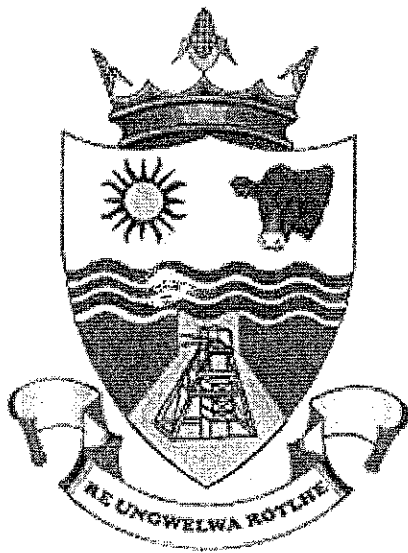


# JOE MOROLONG LOCAL MUNICIPALITY



JOE MOROLONG  
LOCAL MUNICIPALITY

## ANNUAL REPORT 2013/14

### VOLUME 1

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## **VISION**

A healthy and prosperous local community with equal access to basic services and sustainable development opportunities

## **MISSION**

We commit ourselves to develop communities in a sustainable and democratic manner, within the scope of affordability, with reference to:

- Participation in all decisions affecting their lives
- Basic service delivery by the municipality
- Socio-economic development opportunities within a safe and healthy environment

## MUNICIPAL MAYOR'S FOREWORD

It is with great pleasure that the Council hereby present to the communities of Joe Morolong and our entire stakeholder the Annual Report 2013/14.

In the year 2013/14 as the Municipality we have been working tirelessly to ensure that the lives of our people improve and that service delivery needs are addressed.

We must admit that Our Municipality has improved drastically at this front; there have been a number of progressive improvements especially in our Infrastructural projects. To mention few, over R42 Million was spend in 100 completed projects, in order to decrease the existing water backlog. Over R10 Million was also spent on refurbishment of existing water infrastructure. The Access Road from N14 to Camden was tarred with a total cost of over R12 Million. This was done through SLP funding.

Our Municipality has also established a Call Centre which operates around the clock for the Communities of Joe Morolong, for queries and complaints to be attended as a matter of urgency. An Audit Action Plan with all corrective measures has also been developed to address all Audit Findings of the previous Financial Year. We are proud to announce that the Financial Statement was done internally, whereby in the previous years, this was been done by Consultants.



With this and more, It is with great jubilation to pronounce that Joe Morolong Local Municipality received a QUALIFIED audit opinion after 7 years of receiving a DISCLAIMER audit opinion which is a clear indication that there has been a number of improvement and progress in leadership, management and compliance. Jestingly one would say there has been a real resuscitation in the way things were being done from previous financial years.

A lot still needs to be done in addressing all our challenges. We strongly believe that there is a need for an integrated solution from Government, Stakeholders, NGO's and Communities to address service delivery backlog.

I would like to acknowledge the Speaker, Executive Committee Members and all Councillors who inherited leadership responsibility and took it in their strides. I believe in unison let us continue to serve our people and move this Municipality to even greater heights.

Let me extend my gratitude to all stakeholders, sector departments that worked side by side with the Municipality in our effort to deliver services to the people.

Lastly, On behalf of Council let me also appreciate the Accounting Officer and His Administration Team who have dedicated themselves to the realisation of the vision of Joe Morolong Local Municipality

Thank You

Re a leboga

Baie Dankie

## **Municipal Manager's overview**

We have great pleasure in introducing the 2013/14 Annual Report of the Joe Morolong Local Municipality which is both a legislative and accountability requirement. In terms of Section 46 of the Local: Municipal Systems Act No. 32 of 2000 as amended and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No 56 of 2003, the Municipality must prepare an Annual Report for each financial year and the Mayor must table it within seven months after the end of each Financial Year.

The year under review had its share of successes and challenges from an administrative perspective. However, the Council has continued to strive towards the realisation of its vision to be "a wealthy and prosperous local community with equal access to basic services and sustainable development opportunities" which:

- ✓ Promotes a culture of good governance;
- ✓ Provides effective and efficient municipal services;
- ✓ Invests in the development and retention of human capital to service the local community and its community;
- ✓ Promotes social and equitable economic development;
- ✓ Ensures municipal sustainability and financial viability;
- ✓ Creates a safe and healthy environment; and
- ✓ Places Batho-Pele principles at the centre of service delivery

It is clear that Joe Morolong Local Municipality has achieved major success during the past years – in many instances under very difficult circumstances. There was no magic in achieving this but it was through becoming committed, dedicated and think positive for positive results. There were many lessons to be learnt along the road. The municipality is, however, now much better equipped and geared towards service delivery than before. Given the current institutional memory, human resources and financial capacity of the Municipality, the IDP seeks to harness synergies and opportunities in the advances made towards the realization of the all-important goal of a better life for all.

In its history, the Municipality has experienced a number of challenges with respect to audit opinions received, clearly illustrating the necessity to implement a vigorous turnaround strategy. The Auditor General has expressed a qualified opinion for Joe Morolong Local Municipality for financial year 2013/14. The audit opinion from the previous seven financial year was a disclaimer opinion.

The well-functioning of the Municipality is based on efficiency and

effectiveness of resources which include the personnel and the equipment being used. The commitment was demonstrated by both Officials and the Honourable Councillors. In our Municipality we strongly observe the MFMA which regulates the way in which Municipal funds should be managed.

As a rural based Municipality with huge population we are always hoping to get assistance if possible from the National Treasury through the help of Auditor-General to fund our activities. As a rural Municipality we are not generating much revenue, this has negative impact on service delivery because the needs of the people are more than the revenue we get and the majority claim to be indigent relief.

Other challenges involves lack of housing, high rate of unemployment, poverty and crime. In ensuring that we fulfil our constitutional mandate as per chapter 7 of the Constitution of the Republic of South Africa, 1996 and Chapter 4 of Local Government: Municipal Systems Act (Act 32 of 2000) we call community meetings. These are not just mere meetings but allowing public to chart the way forward for our primary planning tool. They also play an imperative role in enhancing the IDP and also give Council through the use of Officials an opportunity to be problem solvers.

Joe Morolong Local Municipality will continue strive to satisfy the needs of the communities, capacitate employees and Councillors, and utilize our limited resources for the benefit of all. In an endeavour to enhance our service delivery in various departments we make sure to employ skilful people to perform services for which they are employed.

Working with political leadership, administration, and other organizations and stakeholders, I am confident that we will be able to accelerate service delivery, and ensure that we create a today that is better than yesterday and a tomorrow that is better than today.

On behalf of the Management of Joe Morolong Local Municipality we wish to express our appreciation for the political leadership and guidance given by the Speaker of Council, the Mayor and Executive Committee and the Councillors at large during this period. The dedication and support from management and the staff in general have made it possible to achieve the milestones covered thus far.

## **MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

### **Key performance Areas (KPAs)**

- Municipal transformation and institutional transformation
- Local Economic Development (LED)
- Basic Service Delivery
- Financial viability and financial management
- Good governance and community participation

### **Powers and Functions of the Municipality**

The mandate of the municipality as contained in section 152 of the Constitution is:

- To provide democratic and accountable government for local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment
- To encourage the involvement of communities and community organizations in matters of local government

### **Functions that we perform as a Municipality**

- Cemeteries
- Municipal Planning
- Local Tourism and LED
- Sanitation
- Local Sports facilities
- Municipal roads
- Public spaces
- Street lighting
- Water reticulation
- Operation and maintenance of water

- Environmental awareness campaigns
- Fire fighting

## DEMOGRAPHICS

Joe Morolong population, 2001 - 2011

Population group	2001	2011
Black	95 584	86 341
Coloured	1 183	1 754
Indian/Asian	19	237
White	1 160	1 045
<b>TOTAL</b>	<b>97 946</b>	<b>89 377</b>

(Census Report: 2011)

The incorporation of Vanzylsrus and Hotazel has increased the geographical area of the municipality. Census 2011 shows that the population has decreased as a result of people migrating to Gasegonyana and Gamagara, being closer to business centre.

The rural nature of the Joe Morolong municipal area has implications in a variety of areas and concerns. The *first* is the obvious need for the Municipality to respond to service delivery in terms of Government's policy framework for the upliftment of previously disadvantaged communities.

In this regard, target groups would include blacks, with women, youth and persons with disabilities as target groups. The *second* implications of the composition of the population are in terms of the staff establishment. The *third* one is lack of economic opportunities in the municipal area, and the *fourth* and last implication is the vastness of the area.

## HOUSEHOLDS

The total number of households in the Municipality is **23 707**

Households

HOUSEHOLDS	NUMBER OF HOUSEHOLDS	%
Female headed	12 016	50.7%
Male headed	11 447	48,3%
Child headed	244	1,0%
<b>TOTAL</b>	<b>23 707</b>	<b>100%</b>

(Source: Census 2011)

## HUMAN CAPACITY DEVELOPMENT

Education level

EDUCATION LEVEL	NUMBER
No schooling	10 204
Some primary school	11 887
Completed primary school	2 324
Some Secondary school	12 384
Grade 12	5 986
Higher education	1 823

(Source: Census 2011)

## KEY ECONOMIC DRIVERS IN THE MUNICIPALITY

Mining and Agriculture are the largest contributing factors in terms of the economy in the Municipality.

### Employment: Industry

Sector	Number of jobs created
Agriculture related work	720
Manufacturing	144
Mining , Quarrying	471
Electricity, gas, water	116
Construction	283
Wholesale, Retail	432
Transport	122
Business services	100
Community services	1 693
Undetermined	87 171

(Source: Municipal Demarcations Board)

## EMPLOYMENT

### Employment statistics

Category					
Employed	Unemployed	Discouraged work seeker	Other not economically active	Not applicable	Total
7 828	4 912	6 200	29 569	41 022	89 530

(Source: Census 2011)

### **Challenges facing our municipality**

- High unemployment rate
- High illiteracy amongst the community
- Conditions of roads
- Lack of proper public transport
- Inability to generate sufficient revenue
- High number of indigents
- Community protests
- Shortage of water

### **Opportunities**

- Thriving mining industry which contributes into the GDP of the country
- Growing agricultural sector
- Growing tourism industry

## SERVICE DELIVERY OVERVIEW

We are obliged as a municipality to provide quality services to the communities within our municipal jurisdiction. As local municipality we are committed to making the lives of our citizenry better.

We have been able to provide services to the people as per our mandate. Our indigents have been receiving their free basic water and electricity without any hindrance. The collection of refuse in Hotazel and Vanzylsrus has been improved and we are collecting waste twice on a weekly basis.

We have improved in not only our tracing of debtors but we have also been able to bill timeously and this has impacted positively on our ability to collect revenue and it has increasing our collection rate.

Environmental awareness campaigns have contributed to the community understanding the importance of preserving their natural resources and their role in the environment.

The implementation of the LED policy by Council has propelled us to ensure that our local entrepreneurs are not only identified but developed and empowered for them to participate in the growth of the economy of our local municipality

Cooperatives were trained to broaden the economic participation of our economy and 20 emerging contractors were sub-contracted in municipal infrastructure projects, we are confident that in the next financial year we will increase the number of emerging local sub-contractors for more to participate.

We were able to ensure that majority of villages have access to clean and drinkable water, as this is a basic need for all citizens.

Establishment of youth forums has assisted the municipality to interact with young people, both out of school, unemployed, employed and those in business as it is a structure that deals with challenges facing young people in our locality.

Functionality of ward committees has assisted the municipality to foster a close

relationship with the community and community organizations and in identifying service delivery challenges and attending to them speedily.

### **Achievements**

- We have 15 functional ward committees.
- All Youth Forums executive have been inducted
- 11 cemeteries were fenced, toilets installed and cleaned: Bendel, Gasehunelo wyk 9, Dithakong, Glenred, Montsheng (no toilets), Cassel, Matlabanelong, Gasese, Shalaneng, Loopeng (Slough), Permonkie and Bothitong only toilets were installed.
- 10 cemeteries were fenced in the following villages: Colston, Gatswinyane, Ditharapeng, Motlhoeng, Kokfontein, Kome, Dinokaneng, Suurdig, Mathanthanyaneng and Sehakong
- Temporary learners license class was renovated
- Traffic examiners were taken to Gamagara Local Municipality for in-service training
- 20 Cooperatives were trained in Basic Business Skills
- Construction of bulk water infrastructure in Heuningvlei is 87% complete
- Water supply in Drieloop, Niks, Kganung and Kokonye was completed 100%
- Extension of water network in Gadiboe was 85% complete and Gamakgatle is 87% complete
- Refurbishment of existing water networks in Joe Morolong is 100% complete
- 427 units of Ventilated Pit Latrines were erected in 3 villages: Ellendale, Gamadubu and Tzaneen
- Construction of Makhubung internal road is 70% complete
- Upgrading of access tarred road N14 to Camden via Khankhudung phase 1 & 2 is 100% complete
- 265 job opportunities were created through EPWP
- 1 248 job opportunities were created within our jurisdiction by municipality, sector departments and SLP funded projects.

## Challenges

- Sporadic community protests

## FINANCIAL OVERVIEW

The results of the financial performance and position of the municipality gave an indication of the improvement on the effectiveness and efficient use of the resources to deliver on the municipality's constitutional mandate.

This has been a challenge due to lack of financial staff in the department. There will be improvement in terms of effective and efficient management of financial affairs of the municipality as the staff compliment in finance has been increased with skilled officials.

Municipality showed an improvement in terms of submitting Annual Financial Statement to the Office of Auditor General on due date as per MFMA sec 126 and the audit opinion from Disclaimer to Qualified. The municipality intends on improving the opinion further to unqualified opinion for the coming years.

The municipality, being a rural and having a high level of unemployment, it is faced with a challenge of generating revenue. Despite the challenges faced in terms of revenue streams and ability to spend according to service delivery and budget implementation plan, the municipality manages to maintain focus on key service delivery areas in spending on infrastructure projects to deliver basic services to the community.

The implementation of infrastructure and other related projects in the current financial year reflects fairly good as most of the projects have been completed timeously with the exception of a few projects to be completed early in the new financial year.

The municipality spent and will continue to spend all its allocations according to the conditions as set out in the DoRA. Constant reporting on all grants expenditure will be continued.

## ORGANISATIONAL DEVELOPMENT OVERVIEW

### Organisational Structure

The structure of the municipality was reviewed during this financial year and adopted by Council. During the review of the structure all relevant stakeholders were involved and no challenges were experienced. During the review process, a need was identified for the creation of addition positions. This was basically as a result of an extended mandate of achieving services delivery.

2 employees went on pension and 1 employee resigned.

Training: The amount of R 650 000, for 39 employees including Councilors

During the year under review, the municipality had no financial misconduct cases to deal with Schedule 2 (Code of conduct for Municipal officials) Section 4 (2) of the Local Government: Municipal Systems Act, 32 of 2000.

All the Heads of Departments signed Performance agreements as per the Local Government Municipal Systems Act, (Act 32 of 2000).

There are 152 employees in the Municipality. The total number of posts as per the approved structure is 234 and there are 98 vacancies.

#### Staff establishment as at 30 June 2014

Department	Incumbents	Vacancies	Total ( Approved posts)
Corporate services Department	29	04	33
Municipal Manager (Mayor, Speaker and MM)	16	05	21
Community Services	22	16	38
Technical Services Department	53	40	93
Finance Department	26	14	40
Planning and development Department	06	03	09
<b>TOTAL</b>	<b>152</b>	<b>98</b>	<b>234</b>

### **Filling of vacant posts**

**The following positions were filled during the current financial year**

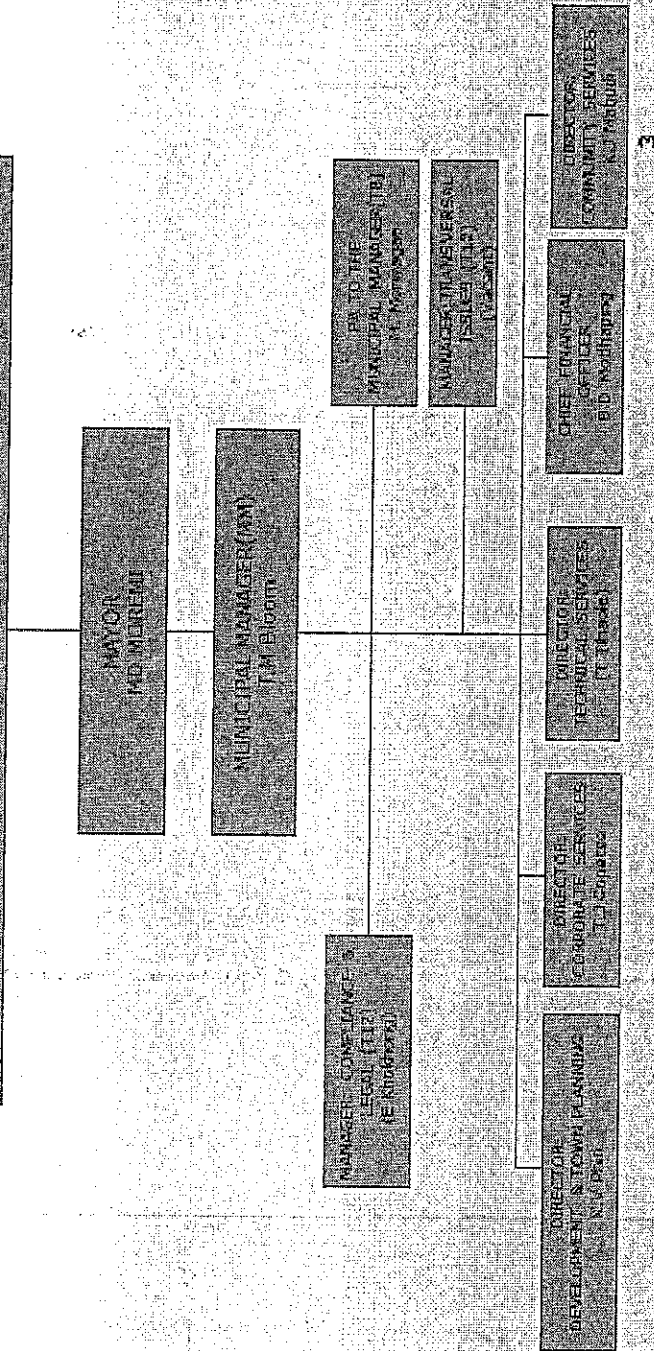
- ❖ Asset Clerk
- ❖ Payroll Clerk
- ❖ Superintendent (Water Quality)
- ❖ Manager: Supply Chain
- ❖ Cashier
- ❖ Finance interns (05)
- ❖ Accountant: Expenditure
- ❖ Electrician Technician
- ❖ Technician (Water and Sanitation)



# ADMINISTRATION ORGANOGRAM

DETAILED EXECUTIVE STRUCTURE FOR JOE MOROLONG LOCAL MUNICIPALITY

## JOE MOROLONG ADMINISTRATION



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## POLICIES ADOPTED BY COUNCIL

Policies adopted by Council in 2013/2014

NAME OF POLICY	DEPARTMENT
Tariff policy	Finance
Fruitless and Wasteful Expenditure Policy	
Inventory Management Policy	
Credit Control and Debt Collection Policy	
Cash shortage policy	
Bad Debt Write-Off Policy	
Petty Cash Policy	
Asset Management Policy	
Banking and Investment Policy	
Budget, Funding, Reserves and Virement Policy	
Indigent policy	
Fixed Assets Management policy	
Risk management	
Supply Chain Management policy	
Confidentiality Policy	Corporate Services
Fraud and Corruption Policy	
Confidentiality Policy	
Internet Acceptable Usage Policy	
Sexual Harassment Policy	
Physical Protection of IT Facility Policy	
Housing Allowance Policy	
Bereavement/Funeral Policy	
Patch Management Policy	
Reviewed Bursary Policy	

Server Baseline Policy	
Network and Security Management Policy	

Policy and Guidelines for Social Media Interactions and Usage	MMs Office
Branding Policy	

### INJURIES ON DUTY AND SUSPENSIONS

There were no injuries on duty in the year under review. There were no suspensions.

### SKILLS DEVELOPMENT AND TRAINING

#### Training

Course name	Service provider	Total trained (officials)	Total trained (Councillors)
MFMP	Triads Management Services	13	
HR Leave	Sebata FMS	04	
HR and Payroll	Sebata FMS	03	
Health and Safety	Department of Labour	13	
Local Government Law and Administration	Fort Hare University	01	05
<b>Total</b>		<b>34</b>	<b>05</b>
<b>Overall total</b>		<b>39</b>	

## AUDITOR-GENERAL'S REPORT

In terms of section 126(1) of the MFMA the accounting officer of a municipality must prepare the annual financial statements within two after the end of the financial year and submit to the office of the Auditor General for auditing purposes.

The Auditor General must audit the financial statements and submit an audit report on those statements to the accounting officer within three months of receipt of the statements. The district municipality's financial statements has been submitted by 31 August 2014 to the office of the Auditor General and the final audit report has been received by the accounting officer on 30 November 2014 as required in terms of the above mentioned legislation.

The audit has been conducted in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) general notice issued and the International Standards on Auditing. The standards require the auditor to comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the local municipality's financial statements are free from material misstatement.

The municipality improved on the previous year's audit outcome. The municipality received a qualified audit opinion.

## STATUTORY ANNUAL REPORT PROCESS

No.	ACTIVITY	TIME-FRAME
1	Consideration of the next financial year's budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting)	
3	Finalize the 4 <sup>th</sup> quarter report for the previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	

6	Audit/performance committee considers draft Annual Report of municipality and entities (where relevant)	August
7	Mayor table unaudited Annual Report	
8	Municipality submits draft Annual Report including consolidate annual financial statements and performance report to Auditor-General	
9	Annual Performance Report as submitted to the Auditor-General to be provided as input to the IDP Analysis Phase	
10	Auditor-General assess the draft Annual Report including consolidated Annual Financial Statements and Performance data	September – October
11	Municipalities receive and start to address the Auditor-General's comments	November
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's report	
13	Audited Annual Report is made public and representation is invited	
14	Oversight committee assess the Annual Report	
15	Council adopts oversight report	March
16	Oversight report is made public	
17	Oversight report is submitted to relevant Councils	
18	Commencement of draft Budget/IDP finalization for the next financial year. Annual Report and Oversight Report to be used as input	July

The annual report is intended to inform Council and the community about how we have performed as municipality financially and in achieving our targets as clearly set out in our IDP and SDBIP.

This report will also highlight our achievement, challenges and areas that needs improvement.

Our successes are real and measurable and the fact that we were able to complete some of our infrastructure project is a pride to us, as it contributes not only to service delivery but as a stimulant for an increase in the economic activities.

IDP remains a critical tool that we utilize to plan for our short, medium and long term objectives. This annual report will highlight our improvement in performance and financial management.

## **CHAPTER 2**

### **GOVERNANCE**

#### **POLITICAL GOVERNANCE**

The Joe Morolong Local Municipality Council is the highest decision making organ and it governs the Municipality. Council is responsible for developing policies and plays an oversight role over the implementation of those policies.

The governance system of Joe Morolong Local Municipality is a collective executive system combined with ward participatory system, which has section 80 committees (Finance, HR and Administration, Infrastructure, Development and Town Planning, Community Services, MPAC and Audit Committee which is a shared service with the John Taolo District Municipality).

The Mayor head municipality and fulfils this task by working together with the councilors. The Mayoral committee is functional and it ensures that there is integration of the work of Council between portfolio committee and respective departments.

The Municipal Council comprises of the governing and decision making body of the Municipality whilst the municipal officials focus on the implementation of the Council resolutions. Council determines the direction of the Municipality by setting the course through the development of IDP and allocation of resources. Council develops policies and the responsibility of the municipal staff is to ensure that those policies are implemented.

#### **AUDIT COMMITTEE**

##### **Committee composition**

The Audit and Performance Committee is established in accordance with the prescripts of the MFMA no.56 of 2003, section 166.

Our audit committee is a shared service/function with all municipalities in the John Taolo Gaetsewe District. The Committee is comprised of five (5) independent members as at

June 2014, members are neither in the employ of the municipality nor political office bearers.

#### **Names and qualifications of members**

<b>NO</b>	<b>NAMES</b>	<b>DESIGNATION</b>	<b>QUALIFICATION(S)</b>
1	Mr I.A Kekesi	Chairperson	B.Sc (Ed) B.Ed M. (Ed)
2	Mrs MM Motlhabane	Member	LLB University Diploma in Education LLM (Labour Law)
3	Mr. AL Kimmie	Member	B. Compt (Honours) MBA
4	Mr. SAB Ngobeni	Member	B Com Accounting B.Compt Masters in Commerce (Taxation) MBA P.h.d (1 <sup>st</sup> year) (Corporate Gov.)
5	Ms. L Dlamini	Member	B.Compt (Honours)
6	Ms C Van Wyk	Secretary	

The secretary of the committee Ms. Van Wyk is not an elected member of the committee, she just provides administration support to them.

#### **Number of meetings held and attendance**

<b>MEMBER</b>	<b>NO. OF SCHEDULED MEETINGS</b>	<b>NO. OF MEETINGS ATTENDED</b>
Mr I.A Kekesi	05	05
Mrs MM Motlhabane	05	02
Mr. AL Kimmie	05	04
Mr. SAB Ngobeni	05	01
Ms. L Dlamini	05	04

Mrs. MM Motlhabane and Mr. AL Kimmie resigned as a members of the Audit Committee during this financial year.

**Primary functions of the audit committee include:**

- Monitoring the integrity of Council financial statements
- Reviewing the effectiveness of Council's internal control and risk management
- Overseeing the relationship between management and the municipality's external auditors
- The Committee will make recommendation to management via Council, resulting from activities carried out by the Committee in terms of the reference
- The compilation of reports to Council, at least twice during a financial year
- To review the quarterly reports submitted to it by the Internal Audit
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation
- Review audit results and actions plans implemented by management; and
- Making recommendations to Council and also carrying out its responsibility to implement the recommendations.

## Municipal Public Accounts Committee (MPAC)

MPAC was established in terms of section 79 of the Municipal Structures Act, 117 of 1998 by Council on the 04th May 2012. (Resolution. No.: 68/2012).

The committee is composed as follows

NAME	DESIGNATION
Cllr Sephekolo G.M.	Chairperson
Cllr Moslapoe K.J.	PR Councillor
Cllr Nhlapo M.M.	PR Councillor
Cllr Molawa M.E.	Ward Councillor
Cllr Moagi O	Ward Councillor
Cllr Kgopodithata O.H	Ward Councillor
Cllr Mokweni N.	Ward Councillor
Cllr Matshidiso S.	Ward Councillor

Cllr Nhlapo resigned as Councillor of the Municipality and therefore ceased to be a member of the Council and MPAC, he was replaced by Cllr Mathomantsho.

**MPAC did consider the contents of the 2012/2013 Annual Report and along with the Audit and Performance Committee submitted a report to Council.**

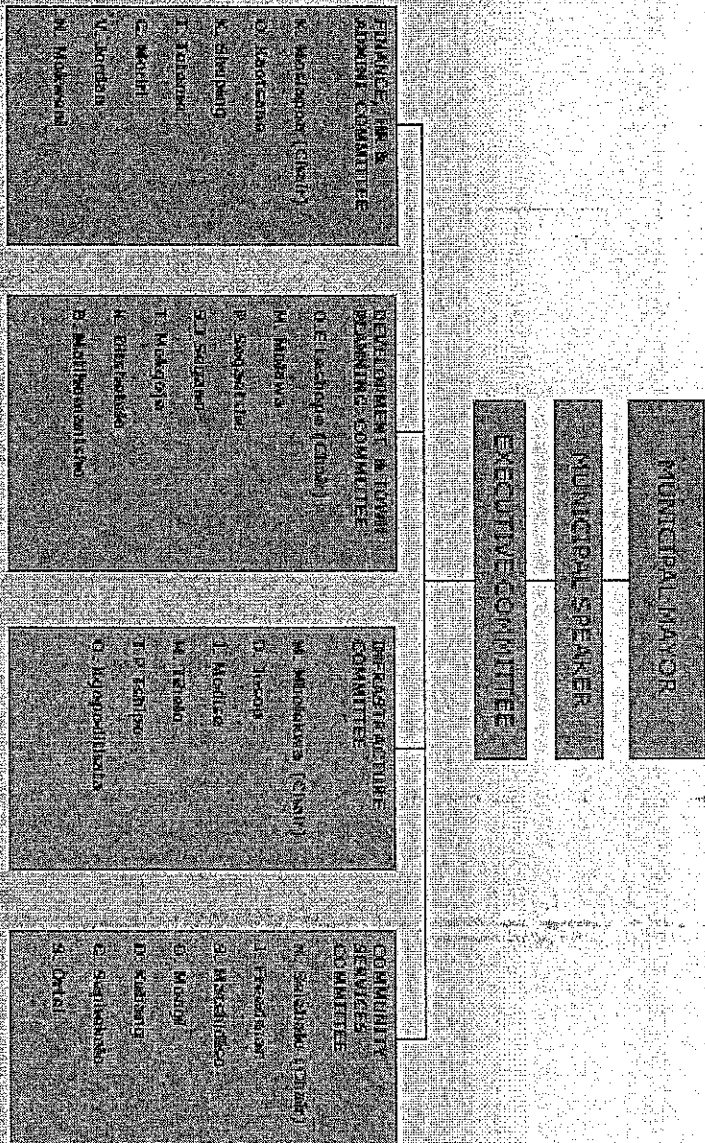
### Number of meetings and attendance: MPAC

NO	NAME	NO OF SCHEDULED MEETING	NO OF MEETINGS ATTENDED
1	Cllr Sephekolo	4	4
2	Cllr Moslapoe	4	3
3	Cllr Nhlapo	4	3
4	Cllr Molawa	4	4

5	Cllr Moagi	4	4
6	Cllr Kgopodithata	4	4
7	Cllr Mokweni	4	3
8	Cllr Matshidiso	4	4

# POLITICAL STRUCTURE AND COMMITTEE ALLOCATIONS

## JOE MOROLONG MUNICIPAL COUNCIL



## COUNCIL, EXECUTIVE COMMITTEE AND COUNCIL COMMITTEES

### EXECUTIVE COMMITTEE MEMBERS



Cllr D. Moremi

Mayor



Cllr M. Pitso

Municipal Speaker



Cllr MB Mbolekwa



Cllr E. Leshope



Cllr N. Selebalo



Cllr K Mosiapoe

Chairperson: Infrastructure Development   HR Chair: Planning and Services   Chair: Community and Administration   Chair: HR, Finance

### Governance structure of Joe Morolong Local Municipality

STRUCTURE	RESPONSIBLE FOR	OVERSIGHT	ACCOUNTABLE TO
Council	Approve policies	Mayor, Portfolio	Community
	Adopt IDP	committee and Audit	
	Adopt the Budget	committee	

Mayor	Policies, and Budget outcomes	Municipal Manager	Council
	Oversight over the Municipal Manager		
Municipal Manager	Overall administration	The Municipal administration	To Council through the Mayor
CFO and other senior management	Administration of departments	Financial management and operational functions	Municipal Manager

The Joe Morolong Council is constituted of 29 Councillors, 15 ward councilors and 14 proportional representation. The parties in Council are illustrated below.

#### Political parties in Council

POLITICAL PARTY	TOTAL SEATS	WARD SEATS	PR SEATS
ANC	23	15	8
COPE	3	-	3
DA	1	-	1
UCDP	2	-	2
<b>TOTAL</b>	<b>29</b>	<b>15</b>	<b>14</b>

#### PORTFOLIO COMMITTEES

NAME OF COMMITTEE	CHAIRPERSON
Human Resources, Finance and Administration	Cllr K. Mosiapo
Planning and Development	Cllr OE Leshope
Infrastructure	Cllr MB Mbolekwa
Community Services	Cllr N Selebalo

### Number of meetings during the financial year

TYPE OF MEETING	NO. OF SCHEDULED MEETINGS	NO. OF MEETINGS THAT REACHED QUORUM
Council	04	04
Executive Committee	04	04
Special Council	07	07

### Number of meetings per portfolio committee

NAME OF COMMITTEE	NO. OF SCHEDULED MEETINGS	NO. OF MEETINGS THAT REACHED A QUORUM
Human Resources, Finance and Administration	04	04
Infrastructure	04	04
Planning and Development	04	04
Community Services	04	04
JPAC	04	04

NO	NAME	WARD/PR	EXCO
1	Cllr PB Matlhomantsho	PR	No
2	Cllr BM Mbolekwa	PR	Yes
3	Cllr MD Moremi	PR	Yes
4	Cll N Selebalo	PR	Yes

5	Cllr OE Leshope	PR	Yes
6	Cllr M.Pitso	PR	Speaker
7	Cllr G.M. Sephekolo	Ward Councilor	
8	Cllr S. Matshidiso	Ward Councilor	
9	Cllr V. Jordan	PR	
10	Cllr M. Tihelo	PR	
11	Cllr T. Tshipo	PR	
12	Cllr J. Segano	PR	
13	Cllr J. Freedman	PR	
14	Cllr O. Kaotsane	Ward Councilor	
15	Cllr I.S. Ortel	Ward Councilor	
16	Cllr D. Kubang	Ward Councilor	
17	Cllr P. Segaletsho	Ward Councilor	
18	Cllr K.J. Mosiapoe	PR	
19	Cllr O.H. Kgopodithata	Ward Councilor	
20	Cllr D. Josop	Ward Councilor	
21	Cllr G.G. Moriri	Ward Councilor	
22	Cllr O. Moagi	Ward Councilor	
23	Cllr K. Ditshetelo	PR	
24	Cllr K. Shuping	Ward Councilor	
25	Cllr E.M. Molawa	Ward Councilor	
26	Cllr J. Modise	Ward Councilor	

27	Cllr N. Mokweni	Ward Councilor	
28	Cllr T. Mokgoje	PR	
29	Cllr T. Teteme	Ward Councilor	

## ATTENDANCE TO MEETINGS

### EXECUTIVE COMMITTEE

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr BM Mbolekwa	04	04
2	Cllr MD Moremi	04	04
3	Cllr N Selebalo	04	04
4	Cllr OE Leshope	04	04
5	Cllr K Mosiapo	04	04

### ATTENDANCE TO SPECIAL COUNCIL MEETINGS

NO.	NAME	NO. OF MEETINGS	NO. OF MEETINGS ATTENDED
1	Cllr PB. Matlhomantsho	07	02
2	Cllr BM Mbolekwa	07	06
3	Cllr MD Moremi	07	05
4	Cll N Selebalo	07	03
5	Cllr OE Leshope	07	06
6	Cllr M.Pitso	07	06

7	Cllr G.M. Sephekolo	07	05
8	Cllr S. Matshidiso	07	05
9	Cllr V. Jordan	07	05
10	Cllr M. Tihelo	07	04
11	Cllr T. Tshipo	07	03
12	Cllr J. Segano	07	05
13	Cllr J. Freedman	07	04
14	Cllr O. Kaotsane	07	02
15	Cllr I.S. Ortel	07	01
16	Cllr D. Kubang	07	06
17	Cllr P. Segatsho	07	06
18	Cllr K.J. Mosiapoe	07	06
19	Cllr O.H. Kgopodithata	07	06
20	Cllr D. Josop	07	07
21	Cllr G.G. Moriri	07	07
22	Cllr O. Moagi	07	04
23	Cllr K. Ditshetelo	07	05
24	Cllr K. Shuping	07	05
25	Cllr E.M. Molawa	07	07
26	Cllr J. Modise	07	07
27	Cllr N. Mokweni	07	04
28	Cllr T. Mokgoje	07	03

29	Cllr T. Teteme	07	05
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It must be noted that Cllr PB Matlhomantsho joined Council only later during this financial year, replacing Cllr Nhlapo.

Cllr O. Kaotsane was suspended for a certain period and Cllr IS Ortel was sick

#### ATTENDANCE TO COUNCIL MEETINGS

NO	NAME	NO OF SCHEDULED MEETINGS	NO. OF MEETINGS ATTENDED
1	Cllr BM Mbolekwa	04	04
2	Cllr MD Moremi	04	04
3	Cll N Selebalo	04	04
4	Cllr OE Leshope	04	04
5	Cllr M.Pitso	04	03
6	Cllr G.M. Sephekolo	04	03
7	Cllr S. Matshidiso	04	02
8	Cllr V. Jordan	04	02
9	Cllr M. Tihelo	04	01
10	Cllr T. Tshipo	04	01
11	Cllr J. Segano	04	02
12	Cllr J. Freedman	04	03
13	Cllr O. Kaotsane	04	02
14	Cllr I.S. Ortel	04	01
15	Cllr D. Kubang	04	04

16	Cllr P. Segatsho	04	04
17	Cllr K.J. Mosiapoe	04	04
18	Cllr O.H. Kgopodithata	04	03
19	Cllr D. Josop	04	03
20	Cllr G.G.Moriri	04	04
21	Cllr O. Moagi	04	04
22	Cllr K. Ditshetelo	04	03
23	Cllr K. Shuping	04	04
24	Cllr E.M. Molawa	04	04
25	Cllr J.Modise	04	04
26	Cllr N. Mokweni	04	03
27	Cllr T. Mokgoje	04	03
28	Cllr T. Teteme	04	03
29	Cllr PB Matlhomantsho	04	01

#### ATTENDACE TO PORTFOLIO COMMITTEE MEETINGS

#### HUMAN RESOURCES, FINANCE AND ADMINISTRATION

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr K. Mosiapo	04	04
2	Cllr O. Kaotsane	04	01
3	Cllr V. Jordan	04	03
4	Cllr N.Mokweni	04	01

5	Cllr K. Shuping	04	04
6	Cllr T. Teteme	04	04
7	Cllr Moriri	04	04

## INFRASTRUCTURE

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr MB Mbolekwa	04	04
2	Cllr D. Josop	04	04
3	Cllr J. Modise	04	04
4	Cllr T. Tshipo	04	03
5	Cllr M. Tihelo	04	02
6.	O. Kgopodithata	04	04

## COMMUNITY SERVICES

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1.	Cllr N Selebalo	04	04
2.	Cllr G.M. Sepheko	04	04
3.	Cllr S. Matshidiso	04	03
4.	Cllr J. Freedman	04	04
5.	Cllr O. Moagi	04	03
6.	Cllr S. Ortel	04	01

7.	Cllr D. Kubang	04	03
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#### DEVELOPMENT AND TOWN PLANNING COMMITTEE

NO	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr O. Leshope	04	04
2	Cllr M. Molawa	04	04
3	Cllr P. Segatsho	04	04
4	Cllr S.J. Segano	04	04
5	Cllr T. Mokgoje	04	03
6.	Cllr K. Ditshitelo	04	03
7.	Cllr P.B. Matlhomantsho	04	01

## **POLITICAL DECISION MAKING**

Council is the highest decision making body in the Municipality with legislative and executive powers to direct the municipality politically. Powers of Council are clearly outlined in Section 12 of Municipal Structures Act.

