Ngaka Modiri Molema
District municipality in North West

Population 842 699
2 844.1 square kilometres
296.3 people per square kilometre

MAYOR/EXECUTIVE
Cllr Justice Makolomakwa
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DEPUTY MAYOR/EXECUTIVE
Not Available

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Secretary
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dichaber@nmmdm.gov

Contact Details last updated: October 2019

Audit outcomes

<table>
<thead>
<tr>
<th>Year</th>
<th>Outcome</th>
<th>Read report</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Disclaimer of opinion</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>Disclaimer of opinion</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Disclaimer of opinion</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>Disclaimer of opinion</td>
<td></td>
</tr>
</tbody>
</table>

DID YOU KNOW?
There are 5 types of audit outcomes.

Unqualified Opinion
- No Findings
  - The Auditor-General can state, without reservation, that the financial statements of the municipality fairly represent the financial position of the municipality and are in line with Generally Recognised Accounting Practices (GRAP)

Unqualified Opinion
- Emphasis of Matter Items
  - Same as an Unqualified Opinion with no findings, but the Auditor-General wants to bring something particular to the attention of the reader.

Qualified Opinion
- The Auditor-General expresses reservations about the fair presentation of the financial statements. There is some departure from the Generally Recognised Accounting Practices (GRAP) but is not sufficiently serious as to warrant an adverse opinion or disclaimer of opinion.

Adverse Opinion
- This is expressed when the auditor concludes that the annual financial statements do not present the municipality's financial position, results of operations and cash flows in line with Generally Recognised Accounting Practices (GRAP).

Disclaimer of Opinion
- The Auditor-General does not have all of the underlying documentation needed to determine an opinion. For example, the lack of underlying documentation and the amounts in question may be so great so that it is impossible to give any opinion on all.

An Outstanding Opinion
- Means that the Auditor General raised queries with the municipality and therefore has not submitted another opinion.

SOURCE: Municipal Audit Reports

Cash Balance July 2017 - June 2018

R 100 576 003

Cash balance at the end of the financial year.

About 1.5 times the cash balance for similar municipalities in North West: R 66 871 832

About the same as similar municipalities nationally: R 100 576 003

DID YOU KNOW?
A municipality's cash balance refers to the money it has in the bank that it can access easily. If a municipality's bank account is in overdraft it has a negative cash balance. Negative cash balances are a sign of serious financial management problems. A municipality should have enough cash on hand from month to month so that it can pay salaries, suppliers and so on.
Cash Coverage July 2017 - June 2018

1.8 months 😊

Months of operating expenses can be paid for with the cash available.

- About 1.4 times the coverage for similar municipalities in North West: 1.2 months
- About 10 percent higher than similar municipalities nationally: 1.6 months

**Did you know?**
Cash coverage measures the length of time, in months, that a municipality could manage to pay for its day-to-day expenses using just its cash reserves. So, if a municipality had to rely on its cash reserves to pay all short-term bills, how long could it last? Ideally, a municipality should have at least three months’ cash cover.

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash available at year end</td>
<td>1.1</td>
<td>0.0</td>
<td>0.3</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Spending of Operating Budget July 2017 - June 2018

18.0% underspent 😞

Difference between budgeted operating expenditure and what was actually spent.

- About 25 percent higher than similar municipalities in North West: 14.2%
- Nearly double the underspending or overspending for similar municipalities nationally: 9.4%

**Did you know?**
This indicator is about how much more a municipality spent on its operating expenses, than was planned and budgeted for. It is important that a municipality controls its day-to-day expenses in order to avoid cash shortages. A municipality significantly overspends its operating budget this is a sign of poor operating controls or something more sinister. Overspending by up to 5 percent is usually condoned; overspending in excess of 15 percent is a sign of high risk.

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>% underspent</td>
<td>103.7%</td>
<td>97.2%</td>
<td>-11.5%</td>
<td>-18.0%</td>
</tr>
</tbody>
</table>

Spending of Capital Budget July 2017 - June 2018

26.8% underspent 😞

Difference between budgeted capital expenditure and what was actually spent.

- More than double the underspending or overspending for similar municipalities in North West: -10.83%
- About 90 percent of the underspending or overspending for similar municipalities nationally: -29.3%

**Did you know?**
Capital spending includes spending on infrastructure projects like new water pipes or building a library. Underspending on a capital budget can lead to an under-delivery of basic services. This indicator looks at the percentage by which actual spending falls short of the budget for capital expenses. Persistent underspending may be due to underresourced municipalities which cannot manage large projects on time. Municipalities should aim to spend at least 95 percent of their capital budgets. Failure to spend even 85 percent is a clear warning sign.

