPAC requests council to;

- Approve the oversight report with recommendations
- That the Annual Report 2014/2015 be approved without reservations
- That the 2014/2015 Oversight Report of the Greater Giyani Municipality be made public in terms of section 129(3) of the MFMA, and;
- That the Oversight Report and Annual Report 2014/2015 be submitted to Provincial Legislature in terms of section 132(2) of the MFMA.



MPAC CHAIRPERSON

GREATER GIYANI MUNICIPALITY AUDIT COMMITTEE ANNUAL REPORT 2014/15

For and on behalf all the members of our esteemed Audit Committee (AC), I derive great pleasure and honour in presenting the annual audit committee report for the financial year 2014/2015 in accordance with the applicable legislative provisions.

1. Audit Committee Responsibility

The Audit Committee (AC) reports from May 2015, that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The AC also reports that it has adopted appropriate formal terms of reference as its AC Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

2. Audit Committee members and attendance

The AC, consisting of independent outside members listed below, meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. However, the Committee was only appointed in May 2015.

Name of Member	Number of meetings attended
SAB Ngobeni	2/2
R Shilenge	2/2
MN Chauke	2/2
HG Hlomane	2/2
MP Ramutsheli	2/2

3. The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work and during our quarterly interaction, which was based on the risk assessments conducted in the municipality revealed certain weaknesses, which were then raised with the municipality.

There has been an improvement in the system of internal control of the municipality and reducing qualification issues of previous year. There are several deficiencies in

the system of internal control and/or deviations there were reported by the internal auditors and the Auditor-General. In certain instances, the matters reported previously have not been fully and satisfactorily addressed. The AC notes management's commitment to correct the deficiencies.

4. In-Year Management and Monthly/Quarterly Report

The municipality has monthly and quarterly reporting system to the Council as required by the Municipal Finance Management Act (MFMA). Somewhat monitoring and reviews of performance information appears to have been review on the regularly basis.

5. Financial reporting

The AC interacted with the financial reports during the year and made amongst others the following resolutions:

- 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 reporting.
- Management should prepare regular, accurate and complete financial reports that are supported by reliable information.
- Management should implement controls over daily and monthly processing and reconciling of transactions.
- Management should ensure that financial information system is accurate and reliability.

6. Performance Management System

The AC reviewed functionality of the performance management system and there is a room of improvement in so as far as achievement of targets, monitoring of performance on regularly basis and fully implementation of performance management system as well as compliance with Framework for Preparation of Financial Information. The AC also interacted with the reasons for underachievement and proposed remedial against the underachievement of targets.

7. Risk Management

The AC is of the opinion that municipality's risk management appears to be progressive, and the municipality did implement a comprehensive risk management

strategy and related policies. However, considering some of issues highlighted by Internal audit and AC, there is a room for improvement in so far as capacitating the unit(including location of the unit), implementation of appropriate risk management activities to ensure that regular risk assessments including consideration of emerging risks, audit findings, and IT risks and fraud prevention.

8. Compliance with laws and regulations

A number of non-compliance with the enabling laws and regulations were revealed by Internal Audit during the year. Thus the AC recommends the development and implementation of comprehensive compliance system.

9. Internal Audit

The AC is satisfied with the effectiveness of Internal Audit; however there is a room for improvement in so far as capacitation of this unit. There are number of vacant positions within the unit.

10. IT Governance

The AC interacted with IT governance reports and noted there is a room for improvement in so far as designing and implementation of formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.

11. Leadership

Municipality Council did provide somewhat effective leadership based on a culture of honest and good governance.

12. AGSA action plan (2013/14)

Municipality developed the actions plans to address prior findings, however not all the AGSA findings were resolved as at 31 August 2015.

13. Evaluation of Financial Statements

- We have reviewed and discussed the draft annual financial statements prepared by the municipality before submission to the Auditor-General South Africa for audit.
- Noted that there were no changes significant in accounting policies and practices;

- Reviewed the municipality's compliance with applicable accounting framework (GRAP), legal and regulatory provisions.