Council sits 4 times a year and a schedule for Council meetings was adopted on the (date). Mayor exercises her/his duties in terms of Section 55 of the Municipal Structures Act. She convenes executive committee meetings on a monthly basis to receive and consider reports from other committees and to formulate recommendations for Council.

EXCO ensures the integration of the work of Council across the portfolio committees and departments.

The Speaker is the chairperson of Council and chair all the meetings. She also oversees the functions of the council committee system. Committees of Council meet on a quarterly basis to formulate recommendations from their respective portfolio committees. The Speaker also monitors the work of councilors in the holding of community meetings and ward committee meetings. She also receives a quarterly report on ward committees meetings and issues they have raised, she then tables the report in Council for decisions to be made in areas that need services.

Our Municipality does not have a Council whip due to the number of councilors.

# Implementation of Council Resolutions

## RESOLUTION REGISTER: 2013/14

DATE OF MEETING AND ITEM NUMBER	RESOLUTION TAKEN	RESOLUTION NO.	RESPONSIBLE PERSON	IMPLEMENTED
31 JULY 2013				
7.1.1.	That Council accept the Progress Report and Action Plan compiled to remedy the situation leading to the Finance Minister's intention to invoke Section 216 of the Constitution of the Republic of South Africa.	Res : 01/2013/14	Municipal Manager/ CFO	Yes
7.1.2.	That Council took note of the Auditor – General's Report.	Res : 02/2013/14	Municipal Manager / CFO	Yes
7.1.3.	<ul style="list-style-type: none"> <li>That Council accepted the Joe Morolong Financial Recovery Plan.</li> <li>That further engagement should be allowed pertaining Recovery Plan</li> </ul>	Res : 03/2013/14	CFO / Municipal Manager	Yes

8.1	<ul style="list-style-type: none"> <li>That Council condone the Acting of Councillor Moses Mbolekwa since from the passing on of the former Mayor ( Cllr Ester Molete ) .</li> <li>That the Acting Mayor be paid Acting Allowance retrospectively from the passing on of the Mayor hitherto.</li> <li>That the allowance should be calculated at the difference between the Acting Mayor' salary and the salary of the Mayor.</li> <li>That Councillor Mbolekwa should continue executing the duties and responsibility as Acting Mayor.</li> </ul>	Res : 04/2013/14	Council / Municipal Manager / CFO	Yes
8.2.	<ul style="list-style-type: none"> <li>That Council approved the Information Manual for Joe Morolong Local Municipality.</li> </ul>	Res : 05/2013/14	Mr Eugene Khokhong / Municipal Manager	Yes
9.1.	<ul style="list-style-type: none"> <li>That Public Participation must be done and the advertisement for the intended rezoning should be placed for public inputs.</li> <li>That the advertisement should be done at the expense or costs of the applicant</li> <li>That the Special Mine Zone should be the definition used by Council for future reference.</li> </ul>	Res : 06/2013/14	Speaker / Municipal Manager/ Communication Officer/ Mr Thabo Shadrack / Mr Eugene Khokhong	Yes

9.2.	<ul style="list-style-type: none"> <li>That Council granted permission to the extension of the lapsing date of application for two years until 1<sup>st</sup> April 2015.</li> </ul>	Res : 07/2013/14	Municipal Manager / Communication Officer	Yes
9.3.	<ul style="list-style-type: none"> <li>That Council granted permission for the rezoning of the farm Ulster for a Resort on condition that all requirements have been satisfied and the advertisement should be made at the costs of the applicant.</li> <li>That approval should be sought from the Department of Agriculture.</li> <li>That special definition should be given for Resorts for future reference.</li> </ul>	Res : 08/2013/14	Mr Malola Given/ Comm. Officer / Municipal Manager	Yes
9.4.	<ul style="list-style-type: none"> <li>That Council noted the information regarding assistance from Gasegonyana Local Municipality.</li> </ul>	Res : 09/2013/14	Municipal Manager/ Mr Tlhaole Shadrack	Yes

9.5.	<ul style="list-style-type: none"> <li>That the item on Town Planning should be deferred for next Ordinary Council meeting.</li> </ul>	Res : 10/2013/14	Mr Shadrack Tlhaole/	Yes
9.6.	<ul style="list-style-type: none"> <li>That Council took note of the Business Plan.</li> <li>That Council condone action taken by the Municipal Manager by submitting the Draft Business Plan to COGHSTA</li> <li>That the presentation be made within seven days for details of the Business Plan.</li> </ul>	Res : 11/2013/14	Municipal Manager/ Council	Yes
7.1.4 ADDENDUM	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality noted the appointment of the Standard Bank of South Africa for Banking Services with effect from 1<sup>st</sup> September 2013.</li> </ul>	Res : 11/2013/14	CFO / Municipal Manager	Yes
28 August 2013	<ul style="list-style-type: none"> <li>That Council accept all apologies for leave of absence.</li> </ul>	Res : 12/2013/14	Gopetse T J / Matsididi M A/ Speaker	Yes
Presentations	<ul style="list-style-type: none"> <li>That Council took note of the presentation by the Premier's office.</li> </ul>	Res : 13/2013/14	Speaker / Matsididi M A	Yes
7.1.4.	<ul style="list-style-type: none"> <li>That council took note of the presentation made by the District Performance Audit Committee.</li> </ul>	Res : 14/2013/14	CFO / Municipal Manager	Yes

7.1.1	<ul style="list-style-type: none"> <li>That Council accept the Annual Financial Statements for the year ending 31<sup>st</sup> June 2013.</li> </ul>	Res : 15/2013/14	Municipal Manager/ CFO	Yes
7.1.2	<ul style="list-style-type: none"> <li>That council condone the request for advance to purchase the Municipal vehicles.</li> <li>That the advance should be paid over the period of two years.</li> </ul>	Res : 16/2013/14	CFO / Municipal Manager	Yes
7.1.3	<ul style="list-style-type: none"> <li>That the Council of Joe Morolong Local Municipality adopted the Delegation Systems for the 2013/14 Financial Years.</li> </ul>	Res : 17/2013/14	Municipal Manager/CFO / Mayor	Yes
7.1.5	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality condone the deviations for 2011/12 and 2012/13 financial years.</li> </ul>	Res : 18/2013/14	CFO/Municipal Manager	Yes
8.1.	<ul style="list-style-type: none"> <li>That the Cell Phone Policy should be reviewed to accommodate changes.</li> <li>That the Municipal Manager's cell phone Allowance should be increased to R3500.</li> <li>That the reviewed policy should be brought to the next council meeting for adoption.</li> </ul>	Res : 19/2013/14	Mr Gopetse T J / CFO / Mr Segami	Yes

9.1.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong has accepted the presentation on mixed housing development.</li> </ul>	Res : 20/2013/14	Municipal Mammager/ Mr Shadrack Tlhaole	Yes
10.1.	<ul style="list-style-type: none"> <li>That Council accept the Annual performance report for the 2012/13 financial year.</li> </ul>	Res : 21/2013/14	Mr Phiri K V	Yes
10.2	<ul style="list-style-type: none"> <li>That council accepted the Draft IDP Process Plan.</li> </ul>	Res : 22/2013/14	Mr Phiri K V	Yes
11.1.	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality gives permission to the Municipal Manager to register the Sports –fields.</li> <li>That the following sports-fields should be prioritized: Loopeng, Penryn , Bendel ,Cassel and Metswetsaneng.</li> </ul>	Res : 23/2013/14	Mr Given Malola/ Municipal Manager	Yes
11.2.	<ul style="list-style-type: none"> <li>That the council of Joe Morolong Local Municipality accept the cemetery identification.</li> <li>That lists will be submitted in a prioritized sequence to the relevant departments.</li> </ul>	Res : 24/2013/14	Mabudi Kgomoetso / Malola Given	Yes

26 SEPT. 2013					
Minutes 31 May 2013	Minutes adopted without corrections	Res : 25/2013/14	Gopetse T J / Matsididi M A / Speaker	Yes	
31 July 2013	Minutes adopted without corrections	Res : 26/2013/14	Gopetse T J/Matsididi MA/Speaker	Yes	
26 September 2013	Minutes adopted without corrections	Res : 27/2013/14	Gopetse T J/Matsididi M A/Speaker	Yes	
7.1.1 Finance and IDP	<ul style="list-style-type: none"> <li>That Council took note of the Ward Committee report.</li> <li>That sitting Allowance for the Ward Committees should be increased to R500.</li> <li>That a meeting should be convened with Ward Committees to communicate the matter.</li> </ul>	Res : 28/2013/14	Speaker/ CFO	Yes	

7.1.2.	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality approved the Fraud and corruption policy.</li> <li>That the Municipal Manager should arrange a workshop for further engagement on the policy.</li> </ul>	Res : 29/2013/14	Mr Gopetse T J / Municipal Manager	Yes
7.1.3.	<ul style="list-style-type: none"> <li>That council approved the Fraud Prevention Plan.</li> </ul>	Res : 30/2013/14	Mr Eugene Khokhong/ Mr Gopetse T J / Municipal Manager	Yes
7.1.4.	<ul style="list-style-type: none"> <li>That council approved the Final Risk Management Strategy.</li> </ul>	Res : 31/2013/14	Mr Eugene Khokhong/Mr Gopetse T J / Municipal Manager	Yes
7.1.5.	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality approved the Confidentiality Policy.</li> </ul>	Res : 32/2013/14	Mr Eugene Khokhong/ Gopetse T J / Municipal Manager	Yes
				Yes
7.1.6	<ul style="list-style-type: none"> <li>That Council of Joe Morolong took note of the Resolution taken by Local Municipalities in the John Taolo Gaetsewe District Municipality regarding the issuing of proof of residences.</li> <li>That council approved the resolution taken by Local Municipalities in John Taolo Gaetsewe Local Municipality.</li> </ul>	Res : 33/2013/14	Mr Eugene Khokhong / Malebogo Mokidiane/ Municipal Manager	Yes

7.1.7	<ul style="list-style-type: none"> <li>That Council approved the Branding Policy of Joe Morolong Local Municipality.</li> </ul>	Res : 34/2013/14	Municipal Manager/ Eugene Khokhong / Gopetse T J	Yes
7.1.8	<ul style="list-style-type: none"> <li>That Council approved the Joe Morolong Local Municipality Policy Guidelines for Social Media interactions and usage.</li> </ul>	Res : 35/2013/14	Municipal Manager/Eugene Khokhong/	Yes
7.1.9	<ul style="list-style-type: none"> <li>That council accept the information on Mandela Day Activities.</li> </ul>	Res : 36/2013/14	Mr Sanane Bakang/ Speaker	Yes
7.1.10	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality took note of the Special Programmes Progress Report.</li> </ul>	Res : 37/2013/14	Mr Sanane Bakang/Speaker/ Municipal Manager/Mayor	Yes
7.1.11	<ul style="list-style-type: none"> <li>That council took note of the commemoration activities of the Youth Day.</li> </ul>	Res : 38/2013/14	Mr Sanane Bakang / Speaker	Yes
7.2.1.	<ul style="list-style-type: none"> <li>That council accepted the Operating Budget , Capital Revenue and Expenditure Report for the quarter ending 30<sup>th</sup> June 2013.</li> </ul>	Res : 39/2013/14	CFO / Municipal Manager	Yes
7.2.2.	<ul style="list-style-type: none"> <li>That council accept the Cash Book Report for the quarter ending 30<sup>th</sup> June 2013.</li> </ul>	Res : 40/2013/14	CFO / Municipal Manager	Yes

7.2.3.	<ul style="list-style-type: none"> <li>That council accept the Remuneration Report for municipal employees for the quarter ending 30<sup>th</sup> June 2013.</li> </ul>	Res : 41/2013/14	CFO/ Municipal Manager	Yes
7.2.4.	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality took note of the report of the Meter Audit that has been conducted and challenges experienced.</li> <li>That challenges encountered should be used to improve performance.</li> </ul>	Res : 42/2013/14	CFO/Mr Tlhaole Shadrack	Yes
7.2.5.	<ul style="list-style-type: none"> <li>That the council of Joe Morolong Local Municipality approved the wrongfully accrued interests on consumer debtors accounts.</li> </ul>	Res : 43/2013/14	CFO/Municipal Manager	Yes
7.3.1.	<ul style="list-style-type: none"> <li>That council accept the Joe Morolong Local Municipality' one year and three years Internal Audit Plan for the 2013/16 Financial Years.</li> </ul>	Res : 44/2013/14	CFO/Municipal Manager	Yes
8. HR and Admin.				
8.1.	<ul style="list-style-type: none"> <li>That council took note of the establishment of the Ba-Ga-Bareki Community Trust.</li> <li>That the Council empowers the Mayor to write the letter to the Ba-Ga-Bareki Community Trust and request for the founding documents of the Trust.</li> </ul>	Res : 45/2013/14	Municipal Manager/Gopetse T J/Mayor	Yes

8.2.	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality took note of the two headmen identified by the Ba-Ga-Bareki Tribal Council and villages under their leadership.</li> </ul>	Res : 46/2013/14	Council	Yes
8.3.	<ul style="list-style-type: none"> <li>That council took note of the letter received from Ba-Ga-Sehunelo Tribal Representative Committee.</li> <li>That the council of Joe Morolong Local Municipality empowers the Mayor to write a letter to the B-Ga-Sehunelo Traditional Representative Committee to request for information regarding the development projects that are to be suspended.</li> </ul>	Res : 47/2013/14	Municipal Manager/Mayor	Yes
8.4.	<ul style="list-style-type: none"> <li>That council took note of the letter received from the Batlhaping Ba-Ga-Gaseemelo.</li> </ul>	Res : 48/2013/14	Council	Yes
8.5.	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality took note of the permission granted by the MEC for an extension of the validity of the Valuation Roll for one year.</li> </ul>	Res : 49/2013/14	Municipal Manager/ CFO	Yes

8.6.	<ul style="list-style-type: none"> <li>• That the Council of Joe Morolong Local Municipality took note of the Circular on the placement of FET Graduates.</li> <li>• That the number and fields required for placement in the Joe Morolong Local Municipality should be identified.</li> <li>• That the council empowers the Municipal Manager to enter into an agreement with placed graduates.</li> </ul>	Res : 50/2013/14	Municipal Manager/ Gopetse T J / Mr Segami Moagi	Yes
8.7.	<ul style="list-style-type: none"> <li>• That council took note of the Circular on abandonment of negotiations by trade unions and their intend to declare a dispute.</li> </ul>	Res : 51/2013/14	Mr Segami Moagi	Yes
8.8.	<ul style="list-style-type: none"> <li>• That council took note of circular No.4 /2013 on salary and wage increase for the period 1<sup>st</sup> July 2013 to 30<sup>th</sup> June 2014.</li> <li>• That the Municipal Manager and Section 56 Managers should be catered for in the salary and wage increase.</li> <li>• That the increase of 6.84% should be implemented retrospectively with effect from 1<sup>st</sup> July 2013.</li> </ul>	Res : 52/2013/14	CFO / Council	Yes

8.9.	<ul style="list-style-type: none"> <li>That council took note of the IDP and IGRF itinerary for 2013/14</li> </ul>	Res : 53/2013/14	Phiri K V	Yes
8.10.	<ul style="list-style-type: none"> <li>That council took note of the additional clause holding drivers liable for the payment of excess fees in cases of accidents.</li> <li>That thorough investigations should be conducted if municipal vehicles are involved in accidents.</li> </ul>	Res : 54/2013/14	Mphahle Paulus/ Thabang Moeng / Gopetse T J	Yes

8.11.	<ul style="list-style-type: none"> <li>• That all councillors , Municipal Manager and Directors are entitled to cell phone allowance in the form of hand-set and charger.</li> <li>• That the Cell Phone Policy should cover the cell phones and ipads and that users should take responsibility of the phone at the end of the contracts and that the request to retain the phone and number at the end of the councillor' term of office should be done in writing.</li> <li>• That the Speaker , Executive Committee Members and the MPAC chairperson should be issued with ipads.</li> <li>• That all councillors receiving ipads should return laptops at their disposal.</li> <li>• That Middle management and field-workers whose nature of work requires the use of a cell phone will be entitled to the cell phone allowance.</li> <li>• That council approved the following increases in cell phone allowance :               <ol style="list-style-type: none"> <li>1. Municipal Manager : R3,500</li> <li>2. Directors : R1,200</li> <li>3. Middle Management : R900</li> <li>4. Field-workers : R650</li> </ol> </li> </ul>	Res : 55/2013/14	Mr Gopetse T J / Mr Molelekoa T / CFO	Yes
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8.12.	<ul style="list-style-type: none"> <li>That the council of Joe Morolong Local Municipality took note of the <b>Work Skills Plan</b> as submitted to LGSETA.</li> </ul>	Res : 56/2013/14	Mr Segami Moagi	Yes
8.13.	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality took note of the Circular No 1/2013 on the extension of the Collective Agreement on Conditions of Service for the Northern Cape Division , SALGBC.</li> </ul>	Res : 57/2013/14	Mr Gopetse T J / Municipal Manager	Yes
8.14.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality took note of the Circular No. 2 /2013 on the Redetermination of Municipal Boundaries.</li> </ul>	Res : 58/2013/14	Mr Gopetse T J / Council	Yes
8.15.	<ul style="list-style-type: none"> <li>That council took note of the 6<sup>th</sup> National Municipal Managers Forum Report.</li> </ul>	Res : 59/2013/14	Municipal Manager	Yes
8.16	<ul style="list-style-type: none"> <li>That council approved the Reviewed Organizational Structure as follows :               <ol style="list-style-type: none"> <li>1. <b>Mr Vivian Christie</b> : Income Manager</li> <li>2. <b>Ms Masego Mokubung</b> : Expenditure Manager</li> <li>3. <b>Ms Joey Kampilu</b> : Storm Water.</li> </ol> </li> <li>That the position for housing should be advertised and filled.</li> </ul>	Res : 60/2013/14	Municipal Manager/Gopetse T J / Mr Segami Moagi	Yes

8.17.	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality approved the Time and Attendance System.</li> </ul>	Res : 61/2013/14	All Directors and Employees	Yes
8.18.	<ul style="list-style-type: none"> <li>That council took note of the Circular No. 7 on the Home Owners Allowance with effect from 1<sup>st</sup> October 2013.</li> </ul>	Res : 62/2013/14	CFO/Municipal Manager/Gopetse T J	Yes
9.1	<ul style="list-style-type: none"> <li>That council accept the Technical Services Projects Progress Report.</li> </ul>	Res : 63/2013/14	Mr Malola Given/ Mr Tlhaole Shadrack	Yes
9.2	<ul style="list-style-type: none"> <li>That council accepted the progress report on the Assmang funded projects.</li> </ul>	Res : 64/2013/14	Given Malola / Mike / Shadrack Tlhaole	Yes
9.3	<ul style="list-style-type: none"> <li>The council of Joe Morolong Local Municipality accepted the Kumba Iron Ore Social Labour Plan Funded Projects Progress Report.</li> </ul>	Res : 65/2013/14	Mr Shadrack Tlhaole / Mike / Malola Given	Yes
9.4	<ul style="list-style-type: none"> <li>That council accepted the Accelerated Community Infrastructure Programme Progress Report.</li> </ul>	Res : 66/2013/14	Given Malola/Mike / Shadrack Tlhaole	Yes
9.5	<ul style="list-style-type: none"> <li>That council accepted the report on Municipal Infrastructure Grant Projects for the 2012/13 National Financial Year.</li> </ul>	Res : 67/2013/14	Shadrack Tlhaole / Given Malola	Yes

9.6	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality approved the implementation of the following projects :               <ol style="list-style-type: none"> <li>1. <u>Water : Roll- over of projects for implementation in 2013/14</u> <ol style="list-style-type: none"> <li>a) Kortnight</li> <li>b) Garapoana</li> <li>c) Kikahela 1 and 2</li> <li>d) Nlks</li> <li>e) Kokonye</li> </ol> </li> <li>2. <u>Water supply</u> <ol style="list-style-type: none"> <li>a) Gakhoe and Garamotsokwana</li> <li>b) Motlhoeng</li> <li>c) Radiatsongwa</li> </ol> </li> </ol> </li> </ul>	Res : 68/2013/14	Given Malola/ Mike/ Shadrack Tlhaole	Yes
9.7	<ul style="list-style-type: none"> <li>That Ward Councillors should control Motor Grader operations while in their respective wards.</li> <li>That council accept the Motor Grader Operation and Maintenance Report.</li> </ul>	Res : 69/2013/14	Ward Councillors / Shadrack Tlhaole	Yes

9.8	<ul style="list-style-type: none"> <li>That council accepted the Drinking Water Operations and Maintenance Report for the 2012/13 Municipal Financial year</li> </ul>	Res : 70/2013/14	Mr Given Malola / Shadrack Tlhaole	Yes
9.9	<ul style="list-style-type: none"> <li>That council accepted the report on identified socio-economic infrastructure projects for funding in the 2013/14 Municipal Financial Year.</li> </ul>	Res : 71/2013/14	Mr Given Malola/ Shadrack Tlhaole	Yes
9.10	<ul style="list-style-type: none"> <li>That council resolved : <b>Pompong and Molatswana</b> should replace <b>Kiangkop</b> in the UMK three years Social and Labour Plan.</li> </ul>	Res : 72/2013/14	Mr Phiri K V / Malola Given / Tlhaole Shadrack	Yes
9.11	<ul style="list-style-type: none"> <li>That council accept the progress report on Municipal Water Infrastructure Grant.</li> </ul>	Res : 73/2013/14	Given Malola/ Shadrack Tlhaole	Yes
9.12	<ul style="list-style-type: none"> <li>That council accept the report on Rural Household Infrastructure Programme.</li> <li>That the department should present to the municipality on the previous projects implemented through the programme.</li> <li>That council should ensure that implementation of all projects is done through the municipality for proper monitoring.</li> </ul>	Res : 74/2013/14	Municipal Manager/ Tlhaole Shadrack	Yes
9.13	<ul style="list-style-type: none"> <li>That council accepted the proposed subdivision of portions ; 1 , 2 and 3 of the farm Mamatwan 331 , Kuruman and the rezoning and removal of restrictions to portion s 8,16,17 and 18 thereof.</li> </ul>	Res : 75/2013/14	Tlhaole Shadrack / Malola Given	Yes

9.14	<ul style="list-style-type: none"> <li>That council accept the condonation of exiting rights and amendment of the rezoning of portions 1 of the farm Santoy 331 , portion 1 of the farm Belgravia, 264 , portion 1 of the farm Gloria 266 and portions 1 and 3 of the farm Nchwaneng on the following conditions :             <ol style="list-style-type: none"> <li>That owners of the affected farms should bear the responsibility of all infrastructural costs including maintenance</li> <li>That no activities should be allowed other than mining or otherwise associated with mining.</li> </ol> </li> </ul>	Res : 76/2013/14	Mr Tlhaole Shadrack	Yes
9.15	<ul style="list-style-type: none"> <li>That council approved the following villages for implementation in the John Taolo Gaetsewe Action List : 23 + 1 :             <ol style="list-style-type: none"> <li>Ganap</li> <li>Magwagwe</li> <li>Dihotshane</li> </ol> </li> </ul>	Res : 77/2013/14	Mr Given Malola/ Shadrack Tlhaole	Yes
10.1	<ul style="list-style-type: none"> <li>That council accepted the Municipal Quarterly Performance Report for the quarter ending 30<sup>th</sup> June 2013.</li> </ul>	Res : 78/2013/14	Phiri-K V / Municipal Manager	Yes

10.2	<ul style="list-style-type: none"> <li>That council accepted the Progress Report on EPWP Projects.</li> </ul>	Res : 79/2013/14	Phiri K V / Moitaletsi M S	Yes
10.3	<ul style="list-style-type: none"> <li>That the item is referred back.</li> <li>That the Tshipi E Ntfe SLPs should be addressed in the IDP Rep. Forum meeting.</li> </ul>	Res : 80/2013/14	Phiri K V	Yes
10.4	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality approved the registration of SMMEs in the LED Database.</li> <li>That the Department of Planning and Development should communicate with Ward Councillors for the facilitation process : <b>venues and dates for consultation.</b></li> </ul>	Res : 81/2013/14	Phiri K V / Moitaletsi M S	Yes
10.5	<ul style="list-style-type: none"> <li>That council accepted the report on LED projects in Joe Morolong</li> </ul>	Res : 82/2013/14	Phiri K V	Yes
10.6	<ul style="list-style-type: none"> <li>That council accepted the report on Tourism in Joe Morolong</li> </ul>	Res : 83/2013/14	Phiri K V	Yes
10.7	<ul style="list-style-type: none"> <li>That council accepted the John Taolo Gaetwe Developmental Trust projects for 2013/14 Financial Year.</li> </ul>	Res : 84/2013/14	Phiri K V / Municipal Manager	Yes

10.8	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality approved the Performance Management Systems Policy.</li> </ul>	Res : 85/2013/14	Phiri K V	Yes
11.1	<ul style="list-style-type: none"> <li>That council took note of the cemetery maintenance report.</li> </ul>	Res : 86/2013/14	Mabudi Kgomoiso	Yes
11.2	<ul style="list-style-type: none"> <li>That council accepted the report on the Northern Cape Premier's cleaning and maintenance programme.</li> </ul>	Res : 87/2013/14		Yes
11.3	<ul style="list-style-type: none"> <li>That council accepted the progress report on the John Taolo Gaetsewe Integrated Management Plan ( IWMP)</li> </ul>	Res : 88/2013/14	Mabudi K / Malola Given	Yes
11.4	<ul style="list-style-type: none"> <li>That council accepted the progress report on Hotazel Landfill site.</li> </ul>	Res : 89/2013/14	Mabudi K	Yes
11.5	<ul style="list-style-type: none"> <li>That council accepted the progress report on the application for National Traffic Information System.</li> </ul>	Res : 90/2013/14	Mabudi k / Municipal Manager	Yes
11.6	<ul style="list-style-type: none"> <li>That council accepted the progress report on the Joe Morolong 1000 housing project.</li> <li>That community consultation by contractors should not be done the information and presence of Ward Councillors.</li> </ul>	Res : 91/2013/14	Malola Given/ Mabudi K	Yes
11.7	<ul style="list-style-type: none"> <li>That council took note of the Electrification Projects for 2013/14 Financial Year</li> </ul>	Res : 92/2013/14		Yes

11.8	<ul style="list-style-type: none"> <li>That council accepted the report on cemeteries.</li> </ul>	Res : 93/2013/14	Mabudi K	Yes
11.9	<ul style="list-style-type: none"> <li>That council accepted the report regarding community halls.</li> <li>That challenges regarding the construction of community halls should be verified.</li> </ul>	Res : 94/2013/14	Mabudi K V / Malola Given	Yes
11.10	<ul style="list-style-type: none"> <li>That council took note of the progress report on Churchill Library.</li> </ul>	Res : 95/2013/14	Mabudi K	Yes
11.11	<ul style="list-style-type: none"> <li>That council accepted the report on the Library Development Project Grant.</li> </ul>	Res : 96/2013/14	Mabudi K	Yes
11.12	<ul style="list-style-type: none"> <li>That council accepted the report regarding the Eskom relocation of the house and building of community hall.</li> </ul>	Res : 97/2013/14	Mabudi K /Malola Given	Yes

7.3.2 Finance and IDP	<ul style="list-style-type: none"> <li>That council of Joe Morolong identified the following areas for assistance by DBSA :               <ol style="list-style-type: none"> <li>1. Valuation Roll</li> <li>2. Protection of Bore-holes and Stand-pipes</li> <li>3. Asset Management Software</li> <li>4. Development of CIP</li> <li>5. Development of Cultural Village at Kiangkop</li> <li>6. Purchase of the new Grader</li> <li>7. Revenue enhancement</li> <li>8. Establishment of Traffic Site ( Offices and Testing Grounds )</li> </ol> </li> </ul>	Res : 98/2013/14	Mabudi K / Tlhaole Shadrack	Yes
8.19 HR and Admin.	<ul style="list-style-type: none"> <li>That council of Joe Morolong Local Municipality approved the purchase of ipads for members of the Executive Committee , the Speaker and MPAC chairperson.</li> <li>That Exco members , Speaker and MPAC chairperson should take responsibility of devices at the end of their contracts and applications for the retention of ipads and numbers should be done in writing.</li> <li>That laptops should be returned to the Joe Morolong Local Municipality.</li> </ul>	Res : 99/2013/14	CFO / Molelekoa T / Mr Gopetse T J	Yes

<p><b>9.16 Infrastructure</b></p>	<ul style="list-style-type: none"> <li>• That the implementation of the project should comply with the provisions of the White Paper on Energy.</li> <li>• That the plant should comply with the conditions of the Environmental Authorization dated 28<sup>th</sup> March 2013.</li> <li>• That advertisements should comply with requirements of the Joe Morolong Local Municipality and other Departments.</li> <li>• That structures for buildings of any nature should be submitted to council for approval.</li> <li>• That an appeal should be lodged if the applicant believes to be wronged by the council decision and be handed to the Tribunal within 21 days of being notified about the council decision.</li> </ul>	<p>Res : 100/2013/14</p>	<p>Mr Tlhaole Shadrack / Mike</p>	<p>Yes</p>
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9.17	<ul style="list-style-type: none"> <li>That council approved the application subject to the following conditions :               <ol style="list-style-type: none"> <li>That the project complies with the provisions of the White Paper on Energy.</li> <li>That only portion subject to the application is to be used for cultivation of alternative power , and the remainder portion to be retained as agricultural land.</li> <li>That no further land use application will be considered for the property for the next three years.</li> <li>That building plans for any other structure to be constructed must be submitted.</li> <li>That the applicant is accordingly informed that the approval shall lapse two years after date of approval if not duly exercised.</li> <li>That the applicant may lodge an appeal with the Tribunal and hand it over within 21 days after being notified , if he feels wronged by the council decision.</li> </ol> </li> </ul>	Res : 101/2013/14	Mr Shadrack Tlhaole / Given Mabla / Municipal Manager	Yes
11.13 Community Services	<ul style="list-style-type: none"> <li>That council accepted the addition of on integrated bore-hole and sports-field to the Joe Morolong Local Municipality' IDP.</li> </ul>	Res : 102/2013/14	Mr Sithole / Mr Tlhaole Shadrack / Mrs Mabudi K D/ Mr Phiri K V	Yes

7.3.3 Finance and IDP	<ul style="list-style-type: none"> <li>• That council accepted the report as presented by the MPAC chairperson.</li> <li>• That the committee will be assisted with the administrative support staff.</li> </ul>	Res : 103/2013/14	Sephekolo G M / CFO/ Municipal Manager	Yes
8.20 HR and Administration	<ul style="list-style-type: none"> <li>• That written warning should be handed over to councillor Tshipo.</li> <li>• That the investigations against Councillor Tshipo should continue and that the formal report should be presented to council.</li> </ul>	Res : 104/2013/14	Speaker / Mayor / Mr Eugene Khokhong	Yes
8.21	<ul style="list-style-type: none"> <li>• That Council of Joe Morolong accepted the nomination of Councillor Dorcas Moremi as Mayor.</li> <li>• That Councillor Moremi has been officially elected by council , as Mayor of Joe Morolong Local Municipality , without objections.</li> <li>• That Councillor Kabele Mosiapoe should replace Councillor Dorcas Moremi as a Member of the Executive Committee.</li> <li>• That Councillor Kabele Mosiapoe should become chairperson of the Human Resources and Administration Portfolio Committee.</li> <li>• That Portfolio Committees should be reduced to four : <b>Planning and Development , Human Resources and Administration and Finance , Technical Services and Community Services.</b></li> </ul>	Res : 105/2013/14	Speaker/ Municipal Manager / Gopetse T J	Yes

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8.22	• That Council of Joe Morolong Local Municipality approved the request and implementation for MISA Artisan Support.	Res : 106/2013/14	Tlhaole Shadrack / Sithole Mr /	Yes
6 DECEMBER 2013				
HR AND ADMIN				
8.1.	• That Council approved the introduction of the Mayor to the community of Joe Morolong.	Res : 107/2013/14	Municipal Manager/Mabudi Kgomofo/	Yes
8.2.	• That Council took note of the launching of the Rural Water Project at Madibeng	Res : 108/2013/14	Mr Shadrack Tlhaole/ M M	Yes
18 DECEMBER 2013				
Minutes :	• That Council accepted minutes with corrections.	Res : 109/2013/14	Matsididi M A/ Speaker/Gopetse T J	Yes

<b>FINANCE</b> <b>7.1.1.</b>	<ul style="list-style-type: none"> <li>That Council accept the Ward Committees Report</li> <li>That the meeting should be convened with Ward Committees in January 2014.</li> <li>That all Ward Committees should have a common date for meetings</li> <li>That Ward Committee Reports should be submitted to the Municipality on the 10<sup>th</sup> of each month.</li> <li>That meetings should be held quarterly to discuss Ward Committees Reports.</li> </ul>	Res : 110/2013/14	Masilabele / Speaker	
<b>7.2.1.</b>	<ul style="list-style-type: none"> <li>That Council accept the Cash Book Report for the period 1<sup>st</sup> July 2013 to 30<sup>th</sup> September 2013</li> </ul>	Res : 111/2013/14	CFO	Yes
<b>7.2.2.</b>	<ul style="list-style-type: none"> <li>That Council accept the Section 71 Report for the period 1<sup>st</sup> July 2013 – 30 September 2013</li> </ul>	Res : 112/2013/14	CFO / Municipal Manager	Yes
<b>7.2.3.</b>	<ul style="list-style-type: none"> <li>That Council accepted the Supply Chain Management Report for the first quarter of the 2013/14 Financial Year.</li> </ul>	Res : 113/2013/14	Mr Molaoiwe	Yes
<b>7.2.4.</b>	<ul style="list-style-type: none"> <li>That Council accepted the report on Staff salaries for the period ending 30<sup>th</sup> September 2013.</li> </ul>	Res : 114/2013/14	CFO / Municipal Manager	Yes
<b>HR AND ADMIN</b>				

8.1.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality approved the closing of Municipal Offices from 20<sup>th</sup> December 2013 to 6<sup>th</sup> January 2014.</li> <li>That Municipal employees should take compulsory leave when offices close for the festive season.</li> <li>That salaries should be paid before the end of business day on 20<sup>th</sup> December 2013.</li> <li>That Water Unit should identify the team to work on standby during the festive season.</li> </ul>	Res : 115/2013/14	Mr T J Gopetse / Municipal Manager CFO Mr Tlhaole Shadrack	Yes
8.2.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality took note of the letter from SALGA on dissemination of key Court judgements.</li> </ul>	Res : 116/2013/14	Municipal Manager / Council	Yes
8.3.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality approved the Final Strategic Risk Register as reviewed on 11<sup>th</sup> November 2013.</li> </ul>	Res : 117/2013/14	Municipal Manager / CFO	Yes
8.4.	<ul style="list-style-type: none"> <li>That Council approved the Joe Morolong Employment Equity Plan</li> </ul>	Res : 118/2013/14	Mr T J Gopetse / Mr M Segami	Yes
8.5.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality took note of Circular No. 3/2013 on Collective Agreement on Conditions of Service for the Northern Cape Division , SALGB</li> </ul>	Res : 119/2013/14	Mr Gopetse T J / Municipal Manager	Yes
8.6.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality took note of the Final Redetermination of Municipal Boundaries.</li> </ul>	Res : 120/2013/14	Municipal Manager / Council	Yes
8.7.	<ul style="list-style-type: none"> <li>That Council adopted the Server Baseline Policy.</li> </ul>	Res : 121/2013/14	Mr T J Gopetse	Yes

8.8.	<ul style="list-style-type: none"> <li>That Council adopted the Network and Security Management Policy.</li> </ul>	Res : 122/2013/14	Mr T J Gopetse/Mr T Molelekoa	Yes
8.9.	<ul style="list-style-type: none"> <li>That Council adopted the Internet Acceptable Usage Policy.</li> </ul>	Res : 123/2013/14	Mr T J Gopetse / Mr T Molelekoa	Yes
8.10.	<ul style="list-style-type: none"> <li>That Council adopted the Sexual Harassment Policy.</li> </ul>	Res : 124/2013/14	Mr T J Gopetse / Council	Yes
8.11.	<ul style="list-style-type: none"> <li>That Council adopted the Funeral and Bereavement Policy.</li> </ul>	Res : 125/2013/14	Mr T J Gopetse / Council	Yes
8.12.	<ul style="list-style-type: none"> <li>That Council adopted the Physical Protection Policy.</li> </ul>	Res : 126/2013/14	Mr T J Gopetse / Council	Yes
8.13.	<ul style="list-style-type: none"> <li>That Council adopted the Patch Management Policy.</li> </ul>	Res : 127/2013/14	Mr T Molelekoa / Mr T J Gopetse	Yes
INFRASTRUCTURE				
9.1.	<ul style="list-style-type: none"> <li>That Council accepted the Technical Services Projects Progress Report.</li> </ul>	Res : 128/2013/14	Mr Thaole Shadrack / Malola Given	Yes

9.2.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong accept the report on Black Rock Mine operations</li> <li>That the meeting should be convened between Black Rock Mine , Joe Morolong Local Municipality and Department of Mineral Resources to discuss the SLPs and commitments that are not honoured.</li> </ul>	Res : 129/2013/14	Municipal Manager / Exco	Yes
9.3.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality accepted information on Sishen Iron Ore SLPs funded projects.</li> </ul>	Res : 130/2013/14	Phiri K V/Tlhaole Shadrack	Yes
9.4.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality accepted the progress report on Accelerated Community Infrastructure Programme</li> </ul>	Res : 131/2013/14	Tlhaole Shadrack / Malola Given	Yes
9.5.	<ul style="list-style-type: none"> <li>That Council accepted the Municipal Infrastructure Grant Report.</li> </ul>	Res : 132/2013/14	Tlhaole Shadrack	Yes
9.6.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality accepted the information and took note of the under-spending.</li> </ul>	Res : 133/2013/14	Mr Tlhaole S / Municipal Manager	Yes