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>% underspent</td>
<td>-62.2%</td>
<td>-75.5%</td>
<td>-28.2%</td>
<td>-26.8%</td>
</tr>
</tbody>
</table>
### Capital Projects

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC38_SANITATION_PROJECTS-PMU_SANNIESHOF WWTW</td>
<td>R 50.0 million</td>
</tr>
<tr>
<td>DC38_SANITATION_PROJECTS-PMU_GROOT MARICO WWTW</td>
<td>R 50.0 million</td>
</tr>
<tr>
<td>DC38_WATER_PROJECT-PMU_Groot Lichtenburg Bulk Water Supply</td>
<td>R 30.0 million</td>
</tr>
<tr>
<td>DC38_WATER_PROJECT-PMU_Bodibe Ward 17 Water Reticulation</td>
<td>R 25.9 million</td>
</tr>
<tr>
<td>DC38_WATER_PROJECT-PMU_LEEUFONTEIN WATER SUPPLY</td>
<td>R 24.0 million</td>
</tr>
</tbody>
</table>

Click here to see more capital projects in this municipality.

### Spending on Repairs and Maintenance July 2017 - June 2018

#### 0.25% 😞

**Spending on Repairs and Maintenance as a percentage of Property, Plant and Equipment.**

- About double the spending for similar municipalities in North West: 0.12%
- More than the spending for similar municipalities nationally: 0.0%

**REFERENCE:** Circular 71  
**FORMULA:**  
\[ \text{Spending on Repairs and Maintenance} = \frac{\text{Repairs and maintenance expenditure}}{\text{Property, Plant and Equipment + Investment Property}} \]

\[ = \frac{\text{Capital Acquisition item code 4100, Audited Actual}}{\text{Balance Sheet item code 1300, Audited Actual} + \text{Balance Sheet item code 1401, Audited Actual}} \]

**DID YOU KNOW?**

Infrastructure must be maintained so that service delivery is not affected. This indicator looks at how much money was budgeted for repairs and maintenance, as a percentage of total fixed assets (property, plant and equipment). For every R10 spent on building/replacing infrastructure, R0.80 should be spent every year on repairs and maintenance.

This translates into a Repairs and Maintenance budget that should be 8 percent of the value of property, plant and equipment.

### Fruitless and Wasteful Expenditure July 2015 - June 2016

#### 117.46% 😞

**Unauthorised, Irregular, Fruitless and Wasteful Expenditure as a percentage of operating expenditure.**

- About 1.3 times the expenditure for similar municipalities in North West: 116.29%
- More than double the expenditure for similar municipalities nationally: 19.24%

**REFERENCE:** Circular 71  
**FORMULA:**  
\[ \text{Fruitless and Wasteful Expenditure} = \frac{\text{Unauthorised, Irregular, Fruitless and Wasteful Expenditure item codes}}{\text{Income & Expenditure item code 4600, Audited Actual}} \]

**DID YOU KNOW?**

Unauthorised expenditure means any spending that was not budgeted for or that is unrelated to the municipal department’s function. An example is using municipal funds to pay for unbudgeted projects. Irregular expenditure is spending that goes against the relevant legislation, municipal policies or by-laws. An example is awarding a contract that did not go through tender procedures. Fruitless and wasteful expenditure concerns spending which was made in vain and would have been avoided had reasonable care been exercised. An example of such expenditure would include paying a deposit for a venue and not using it and losing the deposit.

**NOTE:** Since calling expenditures unauthorised, fruitless and wasteful or irregular can involve quite a lot of debate, the numbers used are the restated audited amounts 18 months after the financial year end - part of the Medium Term Revenue and Expenditure Framework.

### Current Ratio July 2018 - June 2019 Quarter 1

#### 1.77 😊

The value of a municipality’s short-term assets as a multiple of its short-term
### Liquidity Ratio July 2018 - June 2019 Quarter 1

**1.0 😊**

The municipality’s immediate ability to pay its current liabilities

- **About 1.5 times** the ratio for similar municipalities in North West: 1.22
- **About 20 percent higher** than similar municipalities nationally: 1.495

<table>
<thead>
<tr>
<th>Good</th>
<th>More than 1.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>Between 1 and 1.5</td>
</tr>
<tr>
<td>Bad</td>
<td>Less than 1</td>
</tr>
</tbody>
</table>

**NOTE:** The quarterly summary looks at the state at the end of each quarter. If the monthly data is missing for the last month in the quarter, the previous month in that quarter. If all months are missing, that quarter is shown as blank.