14. Evaluation of draft Performance Report

- We have reviewed and discussed the draft annual performance report prepared by the municipality before submission to the Auditor-General South Africa for audit.
- Reviewed the reasons provided by management for material deviations from the planned targets.
- Reviewed the proposed remedial actions provided by management to address the issues of non-achievement of targets.

15. Final Audit and Management Letter issued by AGSA

The AC was not afforded an opportunity to interact with audit report and management letter issued by AGSA before issuing of report to management and Council as well as legislature. This is one area for serious improvement in future.

16. Litigations

AC interacted with the quarterly Litigation report prepared by management. AC noted that the municipality is a defendant in a number of claims, and they are opposing some of these claims. The ultimate outcome of these matters cannot be presently be determined due to the nature of these litigations, However, there is room for improvement in so far as monitoring and evaluations of legal service providers.

17. Financial Management

The AC remains concerned in respect of the revenue/debt collection and some of areas within the municipality that are not billed.

18. Conclusion

The AC wishes to acknowledge the commitment from Council, management and staff of the municipality. We would also like to thank the Mayor for his support, Councillors, senior management for their efforts and internal audit for their contribution.

A handwritten signature in black ink, consisting of the letters 'SAB' followed by a stylized flourish, all enclosed within an oval shape.

SAB Ngobeni (Mr)
Chairperson of the Audit Committee
Greater Giyani Municipality
12 January 2016

APPENDIX C– WARD INFORMATION

Ward Tittle: Ward Name (Number)

Capital Projects : Four Largest in 2014/15 (Full List at Appendix N)

R'000

No.	Project Name and Detail	Start Date	End date	Total Value
1	Giyani Section A (Nyagelani) upgraded from gravel to tar 5,7km by June 2015 (Ward No.12)	19/02/2014	11/09/2015	R34 299 588.85
2	Widening of 4, 6 km Streets to the CBD by June 2015 (Ward No. CBD)	31/01/2014	30/04/2015	R45 377 097.89
3	Section E Sports Centre constructed up to 60% by June 2016 (Ward no.11)	14/04/2015	15/10/2016	R25 273 456.15
4	Civic Centre Building, phase 2 constructed up to 60% by June 2016 (Ward No. CBD)	06/07/2015	16/12/2016	R45 463 177.24

Top Four Service Delivery Priorities for Ward (Highest Priority First)

No.	Priority Name and Details	Progress During 2014/15
1	Electrification of villages	
2	Municipal Roads	
3	Sport Facilities	2 sport facilities constructed and 1 was designed in 2014/15
4	Community facilities	1 community facility was designed in 2014/15

APPENDIX D: REVENUE COLLECTION PERFORMANCE BY VOTE

Vote Description	Re f	2013/14	Current Year 2014/15					
R thousand		Audited Outcom e	Origina l Budget	Adjuste d Budget	Actual	varia nce origin al budg et	variance adjustme nt budget	
<u>Revenue by Vote</u>	1							
Vote 1 - 605 EXECUTIVE & COUNCIL		–	–	–	–	–	–	–
Vote 2 - 611 - CORPORATE SERVICES		320	1 666	476	174	(1 492)	(302)	
Vote 3 - 610 - BUDGET & TREASURY		256 695	293 978	315 703	301 396	7 419	(14 306)	
Vote 4 - 615 - PLANNING DEVELOPMENT		438	428	436	511	83	75	
Vote 5 - 625 - COMMUNITY & SOCIAL SERVICES		7 868	9 712	9 595	9 129	(582)	(466)	
Vote 6 - 650 - INFRASTRUCTURE DEVELOPMENT		894	573	528	676	103	148	
Total Revenue by Vote	2	266 214	306 356	326 737	311 886	5 530	(14 851)	–