9.7.	<ul style="list-style-type: none"> <li>• That investigations should be conducted on the causes of the Motor Grader maintenance problems.</li> <li>• That research should be done on the cost saving activity between purchasing and renting a grader.</li> </ul>	Res : 134/2013/14	Mr Thaole S / Municipal Manager	Yes
9.8.	<ul style="list-style-type: none"> <li>• That Council accepted the water operations and maintenance report for the period 1 July 2013 to 30 September 2013.</li> </ul>	Res : 135/2013/14	Mr Thaole Shadrack / Mr Sithole	Yes
9.9.	<ul style="list-style-type: none"> <li>• That Water Quality Controller for the previously DMA should be appointed by Joe Morolong Local Municipality.</li> </ul>	Res :136/2013/14	Municipal Manager/ Mr Gopetse T J	Yes
9.10.	<ul style="list-style-type: none"> <li>• That Council accept the United Manganese of Kalahari three year Social and Labour Plan.</li> </ul>	Res : 137/2013/14	Municipal Manager/Mr Phiri K V/ Thaole S	Yes

9.11.	<ul style="list-style-type: none"> <li>That Council accept the Municipal Water Infrastructure Grant report for the period 1<sup>st</sup> July 2013 to 30<sup>th</sup> September 2013.</li> </ul>	Res : 138/2013/14	Municipal Manager/Thaole Shadrack	Yes
9.12.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality took note of the progress report from SOIC Community Development Trust regarding the construction of MR950 and MR947 roads that were prioritized by the District Municipality in its Integrated Transport Plan and Strategic Plan.</li> </ul>	Res : 139/2013/14	Council	Yes

9.13.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality approved the rezoning of the Farm Adams No. 328 , Kuruman road , Saltrim Ranches ( PTY ) LTD , subject to the following conditions :               <ol style="list-style-type: none"> <li>That the implementation of the project complies with the provisions of the White Paper on Energy</li> <li>That the establishment of the plant should be compliant to any conditions /provisions contained in the Environmental Authorization dated 28 March 2013</li> <li>That only the portion subject to the application is to be used for cultivation of alternative power , and remainder portions are to be retained as agricultural land.</li> <li>That owner /developer or Manager of the photovoltaic power station be responsible for the provision of any bulk water required and the costs thereof .</li> <li>That no further land use applications will be considered for the property for the next ( 2 ) two years</li> <li>That the advertisement and publicity through all boards , signs and other forms of advertising or publicity on Regional Roads must comply with Council and the relevant Department's advertising by-law and any other applicable legislation.</li> <li>That building plans for any other structure to be constructed ,ie storage facility , office lavatories or any other structures must be</li> </ol> </li> </ul>	Res : 140/2013/14	Mr Tlhaole S / Municipal Manager	Yes
JOE MOROLONG LOCAL MUNICIPALITY	8. That the approval shall lapse after two years following the date of approval , in accordance with Council of Joe Morolong Local Municipality Planning and Development Act 1008 if not			

9.14.	<ul style="list-style-type: none"> <li>That Council took note of the relocation of Eskom – Sishen Powerline</li> </ul>	Res : 141/2013/14	Joey Kampilu / Thompho Moncho	Yes
9.15.	<ul style="list-style-type: none"> <li>That Council took note of the information regarding available funding for solar water heaters and the need to develop a database for households in need of water heaters</li> </ul>	Res : 142/2013/14	Phiri K V / Tlhaole Shadrack	Yes
9.16.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong took note of the SALGA's position regarding Back Yarders and Back Yard Dwellers.</li> </ul>	Res : 143/2013/14	Mr Gopetse T J / Tlhaole Shadrack	Yes
9.17.	<ul style="list-style-type: none"> <li>That Council Council of Joe Morolong Local Municipality mandate the Mayor , Executive Committee and the Municipal Manager to meet the Sedibeng Water senior Management and that the meeting should be convened in January 2014</li> <li>That Council refuses the use of its SLPs by Sedibeng Water for the rehabilitation of the Vaal Gamagara pipeline.</li> </ul>	Res : 144/2013/14	Municipal Manager/Exco	Yes
9.18.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality took note of the letter from SALGA on dissemination of key court judgements.</li> </ul>	Res : 145/2013/14	Municipal Manager/Mr Gopetse T J / Exco	Yes
9.19.	<ul style="list-style-type: none"> <li>That Council took note of the Spatial Planning and Land Use Management Act</li> </ul>	Res : 146/2013/14	Mr Tlhaole S / Mr Phiri K V	Yes

9.20.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality took note of the Spatial Planning and Land Use Management Act Readiness Assessment Questionnaire</li> </ul>	Res : 147/2013/14	Mr T J Gopetse/ Mr Khokhong Eugene/ Municipal Manager	Yes
<b>PLANNING AND DEVELOPMENT</b>				
10.1.	<ul style="list-style-type: none"> <li>That Council accepted the Municipal Quarterly Performance report .</li> <li>That the report should be referred to MPAC and Audit Committee for review.</li> </ul>	Res : 148/2013/14	Municipal Manager/ Phiri K V / Pretorius Thami	Yes
10.2.	<ul style="list-style-type: none"> <li>That Council accepted the EPWP Projects Progress Report</li> </ul>	Res : 149/2013/14	Mr Phiri K V	Yes
10.3	<ul style="list-style-type: none"> <li>That Council adopted the IDP Consultation Program</li> </ul>	Res : 150/2013/14	Phiri K V / Speaker	Yes
10.4.	<ul style="list-style-type: none"> <li>That Council accepted the incorporation of Sebilo Resources SLPs into the Municipal IDP for 2014/15 financial year.</li> </ul>	Res : 151/2013/14	Phiri K V /	Yes
10.5.	<ul style="list-style-type: none"> <li>That Council accept the progress report on Itsose Waste Management Project at Tshipi E Ntle manganese mine.</li> </ul>	Res : 152/2013/14	Phiri K V	Yes

10.6.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality accepted the progress report on Assmang Black Rock Mine SLPs.</li> <li>That Black Rock SLPs should be discussed in the meeting between Joe Morolong, Black Rock Mine and Department of Mineral Resources.</li> </ul>	Res : 153/2013/14	Mr Phiri K V	Yes
COMMUNITY SERVICES				
11.1.	<ul style="list-style-type: none"> <li>That Council accepted the cemetery maintenance report.</li> </ul>	Res : 154/2013/14	Mabudi Kgomots	Yes
11.2	<ul style="list-style-type: none"> <li>That Council of Joe Morolong accepted the progress report on the Northern Cape Premier's Cleaning and Maintenance Programme.</li> </ul>	Res : 155/2013/14 Res : 156/2013/14	Mrs Kgomotso Mabudi	Yes
11.3.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality mandates the Municipal Manager to submit the Business Plan for Youth in Waste Project.</li> </ul>	Res : 157/2013/14	Municipal Manager/ Seneo/ Mabudi Kgomotso	Yes
11.4.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality accepted the report on the revised Draft Policy on declaration of priority housing development areas of the Housing Development Agency</li> </ul>	Res : 158/2013/14	Municipal Manager	Yes

11.5.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality took note of the introduction of the Office of Disclosure that was established in terms of Section 4 of the Home Loans and Mortgage Disclosure Act 63 of 2000.</li> </ul>	Res : 159/2013/14	Municipal Manager	Yes
11.6.	<ul style="list-style-type: none"> <li>That Council accepted the report on North West Housing Cross-Border Project.</li> </ul>	Res : 160/2013/14	Mr Shadrack Tlhaole/ Municipal Manager	Yes
11.7.	<ul style="list-style-type: none"> <li>That Council accepted the progress report on the Joe Morolong 1000 Rural Housing Project and that further implementation should be done as follows ;               <ol style="list-style-type: none"> <li>1. 107 houses to be build at Maibeing</li> <li>2. 64 houses for both Eiffel and Klein-Eiffel</li> <li>3. 29 houses for Lethakajaneng</li> </ol> </li> <li>That Councillors should encourage residents to apply for low cost houses.</li> <li>That Ward Councillors should submit application lists by 31 January 2014.</li> <li>That arrangements should be made with chiefs and police stations to assist communities in furnishing the municipality with relevant information relating to the applications for low cost housing.</li> <li>That progress regarding the 1000 rural housing Project should be</li> <li>presented in the next Ordinary Council meeting</li> </ul>	Res : 161/2013/14	Mr Shadrack Tlhaole / Municipal Manager	Yes

11.8.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality accepted the Electrification Project as follows ;               <ol style="list-style-type: none"> <li>23 connections at Goodhope ( estimated costs of R 891,308 )</li> <li>18 extensions at Hertzog ( estimated costs of R1076,166 )</li> <li>97 extensions at Kanana ( estimated costs of R2531,098 )</li> <li>16 extensions at Rusfontein Wyk 12 (estimated costs of R1019,627</li> <li>69 extensions at Wingate ( estimated costs of R1564,797 )</li> <li>300 extensions at Camden RDPs ( estimated costs of R5574,261 )</li> </ol> </li> </ul>	Res : 162/2013/14	Mr Shadrack Tlhaole / Municipal Manager	Yes
11.9.	<ul style="list-style-type: none"> <li>That Council accepted the progress report on the implementation of cemetery project.</li> </ul>	Res : 163/2013/14	Mrs K. Mabudi	Yes
11.10.	<ul style="list-style-type: none"> <li>That Council accepted the progress report on the construction of community halls at Padstow and Ditshipeng.</li> </ul>	Res : 164/2013/14	Mrs Mabudi Kgomo / Malola Given/ Mr Tlhaole Shadrack	Yes
11.11.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality accepted the progress report on Churchill Library.</li> </ul>	Res : 165/2013/14	Mrs Mabudi K	Yes

7.2.5.	<ul style="list-style-type: none"> <li>That Council took note of the Auditor – General's report regarding Financial Statements.</li> <li>That the posts of <b>Manager for Financial Control</b> and <b>Assistant Manager for Financial Control</b> should be added to the <b>Organizational Structure</b> and appointments made.</li> </ul>	Res : 166/2013/14	Mr T J Gopetse / Municipal Manager and CFO	Yes
8.14.	<ul style="list-style-type: none"> <li>That the position of Supply Chain Officer should be withdrawn from the Organizational Structure.</li> </ul>	Res : 167/2013/14	Municipal Manager/ Mr T J Gopetse / CFO	Yes
	<ul style="list-style-type: none"> <li>That the Supply Chain Clerk should be appointed to reinforce the department.</li> </ul>	Res : 168/2013/14	Mr T J Gopetse / Municipal Manager/ CFO	Yes
8.15.	<ul style="list-style-type: none"> <li>That Council took note of the unprocedural recruitment and the request from the Department of Cooperative Governance to refrain from such activities in future</li> </ul>	Res : 169/2013/14	Councillor Leshope/ Mabudi Kgomo/so/ Municipal Manager	Yes
8.16.	<ul style="list-style-type: none"> <li>That Council took note of the interview report</li> </ul>	Res : 170/2013/14	Mr Gopetse T J	Yes

8.17.	<ul style="list-style-type: none"> <li>That Council took note of the report and recommendations regarding complaints sent to the municipality.</li> <li>That the meeting should be convened with Ward Committees in February 2014.</li> </ul>	Res : 171/2013/14	Speaker/ Mabudi Kgomo / Masilabele K	Yes
8.18.	<ul style="list-style-type: none"> <li>That Council should contribute to the partnership to assist in ferrying communities to public viewing areas.</li> <li>That the contributions should be directed to John Taolo Gaetsewe Developmental Trust for control and centrality.</li> </ul>	Res : 172/2013/14	CFO / Municipal Manager	Yes
10.7.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality accepted the invitation to the District Lekgoila for 30<sup>th</sup> and 31<sup>st</sup> January 2014.</li> </ul>	Res : 173/2013/14	Speaker / Municipal Manager	
10.8.	<ul style="list-style-type: none"> <li>That Council approved the Joe Morolong Municipality 's EPWP Policy</li> </ul>	Res : 174/2013/14	Mr Phiri K V / Gopetse T J	Yes

10.9.	<ul style="list-style-type: none"> <li>That a new project should be started at Dithakong and that problems relating to the Dithakong Sand Mining should be resolved.</li> </ul>	Res : 175/2013/14	Mr Phiri K V	Yes
11.13.	<ul style="list-style-type: none"> <li>That Council mandated the Municipal Manager to sign the Memorandum of Understanding with the South African Social Security Agency regarding the use of Community halls at <b>Maphiniki , Loopeng , Bothitong and Kikahela</b> as paypoints.</li> </ul>	Res : 176/2013/14	Municipal Manager	Yes
24 Jan 2014				
7.1.1.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality adopted the Audit Action Plan.</li> </ul>	Res : 177/2013/14	CFO/ Municipal Manager	Yes

7.1.2.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality approved the Mid-Year and Performance Assessment for the period 1<sup>st</sup> July 2013 to 31<sup>st</sup> December 2013.</li> </ul>	Res : 178/2013/14	Mr Phiri K V / Thami Pretorius	Yes
7.1.3.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality approved the Adjustment Budget for the 2013/14 Financial Year.</li> </ul>	Res : 179/2013/14	CFO/ Municipal Manager	Yes
7.1.4.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality empowered the Municipal Manager to submit the letter of support to the implementing agency.</li> </ul>	Res : 180/2013/14	Municipal Manager	Yes
7.1.5.	<ul style="list-style-type: none"> <li>That Council mandated the Municipal Manager to sign the Memorandum of Understanding with John Taolo Gaetsewe District Municipality on behalf of the Joe Morolong Local Municipality.</li> </ul>	Res : 181/2013/14	Municipal Manager	Yes
7.1.6.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality took note of the Annual Report for 2013/14.</li> <li>That MPAC and the Internal Audit Committee took note of the Annual Report</li> </ul>	Res : 182/2013/14		
5 February 2014				

7.1.1.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality adopted the Audit Action Plan.</li> </ul>	Res : 183/2013/14	CFO / Municipal Manager	Yes
7.1.2.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality approved the Mid-Year and Performance Assessment for the period 1<sup>st</sup> July to 31<sup>st</sup> December 2014.</li> </ul>	Res : 184/2013/14	CFO / Municipal Manager	Yes
7.1.3.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality approved the Adjustment Budget for the 2013/14 Financial Year</li> </ul>	Res : 185/2013/14	CFO / Municipal Manager	Yes
7.1.4.	<ul style="list-style-type: none"> <li>That the Council of Joe Morolong Local Municipality empowers the Municipal Manager to submit the letter of support to the implementing Agency for Youth Jobs on Waste.</li> </ul>	Res : 186/2013/14	Municipal Manager / Mrs Mabudi	Yes
7.1.5.	<ul style="list-style-type: none"> <li>That Council mandated the Municipal Manager to sign the Memorandum of Understanding with the John Taolo District Municipality on behalf of Joe Morolong Municipality</li> </ul>	Res : 187/2013/14	Municipal Manager	Yes

7.1.6.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality took note of the Annual Report for 2013/14.</li> <li>That MPAC and the Internal Audit Committee should study the Annual Report and make recommendations to Council within two months.</li> <li>That the Annual Report should be submitted to COGHSTA, Provincial and National Treasury.</li> </ul>	Res :188/2013/14	Matsididi M A/ Sephekolo G M / Mecwi D / Phiri K	
5 February 2014				
Finance				
7.1.1.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong took note of the approved increase for Councillors as from 1<sup>st</sup> July 2013.</li> <li>That Council approves the implementation of the increase as from 1<sup>st</sup> July 2013.</li> <li>That the MEC for Cooperative Governance, Human Settlement and Traditional Affairs should be informed about the decision of Council per Council Resolution.</li> <li>That the Resolution be implemented after the concurrence of the MEC for Cooperative Governance, Human Settlement and Traditional Affairs.</li> <li>That Councillors should arrange the structuring of their salaries with the Joe Morolong Municipality Finance Department.</li> </ul>	Res : 189/2013/14	CFO / Municipal Manager	Yes

7.1.2	<ul style="list-style-type: none"> <li>That Council condone the action taken by the Accounting Officer to request for an advance of R2.2 M from Standard Bank</li> </ul>	Res : 190/2013/14		Yes
26 March 2014				
Finance , HR and Admin.				
4. Application for Leave of Absence	<ul style="list-style-type: none"> <li>That the Speaker should investigate the conduct of Councillor Masego Tihelo who happened to absent herself from both the Portfolio Committee and Council meetings , and does not participate in other council activities like community consultations.</li> <li>That Council Simon Ortel should be requested to submit the medical report within seven days.</li> <li>That Council empowers the Mayor to take further actions if the medical report is not submitted within seven days , which counts from 26<sup>th</sup> March 2014.</li> </ul>	Res : 191/2013/14	The Speaker	Yes
5. Minutes	<ul style="list-style-type: none"> <li>That Council accept the minutes dated 18<sup>th</sup> December 2013, 24<sup>th</sup> January 2014 and 5<sup>th</sup> February 2014 as a true reflection.</li> </ul>	Res : 192/2013/14	T J Gopetse / Matsididi M A	Yes
7.1.1.				

Finance, HR and Admin.	<ul style="list-style-type: none"> <li>That Councillor Kaotsane Oageng should be suspended with immediate effect.</li> <li>That Councillor Kaotsane Oageng should be suspended with pay pending investigations on allegations levelled against him</li> <li>That the Disciplinary Committee should be set up to deal with the matter and submit its findings to Council.</li> <li>That Councillor Teteme Thomas should be given seven days, counting from 26<sup>th</sup> March 2014 to respond to allegations levelled against him by the Gamasepa community.</li> </ul>	Res : 193/2013/14	Council / Speaker	Yes
7.1.3.	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality adopted the Draft IDP and the Draft Budget for the 2014/15 Financial Year.</li> </ul>	Res : 194/2013/14	Council / Speaker	Yes
7.2.1.	<ul style="list-style-type: none"> <li>That Council accepted the Cash Book Report for the period ending 31<sup>st</sup> December 2013</li> </ul>	Res : 195/2013/14	CFO / Municipal Manager	Yes

7.2.2.	<ul style="list-style-type: none"> <li>That Council accepted the Section 71 Report for the period ending 31<sup>st</sup> December 2013</li> </ul>	Res : 196/2013/14	CFO / Municipal Manager	Yes
7.2.3.	<ul style="list-style-type: none"> <li>That Council accepted the Supply Chain Management Report for the period 31<sup>st</sup> December 2013</li> </ul>	Res : 197/2013/14	Mr Molaolwe	Yes
7.2.4.	<ul style="list-style-type: none"> <li>That Council accept the Fruitless and Wasteful expenditure Report for the period 1<sup>st</sup> September 2013 to 31<sup>st</sup> December 2013</li> <li>That specifics should be indicated were the wasteful and fruitless expenditure occurred</li> </ul>	Res : 198/2013/14	CFO/Municipal Manager	Yes
7.2.5.	<ul style="list-style-type: none"> <li>That Council took note of the Circular No. 70 on the Municipal Budget Circular for the 2014/15 MTREF</li> </ul>	Res : 199/2013/14	Municipal Manager	Yes
8.1.	<ul style="list-style-type: none"> <li>That Council accept the Incident Report.</li> <li>That the secure fencing should be erected around the municipality premises</li> <li>That a budget should be set aside for the erection of the secure fencing around the municipal offices in the 2014/15 Financial Year</li> </ul>	Res : 200/2013/14	Council / CFO / Municipal Manager	Yes

8.2.	<ul style="list-style-type: none"> <li>That Council took note of the application for a business site in Vanzylsrus</li> <li>That the applicant should provide information on the type of business for which the site is applied.</li> </ul>	Res : 201/2013/14	Mr Gopetse / Matsididi MA	Yes
8.3.	<ul style="list-style-type: none"> <li>That Council took note of Councillor Matlhomantsho Percy's declaration of election by the Independent Electoral Commission.</li> </ul>	Res : 202/2013/14		Yes
8.4.	<ul style="list-style-type: none"> <li>That Council took note of the Conditions of Service for Senior Managers</li> <li>That the Regulations should be noted and implemented</li> <li>That a workshop should be arranged for further clarity on the Regulations.</li> </ul>	Res : 203 / 2013/14	Municipal Manager	Yes
8.5.	<ul style="list-style-type: none"> <li>That Council took note of the Report on the functions of the Audit Committee.</li> </ul>	Res : 204/2013/14	Speaker / Matsididi M A	Yes
8.6.	<ul style="list-style-type: none"> <li>That Council adopted the Joe Morolong Local Municipality's Reviewed Bursary Policy</li> </ul>	Res : 205/2013/14	Segami M/ Gopetse T J /	Yes
8.7.	<ul style="list-style-type: none"> <li>That Council adopted the IT Back-up Policy and Procedures</li> </ul>	Res : 206/2013/14	Molelekoa T / Gopetse T J	Yes
8.9.	<ul style="list-style-type: none"> <li>That Council adopted the Joe Morolong Local Municipality IT Governance Charter</li> </ul>	Res : 208/2013/14	Mr Molelekoa T	Yes

8.10.	<ul style="list-style-type: none"> <li>That Council adopted the Physical Protection of IT Facility Policy</li> </ul>	Res : 209/2013/14	Mr Molelekoa T / Mr Gopetse T J / Mr Khokhong E	Yes
8.11.	<ul style="list-style-type: none"> <li>That Council adopted the Access IT Environment Policy and Procedures</li> </ul>	Res : 210 / 2013/14	Mr Molelekoa T / Gopetse T / E Khokhong	Yes
8.12.	<ul style="list-style-type: none"> <li>That Council took note of the John Taolo Gaetsewe Resolution Register for February 2013 to January 2014</li> <li>That Council took note of the John Taolo Gaetsewe Resolution Register for February 2013 to January 2014</li> </ul>	Res : 211/2013/14  Res : 211/2013/14	Speaker/ Mayor / Gopetse T J / Matsididi M A  Speaker/ Mayor / Gopetse T J / Matsididi M A	Yes
9.1.	<ul style="list-style-type: none"> <li>That Council accept the Technical Services Projects Progress Report</li> </ul>	Res : 212/2013/14	Tlhaole Shadrack/ Malola Given	
9.2.	<ul style="list-style-type: none"> <li>That Council accepted the Assmang Manganese (Black Rock Mine Operations ).Funded Projects Progress Report</li> </ul>	Res : 213/2013/14	Mr Tlhaole Shadrack	Yes
9.3.	<ul style="list-style-type: none"> <li>That Council accepted the Sishen Iron Ore Social and Labour Plan Report</li> </ul>	Res : 214/2013/14	Mr Tlhaole S	Yes
9.4.	<ul style="list-style-type: none"> <li>That Council accepted the Accelerated Community Infrastructure Programme ( ACIP ) Progress Report for the second quarter</li> </ul>	Res : 215/2013/14	Mr Tlhaole S	Yes

9.5.	<ul style="list-style-type: none"> <li>That Council accept the prioritized Sanitation Projects in the following sequence ;               <ol style="list-style-type: none"> <li>1. Penryn</li> <li>2. Tzaneen</li> <li>3. Ellendale</li> <li>4. Gamadubu</li> <li>5. Bailybrits</li> <li>6. Takeng</li> <li>7. Esperanza</li> <li>8. Bosra</li> <li>9. Heuningvlei</li> <li>10. That projects should be implemented in the 2014/15 Financial Year and outer years</li> </ol> </li> </ul>	Res : 216/2013/14	Mr Malola Given	Yes
9.6.	<ul style="list-style-type: none"> <li>That Council approved the implementation of the Municipal Infrastructure Grant projects in the prioritized manner as follows ;               <ol style="list-style-type: none"> <li>1. Klein Neira</li> <li>2. Motlhoeng</li> <li>3. Radiatsongwa</li> <li>4. Mosekeng</li> <li>5. Makgaladi</li> <li>6. Water Aar</li> <li>7. Adderly</li> </ol> </li> </ul>	Res : 217/2013/14	Mr Sithole / Mr Malola Given	Yes
9.7.	<ul style="list-style-type: none"> <li>That Council noted that the Motor Grader was not operating and there is no report for the second quarter</li> </ul>	Res : 218/2013/14	Mr Tlhaole S	Yes
9.8.	<ul style="list-style-type: none"> <li>That Council accepted the Water Operation and Maintenance Report for the period ending 31<sup>st</sup> December 2013</li> </ul>	Res : 219/2013/14	Mr Sithole / Mr Tlhaole Shadrack	Yes

9.9.	<ul style="list-style-type: none"> <li>That Council accepted the Water Quality Report for the second quarter</li> </ul>	Res : 220/2013/14	Mr Sithole / Mr Keetile	Yes
9.10.	<ul style="list-style-type: none"> <li>That Council accepted the Rural Sanitation Programme Report and the prioritization list.</li> </ul>	Res : 221/2013/14	Mr Sithole / Mr Keetile	Yes
9.11.	<ul style="list-style-type: none"> <li>That Council approved the implementation of the Municipal Water Infrastructure Grant for the 2014/15 Financial Year in a manner of priority as follows ;               <ol style="list-style-type: none"> <li>Gadiboe</li> <li>Danoon</li> <li>Kiangkop</li> <li>March</li> <li>Bosra</li> <li>Bendell</li> <li>Dithakong</li> <li>Khankhudung</li> <li>Tsineng</li> </ol> </li> <li>That Tsineng Water Project should overlap for implementation in the outer years</li> </ul>	Res : 222/2013/14	Mr Malola Given / Mr Sithole / Mr Keetile	Yes
9.12.	<ul style="list-style-type: none"> <li>That Council took note of the progress report for the SOIC Community Development Trust</li> <li>That corrections should be done on the roads to be constructed : That it <u>should appear as road from Wyk 10 to Laxey , and the road from N14 intersection to Dithakong</u>, and not vice versa</li> <li>That Municipal Representatives to the Road Forum should communicate such corrections</li> </ul>	Res : 223/2013/14	Mr Gopetse / Mr Tlhaole	Yes

9.13.	<ul style="list-style-type: none"> <li>That Council accepted the report on the submission of Business Plans to MIG.</li> </ul>	Res : 224/2013/14	Municipal Manager / Mr Tlhaole Shadrack	Yes
9.14.	<ul style="list-style-type: none"> <li>That Council accepted the report on vandalism at Borehole 13 – 87 006</li> <li>That Communities should be made aware of negative effects of vandalism on service delivery</li> </ul>	Res : 225/2013/14	Mr Tlhaole S	Yes
9.15.	<ul style="list-style-type: none"> <li>That Council accepted the report on re-gravelling of Laxey – Heuningvlei Road.</li> </ul>	Res : 226/2013/14	Mr Tlhaole S / Joey Kampilu	Yes

9.16.	<ul style="list-style-type: none"> <li>That the application for subdivision of the remainder of Farm Nchwaning be approved subject to the following conditions;               <ol style="list-style-type: none"> <li>That a consolidation diagram ( 317. Ha , Western Section and Portion 3 ) be prepared and framed by a qualified land surveyor for Municipal approval</li> <li>That only the portion subject to this application are to be used for the purpose of the mining expansion project</li> <li>That the owner / developer / operator shall be responsible for the provision of any bulk service where required , and costs thereof.</li> <li>That no further land use applications will be considered for the property for the next two ( 2 ) years</li> <li>That advertisement , publicity through all boards , signs and other forms of advertising or publicity on any Regional Roads must comply with Council and relevant Department's advertising policy and any other applicable legislation</li> <li>That a comprehensive Site Development Plans</li> <li>That building plans for any structure to be constructed , subject to compliance with legislative requirements.</li> <li>That the applicant be notified that the application shall lapse after two ( 2 ) two years following the date of approval , in accordance with section 45 ( 1 ) of the</li> </ol> </li> </ul>	<p>Res : 227/2013/14</p> <p>Mr Tlhaole Shadrack / Mike</p>	Yes
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9.18.	<ul style="list-style-type: none"> <li>That Council took note of the request for endorsement of oil mining in Dithakong</li> <li>That the request should be referred to the Department of Rural Development and Land Reform to facilitate the process</li> </ul>	Res : 228/2013/14	Mr Phiri K V / Municipal Manager/ Mr Tlhaole Shadrack	Yes
9.19.	<ul style="list-style-type: none"> <li>That Council empowers the Executive Committee to finalize the prioritization of the Rural Roads Programme</li> <li>That Council should meet to make the long list of villages to be finalized by the Executive Committee</li> </ul>	Res : 229/2013/14	Joey Kampilu / Mr Tlhaole Shadrack	Yesb
9.20.	<ul style="list-style-type: none"> <li>That Council accepted the report on the Hotazel Town Vision</li> </ul>	Res : 230/2013/14	Mr Tlhaole Shadrack	Yes
10.				
10.1.	<ul style="list-style-type: none"> <li>That Council accepted the Municipal Quarterly Performance Report for the Second Quarter</li> </ul>	Res : 231/2013/14	Mr Phiri K V / Melokwe Thami	Yes
10.2.	<ul style="list-style-type: none"> <li>That Council adopted the IDP and Budget Community Consultation Programme for the 2014/15 Financial Year</li> <li>That the Budget should be set aside for the Community Consultation process</li> </ul>	Res : 232/2013/14	Mecwi D / Melokwe T / Mr Phiri K V / CFO	Yes
10.3.	<ul style="list-style-type: none"> <li>That Council accepted the Progress Report on Itsoo Waste Management</li> </ul>	Res : 233/2013/14	Mr Phiri K V	Yes
10.4.	<ul style="list-style-type: none"> <li>That Council accepted the EPWP Closing Report on the Mayor's Poverty Alleviation Programme</li> </ul>	Res : 234/2013/14	Mr Phiri K V	Yes

10.5.	<ul style="list-style-type: none"> <li>That Council accepted the Social and Labour Plan from Assmang Manganese Mine Operations</li> </ul>	Res : 235/2013/14	Mr Phiri K V	Yes
11.				
11.1.	<ul style="list-style-type: none"> <li>That Council accepted the Report on Youth Job in Waste</li> </ul>	Res : 236/2013/14	Mrs Mabudi K D	Yes
11.2.	<ul style="list-style-type: none"> <li>That Council accepted the Report on the EPIP Programme</li> <li>That Council condoned action taken by the Municipal Manager for signing the Memorandum of Agreement between the Department of Environmental Affairs and the Joe Morolong Local Municipality</li> </ul>	Res : 237/2013/14	Mrs Mabudi K D / Municipal Manager	Yes
11.3.	<ul style="list-style-type: none"> <li>That Council accepted the Report on the Hotazel Landfill Site</li> </ul>	Res : 238/2013/14	Mrs Mabudi K D	Yes
11.4.	<ul style="list-style-type: none"> <li>That Council accepted the Report on Cemetery Maintenance Programme</li> </ul>	Res : 239/2013/14	Mrs Mabudi K D	Yes
11.5.	<ul style="list-style-type: none"> <li>That Council accepted new recruitment on Working on Fire</li> </ul>	Res : 240/2013/14	Mrs Mabudi K D / Mrs Letselebe Seneo	Yes
11.6.	<ul style="list-style-type: none"> <li>That Council condoned action taken by the Accounting Officer by forwarding the request to use the Hotazel Landfill Site to the current License holder ( BHP Billiton )</li> </ul>	Res : 241/2013/14	Municipal Manager / Mabudi K D	Yes
11.7.	<ul style="list-style-type: none"> <li>That Council accepted the EPWP Sports and Library Services Report</li> </ul>	Res : 242/2013/14		Yes

7.1.2.	<ul style="list-style-type: none"> <li>That Council accepted the Disciplinary Report</li> </ul>	Res : 243/2013/14	Mr Khokhong E / Mr Gopetse T J	Yes
7.1.5.	<ul style="list-style-type: none"> <li>That Council accepted the Audit Action Plan</li> <li>That the Audit Action Plan should be presented quarterly to Council</li> </ul>	Res : 244/2013/14	CFO / Municipal Manager	Yes
8.13.	<ul style="list-style-type: none"> <li>That Council took note of the letter requesting for written confirmation that the Municipality will carry the costs for the Law and Administration Programme for Councillors and officials</li> <li>That Council commits to carry the costs for councillors who registered for the Law and Administration Programme ;               <ol style="list-style-type: none"> <li>Mosadiwapula Dorcas Moremi</li> <li>Kabelo Mosiapoe</li> <li>Mmasara Pitso</li> <li>Moitshepi Sephekolo</li> <li>Butinyana Moses Mbolekwa</li> </ol> </li> </ul>	Res : 245/2013/14	Mr Segami M / Mr Gopetse T J / CFO / Municipal Manager	Yes

8.14.	<ul style="list-style-type: none"> <li>That Council approved the revised SLP commitment for Kudumane Manganese Resources (PTY) LTD;               <ol style="list-style-type: none"> <li>Handling Facilities for Livestock (crush pens) : Skerma , Garapoana , Kilokilo , Ditshipeng , Metsimantsi Wyk 9 , Gasehunelo Wyk 10 , Kokfontein , Tzaneen , Dithakong , Cahar.</li> <li>Water Infrastructure Development at Manaring ( Phase 2 )</li> <li>Construction of a clinic at Heuningvlei</li> <li>Construction of a local Primary School at Dithakong</li> <li>Water Infrastructure at Eiffel and Klein-Eiffel ( Development , equipping of borehole and extension of water network )</li> <li>ABET</li> <li>Learnerships</li> <li>Portable Skills</li> <li>Internships and Bursaries</li> </ol> </li> </ul>	Res : 246/2013/14	Segami Moagi / Phiri K V / Thaole Shadrack	Yes
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8.15.	<ul style="list-style-type: none"> <li>That Council adopted the Municipal Public Accounts Committee Reports for the 2011/12 and 2012/13 Financial Years</li> </ul>	Res : 247 / 2013/14	Sephokolo G M / Municipal Manager	Yes  MPAC reports adopted by Council es
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29 MAY 2014	<ul style="list-style-type: none"> <li>▪ That Council of Joe Morolong Local Municipality review the Final IDP for 2014/15 Financial Year</li> </ul>	Res : 248/2013/14	Municipal Manager/ Gopetse T J / Segami Moagi /	Yes
10.1.1.	<ul style="list-style-type: none"> <li>▪ That Council approve the proposed vacancies budgeted for in the 2014/15 Financial Year as follows ;</li> </ul>			
	<p><b>1. <u>Municipal Manager's office</u></b></p> <ul style="list-style-type: none"> <li>▪ Manager: Transversal Issues</li> <li>▪ Protocol Driver : Speaker</li> </ul>			
	<p><b>2. <u>Corporate Services</u></b></p> <ul style="list-style-type: none"> <li>▪ Network Technician</li> <li>▪ Labour Relations Officer</li> <li>▪ Records Manager</li> </ul>			
	<p><b>3. <u>Technical Services</u></b></p> <ul style="list-style-type: none"> <li>▪ Manager : Town Planning</li> <li>▪ Hotazel Technical Clerk</li> <li>▪ Technician : Water and Sanitation</li> </ul>			
	<p><b>4. <u>Finance</u></b></p> <ul style="list-style-type: none"> <li>▪ Supply Chain Management Clerk</li> <li>▪ Budget Clerk</li> <li>▪ Assistant Manager : Financial Control</li> </ul>			

10.1.2.	<p><b>Tabling of the Final Budget for the 2014/15 Financial Year</b></p> <p><b>Noted that:</b></p> <ul style="list-style-type: none"> <li>The Mayor of the Joe Morolong Local Municipality presented the Final Budget Act No. 56 of 2003, for adoption by Council.</li> </ul> <p><b>Resolved</b></p> <ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality, acting in terms of section 24 of Municipal Finance Management Act : Act 56 of 2003, approve and adopt the Annual Budget for 2014/15 Financial Year and single year capital appropriations as set – in the core table contained in the budget document with effect from the 1<sup>st</sup> July 2014.</li> <li>Table A2 : Budget Financial Performance ( expenditure by classification )</li> <li>Table A3 : Budget Financial Performance ( expenditure by municipal vote )</li> <li>Table A4 : Budget Financial Performance ( revenue by source )</li> <li>Table A5 : Budget Capital Expenditure for both multi – year and single year appropriations by vote , standard classification and funding.</li> <li>That Council also , acting in terms of Section 75A of the Municipal Systems Act , Act no. 32 of 2000 , adopt with effect from 1<sup>st</sup> July 2014 ;</li> </ul> <ol style="list-style-type: none"> <li>Tariffs for Property Rates , Electricity , Water Supply , Sanitation Services and Solid Waste Services and tariffs for other services.</li> <li>The Council of Joe Morolong Local Municipality approve the cash backing</li> </ol>	Res : 249/2013/14	CFO / Mr Thamane Itumeleng/ Municipal Manager/Mr Vivian Christie/	Yes
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10.1.3.	<ul style="list-style-type: none"> <li>That Council adopt the Top Layer Service Delivery and Implementation Plan for the 2014/15 Financial Year.</li> </ul>	Res : 250/2013/14	Thami Melokwe	Yes
11 JUNE 2014	<ul style="list-style-type: none"> <li>It was agreed that the contribution for the buying of school shoes should continue until all targeted schools are addressed</li> <li>Minutes were adopted with corrections</li> <li>Minutes were confirmed and no corrections were made</li> <li>Minutes were adopted and there were no matters arising from the minutes.</li> </ul>	Res: 251/2013/14	Speaker / Mr Matsididi M A	Yes
		Res: 252/2013/14	Mr Matsididi M A / Mr Gopetse T J Speaker.	Yes
7.1.2	<ul style="list-style-type: none"> <li>That Council accepted the report on the remuneration of Municipal employees for the period ending 31<sup>st</sup> March 2014</li> </ul>	Res: 253/2013/14	CFO	Yes
7.2.2	<ul style="list-style-type: none"> <li>That Council accept the cash Book report for the Quarter ending 31<sup>st</sup> March 2014</li> </ul>	Res: 254/2013/14	CFO	Yes
7.2.3	<ul style="list-style-type: none"> <li>That Council accepted the Section 71 Report for the period ending 31<sup>st</sup> March 2014</li> </ul>	Res: 255/2013/14	CFO	Yes