### Current Debtors Collection Rate July 2018 - June 2019 Quarter 4

**78.13% 😞**

The percentage of new revenue (generated within the financial year) that a municipality actually collects

- **About 25 percent higher** than similar municipalities in North West: 78.13%
- **About 1.5 times** the ratio for similar municipalities nationally: 63.89%

<table>
<thead>
<tr>
<th>Good</th>
<th>95% or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>63.89%</td>
</tr>
<tr>
<td>Bad</td>
<td>Less than 95%</td>
</tr>
</tbody>
</table>

**NOTE:** The quarterly summary looks at the state at the end of each quarter. If the monthly data is missing for the last month in the quarter, the previous month in that quarter. If all months are missing, that quarter is shown as blank.

### INCOME

Where does Ngaka Modiri Molema get its money from?

**1. Money Generated Locally** July 2017 - June 2018

**2. Money from National Government** July 2017 - June 2018

**DID YOU KNOW?**

The more a municipality is able to generate its...
1.52% From residents paying for water & electricity, rates, licenses & fines, and from interest and investments.

98.48% From the Equitable Share of taxes, and Grants from National Government.

Reference: Local Government Equitable Share
Source: Income & Expenditure Audited Actual

Where money comes from

| Property rates |
| Service Charges |
| Rental income |
| Interest and investments |
| Licenses and Permits |
| Agency services |
| Government Transfers for Operating Expenses |
| Government Transfers for Capital Expenses |
| Other |

Source: Income & Expenditure Audited Actual and Original Budget

DID YOU KNOW?
This shows how much of a municipality’s income it is able to generate itself (through property rates, service charges, etc), compared with how much it receives as transfers and grants from national government. The more a municipality is able to generate its own income, the more self-sufficient it is.

SPENDING - How money is spent

Staff Wages and Salaries July 2017 - June 2018

47.37% Staff salaries and wages as a percentage of operating expenditure.

| within norms | 25% to 40% |
| less than 25% or more than 40% |

DID YOU KNOW?
Employee-related costs are typically the largest portion of operating expenditure, but they should not grow so large that they threaten the sustainability of the operating budget.

The normal range for this indicator is between 25% - 40% of total operating expenditure.

Municipalities must guard against spending too much on staff while also making sure they have the people they need to deliver services effectively.

Formulas:
= Wages & Salaries + Social Contributions / Actual Operating Expenditure
= Income & Expenditure Item codes 3000, 3100, Audited Actual / Income & Expenditure Item code 4600, Audited Actual

Contractor Services July 2017 - June 2018

3.73% Costs of contractor services as a percentage of operating expenditure.
FORMULA: 
\[ \frac{\text{Contracted Services}}{\text{Actual Operating Expenditure}} = \frac{\text{Income & Expenditure item code 4200, Audited Actual}}{\text{Income & Expenditure item code 4600, Audited Actual}} \]

What is Money Spent On?

**Governance, Administration, Planning and Development**

**Public Safety**

**Road Transport**

**Water**

**Community & Social Services**

**Waste Water Management**

**HOUSEHOLD BILLS**

No Data Available

**RESOURCES**

Understanding Municipal Finance

- Treasury's Municipal Finance website is filled with resources on municipal finance.
- Circular 71 explains many of the financial norms and indicators used to gauge the financial performance of Municipalities.
- MFMA Return Forms submitted by Municipalities to National Treasury. Understanding these forms can help you understand the information on Municipal Money.
- A Million Bags of a Million Rand - a video by the Auditor General's office which simplifies audit outcomes.
- Understanding the Standard Charter of Accounts - a video by the National Treasury on mSCOA.

Financial Reports

Read more about Local Government Finances and learn about how your money is spent.

- Annual Financial Statements of municipalities since 2002-2003. These include the Notes to the Annual Financial Statements where you can find explanations of specific accounting practises and calculations used by the municipality in its financial reporting and some decision making.
- State of Local Government Finances reports are published every year by National Treasury and describe in detail how Municipalities are performing.

**Further Reading**

Resources from the South African and international community.

- Local Government in South Africa – Part 5, Finances, 19 March 2014 by Corruption Watch
- Infographic: South Africa: Public Participation Mechanisms in Fiscal Matters, 01 July 2015 by Global Initiative for Fiscal Transparency (GIFT)
- Infographic: Open Budget Survey 2015 by International Budget Partnership (IBP)
• In-year Management, Monitoring and Evaluation of Municipal Finances. Annual and quarterly PDF and Excel reports on Municipal finances since 2007.