APPENDIX E: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Grants - excluding MIG						
Etails	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by the donor (continue below if necessary)
				Budget	Adjustment Budget	
MSIG	934 000.00	934 000.00	394 000.00	42%	42%	
EPWP	1 480 000.00	1 480 000.00	1 480 000.00	100%	100%	
MDRG	-	4 982 000.00	3 469 093.00	-	70%	
INEP	10 000 000.00	10 000 000.00	9 965 691.00	99%	99%	
FMG	1 600 000.00	1 600 000.00	1 600 000.00	100%	100%	

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

APPENDIX F (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

LIM331 Greater Giyani - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Actual expenditure	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>										
-										
<u>Infrastructure</u>		20937	1860	-	13 000	12987	-	21431	20000	10000
Infrastructure - Road transport	20937	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges	20937			-						
Storm water										
Infrastructure – Electricity	-	-	-	-	10 000	12287	-	19631	20000	10000
Generation										
Transmission & Reticulation					10 000	12287	-	19631	20000	10000
Street Lighting										
Infrastructure - Water	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other	-	860	-	-	3 000	700	-	1800	-	-
Waste Management										
Transportation	2									
Gas										
Other	3		1860		3 000	700	-	1800	-	-
<u>Community</u>		558	2730	2531	13 161	17009	16081	24427	13000	17224
Parks & gardens										
Sportsfields & stadia	558									
Swimming pools										
Community halls			1100		500	500	3570	8097	4000	-
Libraries										
Recreational facilities			1629	2531	10 461	12116	9783	12330	9000	17224
Fire, safety & emergency										
Security and policing										

Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries				1 000	3093	–	–	–	–	
Social rental housing	8									
Other				1 200	1300	2728	4000	–	–	
Heritage assets		–	–	–	–	–	–	–	–	
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	
Housing development										
Other										
Other assets		7302	1057 6	20455	28 413	21226	1112 7	26700	43895	25107
General vehicles				1184	700	700	603	2300	1050	1050
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		615		8137	8 750	10595	4214	11950	10300	16800
Computers - hardware/equipment		367			950	689	–	950	820	850
Furniture and other office equipment		156		684	1 150	1050	1007	1300	1325	1407
Abattoirs										
Markets		–	914							
Civic Land and Buildings		6162	3259	3127	850	3867	778	200	400	–
Other Buildings		–	3295	7322	16 013	4326	4527	10000	30000	5000
Other Land	3									
Surplus Assets - (Investment or Inventory)										
Other			3108							
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	28796	1516 6	22986	54 574	51222	2720 8	72558	76895	52331

<u>Specialised vehicles</u>	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									

APPENDIX H – CAPITAL PROGRAMME BY PROJECT BY WARD 20014/15

Capital Programme By Project By Ward 2014/15		
Capital Projects	Ward (s) Affected	Works Completed (Yes/No)
Water		
Project A		
Project B		
Sanitation/sewage		
Electricity		
Electrification of villages	Ward 03,07,23,28 & 4	All projects are completed (Yes)
Installation of 30 High mast	Ward 1-30	Project was on design stage (No)
Housing		
Refuse Removal		
Storm Water		
Widening of Access To Giyani CBD	Giyani CBD	Project completed (Yes)
Giyani Section A upgrading from gravel to tar	Ward 12	Project completed (Yes)
Nkuri Access road	Ward 05	Project completed (Yes)
Economic Development		
Sports ,Arts & Culture		
Giyani Section E sport centre	Ward 11	Project not Completed (No)
Homu 14B sport centre	Ward 10	Project not Completed (No)
Environment		
Upgrading of pound station at Dzingi-dzingi	Ward 7	Project completed (Yes)
Refurbishment of Giyani Cemetery	Ward 12	Project completed (Yes)
Health		
Safety & Security		

Service Backlogs :Schools and Clinics				
Establishment lacking basic services	Water	Sanitation	Electricity	Solid waste collection
				All schools in rural areas not serviced (collections done on adhoc basis)
Clinics (Names, Location)				
				All clinics in rural areas not serviced(Collection done on adhoc basis)