7.2.4	<ul style="list-style-type: none"> <li>That Council took note of the Internal Audit Committee Report.</li> <li>That the Internal Audit Committee should make presentation to the Executive Committee and the Executive Committee to report to Council on this item</li> </ul>	Res: 256/2013/14	CFO / Municipal Manager	Yes
7.2.5	<ul style="list-style-type: none"> <li>That Council accept the Supply Chain Management Report for the period ending 31<sup>st</sup> March 2014</li> </ul>	Res: 257/2013/14	Mr Molaolwe	Yes
7.2.6	<ul style="list-style-type: none"> <li>That Council accept the Fruitless and Waste Expenditure for the period January 2014 to March 2014</li> </ul>	Res: 258/2013/14	CFO / Tsholofelo	Yes
7.2.7	<ul style="list-style-type: none"> <li>That Council accept the MFMA Quarterly Report for the Third Quarter</li> </ul>	Res: 259/2013/14	CFO	
8.1	<ul style="list-style-type: none"> <li>That Council took note of the resignation letter from Mr KK Mosala</li> </ul>	Res: 260/2013/14	Mr Segami Moagi	Yes
8.2	<ul style="list-style-type: none"> <li>That Council took note of the employees' misconduct report</li> </ul>	Res: 261/2013/14	Mr Khokhong Eugene	Yes

8.3	<ul style="list-style-type: none"> <li>That Council took note of the application letter for liquor licence at Glen red Liquor Store</li> <li>That Council empower the Municipal Manager to engage the Traditional Authority about the application</li> <li>That Council empower the Municipal Manager to handle the matter and to ensure that all legal requirements are satisfied and to duly submit the report to Liquor Board</li> </ul>	Res: 262/2013/14	Mr Phiri K V / Ms Mabudi K D / Municipal Manager	Yes
8.4	<ul style="list-style-type: none"> <li>That Council adopted the Inventory Management Policy</li> </ul>	Res: 263/2013/14	Mr Gopetse T J / CFO	Yes
8.5	<ul style="list-style-type: none"> <li>That Council took note of the report by the Audit and Performance Committee.</li> <li>That the Audit Committee should make presentation to the Joe Morolong Executive Committee to report to Council on the presentation.</li> </ul>	Res: 264/2013/14	Municipal Manager / CFO	Yes
8.6	<ul style="list-style-type: none"> <li>That Council took note of the letter of response from Councillor Keetile Teteme.</li> <li>That Councillor Keetile Teteme should submit the report with evidence of meetings held with the community within seven working days</li> </ul>	Res: 265/2013/14	Speaker	Yes
8.7	<ul style="list-style-type: none"> <li>That Council approved the Joe Morolong Municipality' Draft Disaster Recovery Plan</li> </ul>	Res: 266/2013/14	Ms Mabudi K D /	Yes

8.8	<ul style="list-style-type: none"> <li>That Council adopted the Council and Committee itinerary for the 2014/15 Financial Year</li> <li>That Council empowers the Municipal Manager to communicate the Council and Committee itinerary for 2014/15 with the John Taolo Gaetsewe District Municipality</li> </ul>	Res: 267/2013/14	Mr Gopetse T J / Matsididi M A	Yes
8.9	<ul style="list-style-type: none"> <li>That Council took note of the Circular 3/2014 on Salary and Wage Increase.</li> <li>That the increase of 6.79% should be implemented with effect from 1<sup>st</sup> July 2014</li> <li>That in respect of Medical Subsidy, the maximum employer contribution to an accredited medical scheme shall be 1.69% ( to R3618.04)</li> </ul>	Res: 268/2013/14	CFO / Municipal Manager/ Mr Segami	Yes
8.10	<ul style="list-style-type: none"> <li>That Council took note of the Circular No. 1/2014 on the Post Demarcation integration Arrangements.</li> </ul>	Res: 269/2013/14		Yes
8.11	<ul style="list-style-type: none"> <li>That Council took note of the Circular No.13/2014 on the determination of upper limits for the total Remuneration Package of Senior Managers for the 2014/15 Financial Year</li> <li>That Councillor should be taken through a workshop on the Circular No: 13/2014</li> </ul>	Res: 270/2013/14	Municipal Manager / Council	Yes
8.12	<ul style="list-style-type: none"> <li>That Council adopted the Work Skills Plan for the 2014/15 Financial Year</li> </ul>	Res: 271/2013/14	Mr Segami Moagi	Yes

8.13	<ul style="list-style-type: none"> <li>That Council seconded Councillor Joseph Segano to the John Taolo Gaetsewe District Council to replace Councillor Nhlapo Mlwayedwa.</li> <li>That the letter should be written to John Taolo Gaetsewe District Council to Communicate the Council resolution</li> </ul>	Res: 272/2013/14	Municipal Manager/ Exco	Yes
8.14	<ul style="list-style-type: none"> <li>That Council accepted the report on investigations of the lost Municipal Lap Top</li> </ul>	Res: 273/2013/14	Municipal Manager / Mr Gopetse T J	Yes
9.1	<ul style="list-style-type: none"> <li>That Council accept the Technical Services Projects Progress Report</li> </ul>	Res: 274/2013/14	Mr Tlhaole S	Yes
9.2	<ul style="list-style-type: none"> <li>That the Councillor should assist by calling community meetings to address the vandalism that is experienced.</li> <li>That the Technical team should respond and replace or fix the standpipes</li> </ul>	Res: 275/2031/14	Mr Tlhaole Shadrack / Ward Councillor	Yes
9.3	<ul style="list-style-type: none"> <li>That Council accept the Sishen Iron Ore Social and Labour Plan funded projects progress report for the period 31<sup>st</sup> March 2014</li> </ul>	Res: 278/2013/14	Mr Tlhaole S / Mr Malola Given	Yes
9.4	<ul style="list-style-type: none"> <li>That Council accepted the progress report Accelerated Community Infrastructure projects</li> </ul>	Res: 279/2013/14	Mr Tlhaole S/ Malola Given	Yes
9.5	<ul style="list-style-type: none"> <li>That Council accepted the Municipal Infrastructure Grant Report for the 2012/13 National Financial Year.</li> </ul>	Res: 280/2013/14	Mr Tlhaole S / Malola Given	Yes

9.6	<ul style="list-style-type: none"> <li>That Council accepted the Electricity report</li> </ul>	Res: 281/2013/14	Ms Kampilu Joey	Yes
9.7	<ul style="list-style-type: none"> <li>That Council accepted the Motor Grader report</li> </ul>	Res: 282/2013/14	Mr Tlhaole S/ Ms Kampilu Joey	Yes
9.8	<ul style="list-style-type: none"> <li>That Council accepted the Water Operations and Maintenance Report for the period 31<sup>st</sup> March 2014</li> </ul>	Res: 283/2013/14	Mr Tlhaole S /	Yes
9.9	<ul style="list-style-type: none"> <li>That Council accepted the Water Quality report.</li> </ul>	Res: 284/2013/14	Mr Sithole/	Yes

9.10

- That Council approved the implementation of the following villages

Project Name	Allocation (2014/15)
Gadiboe	R 4 128 838.00
Danoon	R 7 207 970.00
Kiangkop	R 5 315 380.00
March	R 6 767 000.00
Bendell-Phase 2	R 6 072 409.73
Dithakong-Phase 1	R12 342 240.27
Khankhudung	R 5 350 000.00
Bosra	R 6 945 000.00
Tsineng	R13 450 000.00
Cassel	
Deurham	
Laxey	
Diwatshane	
Gakoe/Garamotsokwana	
Ga sehunelo Wyk 4	
Metsimantsi Wyk 1	
Metsimantsi Wyk 3	
Metsimantsi Wyk 4	
Metsimantsi Wyk 5	
Metsimantsi Wyk 6	
Metsimantsi Wyk 7	
Battlemount	
Bojelapotsane	
Buch Buck	
Camden	
Churchill	
Deurward	
<b>Total</b>	<b>R 50 000 000.00</b>

Res: 285/2013/14

Mr Tlhaole S / Mr  
Malola Given

Yes

9.11	<ul style="list-style-type: none"> <li>That Council adopted the Water Services Development Plan</li> </ul>	Res: 286/2013/14	Mr Tlhaole Shadrack	Yes
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9.12	<p>• That Council approve the application for rezoning subject to the following conditions</p> <ul style="list-style-type: none"> <li>i. That the implementation of the project comply with the conditions of authorization as contained in permit 45/2012 : Ref NC/KGA/JTG/HOT04/15/2010 and the approved Mining Permit.</li> <li>ii. That only the portion subject to this application is to be used for the purposes of Mining Activities and its associated facilities</li> <li>iii. That no further land use applications will be considered for this property for the next two ( 2 ) years</li> <li>iv. That advertisement and publicity through all boards , signs and other forms of advertising or publicity on any Regional road must comply with Council and relevant Department's advertising policy and any other applicable legislation</li> <li>v. That a comprehensive Site Development Plan ( SDP ) be submitted for consideration prior to the submission of building</li> <li>vi. That buildings plans for any structure to be constructed , subject to compliance with (iv) above</li> <li>vii. That the applicant be notified that the approval shall lapse after two ( 2</li> </ul>	Res: 287/2013/14	Mr Malola Shadrack / Mike	Yes
	<p>JOE MOROLONG LOCAL MUNICIPALITY          Northern Cape Planning and Development Act - 1998 ( Act No. 7 of 1998 ) if not duly exercised.</p>	Page 118		

9.13	<ul style="list-style-type: none"> <li>That Council approved the upgrading of the Deurham Access Road from Gravel to Tar.</li> <li>That Council empower the Municipal Manager to communicate the Council resolution to Kumba Iron Ore Mine.</li> </ul>	Res: 288/2013/14	Mr Tlhaole S/ Malola Given/ Municipal Manager	Yes
9.14	<ul style="list-style-type: none"> <li>That Council prioritized the following four villages for implementation in the 2014/15 Financial Year               <ol style="list-style-type: none"> <li>1. Makhubung</li> <li>2. Gasehunelo Wyk 10</li> <li>3. Molapottlase</li> <li>4. Segwaneng</li> </ol> </li> </ul>	Res: 289/2013/14	Mr Tlhaole S / Ms Kampilu Joey	Yes

9.15	<ul style="list-style-type: none"> <li>That the Rural Roads Programme should be implemented in the following priority;</li> </ul> <p><u>Access Roads</u></p> <ol style="list-style-type: none"> <li>1. N14 to Ganghaai</li> <li>2. Churchill to Battharos</li> <li>3. Madularanch to Cassel</li> <li>4. Lothakajaneng to Segwaneng</li> <li>5. Rusfontein to Wyk 10-11</li> <li>6. Mokalanwanoga to Gasese</li> <li>7. Boskra to Penryn</li> <li>8. Mainroad Bothetheletsa</li> <li>9. Gamakgatlle to Bothithong</li> <li>10. Perth to Sesipi</li> <li>11. Magobing to Khuis</li> <li>12. Gamothibi to Tsaelengwe</li> <li>13. Dithakong to Gahue</li> <li>14. Mainroad – Dikking</li> <li>15. Glenred to Lenbokeng</li> <li>16. Maphiniki to Gadiboe</li> <li>17. Mainroad-Deurward</li> <li>18. Masilabetsane to Dockson2</li> <li>19. Mmatoro to Tsineng</li> <li>20. Shalaneng to Heuningvlei</li> <li>21. Klein Effel to Effel</li> <li>22. Mathanathanayaneng to Cahar</li> <li>23. Dockson 1 to Dockson 2</li> <li>24. Mainroad- Majemantsho</li> <li>25. Cassel to Lothakajaneng</li> <li>26. Mainroad-Stilrus</li> <li>27. Manveding to Wesselsvlei</li> </ol>	Res: 290/2013/14	Mr Tlhaole S / Ms Kampitu Joey	Yes
<p><b>JOE MORO REAGAN MUNICIPALITY</b></p> <p><u>Internal Roads</u></p> <ol style="list-style-type: none"> <li>1. Madularanch</li> <li>2. Segwaneng</li> </ol>				

10.1	<ul style="list-style-type: none"> <li>That Council accepted the Quarterly Performance Report for the period 1<sup>st</sup> January 2014 to 31<sup>st</sup> March 2014</li> </ul>	Res: 290/2013/14	Ms Melokwe Thami / Mr Phiri K V	Yes
10.2	<ul style="list-style-type: none"> <li>That Council adopted the Final IDP for 2014/15 Financial Year</li> </ul>	Res: 291/2013/14	Melokwe Thami / Mr Phiri K V	Yes
10.3	<ul style="list-style-type: none"> <li>That Council accepted the Local Economic Development Projects in Joe Morolong</li> </ul>	Res: 292/2013/14	Mr Phiri K V	Yes
10.4	<ul style="list-style-type: none"> <li>That Council accepted the Progress Report on LED SLP Projects</li> </ul>	Res: 293/2013/14	Mr Phiri K V	Yes
10.5	<ul style="list-style-type: none"> <li>That Council accepted the Report on EPWP Projects implemented in Joe Morolong</li> </ul>	Res: 294/2013/14	Mr Phiri K V	Yes
10.6	<ul style="list-style-type: none"> <li>That the item should be referred back for the next Council meeting</li> </ul>	Res: 295/2013/14	Speaker	Yes
10.7	<ul style="list-style-type: none"> <li>That Council accepted Mr Phiri's nomination as an official in the Beneficiary Selection Committee</li> </ul>	Res: 296/2013/14	Mr Phiri K V	Yes
10.8	<ul style="list-style-type: none"> <li>That Council took note of the Multi-Year implemented of IDP/HR Support by the Department of Co-operative Governance</li> </ul>	Res: 297/2013/14	Mr Gopetse T J	Yes

10.9	<ul style="list-style-type: none"> <li>That Council took note of the request for recognition by the John Taolo Gaetsewe SMME Forum</li> <li>That the Forum should present to Council, its Founding Documents and other documents as may be deemed fit.</li> </ul>	Res: 298/2013/14	Mr Phiri K V	
11.1	<ul style="list-style-type: none"> <li>That Council accept the progress report made regarding the Hotazel Landfill</li> </ul>	Res: 299/2013/14	Mrs Mabudi K D	Yes
11.2	<ul style="list-style-type: none"> <li>That Council accepted the Progress Report on Joe Morolong Youth Job in Waste Project</li> </ul>	Res: 300/2013/14	Mrs Mabudi K D	Yes
11.3	<ul style="list-style-type: none"> <li>That Council of Joe Morolong Local Municipality accepted the report on EPIP Programme.</li> </ul>	Res: 301/2013/14	Mrs Mabudi K D	Yes
11.4	<ul style="list-style-type: none"> <li>That Council accept the progress report on progress made regarding the Solid Waste Management Plan</li> </ul>	Res: 302/2013/14	Mrs Mabudi K D	Yes
11.5	<ul style="list-style-type: none"> <li>That the matter should be referred back for discussion in the next Council meeting.</li> <li>That the Executive Committee should have a meeting with COGHSTA about the obstacles in implementation of Rural houses and present to Council</li> </ul>	Res: 303/2013/14	Municipal Manager/ Mayor	Yes

11.6	<ul style="list-style-type: none"> <li>That Council took note of the Joe Morolong Local Municipality' Housing Sector Plan.</li> <li>That the John Taolo Gaetsewe District Municipality should be engaged about the Joe Morolong Sector Plan.</li> </ul>	Res: 304/2013/14	Mr Tlhaole S/ Municipal Manager/ Exco	
11.7	<ul style="list-style-type: none"> <li>That Council empowers the Municipal Manager and the relevant Councillor to request for a plot/stand for the construction of a Modular Library at Logaganeng.</li> </ul>	Res: 305/2013/14	Municipal Manager/ Mr Gopetse T J/ Mrs Mabudi K D	Yes
11.8	<ul style="list-style-type: none"> <li>That Council empower the Municipal Manager to sign the Memorandum of Agreement with the Department of Arts, Sports and Culture on behalf of the Joe Morolong Local Municipality</li> </ul>	Res: 306/2013/14	Municipal Manager	Yes
30 JUNE 2014				
	<ul style="list-style-type: none"> <li>The Speaker tendered an apology for the Mayor who was sick and Councillor Shuping Kokoano who attended to family matters, written apologies were received</li> <li>Mr Shadrack Tlhaole mad Mr Phiri Kemothibile were absent on official duty</li> <li>That Council accepted all apologies presented</li> </ul>	Res: 308/2013/14		Yes Yes

7.1.1	<ul style="list-style-type: none"> <li>That Council adopt the Joe Morolong Valuation Roll for the 2015-2018 Financial Year</li> </ul>	Res: 309/2013/14	Vivian Christie / Municipal Manager / CFO	Yes
7.1.2	<ul style="list-style-type: none"> <li>That Council accept the report on Unauthorised, Irregular, Fruitless and Wasteful Expenditure for 2010/2011, 2011/12 and 2012/13 Financial Year.</li> </ul>	Res: 310/2013/14	Municipal Manager/ CFO	Yes
7.1.3	<ul style="list-style-type: none"> <li>That Council adopt the Joe Morolong Housing Scheme Policy</li> <li>That all qualifying employees will benefit from the scheme</li> <li>That amount of R900 will be paid monthly together with the salary of each qualifying employee effect from 1<sup>st</sup> July 2014</li> </ul>	Res: 311/2013/14	CFO	Yes

7.1.4	<ul style="list-style-type: none"> <li>That Council approve the BHP Billiton Social and Labour Plan 2 Commitments as follows;</li> </ul> <p><b>i. Community Water Provision :</b> Magojaneng Community = <b>R11 210 609</b> Kanana Community <b>= R5 897 873</b></p> <p><b>ii. Road Infrastructure : Tsineng Roads ( 2A , 2B , 2C &amp; 2D ) : R58 613 856</b> Kuruman- Hotazel Road ( R31 ) <b>: R17 000 000</b></p> <p><b>iii. School Infrastructure : Rearata Primary School : R 7 500 000</b></p> <p><b>iv. HIV/Aids awareness : Youth HIV/ Aids : R 3 420 000</b></p> <p><b>Maths and Science Educator Development : R 10 827 500</b></p> <p><b>v. Improving School Performance : Learner Incubator : R 9 211 200</b></p> <p><b>vi. Skills Development : Post Matric Bursary Scheme : R 3 500 000</b> Skills Development for Artisans: <b>R 4 000 000</b></p> <p><b>vii. Business Support : SMME Incubation and Support : R2 900 000</b></p> <p><b>Total</b> <b>: R134 081 038</b></p>	Res: 312/2013/14	Municipal Manager/ Exco/Council/Mr Segami Moagi/ Thami Melokwe/ Mr Tlhaole Shadrack	Yes
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7.2.1	<ul style="list-style-type: none"> <li>That Council approve the use of the Joint Tribunal for the implementation of SPLUMA</li> </ul>	Res: 314/2013/14	Mr Tlhaole Shadrack	Yes
7.2.2	<ul style="list-style-type: none"> <li>That Council take note of the information regarding the SPLUMA implementation</li> </ul>	Res: 315/2013/14	Mr Tlhaole Shadrack	Yes
7.3.1	<ul style="list-style-type: none"> <li>That Council empower the Executive Committee to submit SLPs for the 2014-2015 Financial Years</li> </ul>	Res: 316/2013/14	Mayor / MM	Yes
7.3.2	<ul style="list-style-type: none"> <li>That the item should be referred back and consultations should be done with the Laxey community.</li> <li>That presentation should be made to Council on the outcome of the community consultation</li> <li>The Traditional Leaders should be consulted regarding the Livestock improvement projects</li> <li>That Kiangkop Phase 1 should be included in the recognised SLPs</li> </ul>	Res: 317/2013/14	Speaker / Councillor Leshope/ Mr K V Phiri	Yes
7.3.3	<ul style="list-style-type: none"> <li>That Council took note of the presentation</li> <li>That the Audit Report should be referred to the Municipal Public Accounts Committee for scrutiny and recommendations to Council.</li> </ul>	Res: 318/2013/14	Municipal Manager/ CFO	Yes

## **ADMINISTRATIVE GOVERNANCE**

The administration of the Municipality is headed by the Municipal Manager who is the Accounting Officer. He is responsible for the day to day running of the Municipality and to ensure that the decisions of Council are implemented. The broader responsibilities of the Municipality is to ensure that staff is clear on the Council's direction, and identifying gaps in service delivery and he has to monitor the progress of service delivery.

The administration is made up of the following departments and headed by Directors: Corporate Services, Community Services, Planning and Development, Technical Services and Financial Services.

All the departments have been working together to achieve our set objectives. Department of Corporate Services has been spearheading the smooth running of the institution through the leading of the adoption of policies, collective bargaining and employee development done through training.

The Municipality has adopted the IDP and SDBIP as guiding tools to monitor, evaluate performance. All the senior management posts have been filled and all senior managers have signed performance agreements which are a blueprint for the measurement of their performance against the set objectives.

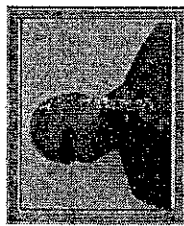
## TOP ADMINISTRATIVE STRUCTURE



Mr. TM Bloom

Municipal Manager

### Tier 2



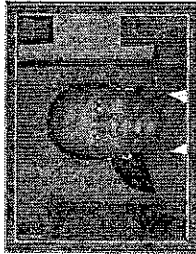
Mr. TJ Gopetse

Mrs. K Mabudi

Director: Corporate Services

Director: Community Services

Director: Technical Services



Mr. T. Tlhaole



Mrs. B. Motlhaping

Mr. KV Phiri

Chief Financial Officer

Director: Planning and Development

DIRECTORATE	MANAGER	NAME
Office of the Municipal Manager	Legal and Compliance	Mr. BE Khokhong
Financial Services	Manager: Budget	Mr. I Thamane
	Manager: Expenditure	Ms. M. Mokubung
	Manager: Income	Mr. V. Christie
	Manager: Supply Chain Management	Mr. T. Molalwe
Technical Services	Manager: PMU	Mr. G Malola
	Manager: Water	Mr. K. Sithole
Corporate Services	Manager: Human Resources	Mr. M. Segami
	Manager: IT	Mr. T. Molelekwa
	Manager: Fleet Management	Mr. Mphafi
Planning and Development	Manager: Tourism/LED	Vacant
	Manager: IDP/PMS	Mrs. MC Melokwe
	Senior LED Officer	Mr. Moitaletsi
Community Services	Manager: Housing	Ms J Kamphilu

During this financial year Ms. J. Kamphillu moved from Community Services Department to Technical Services Department.

### **INTERGOVERNMENTAL RELATIONS**

Section 42 of the Constitution provides that all spheres of government must cooperate with one another in a mutual trust and good faith by establishing and providing for structures to promote intergovernmental relations.

The cooperation of all the spheres of government ensures the synergy and alignment of programmes and maximization of resources instead of working in silos which leads to the duplication of services and wasting of limited financial resources.

The Municipality participated in the Premier's Intergovernmental Forum (PIGF), Municipalities and MEC (MunMEC), District Intergovernmental Relations and the IDP Representative Forum.

### **PUBLIC ACCOUNTABILITY**

Public participation is aimed at enhancing the relationship between the communities and their public representative. It is a tool that is used for the interaction and information sharing between the politicians and their respective communities.

Public participation also provides a platform for councilors to give feedback to the communities on the level of services rendered and whether or not we are on course in implementing our IDP.

Councilors utilize community meetings like ward committees and ward community meetings to account to their respective constituencies.

### **Public meetings**

The Mayor had convened a series of meetings involving the community to participate in the planning, monitoring and

budgeting processes. There were a total of 30 meetings during community consultation on IDP and budget.

## **IDP PARTICIPATION AND ALIGNMENT**

### **IDP/Budget participation**

The Municipal System Act states that the Municipality must have a five (5) year vision for the long-term development of the Municipality and development priorities, which must be aligned with national and provincial sectoral plans and priorities. The IDP and Service Delivery Budget Implementation Plan (SDBIP) are reviewed and adopted annually by council. Municipal Performance is measured through the SDBIP.

Annually the Municipality must base their performance against performance measure as clearly outlined in the SDBIP. The SDBIP includes the annual delivery agenda of the Municipality as it is spelt out in the IDP document.

The IDP Steering committee was not functional for the year under review.

The IDP Representative Forum has been functional with sister government departments participating, government entities (e.g. Eskom and Sedibeng Water) and mines within our municipal jurisdiction. They have been reporting on the progress on the programme and projects that they are implementing in our municipal area. The participation of other government departments has not been satisfactory; especially the Department of Education who have never attend a single meeting despite invites being faxed, e-mailed and hand delivered.

IDP participation alignment criteria	Yes
Does the municipality have impact, outcome and output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes (Infrastructure projects)
Are the above aligned and can be calculated in to a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Does the IDP KPIs align to Section 57 Managers?	Yes
Does the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Does the IDP KPIs align with provincial KPIs on the 12 outcomes	No
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within the stipulated time frame?	Yes

## **WARD ADMINISTRATION**

### **WARD COMMITTEES**

All the 15 ward committees are functional and they have been holding their monthly meetings consistently and quarterly reports have been submitted to Council.

Ward committee expenditure was R1 309 372, funded from MSIG R606 144, 00 and from Council R703 228.

Nature and purpose of the meeting	Ward	Date of event	Number of participation municipal Councillors		Number of participation municipal Administrators		Number of community members attending		Dates and manner of feedback given to community
			Draft IDP/Budget	Reviewed IDP	Draft IDP/Budget	Reviewed IDP	Draft IDP/Budget	Reviewed IDP	
IDP/Budget community consultations	1	15 April 2013	02	03	03	02	133	85	09 December 2013
	2	16 April 2013	03	05	07	02	143	101	13 January 2014
	3	15 April 2013	04	04	05	02	63	42	09 December 2013
	4	17 April 2013	03	03	07	02	86	63	15 January 2014
	5	17 April 2013	02	03	06	01	97	46	14 January 2014
	6	16 April 2013	03	03	05	02	89	49	11 December 2013
	7	18 April 2013	03	07	02	01	93	63	09 December 2013
	8	19 April 2013	02	12	03	01	88	92	13 January 2014
	9	19 April 2013	03	05	02	01	116	46	17 December 2013
	10	24 April 2013	03	06	03	02	64	38	14 January 2014
	11	22 April 2013	04	03	02	02	31	39	22 January 2014
	12	22 April 2013	03	08	04	02	89	46	17 December 2013
	13	23 April 2013	02	06	02	02	94	68	17 December 2013
	14	23 April 2013	02	05	02	01	91	46	13 December 2013
	15	18 April 2013	04	05	04	01	111	40	15 January 2014

Our IDP/Budget community consultation meetings have been very effective as community members attended and wanted clarity on the services as indicated in the IDP document, and the spending budget of the budget thereof. This process assisted the municipality to provide services that are of utmost need and priority to the community. The challenge is the participation of other sector departments, as some of the issues raised did not fall within our mandate.

The information gathered during the IDP/Budget community consultation was used as a guide during the process of the finalization of the final IDP/Budget document. The information was taken into consideration when Council finally adopted the IDP and budget for the year under review.

## **CORPORATE GOVERNANCE**

Joe Morolong Local Municipality has adopted specific policies, processes and implemented legislative requirements that ensure that it operates efficiently and effectively. Both the Council and the administration play a critical role in ensuring good corporate governance for the municipality.

Council takes decisions flowing from recommendations made by the administration on matters that seeks its consideration and decision. The advent of the Municipal Accounts Committee, Oversight Committee, Audit Committee and section 80 Committees all ensure that there is a focused oversight over the work performed by the administration. The accounting officer and executive management ensures that it complies with the principles of good governance and has improved its internal controls, procedures and processes.

## **Risk assessment and management**

Risk Management is an essential part of effective corporate governance and it is management's responsibility. In terms of the current risk management framework the risk management assessment should be performed annually in the municipality.

We do not seek to identify all risk faced by the municipality. It focuses only on those strategic risks highlighted in the workshop by the workshop participants.

Each risk identified has root cause, consequence of the risk, risk exposure, current controls processes in place to mitigate the risk, and risk owner.

The municipality is on its way to establish Risk Management Committee and there are approved Risk Management Strategy, Ethics Management Policy, Fraud Prevention Plan, and Fraud and Corruption policy.

### **Top five risks to the municipality**

- 1) Inadequate management and information system
- 2) Inability to generate revenue
- 3) Insufficient human capacity
- 4) Non-compliance to legislation
- 5) Loss / abuse and theft of assets

### **Anti-corruption and fraud**

Joe Morolong Local Municipality takes its duty to ensure stewardship of public money very seriously. The Municipality has developed and adopted a Fraud and Corruption Prevention Policy and Fraud prevention plan. All members of the Bid Committees are required to disclose their interests before every meeting. No Councillors are allowed to be part of the Bid Committees. Council is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption whether these are attempted from within or external to the organization.

It is the policy of the Municipality that fraud, corruption, theft and maladministration or any other dishonest activities of a similar nature will not be tolerated. In addition, these acts will be investigated and followed up by the application of all remedies available within the full extent of the law. Appropriate prevention and detection controls will be applied. These include the existing controls and checking mechanisms as prescribed by existing policies and procedures, and systems of internal control

It is the responsibility of all employees and councillors of the Municipality to report incidents of fraud, corruption, theft, maladministration or any other dishonest activity. If an employee is not comfortable reporting such matters to his immediate supervisor or manager, he/she should report the matter to the next level of management, with final recourse being to the Municipal Manager.

The Municipality shall take appropriate legal recourse to recover losses or damages arising from fraud,

### **Supply Chain Management**

Supply chain management unit was established in order to implement the municipality's Supply Chain Management Policy. The Accounting officer appointed bid committees to deal with procurement of goods and services above R200 000 excl.

Bids are only awarded on condition that the required funds have been secured prior to the meeting of the Bid Adjudication Committee and prior to approval of deviations.

### **Demand management**

The system description developed for the procurement need assisted the municipality in identifying the need for procurement of certain goods and resources.

The municipality's limited resource were utilized effectively and efficiently in the achievement of the objectives. Bid specification committee was appointed by the Municipal Manager provided the required specifications of all required goods and services.

The supplier database has been updated and suppliers are continuously reminded to submit their updated information.

### **Acquisition management**

A purchase order is generated on Sebata FMS system for the goods and services. The order is approved by the relevant authority and handed over to the supplier.

The system made a provision that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act. The system has a pop up message when the prorate budget on the vote is overspent and ultimately blocks further expenditure when the entire budget is overspent.

The appointment of the bid evaluation committee and bid adjudication committee ensure that bid documentation, evaluation and adjudication criteria and general conditions of a contract, are in accordance with any applicable legislation;

### **Logistics management**

Bid committees were appointed to ensure that all bids are in accordance with any applicable legislation;

### **Disposal management**

An effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act is in place. All assets disposed will be immediately removed from

the Asset Register and the insurance.

The Supply Chain Management policy complies with the prescribed framework as set out in section 12 of the MFMA. The municipal SCM policy is reviewed annually to ensure compliance to the amendments to the SCM Regulations 2005 with relevance to the new BBEE contribution levels

No councillors of any committee are handling SCM processes. All members on the bid committees are senior officials appointed in writing by the Accounting Officer. All officials who serve in the respective bid committees were appointed in writing by the Accounting Officer.

#### **Competency levels of officials involved in the supply chain process**

All officials involved in the supply chain process have relevant qualification and are trained on other issues on SCM.

They are also enrolled for the minimum competency training (MFMP)

## WEBSITE


Documents published on the Municipality's Website			Yes	Publishing date
<b>VALUATION ROLL</b>				
General Valuation 2014-2018				
<u>Early Learning Centres</u>			X	
<u>Offices</u>			X	2014
<u>Periodic Courts</u>			X	2014
<u>Police Stations</u>			X	2014
<u>Schools</u>			X	2014
<u>Certified General Valuation Roll - Farms 2014 - 2018</u>			X	2014
<u>Hotazel Town</u>			X	2014
<u>VanZylsrus Town</u>			X	2014

<u>Joe Morolong Local Municipality Tariffs Policy</u>	X	2014
<u>Joe Morolong Local Municipality Risk Management 2013/14</u>		2014
<u>Joe Morolong Local Municipality Property Rates Policy 2013/14</u>	X	2014
<u>Joe Morolong Local Municipality Indigent Policy 2013/14</u>	X	2014
<u>Joe Morolong Local Municipality Fruitless and Wasteful Expenditure Policy</u>	X	2014
<u>Joe Morolong Local Municipality Fixed Asset Policy</u>	X	2014
<u>Joe Morolong Local Municipality Creditor Control and Debt Collection Policy</u>	X	2014
<u>Joe Morolong Local Municipality Cash Shortage Policy</u>	X	2014
<u>Joe Morolong Local Municipality Budget Policy</u>	X	2014
<u>Joe Morolong Local Municipality Banking and Investment Policy 2013-14</u>	X	2014
<u>Joe Morolong Local Municipality Lease of Office Policy</u>	X	2014
<u>Joe Morolong Local Municipality Work Attendance Policy</u>	X	2014
<u>Joe Morolong Local Municipality Internship and Volunteers Policy</u>	X	2014

<u>Joe Morolong Local Municipality Car Essential User Policy</u>	X	2014
<u>Joe Morolong Local Municipality Information Technology Policy</u>	X	2014
<u>Joe Morolong Local Municipality Bursary Policy</u>	X	2014
<u>Joe Morolong Local Municipality Rental of Municipal space and related rentals Policy</u>	X	2014
<u>Joe Morolong Local Municipality Absentism Policy</u>	X	2014
<u>Joe Morolong Local Municipality Credit Control &amp; Debt Collection Policy</u>	X	2014
<u>Joe Morolong Local Municipality Indigent Policy</u>	X	2014
<u>Joe Morolong Local Municipality Risk Management Policy</u>	X	2014
<u>Joe Morolong Local Municipality Fixed Assets Policy</u>	X	2014
<u>Joe Morolong Local Municipality Petty Cash Policy</u>	X	2014
<u>Joe Morolong Local Municipality Tariffs Policy</u>	X	2014
<u>Joe Morolong Local Municipality Fruitless &amp; Wasteful Expenditure Policy</u>	X	2014
<u>Joe Morolong Local Municipality Property Rates Policy</u>	X	2014

<u>Joe Morolong Local Municipality Supply Chain Policy</u>	X	2014
<u>Joe Morolong Local Municipality Banking &amp; Investment Policy</u>	X	2014
<u>Joe Morolong Local Municipality Asset Policy</u>	X	2014
<u>Joe Morolong Local Municipality Bad debt Write-Off Policy</u>	X	2014
<u>Joe Morolong Local Municipality Budget Policy</u>	X	2014
<u>Joe Morolong Local Municipality Cash Shortage Policy</u>	X	2014
Draft IDP 2011/2012		
Reviewed IDP 2010/2011	X	2012
IDP - Five Year Plan (2006 - 2011)	X	2012
Reviewed IDP 2009/2010	X	2012
IDP Five Year Plan ( 2012 - 2016 )	X	2014
Budget 2010/2011		

Budget 2009/2010			
<u>IDP 2012/2013</u>	X		2013
<u>JOE MOROLONG LED STRATEGY</u>	X		2012
<u>Final SDF 2012</u>	X		2012
<u>Municipal SDBIP 2010/2011</u>	X		2012
<u>Review SDBIP 2012 -2013 ( Finance)</u>	X		2013
<u>NC 451 Joe Morolong Local Municipality Final SDBIP 2013/14</u>	X		2014
<u>NC 451 Joe Morolong Local Municipality Final IDP &amp; Budget 2013/14</u> Financial Year	X		2014
<u>NC 451 Joe Morolong Local Municipality Adopted Budget 2013/14</u>	X		2014
<u>NC 451 Revised Budget 2013/14</u>	X		2014
<u>NC 451 Mid-Year Assessment 2013-14</u>	X		2014
<u>NC 451 Mid-Year Assessment 2013-14 Resolution</u>	X		2014
<u>NC 451 Joe Morolong Budget Tables 2014</u>	X		2014
<u>NC 451 Joe Morolong Proposed Tariff 2014-15</u>	X		2014

<u>NC451 Draft Budget &amp; IDP Resolution 2014</u>	X	2014
<u>NC451 Joe Morolong Tabled Budget 2014 - 2015</u>	X	2014
<u>NC451 Joe Morolong Adopted Budget 2014-15 Resolution</u>	X	2014
<u>NC451 Joe Morolong Adopted Budget 2014-15</u>	X	2014
<u>NC451 Joe Morolong Adopted Tarrifs 2014-15</u>	X	2014
<u>Final IDP 2014/15 Y</u>	X	2014
<u>Top Layer SDBIP 2014/15</u>	X	2014
<u>Top Layer SDBIP 2014/15</u>	X	2014
<u>Technical SDBIP 2014/15</u>	X	2014
<u>Annual Performance Report 203/2014</u>	X	2014
<u>Performance Agreements 2014/15</u>	X	2014
		
<u>2008/2009 Annual Report</u>	X	2013
<u>Annual Performance Report 2011/2012</u>	X	2013
<u>IDP Annual Process Report</u>	X	2013

<u>DBSA Contract</u>	X	2012
<u>2012/13 Annual Performance &amp; Report</u>	X	2013
<u>Annual Budget 2012/13 (Mayor Reort, Resolution, Exec Summary)</u>	X	2013
<u>NC451 Joe Morolong Approved Budget</u>	X	2014
<u>NC451 Joe Morolong Revised Budget</u>	X	2014
<u>Performance Agreement T Bloom</u>	X	2014
<u>Performance Agreement K Mabudi</u>	X	2014
<u>Performance Agreement I Gopetse</u>	X	2014
<u>Performance Agreement K Phiri</u>	X	2014
<u>Performance Agreement T Tlhaole</u>	X	2014
<u>Performance Agreement B Motlhaping</u>	X	2014
<u>JMLM Final Annual Report for 2012-2013</u>	X	2013
<u>JMLM NC451 Mid-Year Assessment 2013-2014</u>	X	2014
<u>NC451 JMLM C Schedule - July 2014-2015</u>	X	2014
<u>NC451 Joe Morolong C Schedule - August 2014-15</u>	X	2014

<u>NC451 Joe Morolong C Schedule - September 2014-15</u>	<b>X</b>	<b>2014</b>
<u>NC451 Joe Morolong C Schedule - Q1 2014</u>	<b>X</b>	<b>2014</b>
<u>NC451 Joe Morolong C Schedule - October 2014-15</u>	<b>X</b>	<b>2014</b>

Our website is active, its address is [www.ioemorolong.gov.za](http://www.ioemorolong.gov.za). 327 people visited the municipal website.

The website has the address, contact details, names and photographs of councilors, names and photographs of senior managers. It also has the Municipal policies, by laws, vacancies, tenders, municipal structure, IDP, Budget and annual report documents.

#### **PUBIC SATISFACTION ON MUNICIPAL SERVICES**

No public satisfaction survey was undertaken during the year under review.