APPENDIX J: AG ACTION PLAN 2015/16

Greater Giyani Municipality

Qualified

Description of Finding	Finding is new or recurring	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Position	Progress	Narrative to Progress
Misstatements of opening balances were noted		Lack of adequate review of the annual financial statements prior to submission for audit	Detailed review of the annual financial statements before the submitting to AGSA	01-Jun-16	26-Aug-16	Maluleke R.H	CFO		
Suppliers employed by other organ of state were awarded contracts.		Lack of review and monitoring of compliance with applicable laws and regulations	<p>Adopt the process of investigation and then condonement with Treasury and Council.</p> <p>Verify if Directors of the companies are not employees of the state through DPSA or Treasury</p> <p>Include in the SLA a declaration of interest</p> <p>The advert should clearly indicate that, those who don't disclose will be penalized</p> <p>Blacklisting of companies that were found to be having directors who are</p>	11-Jan-16	30-Mar-16	Khoza J	Senior Accountant SCM		

employees of the state						
SCM bids were awarded to suppliers with the lowest preference awards	Lack of review of and monitoring of compliance	Investigate bid awarded to suppliers with lowest points and implement the recommendation. Adopt the process of condonement with Treasury and Council.	11-Jan-16	31-Mar-16	Khoza J	Senior Accountant SCM
Payments made to certain suppliers exceeded the contract amounts	Lack of review and monitoring of payments made to suppliers. Proper reconciliations not made.	Investigate payments made which exceed the contract and implement the recommendation Indication of the internal Memo of financial viability Monitoring of budget control activities (every form must be accompanied by purchase requisition form) Requisition form should have a section for budget amount and contract price. Include appointment letter, requisition form, contract and internal memo on all payments	11-Jan-16	31-Mar-16	Khoza J	Senior Accountant SCM
Land registered in the municipal valuation roll was not recorded in the asset register.	Lack of oversight over asset management controls	The Asset registers to be updated with all the identified land. Conduct monthly reconciliation asset register and valuation roll.	11-Jan-16	31-Mar-16	Maluleke R.H	CFO

		<p>Conduct land audit and identify all properties already sold and processed transfers</p> <p>Investigate all 'No name registered' properties and formalise ownership (supplementary valuation)</p>				
Land registered in the name of the municipality at Deeds Office was not recorded in the asset register.	Lack of oversight over asset management controls	<p>Update the asset register with all the land not in the asset register.</p> <p>Conduct monthly reconciliation of asset register and deeds office</p>	11-Jan-16	31-Mar-16	Maluleke R.H	CFO
Capital projects completed during the year were not transferred to the relevant class of assets in the asset register.	Lack of review of the completed capital projects and assets under construction.	<p>Investigate the non-submission of completion certificate of the identified projects and update the asset register. 2 copies of completion certificate for asset management unit and PMU</p> <p>conduct monthly reconciliation of asset register with monthly infrastructure progress report</p> <p>Final payment should only be paid with completion certificate</p> <p>Sectional completion certificate will be issued for cluster projects</p> <p>Completion certificate should indicate the phase for which the projects have been completed</p> <p>Monthly meetings of asset management steering</p>	11-Jan-16	31-Mar-16	Maluleke R.H	CFO

			committee(Technical service, SCM and Asset unit)				
No provision for rehabilitation of landfill site was made in the Annual Financial Statements.	New	Lack of oversight by management	Appoint an expert value to determine the provision on the landfill site rehabilitation for 2014/15 and 2015/16	30-May-16	30-Jun-16	Maluleke R.H	CFO
There are differences between the approved valuation and the information in the accounting system (pastel).		No reconciliations were performed on a monthly basis	Compile an overhaul supplementary valuation roll Reconciliation of the valuation roll with the system records used for billing	11-Jan-16	30-Mar-16	Muhlari N	Revenue Manager
Assets selected from the floor were not recorded in the asset register		Lack of oversight over financial and related internal control	Update the asset register monthly Establish asset verification team Conduct physical verification on a quarterly basis	11-Jan-16	31-Mar-16	Maluleke R.H	CFO
A backup and retention strategy that determines the types of information to be backed-up, backup cycles and methods for backing up data and systems, together with the period it should be retained, has not been implemented.		Lack of oversight	A backup and retention strategy to be implemented	01-Feb-16	30-Apr-16	Rapelego T	Manager IT