## CHAPTER 3

### SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

The Joe Morolong Local Municipality has focused on its priority areas and channeled a lot of our budget to provision of quality water.

Performance of each department was assessed through the submission of quarterly reports, which clearly addressed how services were being rendered.

### BASIC SERVICES

#### Water Provision

#### Water Supply Demand Sedibeng Water Role

Year end	Total households (including formal and informal settlement)	Households in formal settlement	Percentage of HHs in formal settlements
2009/10	6371	536	8.4
2010/11	7101	553	7.7
2011/12	7234	626	8.6
2012/13	8196	714	8.7
2013/14	9190	721	7.8

Total Use of Water by Sector (cubic meters)					
2011/12	Agriculture	Mining	Domestic	Industry/Govt Depts..	Unaccountable water losses
		350296	108363	1263	11031
2012/13		344480	114335	1345	10162
2013/14		357213	119257	1442	10271

#### Comments on water use by sector

#### Comments on sanitation sector

Joe Morolong Local Municipality is the Water Authority and Provider in the area. Water for Hotazel is provided by means of the Vaal Gamagara water scheme.

#### Comments on sanitation sector

Most of the sanitation facilities in the Municipal area are provided through dry sanitation (Pit Latrines). This is done due to the lack of water in the arid area. In the Hotazel and Vanzylsrus towns waterborne toilets and sanitation facilities are provided.

Employees: Water and Sanitation services				
Job level	Employee no.	Posts no.	Vacancies no.	Vacancies (as % of total posts)
0 - 3	21	37	16	43%
4 - 6	15	29	14	48%
7 - 9	10	12	2	17%
10 - 12	2	13	9	69%
13 - 15	2	2	0	0%
16 - 18				
19 - 20				

## WASTE WATER (SANITATION) PROVISION

### Access to sanitation

Type	No.
Flush toilets (connection to sewerage)	695
Flush toilets (with septic tank)	0
Chemical toilet	0
Pit toilet (ventilated)	5146
Other toilet provisions (above min. service)	0

Bucket toilet	0
No toilet provisions	5841

**ELECTRICITY** Total number of households connected to the electricity grid is 19383.

- Number of households not connected to grid is currently 4325

Employees: Electricity				
Job level	Employee no.	Posts no.	Vacancies no.	Vacancies (as % of total posts)
0 - 3				
4 - 6				
7 - 9				
10 - 12	1	1	0	0
13 - 15				
16 - 18				
19 - 20				

Total Employees: Technical Services				
Job level	Employee no.	Posts no.	Vacancies no.	Vacancies (as % of total posts)
0 - 3	20	34	14	41.2%
4 - 6	18	29	11	37.9%
7 - 9	10	15	05	33.3%
10 - 12	4	11	07	63.6%
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0

## WASTE MANAGEMENT (REFUSE REMOVAL)

Total number of houses in which we collected refuse (Holtazel and Vanzylsrus)

**NB:** The municipality is rendering a contracted service at Holtazel and for Vanzylsrus refuse is collected by general workers under the Community Services department.

Employees: Waste Management			
Job level	Employee no.	Posts no.	Vacancies (as % of total posts)
0 – 3	0	5	100%
4 – 6			
7 – 9			
10 – 12			
13 – 15			
16 – 18			
19 – 20			

Employees: Housing				
Job level	Employee no.	Posts no.	Vacancies no.	Vacancies (as % of total posts)
0 - 3				
4 - 6				
7 - 9				
10 - 12	1	1	-	0%
13 - 15	1	1	-	0%
16 - 18				
19 - 20				

# FREE BASIC SERVICES AND INDIGENT REPORT

Free Basic Services to Low Income Households									
Number of households									
Households earning less than R4 100.00 per month									
Total	Free basic water			Free basic sanitation		Free basic electricity		Free basic refuse	
	Total	Access	%	Access	%	Access	%	Access	%
2012/13	2176	21766	100%	2901	11%	8196	30%	21853	93%
	6								
2013/14	2176	21766	100%	2901	11%	8196	30%	21853	93%
	6								

## ROAD TRANSPORT

### ROADS

#### Introduction to roads

Gravel Road Infrastructure (in Kilometers)						
	Total roads	gravel roads	New roads constructed	gravel roads upgraded to far	Gravel roads graded/maintained	roads
2010/11	372		0	14	591	
2011/12	302		0	19	602	
2012/13	442		0	21	618	
2013/14	442		0	4	0	

Tarred Road Infrastructure (in Kilometers)				
Total tarred roads	New roads	Existing tar roads re-tarred	Existing roads sheeted	Tar roads maintained
2010/11	10	0	0	0
2011/12	8	0	0	0
2012/13	12	0	0	0
2013/14	4	0	0	0

Cost of construction or maintenance (R'00)				
Gravel	Tar			
	New	Gravel-tar	Maintained	New
2013/14	0	0	0	11 400 000.00
				0

Employees' Road Services			
Job level	Employee no.	Posts no.	Vacancies (as % of total posts)

0 - 3					
4 - 6	2	2	0	0	
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					

## TECHINICAL SERVICES DEPARTMENT: PERFORMANCE REPORT

DP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
Construction / Upgrading of bulk water infrastructure	Provision of bulk water in Heuningvlei – phase 2(a)	Completion of bulk water phase 2 (a)	Number of practical completion certificate	Bulk Water-phase 2(a) completed	87% Completed	The DPRDLR transferred R 10 Million towards the completion of this project in March 2014. Another R 4.9 million was committed towards the project but is still outstanding. This project will be completed in 2 <sup>nd</sup> quarter 2014/15, pending funds. Protest actions in Laxey and Perth.
						<b>Remedial actions</b> Follow up letters had been send to the department on this.
	Provision of bulk water in Heuningvlei – phase 2(b)	Completion of bulk water phase 2 (b)	1 Practical completion certificate	(Target is Aug 2014, depending on funds)	Designs completed. SLA between JMLM and DPRDLR is in Progress	Funds are not confirmed yet, although attempts to secure funds were initiated by JMLM. The implementation of this project must be revisited once funding is secured.
						<b>Remedial actions</b> Continuous follow up discussions to follow.

Construction of water schemes (where there is no water infrastructure)	Water Supply to the following villages: <ul style="list-style-type: none"> <li>• Adderly</li> <li>• Mosekeng</li> <li>• Radiatsongwa</li> <li>• Wateraar</li> <li>• Drieloop</li> <li>• Motlhoeng</li> <li>• Makgaladi</li> </ul>	Construction of water schemes (where there is no water infrastructure)	Number of practical completion certificates	7 of practical completion certificates 7 villages	Adderly, Wateraar, Mosekeng and Makgaladi were not achieved  Radiatsongwa, Motlhoeng – were handed over to the Contractor in June 2014.  Drieloop – 100% Complete.	<b>Reasons for Deviation</b>  Adderly and Wateraar will be implemented in the 2015/16 financial year due to Budget allocation of water project, approved by Council  Makgaladi, Mosekeng, Radiatsongwa and Motlhoeng will be implemented in the 2014/15 financial year due to budget constraints.
Upgrading of existing Water Supply	Water Supply Augmentation to: <ul style="list-style-type: none"> <li>• Klein Neira – phase 2</li> <li>• Makhubung</li> <li>• Kiangkop</li> <li>• Danoon</li> <li>• Dithakong</li> </ul>	Water Supply networks upgraded	Number of practical completion certificates	5 practical certificates in 5 villages	Klein Neira – phase 2 and Kiangkop – Handed over to the Contractor in June 2014.  Danoon – To be handed over to Contractor in 2 <sup>nd</sup> quarter 2014.	<b>Reasons for Deviation</b>  Projects will be implemented in 2014/15 financial year due to budget constraints in the previous financial year.

Extension of Water networks	<ul style="list-style-type: none"> <li>Masankong</li> <li>Gadiboe</li> <li>Bendell – Phase 2</li> </ul>	Water networks extended	Number of practical completion certificate	Practical completion certificates in 3 villages	<p>Masankong, to be implemented under SLP (UMK) for 2014/15.</p> <p>Gadiboe – 85% completed.</p> <p>Bendell – phase 2 – Handed over to the Contractor in June 2014.</p> <p>Bosra, March to be implemented under MWIG for 2<sup>nd</sup> quarter 2014/15.</p> <p>Gamakgatle implemented under SLP. 87% completed.</p>	<p>Although Gadiboe was scheduled to start in 1<sup>st</sup> quarter 2014/15, it already started due to the savings on Drieloop Water Supply.</p> <p>Masankong will be Funded on 2014/15 by UMK mine (SLP)</p> <p>Bendell – phase 2, Bosra and March couldn't start earlier due to lack of funds in previous financial year.</p>
Refurbishment of existing water networks	Replacing tanks, engines and engine basis for the affected areas in Joe Morolong	Water networks renewed	Number of practical completion certificate	All affected areas in Joe Morolong	Project is 100% completed.	None
To peruse the eradication of the sanitation backlog through the erection of Ventilated Pit Latrines	Construction of Ventilated Pit Latrines in identified areas	Eradicated sanitation backlog	Number of units erected as per priority list and Happy letters	1000 units	427 Units were completed in the following villages: <ul style="list-style-type: none"> <li>Ellendale</li> <li>Gamadubu</li> <li>Tzaneen</li> </ul>	Business Plan was approved late in February 2013.

Construction / Upgrading of internal roads infrastructure	Completion of the construction of internal roads at Makhubung and Deurham	2 Internal roads upgraded	2 Practical completion certificates	2 villages	Deurham – Project handed over to contractor in May 2014. Progress is 20%.  Makhubung – Progress is 70% completed  Phase 1 – 100% Completed in the 1 <sup>st</sup> Quarter 2013/14.  Phase 2 – 100% completed in the 3 <sup>rd</sup> quarter 2013/14.  7% of assessments	Awaiting payment from DRDLR. Consultant to re-design.  <b>Remedial action</b>  Various correspondences were sent to speed up process.  None
Upgrading of Access Roads	Upgrading of existing access between N14 and Khankudung roads – phase 1 and phase 2	Access road tarred	1 Practical completion certificate	Access road tarred from N14 to Camden via Khankudung		
Road Management System	Implement Road Management System	Road Management System implemented	Compliance with Road Management System	Compliance with Road Management System		New PSP was appointed in December 2013.
To create storage and office space for staff	Designing of stores and office facilities for the Technical Services Department	Offices designed according to requirements	Number of Designed plan	1 Design plan	Preliminary Designs completed.  Consultant was engaged to narrow scope in order to fit allocated funds.	<b>Reason for deviation</b> Scope changes.  No feedback from DMR to determine if funds are part of Assmang's SLP.  <b>Remedial action:</b>
To create storage and office space for staff	Construction of stores and office facilities for the Technical Services Department	Offices built according to plan	Number of Stores and office facilities for technical services	1 Practical completion certificate	Pending the design mentioned above.	<b>Reason for deviation</b> Lack of funds.

To report on general operations and maintenance of water networks in all affected areas of Joe Morolong Local Municipality throughout the 2013/2014 financial year	Preparing and submitting a quarterly operations and maintenance plan to council	An informed Council	Number of Council approved quarterly report	4 Council approved quarterly report	100% approved.	None
To ensure that the Water Services Development Plan of Joe Morolong is reviewed and approved by Council for implementation in 2013/14	Review and approval of the WSDP	Stakeholder inputs, WSDP criteria and Previous WSDP	Number of WSDP reviewed and approved	1 Review and approval of the WSDP	1 WSDP was approved in 4 <sup>th</sup> quarter 2013-14.	None
Installation of yard connections	Installation of yard connection in 1 village per ward	Yard connection done	Happy letters	15 villages	Installation of 100 yard connection in 1 village is in progress.	Budget constraints restricted the implementation of 1 village per ward. Other wards to be considered in future.
Operation and maintenance of water infrastructure networks	Operate and upgrade network according to priorities determined by council	Functional water infrastructure	Number of job cards finalized	Functional water infrastructure	All job cards issued were attended to.	None
Water Safety Plan	To compile and approve a water safety plan	An approved water safety plan	Number of Water safety plan	1 Water safety plan	1 Water Safety Plans were approved by Council	None
Roads operations and maintenance	To ensure that there are well maintained road in Joe Morolong	Roads maintained	Number of roads maintained	In all 15 wards	Roads in 3 Wards were maintained (Wards 2, 9 and 11)	Grader breakdown. Unable to repair due to budget constraints.

## **TRANSPORT (INLCUDING VEHICLE LICENCING**

Our municipality does not have a transport services

## **WASTE WATER (STORM WATER DRAINAGE)**

Due to the rural nature of our municipality, currently do not have storm water drainage.

## **PLANNING AND DEVELOPMENT DEPARTMENT**

### **Local Economic Development (LED)**

We have not performed well in the area of economic development and stimulating economic growth in our municipal area. This is mainly caused by the community believing that economic development, SMME development is the sole responsibility of the municipality.

In the year under review we have trained Cooperative from ward 1, 2 and 3. 6 emerging contractors were sub-contracted in the municipal infrastructural projects. The LED Policy adopted by Council. Our challenge in the LED is the lack of participation by key stakeholders especially those who have the capacity to unlock our local economy.

### **IDP Process**

There was a thorough IDP consultation and community needs were taken into consideration during the drafting of the IDP/Budget process.

### **Performance Management System**

The development of a Performance Management System (PMS) is in terms of Chapter 6 of the Municipal Systems Act (32 of 2000). It is an extensive process, which ensures that as a municipality we comply with legislative requirement.

PMS policy was adopted by Council during the year under review in order. Performance management is a system that is intended to manage and monitor service delivery progress against the set objectives.

During the year under review it was difficult for the internal audit to monitor, measure and review priorities and objectives against key performance indicator and targets in the absence of a Manager: IDP/PMS. The manager was subsequently employed during the last quarter of the financial year.

### **Challenges**

Our inability to appoint a review panel to assess the performance of senior managers on a quarterly and annual basis.

Employees: Planning Services					
Job level	Employee no.	Posts no.	Vacancies no.	Vacancies (as % of total posts)	
0 - 3	1	1	0	0%	
4 - 6					
7 - 9					
10 - 12	1	1	0	0%	
13 - 15	1	1	0	0%	
16 - 18					
19 - 20					

## LOCAL ECONOMIC DEVELOPMENT

The following LED projects were monitored by the municipality during the year under review:

	NAME OF THE PROJECT	VILLAGE
1.	Laxey Energy Centre	Laxey
2.	Laxey Bakery	Laxey
3.	Laxey Cattle Farm project (still at inception phase) [SLP - Assmang Blackrock]	Laxey
4.	Dijo di mo mmung Vegetable Project (SLP – Assmang)	Tsineng
5.	Nwaneng Vegetable Project (SLP – Assmang)	Nwaneng
6.	Manyeding Cultivation Project (SLP – Kumba Iron Ore)	Manyeding
7.	Ba Ga Bareki Game Farm (still at inception phase)	Heuningvlei
8.	Dithakong Sand Mining (Still at conception phase) [SLP – Assmang]	Dithakong
9.	Bowden Farm	Tsineng
10.	Lerumo La Sechaba Brick Project	Cassel
11.	Bathuse Foodplot	Churchill

12.	Thusanang Bagodi Care	Bothitong
13.	Dirang Basadi	Loopeng
14.	Golang Woodcraft	Vanzylsrus
15.	Heuningvlei Carpentry	Heuningvlei
16.	Heuningvlei Pottery	Heuningvlei
17.	Itireleng Fencing	Loopeng
18.	Aganang Handworks	Gasehunelo wyk 9
19.	Lydia Dress Making	Camden
20.	Metsimantsi Coffe Mug Project	Metsimantsi
21.	Itsoo Waste Management (Initially the project was called Itsoo Granite) [SLP – Tshipi-ntle]	Cassel

### **Comment on local job opportunities**

The municipality has been creating job opportunities through poverty alleviation projects, income generating projects and infrastructure projects. Heads of departments have been committed on ensuring that labour intensive model is used as frequent as possible on municipal projects.

9 SMMEs were sub-contracted in the municipal infrastructural projects.

1 248 job opportunities were created within our municipal jurisdiction. The number includes the municipality, SLP funded projects and sector departments.

Jobs created during the 2013/14 by LED initiatives (excluding EPWP projects)

Total jobs created	Jobs created (no.)	Jobs lost/displaced by other initiatives (no.)	Net total jobs created in year (no.)	Method of validating jobs created/lost
Total (all initiatives)				
2010/11	20	0		
2011/12	63	0		
2012/13	36	0		
2013/14	140	0		
Initiative A (year 2012/13)	LED Strategy			
Initiative B (2012/13)	Upgrading of livestock farming			

Initiative (2012/13)	C	Development of tourism destinations in municipal jurisdiction			
2013/14		Livestock improvement and SMME development			

**Job creation through EPWP projects**

Details	EPWP Project (no.)	Jobs created through EPWP projects (no.)
2011/12	608	Same
2012/13	652	Same
2013/14	265	

**Employees: Local Economic Development Services**

Job Level		Employees	Positions	Variances	Variances (no.)	Total posts
0-3	0	0	-			
4-6						

7 - 9	4	4	0	
10 - 12				
13 - 15	0	1	1	100%
16 - 18				
19 - 20				

## PLANNING AND DEVELOPMENT DEPARTMENT: PERFORMANCE REPORT

### GFS Function: Executive and Council; Sub-function LED

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
Reduce unemployment rate and stimulate economic growth	Development of LED policy	Developed LED policy	Adopted LED policy	1 LED policy adopted	1 LED policy adopted in the Council meeting held on the 26 <sup>th</sup> September 2013	
	Implementation of LED Strategy	LED strategy implemented	Number of Implemented projects in the strategy	12 projects implemented within the strategy	3 projects within the strategy were implemented (Loopeng livestock (Madi a Kgomo)+, Maphinick cattle farming and Maiteko dipodi project) assisted with fencing material and borehole equipment's	<p><b>Reason for deviation</b> Shortage of staff</p> <p><b>Remedial Action</b> Appointment of LED manager in the next financial year</p>

	Provide assistance to SMMEs through SEDA	Assistance provided to SMMEs through SEDA	Number of form of assistance provided to SMME's through SEDA	Training of cooperatives held by SEDA at Laxey for ward 1, 2 and 3  6 emerging contractors were sub-contracted in the Municipal Infrastructure projects	
	Compilation of LED implementation plan linked to the LED strategy	Compiled LED implementation plan	Number of Compiled implantation plan	Not achieved due to insufficient capacity in the department	<b>Reason for deviation</b> -Insufficient capacity in the department. No LED manager. <b>Remedial Action</b> -Appointment of LED manager in the next financial year
	Informing staff on the reviewed budget	Departmental meeting on the reviewed budget	Departmental staff being aware of the budget and contributed	1 Departmental meeting on budget was held on the 13 <sup>th</sup> September 2013	n/a

	Establishment of LED forum	Established LED forum	Number of LED forum established	1 LED forum established	LED Forum could not be established	<p><b>Reason for deviation</b> Lack of attendance by key stakeholders (Mining houses, local businesses and sector departments) though they were invited to two meetings</p> <p><b>Remedial Action</b> Other attempts to call the meetings will be done</p>
	Business/contractor incubator Programme	Report on economic impact as a result of incubator programme	Number of report submitted on the economic impact as a result of the incubator programme	Economic Impact identified as a result of incubator programme	Contractor development incubator was never established due to in availability of land	<p><b>Reason for deviation</b> -Department of Economic development couldn't find the appropriate land for the Incubator</p> <p><b>Remedial actions</b> Municipality to assist the department on identifying suitable land</p>
	Updated SMME database	Updated database	Number of database updated	1 updated database	1 Database has been updated and an advertisement was placed in the Kathu Gazette to encourage SMMEs to come and update their details in the municipal database	
	Provision of support to emerging farmers	Participation of emerging farmers in NAMPO	Number of farmers participate in NAMPO	10 farmers to participate in NAMPO	Not achieved	<p><b>Reason for deviation</b> Insufficient capacity in the Unit</p> <p><b>Remedial actions</b> Appointment of LED manager in the next financial year</p>

	Tourism marketing	Participation in tourism Indaba	Number of SMMEs to participation in tourism Indaba	5 SMME to participated in tourism indaba	Not achieved but instead 5 SMMEs participated in the District flea market held monthly	<b>Reason for deviation</b> Insufficient capacity in the Unit  <b>Remedial actions</b> Appointment of LED manager in the next financial year
	Tourism marketing	Annual tourism exhibition show	Number of tourism shows	1 Tourism show	Not achieved	<b>Reason for deviation</b>

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
Fulfill municipal statutory and mandatory obligation to inform and liaise with its key stakeholders in terms of number of budget, IDP road shows and implementation of the process plan	Conducting IDP and Budget road shows	IDP and budget road shows conducted	Number of IDP and Budget road shows meetings	2 IDP and budget road shows conducted	2 IDP and budget road shows were conducted	n/a
	Adoption of IDP process plan	Adopted IDP process plan	Number IDP process plan adopted	1 IDP process plan adopted	1 IDP Process plan adopted in August 2012	
	Implementation of IDP process plan	Process plan implemented	Number of activities implemented in the plan	To implement all activities in the process plan	All the activities were implemented as per the IDP Process Plan	

To ensure effectiveness in the department	Monthly departmental meetings held	Number of monthly meetings held	12 departmental meetings	10 meetings were held	Reason for deviation Other meetings could not be held due to unavailability of other staff members
Approval of the Municipal Top Layer SDBIP	Approved Top Layer SDBIP	Number of approved Top layer SDBIP	1 approved Top layer SDBIP	Top Layer SDBIP was approved by Council in May 2014	n/a
Finalization of the Departmental SDBIPs	Final documents of technical SDBIPs	Number of finalised technical SDBIP	5 technical SDBIP	All 5 departmental SDBIPs were finalised in July 2013	n/a
Review of the Performance Plans of Section 56 managers	Performance plans reviewed	Number of reviewed performance plans	5	Performance plans for section 56 managers and the municipal manager were reviewed and performance contracts were also signed	

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
	Submission of quarterly and mid-year budget and performance reports by all section 56 managers	Submitted of quarterly reports and mid-year report	Number of submitted quarterly and mid-year report	4 submitted quarterly and 1 mid-year report	All Quarterly reports and mid-year report were submitted to Council	n/a
Finalization of the Annual Performance Reports; Finalization of the Oversight Report; and Annual evaluations of the performance of section 57 managers	Finalization of the Annual Performance Report	Final annual performance report	Number of annual performance reports submitted	1 annual performance reports submitted	1 Annual Performance Report was done and submitted to Council in August 2013	n/a
	Finalization of the Oversight Report	Finalized oversight report	Number of finalized oversight report	1 finalized oversight report	Oversight report was finalised and submitted to Council	n/a
	Annual evaluations of the performance of section 57 managers	Evaluations of performance for section 57 managers	Number of annual evaluations done	1 evaluation report for senior managers	Evaluation was not done	<b>Reason for deviation</b> Assessment Committee was not established  <b>Remedial action</b> Assessment Committees to be established

# COMMUNITY SERVICES DEPARTMENT

Employees Community Services				
Job level	Employee no.	Posts no.	Vacancies no.	Vacancies (as % of total posts)
0 - 3	18	29	11	
4 - 6	4	9	4	
7 - 9	0	0	0	
10 - 12	4	4	0	
13 - 15	1	1	0	
16 - 18				
19 - 20				

## CEMETERIES

The municipality upgraded, cleaned and fenced cemeteries in 10 villages. This was implemented through the EPWP.

### COMMUNITY SERVICES DEPARTMENT: PERFORMANCE REPORT

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
To conduct 4 environment awareness campaigns during the 2012/13 financial year	Environment awareness through awareness campaigns	environment awareness campaigns	Number of awareness campaigns	4 awareness campaigns	The environmental awareness campaigns were held at Madibeng on 10 September 2013, Penryn on 28 November 2013, Gasehunelo Wyk 6 on 31 November 2013, Bothithong on 4 March 2014, Heuningvlei 20 March 2014, Botheteletsa on 1 April 2014, Camden on 2 April 2014 and Ellendale on 21 May 2014.	

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
To effectively manage veld fires and the prevention thereof on an agency basis throughout the 2013/14 financial year; as measured in terms of the availability of essential fire-fighting equipment in all of municipal wards.	Ensuring effective veld fire fighting in the municipal area.	Veld fires combated	Number of veld fires combated	Combat veld fires in all areas where it was reported	63 veld fire incidents were attended to.	
To construct two community halls	Construction of two community halls in Ditshipeng and Padstow	Halls constructed	Number of community halls constructed	Construction of 2 Community halls	The construction of Ditshipeng and Padstow is still on progress.	Tender was advertised and awarded during the last quarter of the financial year
To fence Cemeteries	Fencing of one Cemetery per ward	Dignified cemeteries	Number of cemeteries constructed	15 cemeteries fenced	Cemeteries fenced: Kome, Mathanthyanyaneng, Magobing, Gatswinyane, Kokfontein, Dinokaneng, March, Colston, Ditharapeng, Sehakong, Mothoeng, Suurdig, Magobing, Glenred and Manyeding	
To maintain and manage municipal recreational facilities	Maintenance and management of municipal recreational facilities	Municipal recreational facilities in good conditions	Number of recreational facilities maintained and managed	All municipal recreational facilities maintained and managed	4 Sports field and 19 Community halls were maintained.	

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
Waste management	To Collect refuse from Hotazel and Vanzylsrus	Refuse Collection from Hotazel and Vanzylsrus	Number of households serviced	100% collection of waste at Hotazel and Vanzylsrus	Refuse removals were collected at Hotazel and Vanzylsrus.	The municipality did not have the schedule of refuse collection
To provide monitoring of Library service	To ensure monitoring of community libraries	Libraries Monitored	Number of monitoring done	2 libraries monitored	12 Reports on 2 community libraries monitored, (Logaganeng and Vanzylsrus)	
To ensure effectiveness in community Services Department	To ensure monthly departmental meeting are held.	Effectiveness in the department	Number of departmental meeting held	12 meetings	10 Departmental meetings were held.	2 meetings could not be held due to other commitments that were not planned for
To construct low cost housing	Construction of 520 low cost houses	Availability of houses	Number of houses constructed	520 low cost houses	Construction of phase three still in progress. (number of houses constructed and reasons why all 520 were not constructed)	
To establish municipal safety unit	Construction of testing station	Established traffic Unit	Percentage testing station	Established Traffic Unit and a testing station	The temporary learners licence class was renovated, the designs for traffic unit were finalised and the examiners were taken to Gamagara Local Municipality for in-service training.	<b>Reason for deviation</b> 1) The finalisation of the license is dependent on the Department of Transport, Safety and Liaison  <b>Remedial action</b> The Mayor will engage the MEC to sign and finalise the license process

## CORPORATE POLICY AND OTHER SERVICES

The Joe Morolong Local Municipality Council is the highest decision making organ and it governs the Municipality. Council is responsible for developing policies and plays an oversight role over the implementation of those policies.

The Municipal Council comprises of the governing and decision making body of the Municipality whilst the municipal officials focus on the implementation of the Council resolutions. Council determines the direction of the Municipality by setting the course through the development of IDP and allocation of resources. Council develops policies and the responsibility of the municipal staff is to ensure that those policies are implemented.

Employees: Executive and Council						
Job level	2011/12	2013/14				
	Employee no.	Posts	Employees no.	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)	
0 – 3						
4 – 6		6	4	2		
7 – 9						
10 – 12		3	3	0		
13 – 15		1	0	1		
16 – 18						
19 – 20						
Total						

## CORPORATE SERVICES DEPARTMENT

### CORPORATE SERVICES DEPARTMENT: PERFORMANCE REPORT

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
Municipal Arrangement and Institutional Transformation	Review of Human Resources Policies	Human Resources Policies	Finalization of a reviewed human resource policies	8	18 Policies were reviewed and 19 policies were approved by Council	Other 4 policies didn't warrant to be reviewed
	Review of employment equity plan		Number of reviewed employment equity plan	1	Employment Equity Plan was reviewed and adopted by Council and to the Department of Labour	n/a
	Review of Work Skills Plan		Number of submitted Work Skills development plan to Council	1	Skills development plan was reviewed and adopted by Council	n/a
	Skills Development Plan		Number of Skills Development Reports	4	4 reports were submitted to Council quarterly	n/a

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
			Number of Skills development plan approved by Council	1	1 Skills Development Plan was submitted to Council for approval and submitted to LGSETA	n/a
			Number of Skills Development reports submitted to Council	4	4 Skills Development reports were submitted to Council	n/a
To ensure the functionality of the Local Labour Forum	Local Labour Forum functionality	Local Labour Forum functionality	Number of Local Labour Forum meetings	4	4 meetings were held	
Adherence to time line on submission of items for council and portfolio meetings	Adherence to schedule of council agenda items	Council agenda items adhered as scheduled	Number of submitted council agendas items as scheduled	4	All 4 Council agenda items were submitted as scheduled	
Adherence to both portfolio committee and council meetings	Director Corporate Services	Scheduled portfolio committee meeting	Schedule of Council meeting with full preparation	4	4 Council and portfolio meeting were held as scheduled	
To ensure effectiveness in the Department	Director Corporate Services	Monthly meetings	Number of monthly meetings	10	6 Departmental meetings were held	<p><b>Reasons for deviations</b> Two Meetings could not be held due to other commitments that were not planned for</p> <p><b>Remedial actions</b> Schedule of meetings will be developed</p>

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
Good governance and public participation		Effectively support internal political interfaces	4 council meeting 4 portfolio meeting	4	4 Council and portfolio committee meetings were held as scheduled	n/a

Employees Corporate Services

Job level	2013/14				
	2011/12	Employee no.	Posts	Employees no.	Vacancies (fulltime equivalent)
0 - 3			13	11	1
4 - 6			12	10	2
7 - 9			4	3	1
10 - 12			2	2	0
13 - 15			3	3	0
16 - 18					
19 - 20					
Total					

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
1. To ensure that the Government of Karnataka has a clear and comprehensive policy on the management of the State's forests and wildlife resources.	1.1. To ensure that the Government of Karnataka has a clear and comprehensive policy on the management of the State's forests and wildlife resources.	1.1.1. To ensure that the Government of Karnataka has a clear and comprehensive policy on the management of the State's forests and wildlife resources.	1.1.1.1. To ensure that the Government of Karnataka has a clear and comprehensive policy on the management of the State's forests and wildlife resources.	1.1.1.1.1. To ensure that the Government of Karnataka has a clear and comprehensive policy on the management of the State's forests and wildlife resources.	1.1.1.1.1.1. To ensure that the Government of Karnataka has a clear and comprehensive policy on the management of the State's forests and wildlife resources.	1.1.1.1.1.1.1. To ensure that the Government of Karnataka has a clear and comprehensive policy on the management of the State's forests and wildlife resources.

<p>To promote effective, efficient and economical financial management during the 2012/13 financial year, as measured in terms of the following indicators:</p> <ul style="list-style-type: none"> <li>• Establishment of all relevant functions in the Finance Department of the Municipality;</li> <li>• Training events (4 – 1 per quarter) for the personnel of the Finance Department; and</li> <li>• Preparation and submission of monthly budget (section 71) reports.</li> </ul>	<p>Establishment of a fully structured Finance Department Training of Finance staff</p>	<ul style="list-style-type: none"> <li>• Financial reports</li> <li>• Payment</li> <li>• Financial system controls</li> </ul>	<p>Percentage of key financial functions incorporated into the structures of the Finance Department</p>	<p>5</p>	<p>Only 3 posts were filled: Manager SCM, Manager Income, Expenditure Accountant were appointed to have a fully structured BTO</p>	<p><b>Reasons for deviations</b> We could not get suitable candidates for the other 2 posts</p> <p><b>Remedial action</b> Post will be filled this financial year</p>
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IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
			Finance staff to be trained in relevant skills required to achieve effective, efficient and economical financial management – with specific reference to Budget implementation of GRAP and in-house training on the municipal financial management system	5	17 finance staff were trained on various programmes.(Debtors, Payroll, Asset management software, Caseware)	
			Number of Annual Financial Statements submitted	1 Annual Financial Statements submitted	1 AFS was submitted 31/08/2013	<b>Remedial action</b> The Annual Target was overstated in the SDBIP
			Number of reports submitted within 10 days from month end: Sec 71	12 reports submitted	12 reports were submitted to the Mayor, Council and Provincial and National Treasury	
			Number of statutory reports submitted.(FMG,MSG,WSOG,RM,MIG)	12 reports submitted	12 reports were submitted to the Mayor, Council and Provincial and National Treasury	

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
			Number of MFMA quarterly returns submitted. (Borrowing and Monitoring, Long-term contracts, Municipal Entities, Municipal Finance Management Implementation Plan)	4 quarterly returns submitted	4 quarterly returns were submitted to National Treasury	
To put in place a municipal tariff system to collect revenue (rates and taxes) from users of municipal services by the closing of 2012/13 financial year (for specific targets, refer to the 'services standards' and 'key performance targets' attached to this objective)	Finalization of a fully functional municipal tariff system	-Council approved policies: Creditors and Debtors Control; Tariff policy -Building revenue collection	Tariff system informed and regulated by – A legislatively and policy compliant debtors and creditor's control policy Council approved policies: Creditors and Debtors control	1	1 Credit Control and debt Collection Policy was implemented during this financing	
Financial controls	Proper implementation of Supply chain management policy	Obtaining quotations after a requisition has been made and a correct purchase order issued	Number of quotations obtained		In most instances we were able to source 3 quotations except on emergencies and sole service providers (servicing of vehicles)	<b>Reason for deviation</b> The target could not be achieved as it was not clear on the SDBIP

IDP Objective	Key Performance Indicator	Output Indicator	Unit of measurement	Annual Target	Actual performance	Reason for deviation and remedial actions
	Proper implementation of Supply chain management policy	Payment of creditors within 30 days of invoice	Number of creditors paid within 30 days of invoice	80% of payments done within 30 days	60% of creditors were paid within 30 days	<b>Reason for deviation</b> 1) Proper invoicing 2) None compliance to SCM policy  <b>Remedial action</b> Enforcement of the SCM policy
	To ensure that projects funds are available when needed.	Timeous disbursement and transfer of projects funds	Number of timeous disbursements and transfer of project funds	90% of timeous disbursements and transfer of project funds	100% of the projects funds were disbursed on time	
Functional Bid committees	To ensure that Bid committees meetings are held in order to achieve value for money in the bid processes	Bid committee meeting held	Number of days after closing date of bids		In all tenders advertised, Bid Committee meetings were held within 30 days	
	Distribution of Bid Committee minutes to members	Bid committee members distributed to members	Number of days after the meeting	5 days	Not achieved	<b>Reason for deviation</b> None availability of Bid committee members  <b>Remedial action</b> Bid committee members to prioritise attendance to meetings

Employees: Financial Services					
2011/12		2012/13			
Job level	Employee no.	Posts	Employees no.	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
0-3		1	1	0	
4-6		21	10	11	
7-9		4	4	0	
10-12		5	2	3	
13-15		4	3	1	
16-18					
19-20					
Total		35	20	15	

## **CHAPTER 4**

### **ORGANISATIONAL DEVELOPMENT PERFORMANCE**

Council has adopted a number of policies to ensure that the work of this municipality is conducted within the prescripts of the law.

The Department of Corporate Services provides administrative support services to the entire municipality by ensuring efficient committee management, Council meetings and a human resource function to the administrative staff and leads in areas of good governance.

Corporate Services is responsible for the effective and efficient execution of all the supporting administrative functions that include support needed to attract, retain and develop talent in the municipality, the coordination of systems and processes, to enable the municipality to perform matters of service delivery.

The Corporate Services administers the Municipality's human resource development and management, political offices, labour relations and facilities management.

### Staff establishment

There are 152 employees in the Municipality. The total number of posts as per the approved structure is 234 and there are 98 vacancies.

### EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	2013/14			
	Approved posts No.	Employees No.	Vacancies No.	Vacancies %
Office of the Municipal Manger	21	16	5	23,8%
Financial Services	40	26	14	35%
Corporate Services	33	29	4	12,1%
Technical Services	93	53	40	43%
Community Services	38	22	16	42,1%
Planning and Development	9	6	3	33,3%

**VACANCY RATE** (departments must indicate vacancies that are funded and exist during 2013/14 and we will do a narrative report underneath if the posts were filled)

Vacancy rate 2013/14			
Designations	Total Approved posts (No.)	Vacancies (total time that vacancies exist using of total posts in each fulltime equivalents) No.	Vacancies (as a proportion category) %
2 posts were vacant for 9 months	234	82	

Turn-over rate			
Details	Total appointments as of beginning of financial year. (No.)	Terminations during financial year. (No.)	Turnover rate*
2013/14	17	4	

\*Divide the number of employees who have left the organization within year, by total number of employees who occupied posts at the beginning of the year

## MANAGING THE MUNICIPAL WORKFORCE

The Corporate Services administers the Municipality's human resource development and management, political offices, labour relations and facilities management.

Expenditure for employees in 2013/14 is R 37 024 772, 00 which is 23.5 of the budget.

We did not overspend on employee related costs.

## POLICIES

HR POLICIES AND PLAN			
DATE ADOPTED BY COUNCIL	POLICY	COMPLETE	REVIEWED
26 September 2014	Fraud and corruption policy.	✓	
26 September 2014	Confidentiality Policy.	✓	
26 September 2014	Branding Policy	✓	
26 September 2014	Policy Guidelines for Social Media interactions and usage.	✓	
26 September 2014	Performance Management Systems Policy.		✓
18 December 2014	Server Baseline Policy.	✓	
18 December 2014	Network and Security Management Policy.	✓	
18 December 2014	Internet Acceptable Usage Policy.	✓	
18 December 2014	Sexual Harassment Policy.	✓	

18 December 2014	Funeral and Bereavement Policy.	✓	
18 December 2014	Physical Protection Policy.	✓	
18 December 2014	Patch Management Policy.	✓	
18 December 2014	EPWP Policy	✓	
26 March 2014	Bursary Policy		✓
26 March 2014	IT Back-up Policy and Procedures	✓	
26 March 2014	IT Governance Charter	✓	
26 March 2014	Physical Protection of IT Facility Policy	✓	
26 March 2014	Access IT Environment Policy and Procedures	✓	
26 March 2014	<ul style="list-style-type: none"> <li>✓ Supply Chain Management Policy</li> <li>✓ Policy Rates Policy</li> <li>✓ Credit Control and Debt Collection Policy</li> <li>✓ Bad Debt Write-Off Policy</li> <li>✓ Banking and Investment Policy</li> <li>✓ Tariffs Policy</li> <li>✓ Indigent Policy</li> <li>✓ Petty Cash Policy</li> <li>✓ Risk Management Policy</li> <li>✓ Fruitless and Wasteful Expenditure Policy</li> <li>✓ Cash Shortage Policy</li> <li>✓ Asset Management Policy</li> <li>✓ Fixed Management Policy</li> <li>✓ Budget, Funding, Reserves and Virement Policy</li> </ul>		✓
26 March 2014	Inventory Management Policy	✓	
26 March 2014	Housing Scheme Policy	✓	

# INJURIES, SICKNESS AND SUSPENSIONS

Number and cost per injuries on Duty						
Type of injury	Injury leave taken	Employees using injury leave (no.)	Proportion employees using sick leave %	Average injury leave per employee	Total estimated cost R'000	
Required basic medical attention only	0	0	0	0	0	
Temporary total disablement	0	0	0	0	0	
Fatal	0	0	0	0	0	
Total	0	0	0	0	0	

There were no injuries on duty in the year under review and there were no suspensions.