No processes were in place to ensure that the activities of the official (system controller) who granted user access to the financial system would be reviewed. The lack of reviews of system controllers' activities could lead to unauthorized access being gained to the system as activities of the controller might not be monitored.	Lack of oversight	Lack of independent reviews of the system administrator	01-Feb-16	30-Apr-16	Rapelego T	Manager IT
The municipality has 325 vacancies in positions which are critical to the operations of the municipality. The following positions have been vacant for more than 12 months.	Bloated, uncosted organisational structure. Delays in the hiring process	Reengineering of the organisational structure. Appoint budgeted vacant posts	01-Feb-16	30-May-16	Simango NS	Dir. Corp Serv.
The conditions of the lease were not enforced for the following housing agreements. No written notices were sent to the lessees in arrears and with overpayments.	Management did not adequately monitor and enforce the housing lease agreements.	Investigate all the lease agreements of municipal properties Issue letters of demand on outstanding debts Compile a register for all leases Monthly reconciliation of leases against collection or payment	11-Jan-16	31-Mar-16	Muhlari N Shivambu J	Revenue Manager and Payroll Manager

Discrepancies between the annual financial statements and underlying records	Lack of review of the AFS	AFS should be reviewed to correct disclosure deficiency	11-Jan-16	31-Mar-16	Maluleke R.H	CFO
No policy on skills retention and monitoring of the competency of staff is in place to ensure that skilled and competent staff are retained and assessed.	Lack of implementation of performance management system.	Cascading of performance management system to officials at levels 2-4.	01-Jan-16	30-Jun-16	Simango NS	Dir. Corp Serv.
Employees are only taken through the code of conduct on the date of appointment	Lack of training on code of conduct	Conduct trainings on code of conduct once a year	01-Feb-16	30-Jun-16	Simango NS	Dir. Corp Serv.
Employees qualifications verification not done regularly	Lack of oversight	Employees qualifications verifications to be done upon new employees appointment	01-Jan-16	30-Jun-16	Simango NS	Dir. Corp Serv.
Awards to close family members of persons in the service of state.	Lack of oversight in the compliance related controls	Adopt a process of investigation and condonement. MBD4 : verify if Directors of the companies are not employees of the state through DPSA or Treasury Include in the SLA a declaration of interest The advert should clearly indicate that, those who don't disclose will be penalized Blacklisting of companies that were found to be having directors who are employees of the state	11-Jan-16	31-Mar-16	Khoza J	Senior Accountant SCM

The municipality does not have a policy/strategy in place on the use of consultants	Lack of oversight	Design, implement and monitor the policy on the use of consultants	11-Jan-16	31-Jan-16	Maluleke R.H	CFO
The municipality does not have a formal approved and implemented policy and procedure in place with regards to a) Parameters to continuously measure the progress of contracts/consultants b) Qualitative and quantitative rating for the contracts /consultants on the services delivered.	Lack of oversight in contract management	Development of the procedure manual to manage contract from appointment till completion	11-Jan-16	31-Mar-16	Khoza J	Senior Accountant SCM
Contracts awarded by the municipality to suppliers were not appropriately monitored and managed and payment against the contract price was not verified:	Lack of oversight in contract management	The municipality will design and implement the contract management control policy	11-Jan-16	31-Mar-16	Khoza J	Senior Accountant SCM
Disclosure Note 13 to the Annual financial statements is information on the Retirement Benefit Obligation. Differences were noted between the content of the details disclosed therein	Lack of review of the AFS disclosures against the actuarial report	The annual financial statements will be reviewed prior to submission for audit and all errors will be corrected before annual financial statements are submitted for audit	11-Jan-16	31-Mar-16	Shivambu J	Payroll and Expenditure Manager

pertaining to Long Service Award/Bonus and the Actuarial Report.

Difference were noted between the retirement benefit obligation disclosed in the annual financial statements 2015 against Note 13 of the Annual Financial Statements	Lack of review of the AFS disclosures against the actuarial report	The annual financial statements will be reviewed prior to submission for audit and all errors will be corrected before annual financial statements are submitted for audit	11-Jan-16	31-Mar-16	Maluleke R.H	CFO
Differences were noted between the annual financial statements balance and the client prepared schedule	Lack of review of the AFS against the supporting documentation	The annual financial statements will be reviewed prior to submission for audit and all errors will be corrected before annual financial statements are submitted for audit	11-Jan-16	31-Mar-16	Muhlari N	Revenue Manager
Contrary to the requirements of GRAP 24, budget information have not been disclosed in the annual financial statements of the municipality	Lack of review of the AFS	The draft annual financial statements will be independently reviewed for accuracy and completeness, and compliance with the requirements of the reporting framework.	08-Aug-16	26-Aug-16	Mashau N	Budget and Reporting Manager
Final budget amounts in the Statement of Comparison of Budget and Actual Amounts do not agree to the final	Lack of adequate review of the AFS	The annual financial statements will be reviewed prior to submission for audit and all errors will be corrected before annual financial statements are submitted	08-Aug-16	26-Aug-16	Mashau N	Budget and Reporting Manager

<p>budget amounts as per the approved budget Casting error was the root causes</p> <p>for audit</p>						
Contrary to the requirements of the reporting framework of GRAP 104, the risk management disclosure is not line with requirements of GRAP 104.	Lack of adequate review of AFS	The draft annual financial statements will be independently reviewed for accuracy and completeness, and compliance with the requirements of the reporting framework.	08-Aug-16	26-Aug-16	Mashau N	Budget and Reporting Manager
It was noted that surplus for the year in the current year annual financial statements does not agree with amount as per the prior year opening balance taking into consideration the prior year adjustments	Lack of Adequate review of AFS	The annual financial statements will be reviewed prior to submission for audit and all errors will be corrected before annual financial statements are submitted for audit	08-Aug-16	31-Mar-16	Mashau N	Budget and Reporting Manager
Balance as per assets register does not agree with annual financial statements	Lack of adequate review of the AFS against the Asset register.	The assets register will be reconciled with the annual financial statements	08-Aug-16	26-Aug-16	Mashau N	Budget and Reporting Manager

Differences were noted between the amount for work in progress in the general ledger and work in progress in the annual financial statements (Note 9)	Lack of review of the general ledger and the trial balance/AFS	Reconciliation between the work in progress in the general ledger and annual financial statements will be performed at year end to ensure that accurate financial information is presented in the annual financial statements	11-Jan-16	30-Jun-16	Mashau N	Budget and Reporting Manager
Movable assets purchased during the current financial year were not recorded in the assets register and annual financial statements	Lack of review of the asset register	Reconciliation will be performed on a monthly basis between the asset register and capital expenditure report	11-Jan-16	30-Jun-16	Mashau N and Maluleke R.H	Budget and Reporting Manager AND CFO
Differences were noted between the opening balances and prior year closing balance	Lack of Adequate review of AFS	The annual financial statements will be reviewed prior to submission for audit and all errors will be corrected before annual financial statements are submitted for audit	08-Aug-16	26-Aug-16	Mashau N	Budget and Reporting Manager
The review of the asset register for movable assets revealed multiple different and in certain instances same assets with the same asset numbers. Furthermore we noted that the municipality does not bar code the municipal vehicles but uses their vehicle	Lack of adequate review of the Asset Register	A pivot table on excel asset registers will be created and filtered for individual assets that have multiple asset numbers. All discrepancies will be investigated and resolved monthly.	11-Jan-16	30-Jun-16	Maluleke R.H	CFO