Number of days and cost of sick leave (excluding injuries on duty)						
Salary band	Total sick leave days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post*	*Average sick leave per employee	Estimated cost R'000
Lower skilled (levels 1 – 2)	80	71,4%	7	19		
Skilled (levels 3 – 5)	80	23,3%	30	56		
High skilled production (levels 6 – 8)	80	30%	30	38		
Supervisors and middle management (level 9 – 15)	80	84%	25	38		
MM and section 57	36	0%	4	6		
Total				147 (excluding financial interns)		

\*Number of employees at the beginning of the year

\*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

# TOTAL NUMBER OF EMPLOYEES IN THE MUNICIPALITY:

OCCUPATIONAL CATEGORY	FEMALE			MALE			TOTAL			TOTAL		
	A	C	I	A	C	I	A	C	I	A	C	I
11 - LEGISLATORS	14			15								
12 - MANAGERS	5			1	9	1						
2 - PROFESSIONALS	10			8								
3 - TECHNICIANS AND TRADE WORKERS	12			3								
4 - COMMUNITY AND PERSONAL SERVICE WORKERS												
5 - CLERICAL AND ADMINISTRATIVE WORKERS	20		1	12								
6 - SALES WORKERS	2											
7 - MACHINE OPERATORS AND DRIVERS				8								
8 - ELEMENTARY WORKERS	14			38								
TOTALS												

# CAPACITATING THE WORKFORCE

## TOTAL NUMBER OF EMPLOYEES WHO RECEIVED TRAINING:

OCCUPATIONAL CATEGORY	FEMALE				MALE				TOTAL				TOTAL	% OF TOTAL EMPLOYEES
	A	C	I	W	A	C	I	W	A	C	I	W		
11 - LEGISLATORS	2				3				5				5	
12 - MANAGERS	3				8				13				13	
2 - PROFESSIONALS					1				1				1	
3 - TECHNICIANS AND TRADE WORKERS														
4 - COMMUNITY AND PERSONAL SERVICE WORKERS														
5 - CLERICAL AND ADMINISTRATIVE WORKERS	7				1				8				8	
6 - SALES WORKERS														
7 - MACHINE OPERATORS AND DRIVERS					9	1			9	1			10	
8 - ELEMENTARY WORKERS	1				2				3				3	
TOTALS														

**TOTAL NUMBER OF EMPLOYEES WHO RECEIVED TRAINING ON PIVOTAL PROGRAMMES:**

OCCUPATIONAL CATEGORY	FEMALE						MALE						TOTAL	% OF TRAINING BENEFICIA RIES
	A	C	I	W	A	C	I	W	A	C	I	W		
11 - LEGISLATORS														
12 - MANAGERS	1								1					
2 - PROFESSIONALS														
3 - TECHNICIANS AND TRADE WORKERS														
4 - COMMUNITY AND PERSONAL SERVICE WORKERS														
5 - CLERICAL AND ADMINISTRATIVE WORKERS	1				1				2					
6 - SALES WORKERS														
7 - MACHINE OPERATORS AND DRIVERS														
8 - ELEMENTARY WORKERS														
<b>TOTALS</b>														

## MANAGING THE WORKFORCE EXPENDITURE

Number of employees whose salaries were increased due to their positions being upgraded			
Beneficiaries	Gender	Total	
Low skilled (levels 1-2)	F	0	
	M	0	
Skilled (levels 3-5)	F	0	
	M	0	
High skilled production (levels 6 – 8)	F	0	
	M	0	
Highly skilled supervision (levels 9-12)	F	0	
	M	0	
Senior management (levels 13-16)	F	0	
	M	0	
MM and SS 57	F	0	
	M	0	

*Those with disability are shown in brackets. In the number of beneficiaries' column as well as in the numbers at the right hand side*

## CHAPTER 5

### Financial Summary

#### Statement of financial Performance

financial summary							R'000
Description	2012/13 Audited Outcome	Budget Year 2013/14			Variance 2013/14		
		Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget	
<b>Financial Performance</b>							
Property rates	6 786	11 684	11 684	3 371	-71%	-71%	
Service charges	17 223	13 943	14 821	12 505	-10%	-16%	
Rental of facilities and equipment	171	66	258	100	51%	-61%	
Interest earned - external investments	3 508		450	260	#DIV/0!	-42%	
Transfers recognised - operational	77 609	94 721	99 530	201 729	113%	103%	
Public contributions and donations				15			
Other revenue	3 084	920	920	4 734	415%	415%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>108 381</b>	<b>121 334</b>	<b>127 663</b>	<b>222 714</b>	<b>84%</b>	<b>74%</b>	
<b>Expenditure</b>							
Employee cost	27 633	35 713	34 457	37 025	4%	7%	
Remuneration of councillors	6 718	7 438	6 366	7 504	1%	18%	
Debt impairment	32 578	170	170	2 336	1275%	1274%	
Depreciation & asset impairment	26 169	5 615	3 000	24 326	333%	711%	
Finance charges	96	900	839	232	-74%	-72%	
Bulk purchases	8 926	11 006	10 306	11 018	0%	7%	
Contracted services	-	6 106	11 100	168	-97%	-98%	
Transfers and grants	107 880	-	-	13 705	#DIV/0!	#DIV/0!	
Repair and Maintenance	11 683	9 233	17 808	18 215	97%	2%	
Other expenditure	57 575	32 750	49 018	43 139	32%	-12%	
Loss on disposal of PPE							
<b>Total Expenditure</b>	<b>279 258</b>	<b>108 932</b>	<b>133 064</b>	<b>157 668</b>	<b>45%</b>	<b>18%</b>	
<b>Surplus/(Deficit)</b>	<b>(170 877)</b>	<b>12 402</b>	<b>(5 401)</b>	<b>65 046</b>	<b>424%</b>	<b>-1304%</b>	
Transfers recognised - capital	120 974	60 224	98 498	201 729	235%	105%	
Contributions recognised - capital	-	-	8 579				
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(49 903)</b>	<b>72 626</b>	<b>101 676</b>	<b>266 775</b>	<b>11%</b>	<b>-9%</b>	
Taxation							
<b>Surplus/(Deficit) after taxation</b>	<b>(49 903)</b>	<b>72 626</b>	<b>101 676</b>	<b>266 775</b>	<b>267%</b>	<b>162%</b>	
Attributable to minorities							
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(49 903)</b>	<b>72 626</b>	<b>101 676</b>	<b>266 775</b>	<b>267%</b>	<b>162%</b>	
Share of surplus/ (deficit) of associate							
<b>Surplus/(Deficit) for the year</b>	<b>(49 903)</b>	<b>72 626</b>	<b>101 676</b>	<b>266 775</b>	<b>267%</b>	<b>162%</b>	
Transfer recognised Capital	177 238	60 224	98 498	201 729	235%	105%	
Public contributions and donations	15 462			15	#DIV/0!		
Contributions recognised - capital			8 579		#DIV/0!		
Borrowing					#DIV/0!		
Internally generated funds	4 078	21 635	12 408	3 371	-84%	-73%	
<b>Total source of capital funds</b>	<b>196 778</b>	<b>81 859</b>	<b>119 485</b>	<b>205 115</b>	<b>151%</b>	<b>72%</b>	
<b>Financial Position</b>							
Total current assets	39 103	25 552	29 968	47 757	87%	59%	
Total non- current assets	1 061 276	80 281	979 981	1 159 368	1344%	18%	
Total Current liabilities	96 704	12 641	28 714	52 311	314%	82%	
Total non- current liabilities	5 087	9 659	11 665	4 134	-57%	-65%	
<b>Community wealth/Equity</b>	<b>998 588</b>	<b>83 533</b>	<b>969 570</b>	<b>1 150 680</b>	<b>1278%</b>	<b>19%</b>	

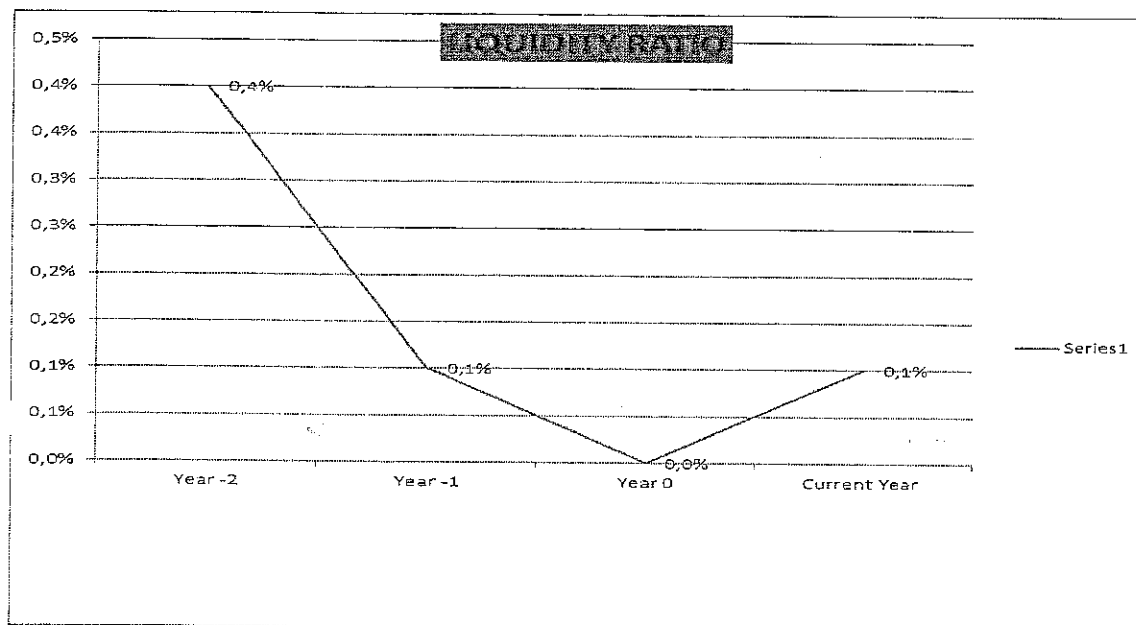
## Grants (Grants Performance)

Grants performance					R'000	
Description	2012/13	Budget Year 2013/14			Variance 2013/14	
	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Operating transfers and grants						
National Government	133 865	147 473	185 747	185 747	-	-
Equitable Share	67 506	80 780	80 780	80 780	0%	0%
Water services Operating Subsidy	1 875	8 000	8 000	8 000	0%	0%
Finance Management	1 500	1 550	1 550	1 550	0%	0%
Municipal Systems Improvement	800	890	890	890	0%	0%
EPWP Incentive	5 705	1 000	1 000	1 000	0%	0%
Municipal Infrastructure	56 479	55 253	55 253	55 253	0%	0%
Regional Bulk Infrastructure			38 274	38 274	0%	0%
Provincial Government	223	5 245	5 245	5 245		
Sports and recreation	223	436	436	436	0%	0%
Housing		2 352	2 352	2 352	0%	0%
EPWP Incentive		2 457	2 457	2 457	0%	0%
Other grants	64 496	8 579	8 579	8 579		
Rural Household Infrastructure Grant	58 398	-	-		0%	0%
Kumba Iron Ore		8 579	8 579	8 579		
ACIP Sanitation	6 098	-	-		0%	0%
Grants received from sources other than the Division of revenue Grant						
SETA Skills development				26	#DIV/0!	0%

## Repair and Maintenance Expenditure 2013/14

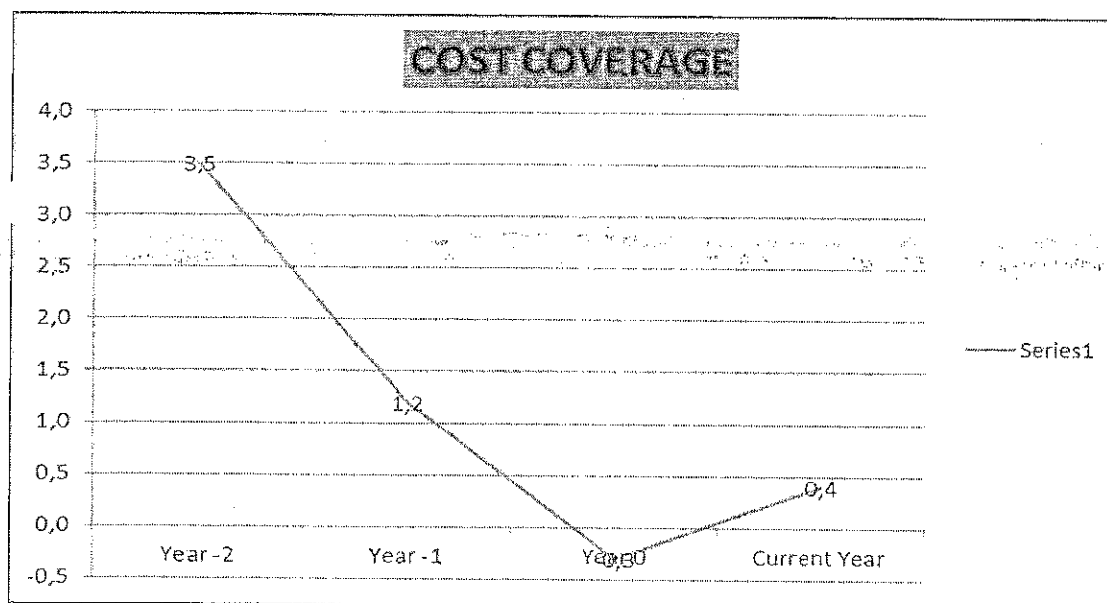
Repair & Maintenance Expenditure 2013/14					R'000
Description	Budget Year 2013/14			Variance 2013/14	
	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
	9 233	17 808	18 215	97%	2%

## Liquidity Ratio (Graph)



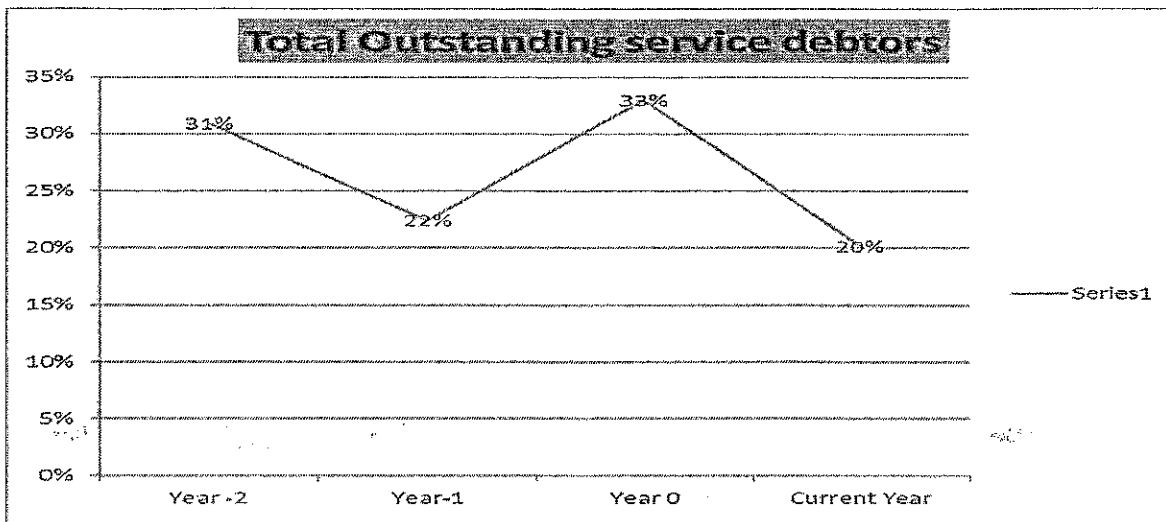
Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.  
Data used from MBRR SA8

## Cost Coverage (Graph)



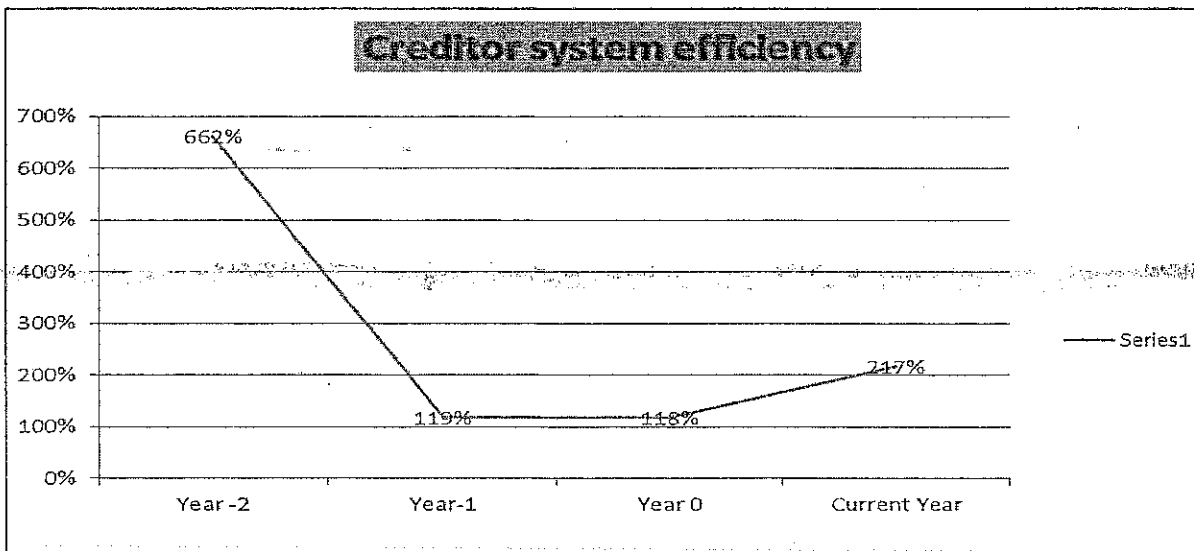
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated  
Data used from MBRR SA8

## Total outstanding service debtors (Graph)

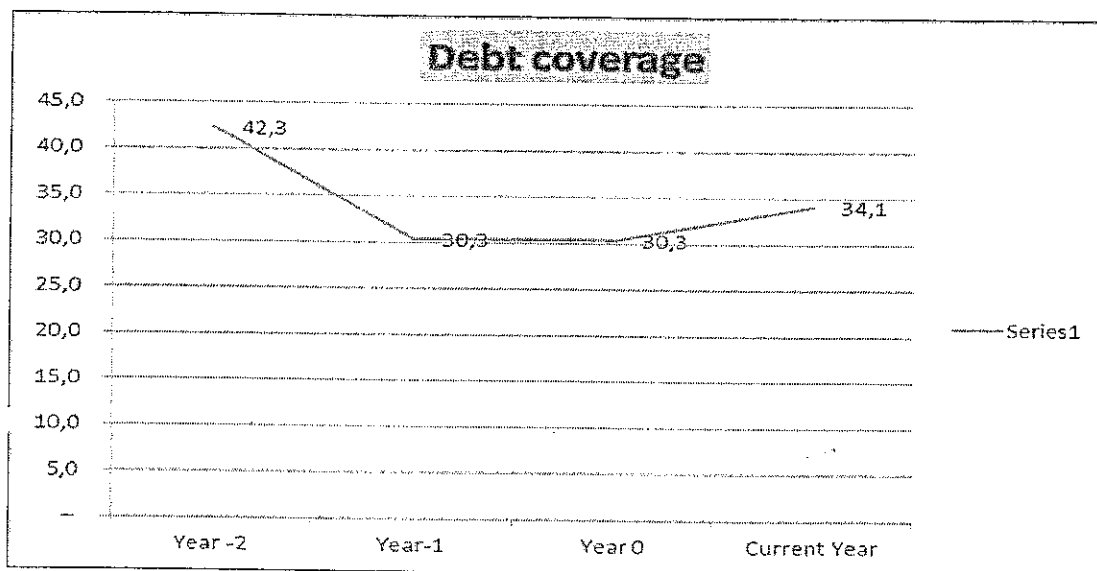


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.  
Data used from MBRR SA8

## Credit System Efficiency (Graph)



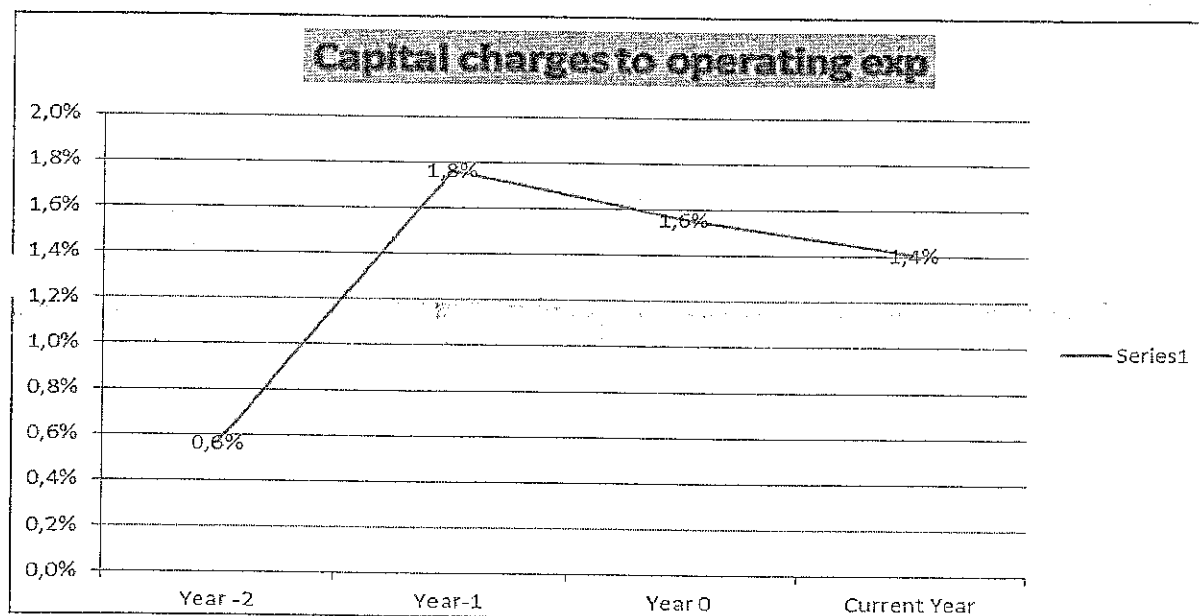
## Debt Coverage (Graph)



Capital

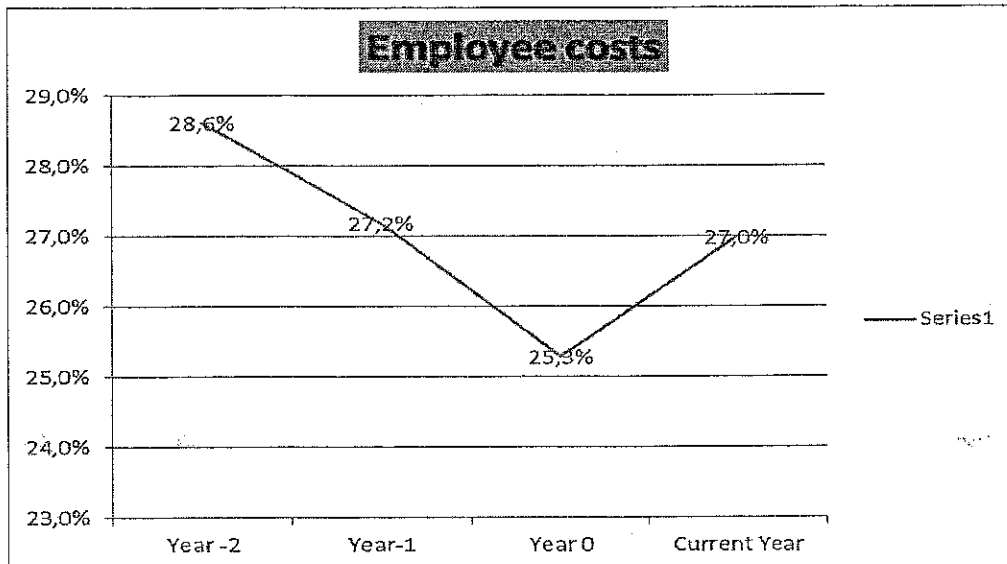
Debt Coverage— The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality  
Data used from MBRR SA8

## Charges to operating expenditure (Graph)



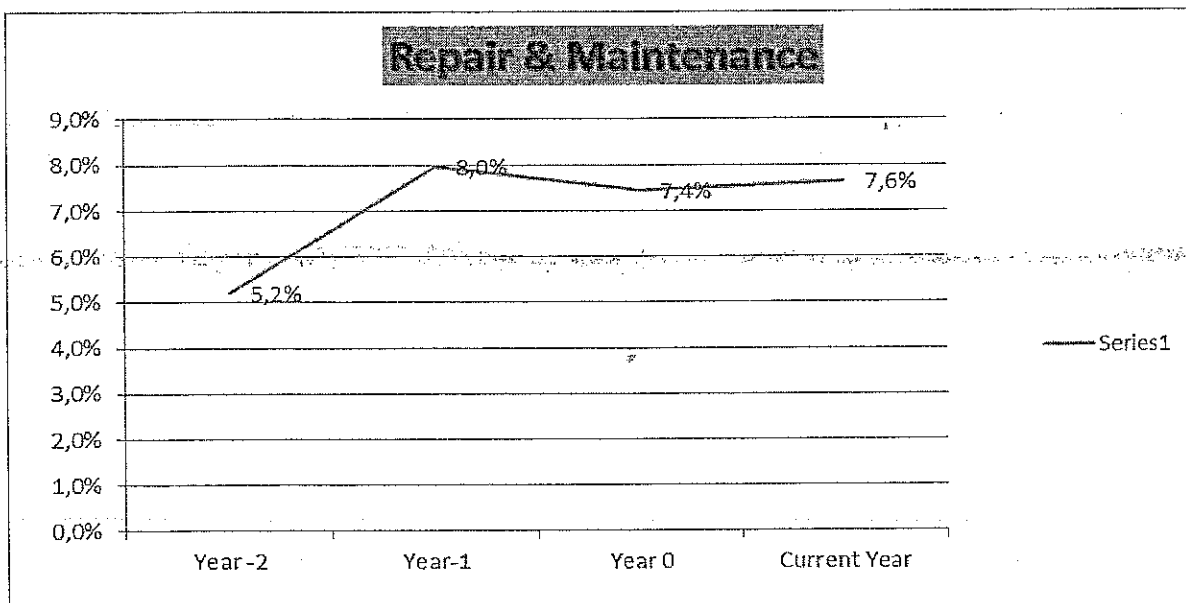
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure. .  
Data used from MBRR SA8

### Employee cost (Graph)



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.  
Data used from MBRR SA8

### Repair and Maintenance (Graph)



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

## CHAPTER 6

### AUDITOR GENERAL AUDIT FINDINGS

Auditor General Report on Service Delivery Performance Year 2014/15	
Audit Report Status	Disclaimer
Non-Compliance	Remedial Action Taken
Limitation of scope. No supporting documents were submitted to the auditors for transactions processed against the accumulated surplus, Cash and cash equivalents, receivables from non-exchange transactions, Investments, trade and other payables, expenditure, operating grants expenditure and employee related costs.	All supporting documents will be safely kept and timeously handed over to the auditors.
Incomplete asset register: intangible assets not disclosed.	A more detailed GRAP compliant asset register will be developed.
Inappropriate disclosure of long-term liabilities, unspent conditional grants	Registers compiled and maintained.
Inventory: No inventory system in place to identify, account, issue and disclose inventory against the accounting policy adopted	The finance system used to record all inventory and regular monitoring of the inventory level performed.
Vat amount overstated	Vat reconciliations will be performed and correctly disclosed.

**Auditor – General Report on Service-Delivery Performance Year 2012/13**

Audit Report Status	Disclaimer
Non-compliance	Remedial Action Taken
Residual value, depreciation method and useful life of property plant and equipment were not reviewed according to Grap 17.	
Incomplete asset register	A more detailed GRAP compliant asset register will be developed.
Contingent liabilities not disclosed in the financial statements.	All contingent liabilities will be disclosed as per Grap 19.
Limitation of scope. No supporting documents were submitted to the auditors for transactions processed against the, Cash and cash equivalents, receivables from non-exchange transactions, Investments, trade and other payables, expenditure, operating grants expenditure and employee related costs. Irregular expenditure.	All supporting documents will be safely kept and timeously handed over to the auditors.
Investment property not disclosed in accordance with Grap 26	Investment property will be disclosed accordingly.
Vat amount overstated	Vat reconciliations will be performed and correctly disclosed.

**Auditor – General Report on Service Delivery Performance Year 2013/14**

<b>Audit Report Status</b>	<b>Qualified</b>
<b>Non-Compliance</b>	<b>Remedial Action Taken</b>
Expenditure transactions recorded on the general ledger and Financial statement inclusive of VAT	<p>Revisit the population for the first 6 month and make the necessary adjustments.</p> <ul style="list-style-type: none"> <li>• Inspect the whether the votes are established correctly, meaning for example fuel needs to be non- vatable</li> <li>• Correctness of votes needs to be continuously monitored</li> <li>• Vat vendor searches on all vat invoices received</li> <li>• Vat training for expenditure staff</li> </ul> <p>Overall Control to be Implemented</p> <ul style="list-style-type: none"> <li>• On a weekly / monthly basis the general ledger and cash book needs to be reviewed</li> </ul>
Auditor's fees invoices don't agree with AFS	<ul style="list-style-type: none"> <li>• Account for internal and External Audit in two separate votes</li> </ul> <p>Overall Control to be Implemented</p> <ul style="list-style-type: none"> <li>• Reconcile the audit fees on a quarterly basis to ensure accuracy and correct classification of all transactions</li> </ul>
Post-employment benefit understated	<p>Review the way we account for Post - employment benefits</p> <p>Overall Control to be Implemented</p> <ul style="list-style-type: none"> <li>• Review the way we account for Post - employment benefits</li> </ul>

Expenditure - Loan repayment incorrectly classified as Finance costs	At the end of the year obtain a loan confirmation from DBSA and ensure that the Loan amount as well as the related interest is recorded in the correct votes. Prepare all the supporting schedules
Expenditure - Payments not made within 30 days	Ensure that payments are made within 30 days Invoice stamped with the receipt date
Expenditure - Prior year expenditure recognised in the current year	Inspect the transactions relating to 3 months before the end of the financial year as well as 3 months after to confirm that transactions are recorded in the correct period
Differences between adjusted asset register and AFS	Reconcile the fixed assets register to the general ledger at end of the year
Additions: Differences between work in progress in adjusted asset register and AFS	Reconcile the fixed assets register to the general ledger at end of the year
Property, Plant and Equipment: Assets disposed not removed from asset register	Obtain the disposal list and remove all the disposed assets from the fixed register
Property, Plant and Equipment: Monthly reconciliations between general ledger and asset register not done	Monthly reconciliations between general ledger and asset register monthly
Creditors prior year misstatement not corrected: Creditors listing does not agree with financial statement	Creditors Reconciliation and make the necessary adjustments
Prior year audited closing balance does not agree with current year opening amount	Supply the supporting deviation register that supports the restated amount. Firstly confirm the accuracy of the document

# **REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON JOE MOROLONG LOCAL MUNICIPALITY**

## **REPORT ON THE FINANCIAL STATEMENTS**

### **Introduction**

1. I have audited the financial statements of the Joe Morolong Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2014, 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 the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (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 the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and 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 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 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 was unable to obtain sufficient appropriate audit evidence regarding property, plant and equipment, as the municipality did not provide evidence for differences between asset register and financial statement due to the fact that the assets was not reviewed adequately. Furthermore the municipality could not provide sufficient evidence for work in progress. I was unable to confirm property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustment relating to property, plant and equipment stated at R1 159 053 993 (2013: R1 061 253 496) in the financial statements was necessary and we could not determine the impact of this on depreciation.

### Expenditure

7. The municipality did not classify all items of expenditure in accordance of with Generally Recognised Accounting Practice, GRAP 1, *Presentation of Financial Statements*. Bulk purchases, general expenditure, grants and subsidies, repairs and maintenance payments were incorrectly recorded with the amounts inclusive of value added tax , resulting in total expenditure being overstated and value added tax understated by projected misstatement of R7 503 364. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus.
8. During 2013, I was unable to obtain sufficient appropriate audit evidence for operating expenditure and was also unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to operating expenditure stated at R 117 997 640 was necessary. My audit opinion on the financial statements for the period ended 30 June 2013 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

### Irregular expenditure

9. The prior year closing amount does not agree with current year opening balance, resulting in irregular expenditure being understated by R67 133 580. In addition, I was unable to obtain sufficient appropriate audit evidence as the municipality could not provide all the required supporting documentation. I was unable to confirm the balances by alternative means.
10. I was unable to obtain sufficient appropriate audit evidence as the municipality could not provide all the required supporting documentation and evidence that management has properly identified, investigated and recorded all irregular expenditure. I was unable to confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to irregular expenditure stated at R42 241 107 (2013: R201 183 198) in the financial statements was necessary.

### Receivables from exchange transactions

11. During 2013, I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions due to inadequate filing management and system of internal control to account for receivables from exchange transaction and to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment to receivables from exchange transactions stated at R23 976 432 was necessary. My audit opinion on the financial statements for the period ended 30 June 2013 was modified accordingly. My opinion on the current period's financial statements is also modified because of

the possible effect of this matter on the comparability of the current period's figures. We also could not determine the impact of this on debt impairment.

#### **Payables from exchange transactions**

12. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions as the municipality could not provide a creditor listing that agrees with the financial statements due to lack of proper review of creditors reconciliation. I was unable to confirm the amount disclosed by alternative means. Consequently, I was unable to determine whether any adjustments relating to trade payables from exchange transactions stated at R44 594 018 (2013: R90 885 498) in the financial statements was necessary.

#### **Value-added tax (VAT)**

13. I was unable to obtain sufficient appropriate audit evidence for VAT relating to current and prior year as the municipality had an inadequate system of internal control to account for VAT. I was unable to confirm the balance by alternative means and I could not determine the effect on the other account balances or classes of transactions. Consequently, I was unable to determine whether any further adjustments to the tax receivable stated at R526 114 (2013: R5 284 058) in the financial statements was necessary.

#### **Bank overdraft**

14. I was unable to obtain sufficient appropriate audit evidence for bank overdraft as the municipality could not provide a reconciliation supporting the bank overdraft due to the fact that proper review of the bank reconciliation was not performed. I was unable to confirm the amount disclosed by alternative means. Consequently, I was unable to determine whether any adjustments relating to bank overdraft stated at R5 870 883 in the financial statements was necessary.

#### **Cash flow statement**

15. I was unable to obtain sufficient appropriate audit evidence regarding the cash flow statement, due to the limitations placed on my audit of various components of the financial statements. I was unable to confirm the cash flow statement by alternative means. Consequently, I was unable to determine whether any adjustment relating to the cash flow statement in the financial statements was necessary.

#### **Employee benefits**

16. The municipality did not disclose the post-employment benefits in accordance with Generally Recognised Accounting Practice, GRAP 25, *Employee Benefit*. The amount of post-employment benefit disclosed does not agree with the amount as per expert report, resulting in expenditure and payables being understated by R2 287 125. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus.

#### **Unauthorised Expenditure**

17. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure as the municipality could not provide a schedule of incidents that caused the unauthorised expenditure. I was unable to confirm the amount disclosed by alternative means. Consequently, I was unable to determine whether any adjustments relating to unauthorised expenditure stated at R42 241 107

(2013: R201 183 198) in the financial statements was necessary.

### **Fruitless and wasteful expenditure**

18. The municipality did not classify all items of fruitless and wasteful expenditure in accordance of with Generally Recognised Accounting Practice, GRAP 1, *Presentation of Financial Statements*. Fruitless and wasteful expenditure were incorrectly classified as condonation by council, resulting in fruitless and wasteful expenditure being understated by R982 660. I was unable to confirm such fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustments to expenditure stated at R0 (2013: R870 925) in the financial statements was necessary

### **Commitments**

19. I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality could not provide a schedule of commitments. I was unable to confirm the amount disclosed by alternative means. Consequently, I was unable to determine whether any adjustments relating to commitments stated at R57 058 000 (2013: R26 658 826) in the financial statements was necessary.

### **Related Parties**

20. The municipality did not disclose the remuneration of key management personnel in accordance with the Generally Recognised Accounting Practice, GRAP 20, *Related Parties*. The remuneration of key management personnel should be disclosed in total and for each of the following categories: short-term employee benefits; post-employment benefits; other long-term benefits; termination benefits and share-based payments. As the municipality did not maintain adequate records of key management personnel, I was not able to determine the full extent of the understatement in related parties as it was impracticable to do so.

### **Material losses**

21. I was unable to obtain sufficient appropriate audit evidence regarding distribution losses. I was unable to confirm the full extent of distribution losses by alternative means. Consequently, I was unable to determine whether any adjustments relating to distribution losses in the financial statements were necessary.

### **Aggregation of immaterial uncorrected misstatement**

22. The financial statements were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following items making up the statement of financial position and the statement of financial performance:

- Employee related costs reflected as R37 024 772 was understated by R163 527 (2013: R1 601 107)
- Remuneration of councillors reflected as R7 503 760 was understated by R1 137 871.
- Provisions as R2 576 537 was understated by R779 751.
- Long term liabilities as R3 536 392 was understated by R311 104.
- An intangible asset as R367 226 was overstated by R344 600.