number plate as asset identification numbers.						
Inconsistency was noted between the accounting policy note 1.4 as per the Annual Financial Statements and the Asset Management Policy, Part 33 Annexure: Fixed Asset Lives	Lack of adequate review of the Asset register	The useful lives of assets per the accounting policy will be aligned to the useful lives per the asset management policy approved by council. Any changes thereof should be properly approved and correctly accounted for in accordance with GRAP 3	11-Jan-16	31-Mar-16	Maluleke R.H	CFO
The review of the asset register for movable assets revealed that there are assets without asset numbers	Lack of adequate review of the Asset register	Proper asset verification will be performed by the Asset management Section and all asset without bar codes will be allocated with new bar codes	18-Jan-16	30-Jun-16	Maluleke R.H	CFO
On review of the municipality asset register, assets were recorded in the register without locations	Lack of adequate review of the asset register	Proper asset verification will be performed; all discrepancies will be investigated and resolved	18-Jan-16	31-Mar-16	Maluleke R.H	CFO
Differences were noted between immovable assets additions as per capital expenditure reports as per general ledger and	Lack of review of the AFS disclosures against the actuarial report	Reconciliation will be performed on a monthly basis between the asset register and capital expenditure report	18-Jan-16	31-Mar-16	Mashau N and Maluleke R.H	Budget and Reporting Manager AND CFO

the asset register

Motor vehicles and plant & equipment have been incorrectly classified and recorded as Furniture and fixtures, these is in contravention of accounting reporting framework

Lack of adequate review of the asset register

A review of the asset register will be performed and all discrepancies will be resolved

18-Jan-16 31-Mar-16

Mashau N

Budget and Reporting Manager

Payments were made to suppliers without any authorization and others were made by officials who were not delegated in writing to authorize payments from the municipality's accounts.

Lack of oversight on controls regarding authorisation

The Municipality will develop a financial delegation of authority for all payments to ensure that all payments made are duly authorized in terms of the municipal finance management Act.

18-Jan-16 31-Mar-16

Shivambu J

Payroll and Expenditure Manager

VAT input was claimed on an invoice in which the service provider did not charge any VAT on the invoiced amount.

Lack of adequate review.

100 percent examination of invoices paid to attorneys will be examined and all discrepancies will be corrected

18-Jan-16 31-Mar-15

Shivambu J

Payroll and Expenditure Manager

Differences were noted between general ledger and trial balances for current assets.

Lack of adequate review

The annual financial statements will be reviewed prior to submission for audit and all errors will be corrected

18-Jan-16 30-Jun-16

Mashau N

Budget and Reporting Manager

		before annual financial statements are submitted for audit				
The municipality does not have any documented standard operating procedures in place to collect, collate and report on each individual indicator and target for the performance management systems.	Lack of Indicator Procedure Manual	Development of Indicator Procedure Manual	01-Jan-16	30-Mar-16	Rikhosto MJ	Manager PMS
Performance indicators in annual performance report not consistent with the SDBIP	Lack of review of draft annual performance report before approval	Management to review annual performance report before approval	01-Jan-15	31-Jan-15	Rikhosto MJ	Manager PMS
Annual performance report were not consistent with the SDBIP	Lack of review of draft annual performance report before approval	Management to review annual performance report before approval	01-Jan-15	31-Mar-15	Rikhosto MJ	Manager PMS
Annual performance indicators report were not well-defined	Lack of review of SDBIP before approval	Draft SDBIP to be developed along with the draft IDP and submit to oversight for review	01-Jan-16	30-Mar-16	Rikhosto MJ	Manager PMS
annual performance targets were not specific and measurable	Lack of review of SDBIP before approval	Draft SDBIP to be developed along with the draft IDP and submit to oversight for review	01-Jan-16	30-Mar-16	Rikhosto MJ	Manager PMS
annual performance indicators not relevant	Lack of review of SDBIP before approval	Draft SDBIP to be developed along with the draft IDP and submit to oversight for review	01-Jan-16	30-Mar-16	Rikhosto MJ	Manager PMS