- Inventory as R2 732 283 was overstated by R770 601.

In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm the following items by alternative means:

- Revenue of R382 194 as included in the disclosed balance of R6 321 946.
- Inventory of R1 387 344 as included in the disclosed balance of R2 732 283.
- Receivables from non-exchange transactions of R1 245 014.

23. As a result, I was unable to determine whether any adjustment to these items was necessary.

#### **Qualified opinion**

24. In my opinion, except for the possible 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 Joe Morolong Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

#### **Emphasis of matter**

25. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Restatement of corresponding figures**

26. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of correction of prior year qualification matters relating to misclassification of assets, revenue and expenditure discovered during 2014 in the financial statements of the Joe Morolong Local municipality at, and for the year ended, 30 June 2013.

#### **Additional matters**

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

#### **Unaudited supplementary information**

28. The supplementary information set out on pages XX to XX 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**

29. 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**

30. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, non-compliance with legislation as well as 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**

31. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:

- Development objectives x 1.1: Community Services on pages 14 to 16
- Development objectives x 1.4: Technical Services on pages 24 to 28

32. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

33. 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 objectives. 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)*.

34. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

35. The material findings in respect of the selected development priorities or objectives are as follows:

### **Community Services**

#### **Usefulness of reported performance information**

36. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 36% of the targets were not specific.
- Performance targets must be measurable. We could not measure the required performance for 36% of the targets.
- The period or deadline for delivery of targets must be specified. A total of 36% of the targets were not time bound.
- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 27% of the indicators were not well defined.
- Performance indicator must be verifiable, meaning that it must be possible to validate the

processes and systems that produced the indicator. A total of 27 % of the indicators were not verifiable.

37. This was because management was not trained in and did not adhere to the requirements of the FMPPI and due to a lack of proper systems and processes.

#### **Reliability of reported performance information**

38. I did not raise any material findings on the reliability of the reported performance information for Community Services.

#### **Technical Services**

##### **Usefulness of reported performance information**

39. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 32% of the targets were not specific.
- Performance targets must be measurable. We could not measure the required performance for 32% of the targets.
- The period or deadline for delivery of targets must be specified. A total of 32% of the targets were not time bound.
- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 21% of the indicators were not well defined.
- Performance indicator must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator. A total of 21 % of the indicators were not verifiable.

40. This was because management was not trained in and did not adhere to the requirements of the FMPPI and due to a lack of proper systems and processes.

#### **Reliability of reported performance information**

41. I did not raise any material findings on the reliability of the reported performance information for Technical Services.

#### **Additional matters**

42. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected development objectives, I draw attention to the following matters:

#### **Achievement of planned targets**

43. Refer to the annual performance report on page 14 to 16 and 24 to 28 for information on the achievement of the planned targets for the year.

### **Adjustment of material misstatements**

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

### **Compliance with legislation**

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

### **Strategic planning and performance management**

46. Measurable performance targets for the financial year with regard to each of the development priorities or objectives and key performance indicators were not set in the Integrated Development Plan, as required by section 41(1)(b) of the Municipal Systems Act (MSA) and the Municipal planning and performance management regulations 12(1) and 12(2)(e) (MPPM).
47. The annual performance report for the year under review did not include
- a comparison of the performance with set targets and a comparison with the previous financial year.
  - measures taken to improve performance, as required by section 46 (1)(c) of the MSA.
48. The performance management system and related controls were inadequate as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting, improvement and how it is conducted, organised and managed, as required by sections 38 of the MSA and regulation 7 of the MPPM regulations.

### **Budgets**

49. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

### **Annual financial statements, performance and annual reports**

50. 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, expenditure, disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

### **Expenditure management**

51. Money owing by the municipality was not always paid within 30 days or an agreed period, as

required by section 65(2)(e) of the MFMA.

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

#### **Revenue management**

53. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.
54. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

#### **Assets management**

55. 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.
56. 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.

#### **Audit committees**

57. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.
58. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.
59. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA.

#### **Procurement and contract management**

60. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Supply Chain Management (SCM) regulation 17(a) & (c).
61. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).
62. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
63. Awards were made to providers who are in the service of the municipality and/or whose directors or principal shareholders are in the service of the municipality in contravention of section 112(j) of the MFMA and SCM regulations 44. Furthermore the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c).
64. Awards were made to providers who are in the service of other state institutions or whose

directors or principal shareholders are in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulations 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1)

65. Sufficient appropriate audit evidence could not be obtained that contract and quotations were only awarded to providers whose tax matters have been declared by the South African Revenue Service to be in order as required by SCM regulation 43.
66. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18.

### **Consequence management**

67. Unauthorised, 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 .
68. The condonation of irregular expenditure was not approved by the appropriate relevant authority, as required by section 1 and 170 of the MFMA.

### **Internal control**

69. 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 deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

### **Leadership**

70. Management did not sufficiently exercise its oversight responsibility to ensure that proper internal control procedures are developed and implemented that will enable the municipality to produce accurate and complete annual financial statements. The financial statements submitted had several misstatements which were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the municipality getting qualified.
71. Management does not sufficiently exercise its oversight responsibility over performance reporting and compliance with laws and regulations and internal control.
72. Management did not adequately establish and communicate approved policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.
73. Management did not adequately develop and monitor the implementation of action plans to address internal control deficiencies.
74. Management did not establish an information technology governance framework that supported and enabled the business, delivered value and improved performance.

## Financial and performance management

- 75. Management did not implement sufficient proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.
- 76. Management did not adequately implement controls over daily and monthly processing and reconciling of transactions.
- 77. Management did not sufficiently prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
- 78. Management did not adequately review and monitor compliance with applicable laws and regulations.
- 79. Management did not adequately design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.

## Governance

- 80. The municipality did not conduct adequate risk assessment as required by the Municipal Finance Management Act. The municipality did not identify risks relating to the achievement of financial and performance reporting objectives. Consequently, controls were not developed to prevent, detect and correct material misstatements in financial reporting and reporting on predetermined objectives.
- 81. Management did not ensure that the audit committee promoted accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

*Auditor-General*

Kimberley

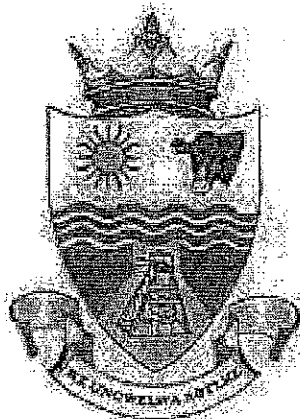
30 November 2014



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*





**JOE MOROLONG**  
**LOCAL MUNICIPALITY**

## **JOE MOROLONG LOCAL MUNICIPALITY**

(Registration number NC 451)  
**AUDITED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## General Information

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Legal form of entity	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998)	
Nature of business and principal activities	Joe Morolong Local Municipality is local municipality performing functions as set out in the Constitution (Act no 105 of 1996)	
Municipal Council Members		
Mayor	Cllr. M.D. Moremi	
Speaker	Cllr. M. Pitso	
Chief Whip	Cllr. E.O.Leshope	
Executive Members	Cllr. B.M. Mbolekwa Cllr. N. Selebalo Cllr. K. Mosiapoe Cllr. E.O. Leshope	
Party Representatives	Cllr. J. Freedman Cllr. M.C. Tihelo Cllr. T.P. Tshipo Cllr. K. Ditshetelo Cllr. S. Segano Cllr. B. Matlhomantsho Cllr. V. Jordan	
Ward councillors	Cllr. N. Mokweni Cllr. O. Kaotsane Cllr. S.Ortel Cllr. K. Shuping Cllr. S. Matshidiso Cllr. G. Sephekolo Cllr. K.Modise Cllr. E. Molawa Cllr. G.Moriri Cllr. D.Kubang Cllr. P. Segaletsho Cllr. S. Moagi Cllr. H. Kgopodithata Cllr. D. Josop Cllr. K.Teteme	Ward 01 Ward 02 Ward 03 Ward 04 Ward 05 Ward 06 Ward 07 Ward 08 Ward 09 Ward 10 Ward 11 Ward 12 Ward 13 Ward 14 Ward 15
Mayor		
Council committees		
1. Finance, Human Resources and Administration		
Chairperson	Cllr. K.J. Mosiapoe	
Committee Members	Cllr. V. Jordan Cllr. K. Shuping Cllr. G. Moriri Cllr. N. Mokweni Cllr. T. Teteme Cllr. O. Kaotsane	
2. IDP, Planning and Development		
Chairperson	Cllr. E.O.Leshope	
Committee Members	Cllr. M.E. Molawa Cllr. S.P. Segaletsho Cllr. T.M. Mokgoje Cllr. J. Segano Cllr. K. Ditshetelo Cllr. B. Matlhomantsho	
3. Infrastructure		

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## General Information

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Chairperson  
Committee Members

Cllr. B.M. Mbolekwa  
Cllr. D.S. Josop  
Cllr. M.C. Tihelo  
Cllr. T.P. Tshipo  
Cllr. K.J. Modise  
Cllr. O. Kgopodithata

### 4. Community Service

Chairperson  
Committee Members

Cllr. N. Selebalo  
Cllr. J. Freedman  
Cllr. S.J. Matshidiso  
Cllr. S. Ortel  
Cllr. D.C. Kubang  
Cllr. M.G. Sephekolo

Grading of local authority

Low capacity municipality

Demarcation code

NC451

Municipal Manager

Mr. T.M. Bloom

Chief Finance Officer (CFO)

Mrs. B.D. Motlhaping

Business address

D320 Cardington Road  
Churchill Village  
8474

Postal address

Private Bag X 117  
Mothibistad  
8474

Bankers

Standard Bank Limited  
Absa Bank Limited  
First National Bank

Auditors

Auditor General of South Africa

Telephone number

(053) 773 9300

Fax number

(053) 773 9350

Email address

bloomt@joemorolong.gov.za

Web address

www.joemorolong.gov.za

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Index

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

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Cash Flow Statement	9
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# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Index

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### Abbreviations

ASB	Accounting Standards Board
D.W.A.F.	Department of Water Affairs and Forestry
DBSA	Development Bank of South Africa
ES	Equitable Share
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognized Accounting Practice
HDF	Housing Development Fund
IDP	Infrastructure Development Plan
INEP	Integrated National Electrification Programme
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
LG SETA	Local Government Sector Education Training Programme
MEC	Member of the Executive Council
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
PAYE	Pay As You Earn
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation
WSOG	Water Services Operating Subsidy Grant

### Relevant Legislation

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
SALGBC - Salary and Wage Collective Agreement  
Infrastructure Grants  
SALBC Leave Regulations  
Labour Relations Act

## **Joe Morolong Local Municipality**

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

### **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the audited 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 audited annual financial statements and are given unrestricted access to all financial records and related data.

The audited 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 audited 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 audited 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 June 30, 2015 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 external auditors are responsible for independently reviewing and reporting on the municipality's audited annual financial statements. The audited annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The audited annual financial statements set out on pages 6 to 71, which have been prepared on the going concern basis, were approved by the accounting officer and was signed by him:

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**Mr. T.M. Bloom**  
**Municipal Manager (Accounting Officer)**  
**Joe Morolong Local Municipality**  
**Friday, August 29, 2014**

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Statement of Financial Position as at June 30, 2014

Figures in Rand	Notes	2014	2013 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	20,574,304	2,008,111
Inventories	5	1,961,682	1,311,648
Receivables from exchange transactions	8	23,976,432	19,126,221
Receivables from non-exchange transactions	6	1,245,014	11,372,587
VAT receivable	7	-	5,284,058
<b>Total Current Assets</b>		<b>47,757,432</b>	<b>39,102,625</b>
<b>Non-Current Assets</b>			
Intangible assets	4	314,007	-
Property, plant and equipment	3	1,159,053,993	1,052,532,597
<b>Total Non-Current Assets</b>		<b>1,159,368,000</b>	<b>1,052,532,597</b>
<b>Total Assets</b>		<b>1,207,125,432</b>	<b>1,091,635,222</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank overdraft	9	5,870,883	4,576,564
Other financial liabilities	10	627,492	626,638
Payables from exchange transactions	13	44,594,014	90,855,498
Provisions	12	692,967	645,049
VAT payable	14	526,114	-
<b>Total Current Liabilities</b>		<b>52,311,470</b>	<b>96,703,749</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	10	2,309,959	3,535,993
Provisions	12	1,883,570	1,551,210
<b>Total Non-Current Liabilities</b>		<b>4,193,529</b>	<b>5,087,203</b>
<b>Total Liabilities</b>		<b>56,504,999</b>	<b>101,790,952</b>
<b>Net Assets</b>		<b>1,150,620,433</b>	<b>989,844,270</b>
<b>Net Assets</b>			
Accumulated surplus		1,150,620,433	989,844,270

\* See Note 42

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Statement of Financial Performance

Figures in Rand	Notes	2014	2013 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rental of facilities and equipment	33	99,655	171,113
Service charges	19	12,505,386	17,231,914
Other income	23	1,007,351	2,627,224
Interest received	28	259,686	123,399
Interest received (trading)		3,726,728	3,384,666
<b>Total revenue from exchange transactions</b>		<b>17,598,806</b>	<b>23,538,316</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	18	3,370,642	6,925,260
<b>Transfer revenue</b>			
Grants & subsidies	20	201,729,305	206,771,558
Public contributions and donations	21	15,000	668,745
<b>Total revenue from non-exchange transactions</b>		<b>205,114,947</b>	<b>214,365,563</b>
<b>Total revenue</b>	<b>17</b>	<b>222,713,753</b>	<b>237,903,879</b>
<b>Expenditure</b>			
Bulk purchases	36	11,017,950	8,926,463
Contracted services	34	168,200	82,111
Debt impairment	27	2,336,145	32,577,505
Depreciation and amortisation	30	24,326,278	20,506,873
Employee related costs	25	37,024,772	27,974,272
Finance costs	31	232,093	95,644
General expenses	24	43,138,991	45,819,842
Grants and subsidies paid	35	13,704,816	115,727,061
Remuneration of councillors	26	7,503,760	6,718,185
Repairs and maintenance	29	18,214,760	11,683,146
<b>Total expenditure</b>		<b>157,667,765</b>	<b>270,111,102</b>
<b>Operating surplus (deficit)</b>		<b>65,045,988</b>	<b>(32,207,223)</b>
<b>Surplus (deficit) for the year</b>		<b>65,045,988</b>	<b>(32,207,223)</b>

\* See Note 42

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at July 01, 2012	1,117,781,661	1,117,781,661
Changes in net assets		
Surplus for the year	(32,207,223)	(32,207,223)
Prior year errors	(95,730,168)	(95,730,168)
Total changes	(127,937,391)	(127,937,391)
Opening balance as previously reported	1,082,842,694	1,082,842,694
Adjustments		
Correction of errors - Note 42	2,731,751	2,731,751
Restated* Balance at July 01, 2013 as restated*	1,085,574,445	1,085,574,445
Changes in net assets		
Surplus for the year	65,045,988	65,045,988
Total changes	65,045,988	65,045,988
Balance at June 30, 2014	1,150,620,433	1,150,620,433

Notes

\* See Note 42

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Cash Flow Statement

Figures in Rand

Notes

2014

2013  
Restated\*

### Cash flows from operating activities

#### Receipts

Taxation		5,284,058	2,452,745
Sale of goods and services		7,756,511	28,269,500
Grants		201,744,305	190,377,626
Interest income		259,686	123,399
		215,044,560	221,223,270

#### Payments

Employee costs		(44,528,532)	(34,692,457)
Suppliers		(131,735,597)	(182,238,624)
Finance costs		(232,093)	(95,644)
		(176,496,222)	(217,026,725)

<b>Net cash flows from operating activities</b>	<b>37</b>	<b>38,548,338</b>	<b>4,196,545</b>
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### Cash flows from investing activities

Purchase of Property, Plant and Equipment	3	(130,778,735)	(246,155,784)
Purchase of other intangible assets	4	(314,007)	-
<b>Net cash flows from investing activities</b>		<b>(131,092,742)</b>	<b>(246,155,784)</b>

### Cash flows from financing activities

Repayment of other financial liabilities		(627,093)	(610,890)
<b>Net cash flows from financing activities</b>		<b>(627,093)</b>	<b>(610,890)</b>

<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>17,271,874</b>	<b>(15,861,220)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(2,568,453)</b>	<b>13,292,767</b>

<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>14,703,421</b>	<b>(2,568,453)</b>
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\* See Note 42

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## 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	13,943,000	878,000	14,821,000	12,505,386	(2,315,614)	51
Rental of facilities and equipment	66,000	-	66,000	99,655	33,655	
Interest received (trading)	74,700	450,000	524,700	3,726,728	3,202,028	51
Other income - (rollup)	920,000	-	920,000	1,007,351	87,351	
Interest received - Investment	-	193,000	193,000	259,686	66,686	
<b>Total revenue from exchange transactions</b>	<b>15,003,700</b>	<b>1,521,000</b>	<b>16,524,700</b>	<b>17,598,806</b>	<b>1,074,106</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	11,684,000	-	11,684,000	3,370,642	(8,313,358)	51
Government grants & subsidies	94,721,000	4,809,000	99,530,000	201,729,305	102,199,305	51

##### Transfer revenue

Public contributions and donations	-	-	-	15,000	15,000	
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<b>Total revenue from non-exchange transactions</b>	<b>106,405,000</b>	<b>4,809,000</b>	<b>111,214,000</b>	<b>205,114,947</b>	<b>93,900,947</b>	
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<b>Total revenue</b>	<b>121,408,700</b>	<b>6,330,000</b>	<b>127,738,700</b>	<b>222,713,753</b>	<b>94,975,053</b>	
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#### Expenditure

Personnel	(35,713,000)	1,256,000	(34,457,000)	(37,024,772)	(2,567,772)	51
Remuneration of councillors	(7,438,000)	1,072,000	(6,366,000)	(7,503,760)	(1,137,760)	51
Depreciation and amortisation	(5,615,000)	2,615,000	(3,000,000)	(24,326,278)	(21,326,278)	51
Finance costs	(900,000)	61,000	(839,000)	(232,093)	606,907	
Debt impairment	(170,000)	-	(170,000)	(2,336,145)	(2,166,145)	51
Repairs and maintenance	-	-	-	(18,214,760)	(18,214,760)	51
Bulk purchases	(11,006,000)	700,000	(10,306,000)	(11,017,950)	(711,950)	
Contracted Services	(6,106,000)	(4,994,000)	(11,100,000)	(168,200)	10,931,800	51
Grants and subsidies paid	-	-	-	(13,704,816)	(13,704,816)	51
General Expenses	(32,750,000)	(16,267,000)	(49,017,000)	(43,138,991)	5,878,009	51
<b>Total expenditure</b>	<b>(99,698,000)</b>	<b>(15,557,000)</b>	<b>(115,255,000)</b>	<b>(157,667,765)</b>	<b>(42,412,765)</b>	

<b>Operating surplus</b>	<b>21,710,700</b>	<b>(9,227,000)</b>	<b>12,483,700</b>	<b>65,045,988</b>	<b>52,562,288</b>	
Transfers recognised - capital	60,224,000	38,274,000	98,498,000	-	(98,498,000)	51
Contributions	-	8,579,000	8,579,000	-	(8,579,000)	51
	<b>60,224,000</b>	<b>46,853,000</b>	<b>107,077,000</b>	<b>-</b>	<b>(107,077,000)</b>	

<b>Surplus before taxation</b>	<b>81,934,700</b>	<b>37,626,000</b>	<b>119,560,700</b>	<b>65,045,988</b>	<b>(54,514,712)</b>	
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<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>81,934,700</b>	<b>37,626,000</b>	<b>119,560,700</b>	<b>65,045,988</b>	<b>(54,514,712)</b>	
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# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## 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	-	1,326,000	1,326,000	1,961,682	635,682	51
Call investment deposits	-	89,000	89,000	-	(89,000)	
Receivables from non-exchange transactions	-	-	-	1,245,014	1,245,014	
Consumer debtors	25,457,000	-	25,457,000	23,976,432	(1,480,568)	
Other debtors	66,000	-	66,000	-	(66,000)	
Cash and cash equivalents	30,000	3,001,000	3,031,000	20,574,304	17,543,304	51
	25,553,000	4,416,000	29,969,000	47,757,432	17,788,432	

##### Non-Current Assets

Property, plant and equipment	80,191,000	896,255,000	976,446,000	1,159,053,993	182,607,993	51
Intangible assets	90,000	360,000	450,000	314,007	(135,993)	
	80,281,000	896,615,000	976,896,000	1,159,368,000	182,472,000	

<b>Total Assets</b>	<b>105,834,000</b>	<b>901,031,000</b>	<b>1,006,865,000</b>	<b>1,207,125,432</b>	<b>200,260,432</b>	
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#### Liabilities

##### Current Liabilities

Other financial liabilities	784,000	-	784,000	627,492	(156,508)	
Payables from exchange transactions	7,150,000	12,073,000	19,223,000	44,594,017	25,371,017	51
VAT payable	-	-	-	526,114	526,114	
Provisions	4,706,000	4,000,000	8,706,000	692,967	(8,013,033)	51
Bank overdraft	-	-	-	5,870,883	5,870,883	51
	12,640,000	16,073,000	28,713,000	52,311,473	23,598,473	

##### Non-Current Liabilities

Other financial liabilities	5,744,000	2,006,000	7,750,000	2,309,959	(5,440,041)	51
Provisions	3,915,000	-	3,915,000	1,883,570	(2,031,430)	51
	9,659,000	2,006,000	11,665,000	4,193,529	(7,471,471)	

<b>Total Liabilities</b>	<b>22,299,000</b>	<b>18,079,000</b>	<b>40,378,000</b>	<b>56,505,002</b>	<b>16,127,002</b>	
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<b>Net Assets</b>	<b>83,535,000</b>	<b>882,952,000</b>	<b>966,487,000</b>	<b>1,150,620,430</b>	<b>184,133,430</b>	
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#### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

##### Reserves

Accumulated surplus	83,535,000	882,952,000	966,487,000	1,150,620,430	184,133,430	
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# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1. Presentation of Audited Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

##### Trade receivables / Held to maturity investments and/or 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 surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

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

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

##### Fair value estimation

The 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.

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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

#### Impairment testing

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

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

#### Useful lives and residual values

The municipality reassesses the useful lives and residual values of property, plant and equipment, investment property and intangible assets on an annual basis. In reassessing the useful lives and residual values of property, plant and equipment, investment property and intangible assets management considers the condition and use of the individual assets, and base it on industry knowledge, to determine the remaining period over which the asset can and will be used and the residual value.

#### Long service awards

The long service awards liability arises from the municipality being a party to the Collective Agreement on Conditions of Service for Northern Cape Division of SALGBC. The long service awards plan is a defined benefit plan accounted for in terms of GRAP

#### Effective interest rate

The municipality uses an appropriate interest rate, taking into account guidance provided in the accounting standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

#### Allowance for doubtful debts

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

### 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.

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

## Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

### Accounting Policies

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

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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

Subsequently all property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

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

Item	Average useful life
Buildings	25-30
Improvements	25-30
Plant and machinery	
• Specialist plant and equipment	10-15
• Other plant and equipment	2-15
Furniture and fixtures	
• Office equipment	3-15
• Furniture and Fittings	5-15
Motor vehicles	
• Specialist vehicles	10-15
• Other vehicles	5-15
Infrastructure	
• Roads and paving	10-100
• Pedestrian malls	15-30
• Electricity	15-60
Community	
• Community facilities	25-30
• Recreational facilities	15-30

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

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

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

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### 1.5 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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

Item	Useful life
Computer software	2 years

### 1.6 Financial instruments

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

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.

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Accounting Policies

### 1.6 Financial instruments (continued)

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

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

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

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

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

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

A financial asset is:

- cash;
- a residual interest in 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 entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Loans and 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
Long term liabilities	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

#### Initial recognition

The entity 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.

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### 1.6 Financial Instruments (continued)

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

##### Financial assets

Held-to-maturity investments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Loans and receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the effective interest rate method less any impairment, with interest recognised on an effective yield basis.

Financial assets at fair value are initially and subsequently, at the end of each financial year, measured at fair value with the gain or loss being recognised in the statement of financial performance.

Available-for-sale assets are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

##### Financial liabilities

Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the statement of financial performance.

Financial liabilities held at amortised cost are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the statement of financial performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

##### 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 entity 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.

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### 1.6 Financial Instruments (continued)

#### Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in net assets and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in net assets shall be removed and recognised in the statement of financial performance even though the financial asset has not been derecognised. The amount of the cumulative loss that is removed from net assets and recognised in the statement of financial performance is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in statement of financial performance. Impairment losses recognised in the statement of financial performance for an investment in an equity instrument classified as available-for-sale are not reversed through the statement of financial performance.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss is recognised in the statement of financial performance, the impairment loss must be reversed, with the amount of the reversal recognised in the statement of financial performance.

Financial Assets carried at amortised cost

Accounts receivable encompass long-term debtors, consumer debtors and other debtors.

Initially accounts receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

An allowance for impairment of accounts receivable is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with IAS whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risks characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to shortterm receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of financial performance.

With the exception of available-for-sale equity instruments, 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 through the statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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### 1.6 Financial Instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity 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 entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The municipality transfers a financial asset if either it transfers the contractual rights to receive the cash flows of the financial asset or it retains the contractual rights to receive the cash flows of the financial asset.

The municipality recognises the difference between the carrying amount of the 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, in the statement of financial performance.

#### Presentation

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity 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 entity does not offset the transferred asset and the associated liability.

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#### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

##### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Any contingent rents are expensed in the period in which they are incurred.

##### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

##### Operating leases - lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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### 1.8 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development.

#### Subsequent measurement

##### Consumable stores, raw materials, work-in-progress and finished goods

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

##### Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the first-in-first-out method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

##### Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

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### 1.8 Inventories (continued)

#### Other Arrangements

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arise. The amount of any reversal of any writedown 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.

### 1.9 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by .

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

### 1.10 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.

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

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

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

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

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

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

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

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

Useful life is either:

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

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows:

#### Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of a cash-generating asset is the higher of its fair value less costs to sell and its value in use.

#### 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.

#### 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.

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

##### 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.

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.

##### Cash-generating units

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

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

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

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

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

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

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

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

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

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

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### 1.10 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.

### 1.11 Impairment of non-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.

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

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

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follows: [Specify criteria]

#### Identification

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

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined. The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

#### 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.

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.

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### 1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are accounted for using the corridor method. Actuarial gains and losses are eligible for recognition in the statement of financial performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

### 1.13 Employee benefits

#### Short-term employee benefits

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

- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

Remuneration to employees is recognised in the statement of financial performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the statement of financial position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post employment plans.

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## Accounting Policies

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### 1.13 Employee benefits (continued)

#### Defined benefit plans

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

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

- The business or part of a business concerned;
- The principal locations affected;
- The location, function, and approximate number of employees who will be compensated for terminating their services;
- The expenditures that will be undertaken; and
- When the plan will be implemented.

### 1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and

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## Accounting Policies

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### 1.14 Provisions and contingencies (continued)

- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost as it occurs.

#### Provisions for restructuring costs

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

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- The business or part of a business concerned;
- The principal locations affected;
- The location, function, and approximate number of employees who will be compensated for terminating their services;
- The expenditures that will be undertaken; and
- When the plan will be implemented.

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

#### Prepaid water and electricity

Revenue from the sale of water and electricity prepaid meter cards are recognised at the point of sale.

#### Finance income

Interest earned on investments is recognised in the statement of financial performance on the time-proportionate basis that takes into account the effective yield on the investment.

#### Rentals received

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

#### Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

#### Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant advertised tariff. This includes the issuing of licences and permits.

#### Revenue from agency services

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Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

### Sale of goods (including houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

### Service charges

Service charges are levied in terms of approved tariffs. Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property and water consumption, using the tariffs approved by council, and are levied monthly.

### 1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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## Accounting Policies

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### 1.16 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Non exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, without giving approximately equal value to another entity in exchange.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Rates and taxes

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 with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

#### Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

#### Public contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are available for use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

#### Other donations and contributions

Other donations and contributions are 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.

#### Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

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. Such revenue is based on legislated procedures.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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### Accounting Policies

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#### 1.17 Borrowing costs

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established – the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities necessary to prepare the qualifying assets for its intended use have been completed.

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

#### 1.18 Comparative figures

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

#### 1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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## Accounting Policies

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### 1.20 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.

### 1.21 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.

### 1.22 Cash and cash equivalents

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

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

- Credit risk
- Liquidity risk
- Market risk

### 1.23 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

#### Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the municipality has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with over investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the reporting date. Where securities are held for trading purposes, unrealised gains and losses are included in net surplus/(deficit) for the period. For available-for-sale investments, unrealised gains and losses are recognised directly in net assets, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in net assets is included in the net surplus/(deficit) for the period.

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## Accounting Policies

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

### 1.25 Government grants and receipts

Government grants and receipts are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

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 recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the statement of financial performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in the statement of financial performance.

Revenue comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

### 1.26 Value added Tax (VAT)

The municipality accounts for value added tax on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7(1)(a) of the VAT Act in respect of the supply of goods or services except where the suppliers are specifically zero rated in terms of section 11, exempt in terms of section 12 of the VAT Act or are scoped out for VAT purposes.

The municipality accounts for VAT on a monthly basis.

### 1.27 Events after 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 notes to the annual financial statements.

### 1.28 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are included in the disclosure notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.

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- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are to be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

### 1.29 Change on accounting policies estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

The municipality identified and disclosed the impact of GRAP standards that have been issued but are not yet effective in accordance with the requirements of GRAP 3.

### 1.30 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.

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the municipality, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. The municipality regards all individuals at senior management as key management per the definition of the financial reporting standard.

Close members of the family of key management personnel are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

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## Notes to the Audited Annual Financial Statements

Figures in Rand

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

##### GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
  - pool the assets contributed by various entities that are not under common control; and
  - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
  - an entity's decision to terminate an employee's employment before the normal retirement date; or
  - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
  - All short-term employee benefits;
  - Short-term compensated absences;
  - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

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### Notes to the Audited Annual Financial Statements

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#### 2. New standards and interpretations (continued)

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
  - Actuarial valuation method;
  - Attributing benefits to periods of service;
  - Actuarial assumptions;
  - Actuarial assumptions: Discount rate;
  - Actuarial assumptions: Salaries, benefits and medical costs;
  - Actuarial gains and losses;
  - Past service cost.
- Plan assets:
  - Fair value of plan assets;
  - Reimbursements;
  - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

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.

The effective date of the standard is for years beginning on or after April 01, 2013.

The municipality has adopted the standard for the first time in the 2014 audited annual financial statements.

The adoption of this amendment has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously provided in the annual financial statements.

The impact of the standard is not material.

#### GRAP 1 (as revised 2012): Presentation of Financial Statements

Paragraphs .108 and .109 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Statement of Financial Performance as well as the Statement of Changes in Net Assets.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 01, 2013

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### Notes to the Audited Annual Financial Statements

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#### 2. New standards and interpretations (continued)

The municipality has adopted the amendment for the first time in the 2014 audited annual financial statements.

The impact of the amendment is not material.

#### **GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors**

Paragraphs .17 and .18 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Changes in Accounting Policies.

The effective date of the amendment is for years beginning on or after April 01, 2013

The municipality has adopted the amendment for the first time in the 2014 audited annual financial statements.

The impact of the amendment is not material.

#### **GRAP 9 (as revised 2012): Revenue from Exchange Transactions**

Paragraphs .11 and .13 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Scope and Definitions.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 01, 2013.

The municipality has adopted the amendment for the first time in the 2014 audited annual financial statements.

The impact of the amendment is not material.

#### **GRAP 12 (as revised 2012): Inventories**

Paragraph .30 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 01, 2013.

The municipality has adopted the amendment for the first time in the 2014 audited annual financial statements.

The impact of the amendment is not material.

#### **GRAP 13 (as revised 2012): Leases**

Paragraphs .38 and .42 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 01, 2013.

The municipality has adopted the amendment for the first time in the 2014 audited annual financial statements.

The impact of the amendment is not material.

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Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

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#### 2. New standards and interpretations (continued)

##### GRAP 16 (as revised 2012): Investment Property

Paragraphs .12, .15, .34, .76, .84 and .87 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions, Measurement at recognition, Disposals and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after April 01, 2013.

The municipality has adopted the amendment for the first time in the 2014 audited annual financial statements.

The impact of the amendment is not material.

##### GRAP 17 (as revised 2012): Property, Plant and Equipment

Paragraphs .44, .45, .72, .75, .79 and .85 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition, Derecognition and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after April 01, 2013.

The municipality has adopted the amendment for the first time in the 2014 audited annual financial statements.

The impact of the amendment is not material.

##### GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)

Numerous paragraphs were amended by the improvements to the Standards of GRAP issued previously:

Changes made comprise 3 areas that can be summarised as follows:

- Consequential amendments arising from the alignment of the accounting treatment and text of GRAP 102 with that in IPSAS 31, ~~The deletion of guidance and examples from Interpretations issued by the IASB previously included in GRAP102,~~
- Changes to ensure consistency between the Standards, or to clarify existing principles.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 01, 2013.

The municipality has adopted the amendment for the first time in the 2014 audited annual financial statements.

The impact of the amendment is not material.

##### IGRAP16: Intangible assets website costs

An entity may incur internal expenditure on the development and operation of its own website for internal or external access. A website designed for external access may be used for various purposes such as to disseminate information, for example annual reports and budgets, create awareness of services, request comment on draft legislation, promote and advertise an entity's own services and products, for example the E-filing facility of SARS that enables taxpayers to complete their annual tax assessments, provide electronic services and list approved supplier details. A website designed for internal access may be used to store an entity's information, for example policies and operating procedures, and details of users of a service, and other relevant information.

## Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

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#### 2. New standards and interpretations (continued)

The stages of a website's development can be described as follows:

- Planning – includes undertaking feasibility studies, defining objectives and specifications, evaluating alternatives and selecting preferences.
- Application and infrastructure development – includes obtaining a domain name, purchasing and developing hardware and operating software, installing developed applications and stress testing.
- Graphical design development – includes designing the appearance of web pages.
- Content development – includes creating, purchasing, preparing and uploading information, either text or graphic, on the website before the completion of the website's development. This information may either be stored in separate databases that are integrated into (or accessed from) the website or coded directly into the web pages.

Once development of a website has been completed, the operating stage begins. During this stage, an entity maintains and enhances the applications, infrastructure, graphical design and content of the website.

When accounting for internal expenditure on the development and operation of an entity's own website for internal or external access, the issues are:

- whether the website is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets; and
- the appropriate accounting treatment of such expenditure.

This Interpretation of Standards of GRAP does not apply to expenditure on purchasing, developing, and operating hardware (eg web servers, staging servers, production servers and internet connections) of a website. Such expenditure is accounted for under the Standard of GRAP on Property, Plant and Equipment. Additionally, when an entity incurs expenditure on an internet service provider hosting the entity's website, the expenditure is recognised as an expense under the paragraph .93 in the Standard of GRAP on Presentation of Financial Statements and the Framework for the Preparation and Presentation of Financial Statements when the services are received.

The Standard of GRAP on Intangible Assets does not apply to intangible assets held by an entity for sale in the ordinary course of operations (see the Standards of GRAP on Construction Contracts and inventories) or leases that fall within the scope of the Standard of GRAP on Leases. Accordingly, this Interpretation of Standards of GRAP does not apply to expenditure on the development or operation of a website (or website software) for sale to another entity. When a website is leased under an operating lease, the lessor applies this Interpretation of Standards of GRAP. When a website is leased under a finance lease, the lessee applies this Interpretation of Standards of GRAP after initial recognition of the leased asset.

The effective date of the amendment is for years beginning on or after April 01, 2013.

The municipality has adopted the amendment for the first time in the 2014 audited annual financial statements.

The impact of the amendment is not material.

#### 2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

##### GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's audited 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.

## Joe Morolong Local Municipality

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Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

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#### 2. New standards and interpretations (continued)

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 audited annual financial statements.

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

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

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- 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 April 01, 2014.

The municipality has early adopted the standard for the first time in the 2014 audited annual financial statements.

The impact of the standard is not material.

#### 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.

## Joe Morolong Local Municipality

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Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

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#### 2. New standards and interpretations (continued)

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 April 01, 2016.

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

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

#### **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 April 01, 2014.

The municipality expects to adopt the standard for the first time in the 2015 audited annual financial statements.

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

#### **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.

## Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

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#### 2. New standards and interpretations (continued)

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 April 01, 2014.

The municipality expects to adopt the standard for the first time in the 2015 audited annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's audited 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 April 01, 2014.

The municipality expects to adopt the standard for the first time in the 2015 audited annual financial statements.

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

#### IGRAP 11: Consolidation – Special purpose entities

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

## Joe Morolong Local Municipality

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Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

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#### 2. New standards and Interpretations (continued)

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this Interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2015 audited annual financial statements.

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

#### IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated.

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2015 audited annual financial statements.

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

#### GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

# Joe Morolong Local Municipality

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Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

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### 2. New standards and interpretations (continued)

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for audited annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2015 audited annual financial statements.

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

#### GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for audited annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2015 audited annual financial statements.

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

#### GRAP 8 (as revised 2010): Interests in Joint Ventures

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

## Joe Morolong Local Municipality

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Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

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#### 2. New standards and interpretations (continued)

The municipality expects to adopt the amendment for the first time in the 2015 audited annual financial statements.

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

##### **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 audited 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.

## Joe Morolong Local Municipality

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Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

#### 2. New standards and interpretations (continued)

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 audited annual financial statements.

The aggregate impact of the initial application of the statements and interpretations on the municipality's audited annual financial statements is expected to be as follows:

#### 3. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation -and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2,052,890	-	2,052,890	2,052,890	-	2,052,890
Furniture and fixtures	2,079,841	(1,458,810)	621,031	1,983,831	(1,102,324)	881,507
Motor vehicles	10,280,570	(5,819,191)	4,461,379	9,659,130	(4,215,903)	5,443,227
Computer equipment	2,116,484	(1,196,983)	919,501	1,547,123	(831,754)	715,369
Infrastructure assets	939,945,076	(57,996,645)	881,948,431	902,384,916	(40,702,497)	861,682,419
Community	134,282,871	(19,834,495)	114,448,376	134,282,870	(15,528,945)	118,753,925
Other property, plant and equipment	2,686,757	(1,459,074)	1,227,683	2,545,889	(1,126,644)	1,419,245
Work in progress - Infrastructure	153,374,702	-	153,374,702	61,584,015	-	61,584,015
<b>Total</b>	<b>1,246,819,191</b>	<b>(87,765,198)</b>	<b>1,159,053,993</b>	<b>1,116,040,664</b>	<b>(63,508,067)</b>	<b>1,052,532,597</b>

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Land & Buildings	2,052,890	-	-	-	2,052,890
Furniture and fixtures	881,507	96,010	(6,904)	(349,582)	621,031
Motor vehicles	5,443,227	621,440	-	(1,603,288)	4,461,379
Computer equipment	715,369	569,573	-	(365,441)	919,501
Infrastructure assets	861,682,419	37,560,157	-	(17,294,145)	881,948,431
Community assets	118,753,925	-	-	(4,305,549)	114,448,376
Other machinery and equipment	1,419,245	140,868	-	(332,430)	1,227,683
Work in progress	61,584,015	91,790,687	-	-	153,374,702
	<b>1,052,532,597</b>	<b>130,778,735</b>	<b>(6,904)</b>	<b>(24,250,435)</b>	<b>1,159,053,993</b>

#### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Land	2,052,890	-	-	2,052,890
Furniture and fixtures	811,829	403,812	(334,134)	881,507
Motor vehicles	3,307,285	3,566,123	(1,430,181)	5,443,227
Computer equipment	627,256	372,515	(284,402)	715,369
Infrastructure assets	710,313,868	165,424,064	(14,055,513)	861,682,419
Community assets	108,031,051	14,805,255	(4,082,381)	118,753,925
Other machinery and equipment	1,739,507	-	(320,262)	1,419,245
Work in progress	-	61,584,015	-	61,584,015
	<b>826,883,686</b>	<b>246,155,784</b>	<b>(20,506,873)</b>	<b>1,052,532,597</b>

#### Pledged as security

The municipality did not pledge any of its assets as security.

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand

2014

2013

### 3. Property, plant and equipment (continued)

All property, plant and equipment is being fully utilised by the municipality. There is therefore no idle property, plant and equipment.

The carrying amount of property, plant and equipment does not materially differ to the fair value of the disclosed property, plant and equipment.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 4. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	367,226	(53,219)	314,007	-	-	-

#### Reconciliation of Intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	-	367,226	(53,219)	314,007

#### Pledged as security

No restrictions apply to any of the Intangible assets of the municipality.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 5. Inventories

Consumables	1,961,682	1,305,017
Water	-	6,631
	1,961,682	1,311,648

#### Inventory pledged as security

No Inventory was pledged as security

### 6. Receivables from non-exchange transactions

Employee costs in advance	1,102,232	5,386,201
Unallocated receipts	142,782	5,986,386
	1,245,014	11,372,587

### 7. VAT receivable

South African Revenue Service	-	5,284,058
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# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
<b>8. Receivables from exchange transactions</b>		
<b>Gross balances</b>		
Rates	18,539,037	7,154,720
Electricity	4,315,525	4,483,768
Water	10,982,477	13,155,861
Sewerage	1,218,791	321,902
Refuse	1,011,406	395,415
Service debtors	99,535,554	102,904,769
	<b>135,602,790</b>	<b>128,416,435</b>
<b>Less: Allowance for impairment</b>		
Rates	(9,093,712)	(7,165,007)
Electricity	(2,778,126)	(3,276,478)
Water	(10,321,310)	(10,756,414)
Sewerage	(650,316)	(90,567)
Refuse	(798,445)	(217,872)
Service debtors	(87,984,449)	(87,783,876)
	<b>(111,626,358)</b>	<b>(109,290,214)</b>
<b>Net balance</b>		
Rates	9,445,325	(10,287)
Electricity	1,537,399	1,207,290
Water	661,167	2,399,447
Sewerage	568,475	231,335
Refuse	212,961	177,543
Service debtors	11,551,105	15,120,893
	<b>23,976,432</b>	<b>19,126,221</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	9,445,325	10,287
<b>Net balance</b>	<b>9,445,325</b>	<b>10,287</b>
<b>Rates</b>		
Current (0 -30 days)	551,668	1,161,495
31 - 60 days	282,417	557,297
61 - 90 days	269,216	549,664
91 - 120 days	246,391	542,433
121 + days	7,752,181	4,343,831
Less impairment	343,452	(7,165,007)
	<b>9,445,325</b>	<b>(10,287)</b>
<b>Electricity</b>		
Current (0 -30 days)	549,255	384,856
31 - 60 days	269,282	272,613
61 - 90 days	297,704	172,388
91 - 120 days	367,859	252,230
121 + days	53,299	3,401,681
Less impairment	-	(3,276,478)
	<b>1,537,399</b>	<b>1,207,290</b>

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
8. Receivables from exchange transactions (continued)		
Water		
Current (0 -30 days)	-	3,141,865
31 - 60 days	661,167	516,099
61 - 90 days	-	655,251
91 - 120 days	-	743,076
121 + days	-	8,099,570
Less impairment	-	(10,756,414)
	661,167	2,399,447
Sewerage		
Current (0 -30 days)	302,522	212,577
31 - 60 days	142,816	8,686
61 - 90 days	110,739	7,926
91 - 120 days	12,398	7,525
121 + days	-	85,187
Less impairment	-	(90,566)
	568,475	231,335
Refuse		
Current (0 -30 days)	60,301	148,666
31 - 60 days	78,944	16,208
61 - 90 days	73,716	15,354
91 - 120 days	-	14,818
121 + days	-	200,369
Less impairment	-	(217,872)
	212,961	177,543
Other (specify)		
Current (0 -30 days)	737,371	14,783,989
31 - 60 days	751,885	4,948,489
61 - 90 days	1,110,181	203,346
91 - 120 days	5,485	3,992
121+ days	8,946,183	82,964,952
Less impairment	-	(87,783,875)
	11,551,105	15,120,893

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand

2014 2013

### 8. Receivables from exchange transactions (continued)

#### Summary of debtors by customer classification

##### Consumers/Other

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 - 120 days

121 + days

Less impairment

3,782,152 16,879,577

2,219,127 5,362,561

2,228,137 548,779

1,279,410 415,167

118,570,099 87,894,129

(60,037,883) (15,635,291)

68,041,042 95,464,922

Less: Allowance for impairment

- (78,174,783)

68,041,042 17,290,139

##### Industrial/ commercial

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 - 120 days

121 + days

Less impairment

1,868 1,928,381

765 945,468

1,509 1,043,582

1,419 1,135,247

32,561 10,995,188

(35,218) (1,774,143)

2,904 14,273,723

Less: Allowance for impairment

- (12,631,120)

2,904 1,642,603

##### National and provincial government

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 + days

121 + days

> 365 days

98 1,025,488

48 11,363

47 11,568

47 13,661

5 206,274

(245) (895,387)

- 372,967

- (179,489)

193,478

##### Total

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 - 120 days

121 + days

Less impairment

3,784,118 19,833,447

2,219,939 6,319,392

2,229,694 1,603,929

1,068,289 1,564,075

118,602,666 99,095,591

- (18,304,821)

127,904,706 110,111,613

Less: Allowance for impairment

(103,928,274) (90,985,392)

23,976,432 19,126,221

##### Less: Provision for debt impairment

Balance at beginning of the year

(109,290,214) (56,089,223)

Contributions to allowance

(2,336,144) (53,200,991)

(111,626,358) (109,290,214)

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
8. Receivables from exchange transactions (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(109,290,214)	(56,089,223)
Contributions to allowance	(2,336,144)	(53,200,991)
	(111,626,358)	(109,290,214)

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Short-term deposits	20,574,304	2,008,111
Bank overdraft	(5,870,883)	(4,576,564)
	14,703,421	(2,568,453)
Current assets	20,574,304	2,008,111
Current liabilities	(5,870,883)	(4,576,564)
	14,703,421	(2,568,453)

The municipality had the following bank accounts

Account description / number	Bank statement balances			Cash book balances		
	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2014	June 30, 2013	June 30, 2012
Primary Bank Account						
ABSA Bank Limited -	1,651,603	21,081	770,160	1,635,548	21,081	11,292,171
Current account -						
4054 38 5292						
Standard bank	1,444,403	-	-	(17,191,204)	-	-
Call Investment Deposits						
ABSA Bank Limited -	-	-	1,987,252	-	-	1,987,252
32 Day Notice Deposit -						
90 9988 9345						
ABSA Bank Limited -	-	3,547	3,159	-	3,547	3,159
Call Deposit -						
90 9268 8429						
ABSA Bank Limited -	-	2,552	2,276	-	2,552	2,276
Call Deposit -						
91 5245 5805						
ABSA Bank Limited -	-	1,000	-	-	1,000	-
Call Deposit -						
92 7930 6228						
Standard Bank -	-	-	4,714	-	-	4,714
Call Deposit -						
54 8529973 001						
First National Bank -	3,205	-	3,194	-	-	3,194
Call Deposit -						
62 2471 177 09						
Total	3,099,211	28,180	2,770,755	(15,555,656)	28,180	13,292,766

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
<b>10. Other financial liabilities</b>		
At amortised cost		
Development Bank of South Africa	627,492	2,647,662
Loan number:	101251/1	
Starting date:	01/07/2007	
Redemption date:	30/06/2017	
Capital and Interest repayment frequency:	6 Months	
Interest rate:	1.000% (Fixed)	
Development Bank of South Africa	2,309,959	1,514,969
Loan number:	101797/1	
Starting date:	01/07/2011	
Redemption date:	30/06/2027	
Capital and Interest repayment frequency:	6 Months	
Interest rate:	8.848% (Fixed)	
	2,937,451	4,162,631
<b>Total other financial liabilities</b>	<b>2,937,451</b>	<b>4,162,631</b>
<b>Non-current liabilities</b>		
At amortised cost	2,309,959	3,535,993
<b>Current liabilities</b>		
At amortised cost	627,492	626,638

### 11. Unspent conditional grants and receipts

In the current year the municipality does not have unspent conditional grants because all the allocated grants were fully utilized.

See note 20 for reconciliation of grants from National and Provincial Government.

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand

2014

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### 12. Provisions

#### Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Landfill site provision	1,584,925	298,645	1,883,570
Long service award provision	611,334	81,633	692,967
	2,196,259	380,278	2,576,537

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Change in discount factor	Total
Landfill site provision	1,243,676	-	341,249	1,584,925
Long service award provision	519,274	92,060	-	611,334
	1,762,950	92,060	341,249	2,196,259
Non-current liabilities			1,883,570	1,551,210
Current liabilities			692,967	645,049
			2,576,537	2,196,259

#### Environmental rehabilitation provision

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs. A valuation was performed by independent experts and the related report is available for inspection at the municipal main offices.

#### Long service award provision

Discount Rate: IAS19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant and as prescribed in GRAP25, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.

Consequently, a discount rate of 7.66% per annum has been used. This rate does not reflect any adjustment for taxation. This is derived by using a liability-weighted average of the yields corresponding to the average term until payment of long service awards, for each employee. The corresponding liability-weighted index-linked yield is 1.13%. These rates do not reflect any adjustment for taxation.

### 13. Payables from exchange transactions

Trade payables	11,292,124	27,948,577
Debtors with credit balances	7,300,011	7,884,247
Accrued interest	10,029	11,520,700
Accruals	2,413,309	7,538,660
Deposits received	400	400
Other payables	19,419,638	33,913,840
Sundry deposits	668,935	668,935
Retention fees	500,677	190,314
Accrued leave pay	1,862,475	483,903
13th Cheque accrual	1,126,416	705,922
	44,594,014	90,855,498

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand

2014

2013

### 14. VAT payable

South African Revenue Service

526,114

-

### 15. Financial instruments disclosure

#### Categories of financial instruments

2014

#### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	23,976,432	23,976,432
Other receivables from non-exchange transactions	1,245,014	1,245,014
	25,221,446	25,221,446

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	44,594,018	44,594,018
Bank overdraft	5,870,883	5,870,883
Other financial liability	3,536,392	3,536,392
	54,001,293	54,001,293

### 16. Consumer deposits

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

### 17. Revenue

Government grants & subsidies	201,729,305	206,771,558
Interest received (trading)	3,726,728	3,384,666
Interest received - investment	259,686	123,399
Property rates	3,370,642	6,925,260
Public contributions and donations	15,000	668,745
Rental of facilities and equipment	99,655	171,113
Service charges	12,505,386	17,231,914
Other income - (rollup)	1,007,351	2,627,224
	222,713,753	237,903,879

The amount included in revenue arising from exchanges of goods or services are as follows:

Interest received (trading)	3,726,728	3,384,666
Interest received - investment	259,686	123,399
Rental of facilities and equipment	99,655	171,113
Service charges	12,505,386	17,231,914
Other income	1,007,351	2,627,224
	17,598,806	23,538,316

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
<b>17. Revenue (continued)</b>		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	3,370,642	6,925,260
Transfer revenue		
License fees - motor vehicles	201,729,305	206,771,558
Public contributions and donations	15,000	668,745
	<b>205,114,947</b>	<b>214,365,563</b>

### 18. Property rates

#### Rates received

Agricultural	31,677,671	29,607,777
Commercial	186,949	158,686
Residential	277,511	370,689
Less: Rebates	(28,771,489)	(23,211,892)
	<b>(28,493,978)</b>	<b>(22,841,203)</b>
	<b>3,370,642</b>	<b>6,925,260</b>

Property rates are levied monthly on a fair market value on properties and are payable the 1st working day of each month.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

### 19. Service charges

Sale of electricity	4,914,111	5,177,111
Sale of water	5,314,596	10,261,715
Solid waste	837,861	652,175
Sewerage and sanitation charges	1,438,818	1,140,913
	<b>12,505,386</b>	<b>17,231,914</b>

### 20. Government grants and subsidies

<b>Operating grants</b>		
Equitable share	71,227,000	67,506,000
Finance Management Grant (FMG)	1,550,000	1,500,000
Library Grant	590,000	222,500
Municipal Systems Improvements Grant (MSIG)	890,000	800,000
	<b>74,257,000</b>	<b>70,028,500</b>
<b>Capital grants</b>		
ACIP sanitation	9,832,306	6,097,793
Expanded Public Works Program	2,495,910	5,705,335
Housing grant	-	8,188,287
Municipal Infrastructural Grant (MIG)	55,253,000	56,479,000
Rural Household Infrastructure Grant	43,435,847	58,397,643
Water Operation and Subsidy Grant	8,000,000	1,875,000
Government grant (capital) 6	8,455,242	-
	<b>127,472,305</b>	<b>136,743,058</b>
	<b>201,729,305</b>	<b>206,771,558</b>

## Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
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#### 20. Government grants and subsidies (continued)

##### Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

##### Finance Management Grant (FMG)

Current-year receipts	1,550,000	1,500,000
Conditions met - transferred to revenue	(1,550,000)	(1,500,000)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns)

##### Library Grant

Current-year receipts	590,000	222,500
Conditions met - transferred to revenue	(590,000)	(222,500)

The grant is received from the provincial Department of Sport, Arts and Culture to transform urban and rural community library infrastructure, facilities and services through a recapitalised programme at provincial level in support of local government and national initiatives.

##### Municipal Systems Improvement Grant (MSIG)

Current-year receipts	890,000	800,000
Conditions met - transferred to revenue	(890,000)	(800,000)

This grant was used to assist in building capacity in the district and local municipalities to ensure that the new developmental system of local government is fully implemented.

##### ACIP Sanitation

Current-year receipts	9,832,306	6,097,793
Conditions met - transferred to revenue	(9,832,306)	(6,097,793)

This grant is used for the improvement of the social welfare of the community.

##### Expanded Public Works Program

Current-year receipts	2,495,910	5,705,335
Conditions met - transferred to revenue	(2,495,910)	(5,705,335)

The grant is used for public works programmes focus on job creation through implementation of labour intensive projects..

## Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
<b>20. Government grants and subsidies (continued)</b>		
<b>Housing Grant</b>		
Current-year receipts	-	8,188,287
Conditions met - transferred to revenue	-	(8,188,287)
	-	-
This grant is utilised to provide funding for the creation of sustainable human settlements.		
<b>Municipal Infrastructure Grant (MIG)</b>		
Current-year receipts	55,253,000	56,479,000
Conditions met - transferred to revenue	(55,253,000)	(56,479,000)
	-	-
MIG is a conditional grant that was established to address national priorities regarding municipal infrastructure that may not be realised through unconditional grants such as equitable share. Among other conditions no MIG funds may be spent outside the framework of the municipality's pre-existing Integrated Development Plan and its approved budget.		
<b>Rural Household Infrastructure Grant</b>		
Current-year receipts	43,435,847	58,397,643
Conditions met - transferred to revenue	(43,435,847)	(58,397,643)
	-	-
To provide specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not viable.		
<b>Water Operation and Subsidy Grant</b>		
Current-year receipts	8,000,000	1,875,000
Conditions met - transferred to revenue	(8,000,000)	(1,875,000)
	-	-
The subsidy is utilised to subsidise, refurbish and restore the functionality of water services schemes previously owned and/or operated by the Department of Water Affairs or by other agencies on behalf of the department.		
<b>Kumba Iron Ore SLP (Other grants)</b>		
Current-year receipts	8,455,242	-
Conditions met - transferred to revenue	(8,455,242)	-
	-	-
The purpose of the grant is to ensure that holders of mining or production rights contribute towards the socio economic development of the areas in which they operate.		
<b>21. Public contributions and donations</b>		
Public contributions and donations	15,000	668,745

## Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

### Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
<b>22. Other revenue</b>		
Other income - (rollup)	1,007,351	2,627,224
<b>23. Other income</b>		
Admin charges	-	2,965
Cemetery fees	214	329
Connection fees	19,667	37,949
Grading fees	-	23,254
Insurance claims received	-	609,298
Miscellaneous income	132,222	1,901,449
Skills development claims income	25,501	-
Profit on disposal of assets	663,018	-
Other water charges	59,561	-
Photocopies	9,076	9,036
Rental income	252	2,267
Telephone cost reclaimed	29,133	(26,804)
Tender documents	68,707	67,481
	<b>1,007,351</b>	<b>2,627,224</b>

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
<b>24. General expenses</b>		
Advertising	492,959	674,825
Auditors remuneration	4,790,785	1,186,589
Bank charges	138,612	79,144
Capacity buildings	57,901	137,950
Cemeteries	9,000	-
Chemicals	-	38,574
Cleaning	73,237	56,376
Community development and training	2,691,580	4,327,492
Community participation	578,638	605,867
Computer expenses	-	47,425
Conferences and seminars	6,390	18,967
Consulting and professional fees	8,361,939	13,123,874
Departmental expenses	3,278,574	6,316,622
Disaster assistance	-	14,438
Electricity consumption	362,590	-
Entertainment	436,927	456,725
Fuel and oil	5,170,280	3,192,732
Horticulture	47,800	-
Incorporation costs	2,325	-
Indigent subsidies	2,723,620	3,269,644
Insurance	427,573	-
Magazines, books and periodicals	319,546	243,696
Motor vehicle expenses	693,542	3,629,873
Name branding	55,223	45,700
Packaging	-	14,747
Pest control	39,500	-
Postage and courier	12,747	27,700
Printing and stationery	-	340
Pump operation cost	1,360,400	1,163,126
Security	968,695	796,978
Small, medium and micro enterprises support	107,650	98,032
Stores and materials	770,601	-
Subscriptions and membership fees	450,193	551,890
Telephone and fax	3,281,021	2,663,558
Training	(3,483)	62,518
Travel and subsistence	2,962,448	2,983,512
Uniforms	29,781	2,188
Valuation roll expenses	1,131,025	-
Ward committee expenses	1,309,372	(11,260)
	<b>43,138,991</b>	<b>45,819,842</b>

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand

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### 25. Employee related costs

Basic	20,712,615	14,380,242
Bonus	1,678,566	950,062
Medical aid contributions	2,170,227	1,762,427
Unemployment Insurance Fund	206,598	188,067
Industrial Council Levy	436,615	163,576
Skills Development Levy	672,951	215,295
Leave pay provision charge	-	(1,184,047)
Post-employment benefits - Pension Fund Contributions	3,498,073	2,466,260
Overtime	1,512,764	1,056,140
Long-service awards	-	92,060
Transport allowance	5,108,344	3,434,115
Housing benefits and allowances	519,226	341,159
Cell phone allowances	497,857	607,648
Non-Pensionable allowances	10,936	17,061
	<b>37,024,772</b>	<b>24,490,065</b>

### Remuneration of Municipal Manager

Remuneration	573,210	462,808
Cell phone allowance	13,800	-
Subsistence allowance	-	27,000
Transport allowance	385,541	334,500
Other	141,600	71,247
	<b>1,114,151</b>	<b>895,555</b>

Mr T.M. Bloom was appointed as municipal manager on 2 February 2012, he was still the active municipal manager on year end.

### Remuneration of Chief Finance Officer

Remuneration	471,970	385,000
Transport allowance	215,910	180,000
Other	65,000	60,000
Cell phone allowance	13,800	11,000
Back pay	-	31,843
	<b>766,680</b>	<b>667,843</b>

Mrs. B.D..Mothlaping was appointed as chief financial officer on 1 June 2012, she was still the active chief financial officer on year end.

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
<b>25. Employee related costs (continued)</b>		
<b>Remuneration of the Corporate services manager</b>		
Remuneration	479,506	358,415
Housing subsidy	-	3,733
Transport allowance	269,214	212,194
Contributions to Pension Fund	-	1,417
Cell phone allowance	21,427	-
Other	23,422	19,880
	<b>793,569</b>	<b>595,639</b>
<b>Remuneration of the Community service manager</b>		
Remuneration	427,283	343,297
Housing subsidy	-	5,600
Transport allowance	218,086	202,115
Back pay	-	6,301
Other	1,417	12,750
	<b>646,786</b>	<b>570,063</b>

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
<b>25. Employee related costs (continued)</b>		
Remuneration of the Technical services manager		
Annual Remuneration	394,883	110,833
Housing subsidy	-	28,833
Transport allowance	208,991	56,333
Other	150,196	12,333
Cell phone allowance	11,600	2,000
	<u>765,670</u>	<u>210,332</u>
Remuneration of the Local Economic Development and Planning manager		
Annual Remuneration	553,342	330,665
Housing subsidy	-	5,600
Transport allowance	224,000	189,960
Other	22,400	11,332
Cell phone allowance	-	1,417
Back pay	-	5,801
	<u>799,472</u>	<u>544,775</u>
<b>26. Remuneration of councillors</b>		
Mayor	640,624	532,085
Speaker	514,146	501,324
Councillors	6,348,990	5,684,776
	<u>7,503,760</u>	<u>6,718,185</u>
In-kind benefits		
The Executive Mayor has use of a Council owned vehicle for official duties.		
The Mayor has a full-time secretary and driver at the expense of the municipality.		
<b>27. Debt impairment</b>		
Debt impairment	<u>2,336,145</u>	<u>32,577,505</u>
<b>28. Interest received</b>		
Interest revenue		
Current accounts	259,686	123,399
<b>29. Repairs and maintenance</b>		
Repairs and maintenance	<u>17,630,062</u>	<u>10,739,358</u>
<b>30. Depreciation and amortisation</b>		
Property, plant and equipment	24,303,652	20,506,873
Intangible assets	22,626	-
	<u>24,326,278</u>	<u>20,506,873</u>

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
<b>31. Finance costs</b>		
Current borrowings	185,630	69,224
Other	46,463	26,420
	<b>232,093</b>	<b>95,644</b>
<b>32. Auditors' remuneration</b>		
Fees	4,790,785	1,186,589
<b>33. Rental of facilities and equipment</b>		
Premises		
Premises	17,285	3,937
Facilities and equipment		
Rental of facilities	82,370	167,176
	<b>99,655</b>	<b>171,113</b>
<b>34. Contracted services</b>		
Specialist Services	168,200	82,111
<b>35. Grants and subsidies paid</b>		
Grants and subsidies paid	13,704,816	115,727,061
<b>36. Bulk purchases</b>		
Electricity	7,002,272	2,193,742
Water	4,015,678	6,732,721
	<b>11,017,950</b>	<b>8,926,463</b>
Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from Rand Water.		
<b>37. Cash generated from operations</b>		
Surplus (deficit)	65,045,988	(32,207,223)
Adjustments for:		
Depreciation and amortisation	24,326,278	20,506,873
Debt impairment	2,336,145	32,577,505
Movements in provisions	380,278	433,309
Other non-cash items -	(15,380,230)	30,241,995
Changes in working capital:		
Inventories	(650,034)	809,825
Receivables from non-exchange transactions	10,127,573	(789,624)
Consumer debtors	(7,186,356)	(31,854,760)
Payables from exchange transactions	(46,261,475)	(6,773,192)
VAT	5,810,171	8,314,514
Unspent conditional grants and receipts	-	(17,062,677)
	<b>38,548,338</b>	<b>4,196,545</b>

# Joe Morolong Local Municipality

(Registration number NC 451)

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## Notes to the Audited Annual Financial Statements

Figures in Rand

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### 38. Commitments

Authorised capital expenditure

Already contracted for but not provided for

- Property, plant and equipment

57,058,000

26,658,826

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.

### 39. Contingencies

As at year-end, the municipality was not involved in any litigation claims. Therefore no contingent liabilities or assets are disclosed.

# Joe Morolong Local Municipality

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Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand	2014	2013
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### 40. Related parties

#### Relationships

Members of key management and their close family members:

TM Bloom

BD Motlaping

T J Gopetse

KV Phiri

KJ Mabudi

TS Tihale

Councillors and their close family members:

Ward Councillors:

Cllr. N. Mokweni

Cllr. O. Kaotsane

Cllr. S. Ortel

Cllr. K. Shuping

Cllr. S. Matshidiso

Cllr. G. Sephekolo

Cllr. K. Modise

Cllr. E. Molawa

Cllr. G. Moriri

Cllr. D. Kubang

Cllr. P. Segaletsho

Cllr. S. Moagi

Cllr. H. Kgopodithata

Cllr. D. Josop

Cllr. K. Teteme

Party representatives:

Cllr. J. Freedman

Cllr. M.C. Tihelo

Cllr. T.P. Tshipo

Cllr. K. Ditshetelo

Cllr. S. Segano

Cllr. B. Matlhomantsho

Cllr. V. Jordan

EXCO Members;

Cllr. B.M. Mbolekwa

Cllr. N. Selebalo

Cllr. K. Mosiapoe

Cllr. E.O. Leshope

Other than the related disclosed above, the municipality does not have any other related parties. No transactions occurred with related parties during the reporting period other than those at arms length as consumers of municipal services.

### 41. Accounting Officer's emoluments

#### Executive

2014

	Emoluments	Total
Mr. T.M. Bloom	1,114,151	1,114,151

2013

	Emoluments	Total
Mr. T.M. Bloom	895,554	895,554

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

### Figures in Rand

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#### 42. Prior period errors

Property, Plant and Equipment registers were re-compiled retrospectively. The impact is that the previous assets were taken out of the accounting records and replaced with new values.

All the prior year adjustments in the Statement of Financial Performance (except depreciations which is re-stated due to asset register being re-done) are corrections of re-classifications errors made in the previous year annual financial statements.

#### Statement of financial position

Property, plant and equipment	-	8,720,899
Intangible assets	-	22,626

#### Statement of Financial Performance

Other income	-	447,758
Property rates	-	(138,876)
Government grants and subsidies	-	(8,188,287)
Public contributions and donations	-	(668,745)
Contracted services	-	82,111
Depreciation and amortisations	-	(5,662,411)
Personnel cost	-	341,159
General expenses	-	(3,239,561)
Grants and subsidies paid	-	7,847,127
Repairs and maintenance	-	3,167,951

#### 43. Risk management

##### Capital risk management

The capital structure of the municipality consist of the debt, cash and cash equivalent and equity as disclosed in the Statement of Financial Position.

There are no externally imposed capital requirements

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year

##### Liquidity risk

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

##### Interest rate risk

As the municipality has no significant interest - bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rate.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to a fair interest rate risk. Municipality is to maintain all of its borrowings in a fixed rate instruments.

##### Credit risk

Credit risk consist mainly of cash deposit, cash equivalents, derivative financial instruments and trade debtors. The municipality has 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. The municipality does not perform an evaluation of the credit risk relating to its customers and therefore risk limits are not set.

# Joe Morolong Local Municipality

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Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures In Rand	2014	2013
<b>44. Going concern</b>		
The audited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
<b>45. Events after the reporting date</b>		
The municipality is unaware of any events after the reporting date which required disclosure and or adjusting events.		
<b>46. Unauthorised expenditure</b>		
Opening balance	201,183,198	146,565,065
Additions: Unauthorised Expenditure	42,241,107	54,618,133
<b>Total Unauthorised expenditure awaiting to be condoned by Council</b>	<b>243,424,305</b>	<b>201,183,198</b>
The above unauthorised expenditure is within the votes and is as a result of overspending on various votes on the budget, therefore the total approved expenditure is overspend. This is unauthorised expenditure was tabled to council in accordance with section 23 (6) of the Budget and Reporting Regulations.		
<b>47. Fruitless and wasteful expenditure</b>		
Opening balance	870,925	499,199
Additions: Interest and penalties	82,577	371,726
<b>Total fruitless and wasteful expenditure awaiting to be condoned by Council</b>	<b>953,502</b>	<b>870,925</b>
<b>48. Irregular expenditure</b>		
Opening balance	79,433,930	2,694,476
Add: Deviations from SCM procedures	-	76,739,455
<b>Total Irregular expenditure awaiting to be condoned by Council</b>	<b>79,433,930</b>	<b>79,433,930</b>
The Irregular expenditure listed above arose as a result of various non-compliances to the Supply Chain Regulation as well as non-compliance to the Supply Chain Policy of the municipality. Further explanations and descriptions are listed in the Deviation registers. The amount of R 11,029,000 was approved by Council for write-off in the current financial year.		
<b>49. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Distribution losses</b>		
<b>Audit fees</b>		
Current year subscription / fee	4,790,785	1,186,489
<b>PAYE and UIF</b>		
Current year subscription / fee	5,983,547	4,621,560
Amount paid - current year	(5,983,547)	(4,923,796)
Amount paid - previous years	-	302,236
<b>Closing balance</b>	<b>-</b>	<b>-</b>

# Joe Morolong Local Municipality

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Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

Figures in Rand

2014

2013

### 49. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### VAT

VAT receivable

-

5,284,058

VAT payable

526,114

-

526,114

5,284,058

VAT output payables and VAT input receivables are shown in note.

All VAT returns have been submitted by the due date throughout the year.

#### Councillors' arrear consumer accounts

None of Joe Morolong Local Municipality's Councillors have consumer accounts in arrears as at year end.

### 50. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the audited annual financial statements.

A complete register of all the deviations from the supply chain management regulations is available for inspection at the registered office of the municipality.

### 51. Budget differences

#### Material differences between budget and actual amounts

Differences above 10% between the revised budget and actual amounts are considered material. Explanations for the material differences are as follows

Service charges - The difference of R 2,3 million between budgeted and actual amounts was due to

Interest received (trading) - The municipality was conservative in budgeting for interest revenue due to slow payment of accounts by consumers. The actual interest is based on prime plus 1% on outstanding accounts. This was not so on the budget.

Property rates - The difference of R 8m is due to rebates given to farmers in the municipal area.

:

Government grants and subsidies - The difference of R 102m was due to the fact that some of the grants for instance the grants from the mines are not budgeted for. These were finalised after the budget process and hence caused a difference between budget and actual amounts.

Personnel cost - The difference of R 2m is due to the fact that the municipality employed general workers in the technical department during the current year which was not in the budget.

Remuneration of Councillors - The difference of R 1,1m over the budget is because councillor remuneration budget is based on old upper limits while the gazette is received in December which is the middle of the financial year.

Depreciation - The excess of actual expenditure over the final budget of R 21m is due to the fact that the asset register was restated and the process was completed after the finalisation of the main and adjustment budget. The depreciation figures were finalised close to year end and this information was not available during budget process. Additional text

# Joe Morolong Local Municipality

(Registration number NC 451)

Audited Annual Financial Statements for the year ended June 30, 2014

## Notes to the Audited Annual Financial Statements

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2014

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### 51. Budget differences (continued)

Debt impairment - The excess of R 2m over budget is because the debt impairment AFS figures are only finalised at year end while the budget information did not use the same basis for calculation of provision.

Repairs and maintenance, Contracted services, Grants and subsidies paid and General expenses - The difference of R 15m for these items is mainly due to emergency expenses for instance most stand-pipes in vallages have been vandalised and excessive costs relating to addressing the issue was not budgeted for and resulted in high general expenses and repairs. Similar other instances occurred which resulted in actual expenditure being in excess of the budget figures.

Inventories - Inventory levels at year end were higher than anticipated resulting in difference of R 600k.

Cash and cash equivalents - Surplus cash was invested in short-term call accounts which was not budgeted for. This resulted in the difference of R 17m over the budgeted cash investment levels.

Property, plant and equipment - The asset register of the municipality was re-compiled and the process completed close to the end of the financial year. The budget figures were based on the old asset register which resulted in the difference of R 102m over budget.

Payables from exchange transactions - The budget figures for payables did not include all payables but only trade payables while the AFS includes all other payables like accruals etc.

Provisions - The provisions budget was excessive and a provisional figure used in the budget. Key assumptions used to calculate provisions were finalised during compilation of annual financial statements hence the large difference of R 8m between budget and actual amount.

Bank Overdraft - The bank overdraft in the cash book of R 5m was not budgeted for as the municipality does not have overdraft facility with the bank. However, large payments were loaded onto the cash book at year end which had not yet gone through the bank at that date resulting in the overdraft of R 5m on the system.

Other financial liabilities - The difference of R 5m between budget and actual figures is that the municipality paid off the DBSA loan significantly faster than anticipated and the liability at year end is less than R3m compared to the budgeted R 7,7m.

### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of the municipality preparing and presenting an adjustment budget in accordance with the MFMA.

Schedule of external loans as at 30 June 2014

Loan Number	Redeemable	Balance at Sunday, June 30, 2013 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Monday, June 30, 2014 Rand	Short-term portion Rand	Long-term portion Rand
61 000 368	30/06/2027	1,514,969	-	195,149	1,319,820	-	1,487,639
61 000 239	01/07/2017	2,647,662	-	589,423	2,058,239	-	1,737,650
		4,162,631	-	784,572	3,378,059	-	3,225,289
<b>Total external loans</b>							
		4,162,631	-	784,572	3,378,059	-	3,225,289
		4,162,631	-	784,572	3,378,059	-	3,225,289

Development Bank of South Africa

DBSA @ 8.848%  
DBSA @ 1%

Total external loans

Development Bank of South Africa

Joe Morolong Local Municipality  
Joe Morolong Local Municipality  
Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2014  
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	7,169,290	-	-	-	-	-	7,169,290	-	-	-	-	-	-	7,169,290
	7,169,290	-	-	-	-	-	7,169,290	-	-	-	-	-	-	7,169,290
Infrastructure														
Infrastructure	861,682,419	37,560,157	-	-	-	-	899,242,576	-	-	-	(17,294,145)	-	(17,294,145)	881,948,431
	861,682,419	37,560,157	-	-	-	-	899,242,576	-	-	-	(17,294,145)	-	(17,294,145)	881,948,431
Community Assets														
Parks & gardens	113,637,525	-	-	-	-	-	113,637,525	-	-	-	(4,305,549)	-	(4,305,549)	109,331,976
	113,637,525	-	-	-	-	-	113,637,525	-	-	-	(4,305,549)	-	(4,305,549)	109,331,976

Joe Morolong Local Municipality  
Joe Morolong Local Municipality  
Appendix B  
June 2014

Analysis of property, plant and equipment as at 30 June 2014  
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying Value Rand
<b>Work in progress</b>														
Infrastructure	61,584,015	91,790,687	-	-	-	-	153,374,702	-	-	-	-	-	-	153,374,702
<b>Specialised vehicles</b>														
Other assets	61,584,015	91,790,687	-	-	-	-	153,374,702	-	-	-	-	-	-	153,374,702
<b>Computer Equipment</b>														
Furniture & Fittings	715,369	569,573	-	-	-	-	1,284,942	-	-	-	(365,441)	-	(365,441)	919,501
Motor vehicles	831,507	96,010	-	-	-	(6,904)	970,613	-	-	-	(349,582)	-	(349,582)	621,031
Other	5,443,227	621,440	-	-	-	-	6,064,667	-	-	-	(1,603,288)	-	(1,603,288)	4,461,379
	1,419,245	140,868	-	-	-	-	1,560,113	-	-	-	(332,430)	-	(332,430)	1,227,683
	8,459,348	1,427,891	-	-	-	(6,904)	9,880,335	-	-	-	(2,650,741)	-	(2,650,741)	7,229,594
<b>Total property plant and equipment</b>														
Land and buildings	7,169,290	-	-	-	-	-	7,169,290	-	-	-	-	-	-	7,169,290
Infrastructure	861,682,419	37,560,157	-	-	-	-	899,242,576	-	-	-	(17,294,145)	-	(17,294,145)	881,948,431
Community Assets	113,637,525	-	-	-	-	-	113,637,525	-	-	-	(4,305,549)	-	(4,305,549)	109,331,976
Work in progress	61,584,015	91,790,687	-	-	-	-	153,374,702	-	-	-	-	-	-	153,374,702
Other assets	8,459,348	1,427,891	-	-	-	(6,904)	9,880,335	-	-	-	(2,650,741)	-	(2,650,741)	7,229,594
	1,052,532,597	130,778,735	-	-	-	(6,904)	1,183,304,428	-	-	-	(24,250,435)	-	(24,250,435)	1,159,053,993
<b>Agricultural/Biological assets</b>														
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>														
Land and buildings	7,169,290	-	-	-	-	-	7,169,290	-	-	-	-	-	-	7,169,290
Infrastructure	861,682,419	37,560,157	-	-	-	-	899,242,576	-	-	-	(17,294,145)	-	(17,294,145)	881,948,431
Community Assets	113,637,525	-	-	-	-	-	113,637,525	-	-	-	(4,305,549)	-	(4,305,549)	109,331,976
Work in progress	61,584,015	91,790,687	-	-	-	-	153,374,702	-	-	-	-	-	-	153,374,702
Other assets	8,459,348	1,427,891	-	-	-	(6,904)	9,880,335	-	-	-	(2,650,741)	-	(2,650,741)	7,229,594
	1,052,532,597	130,778,735	-	-	-	(6,904)	1,183,304,428	-	-	-	(24,250,435)	-	(24,250,435)	1,159,053,993