Reliability of the annual performance report	Lack of review of the annual performance report	Management to review annual performance report before approval	01-Jan-16	30-Mar-16	Rikhosto MJ	Manager PMS
Controls are not in place to align and implement municipal targets to those of national	Lack of oversight to align the municipal targets with those of national	Develop and implement approved priority list of roads infrastructure renewal and routine maintenance projects.	01-Jan-16	30-Mar-16	Mathebula P.M	Director Technical Services
The municipality did not lodge the annual report copy for proof-reading by the Auditor General to ensure that the annual financial statements and the auditor's report are accurate prior to the final report being published and tabled before Council and the public.	Lack of oversight: receipt of acknowledgement letter from AGSA as proof of submission	Acknowledgement letter to be sought when submitting in future	01-Jan-16	25-Jan-16	Rikhosto MJ	Manager PMS
Contrary to the requirements of the reporting framework, consumer debtors was not disclosed in terms of GRAP 23 Paragraph 111	Lack of adequate review	The Annual Financial Statements were adjusted to comply with the reporting requirements of GRAP 23 paragraph 111(b).	08-Aug-16	26-Aug-16	Mashau N	Budget and Reporting Manager

Pastel and Payday systems did not interface, resulting in the suspense account not cleared at year end. The balance should not have been classified as a receivable at year end as there is no breakdown on the take-on balance which happened years ago. The affected account was other receivables (payroll) amounting to R9 552 796	Lack of oversight over financial and related internal controls	A provision amounting to R 9 552 796 has been provided in the annual financial statements The municipality will seek council approval for the write offs of the amount	18-Jan-16	30-Mar-16	Mashau N	Budget and Reporting Manager
Differences were identified between the annual financial statements balance and the client prepared schedule:	Lack of oversight and financial and internal related controls	The annual financial statements will be reviewed prior to submission for audit and all errors will be corrected before annual financial statements are submitted for audit	18-Jan-16	30-Mar-16	Mashau N	Budget and Reporting Manager
Misstatement was identified between the interest received as per the bank statements and the annual financial statements	Lack of oversight and financial and internal related controls	The annual financial statements will be reviewed prior to submission for audit and all errors will be corrected before annual financial statements are submitted for audit	08-Aug-16	26-Aug-16	Mashau N	Budget and Reporting Manager
No reconciliation was performed between property valuation rolls to the accounting system (PASTEL).	Lack of oversight and financial and internal related controls	Reconciliation between the manual valuation roll and Pastel system will be performed	18-Jan-16	30-Mar-16	Muhlari N	Revenue Manager

Differences identified in the assessment rates billed to customers						
Misstatements were identified in water service charges recalculations	Lack of oversight and financial and internal related controls	The total population will be examined and all discrepancies will be resolved	18-Jan-16	30-Mar-16	Muhlari N	Revenue Manager
Service charges accounting policy is stated in the annual financial statements where the municipality refers to electricity services, whereas the municipality does not provide electricity services to the customers:	Lack of oversight and financial and internal related controls	The annual financial statements will be reviewed prior to submission for audit and all errors will be corrected before annual financial statements are submitted for audit	18-Jan-16	30-Mar-16	Mashau N	Budget and Reporting Manager
Management did not develop a performance evaluation system		All employees appointed by Council to Act on Section 54&56 positions to sign performance agreements	01-Jan-16	30-Jun-16	MM / Mayor	Chamaan o MC / Clr. Hlungwan i MP



