DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY (DC39)

ANNUAL REPORT 2023-2024

CONTENTS

CONTENTS 2

REVISED ANNUAL REPORT TEMPLATE 6

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY 7

COMPONENT A: MAYOR'S FOREWORD 7

- THE OFFICE OF THE SPEAKER

COMPONENT B: EXECUTIVE SUMMARY 10

1.1. MUNICIPAL MANAGER'S OVERVIEW 10

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW 12

1.3. SERVICE DELIVERY OVERVIEW 25

1.4. FINANCIAL HEALTH OVERVIEW 46

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW 46

1.6. AUDITOR GENERAL REPORT 47

1.7. STATUTORY ANNUAL REPORT PROCESS 47

CHAPTER 2 – GOVERNANCE 49

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE 49

2.1 POLITICAL GOVERNANCE 50

2.2 ADMINISTRATIVE GOVERNANCE 56

COMPONENT B: INTERGOVERNMENTAL RELATIONS 61

2.3 INTERGOVERNMENTAL RELATIONS 63

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION 67

2.4 PUBLIC MEETINGS 68

2.5 IDP PARTICIPATION AND ALIGNMENT 71

COMPONENT D: CORPORATE GOVERNANCE 72

2.6 RISK MANAGEMENT 72

2.7 ANTI-CORRUPTION AND FRAUD 77

2.8 SUPPLY CHAIN MANAGEMENT 77

2.9 BY-LAWS 78

2.10 COMMUNICATION AND WEBSITES 79

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES 81

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 84

COMPONENT A: BASIC SERVICES 84

3.1. WATER PROVISION 84

3.2 WASTEWATER (SANITATION) PROVISION 87

3.3 ELECTRICITY 89

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) 90

3.5 HOUSING 100

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT 101

COMPONENT B: ROAD TRANSPORT 102

3.7 ROADS 102

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION) 103

3.9 WASTEWATER (STORMWATER DRAINAGE) 104

COMPONENT C: PLANNING AND DEVELOPMENT 105

3.10 PLANNING 106

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) 108

COMPONENT D: COMMUNITY & SOCIAL SERVICES 110

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) 110

3.13 CEMETORIES AND CREMATORIUMS 111

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES 112

COMPONENT E: ENVIRONMENTAL PROTECTION 115

3.15 ENVIRONMENTAL POLLUTION CONTROL 116

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION) 117

COMPONENT F: HEALTH 118

3.17 CLINICS 118

3.18 AMBULANCE SERVICES 119

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC ... 120

COMPONENT G: SECURITY AND SAFETY

123
3.20 POLICE 123
3.21 FIRE 124
3.22 OTHER(DISASTERMANAGEMENT,ANIMALLICENCINGANDCONTROL,CONTROL OFPUBLICNUISANCESANDOTHER) 129

COMPONENTH: SPORT ANDRECREATION 133
3.23 SPORTANDRECREATION..... 133

COMPONENTI:CORPORATEPOLICYOFFICESANDOTHERSERVICES..... 135
3.24 EXECUTIVEAND COUNCIL 136
3.25 FINANCIALSERVICES..... 137
3.26 HUMANRESOURCESERVICES 138
3.27 INFORMATIONANDCOMMUNICATIONTECHNOLOGY(ICT)SERVICES 139
3.28 PROPERTY;LEGAL;RISKMANAGEMENT ANDPROCUREMENT SERVICES.....

COMPONENT J: MISCELLANEOUS .....

COMPONENTK:ORGANISATIONALPERFOMANCESCORECARD 142

CHAPTER4–ORGANISATIONALDEVELOPMENTPERFORMANCE

(PERFORMANCE REPORTPART II)..... 162

COMPONENT A: INTRODUCTION TO THEMUNICIPAL PERSONNEL 162
4.1 EMPLOYEETOTALS,TURNOVER ANDVACANCIES 162

COMPONENTB:MANAGINGTHEMUNICIPALWORKFORCE..... 163
4.2 POLICIES 163
4.3 INJURIES,SICKNESSANDSUSPENSIONS..... 164
4.4 PERFORMANCE REWARDS 165

COMPONENTC:CAPACITATING THEMUNICIPALWORKFORCE(4.5) 166

COMPONENTD: MANAGING THEWORKFORCE EXPENDITURE 167
4.6 EMPLOYEE EXPENDITURE 168

CHAPTER5–FINANCIAL PERFORMANCE 172

COMPONENT A: STATEMENTSOF FINANCIAL PERFORMANCE 174
5.1 STATEMENTSOFFINANCIALPERFORMANCE 174
5.2 GRAP COMPLIANCE 175

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS 176

COMPONENT A: and B AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 176

6.1 AUDITOR GENERAL REPORTS YEAR 2022-2023 176

6.2 AUDITER GENERAL REPORTS 2023-2024

GLOSSARY .....

ANNEXURES .....

Annexure A Recommendations of the Audit and Performance Committee. 180

Annexure B Auditor General Report 2023 - 2024 187

Annexure C Audit Action Plan to address AG qeuries/findings 206

Volume ii Audited Annual Financial Statements 2023-2024 FY. 215

REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January2005.

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

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

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

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

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

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

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

MFMAImplementationUnit,NationalTreasury

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

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

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

Agreements / Partnerships
In this financial year we continued with our efforts to ensure that we collaborate with other key service delivery stakeholders by reviewing our approaches towards agreements and building local partnerships. SLAs with local municipalities in the District which were a previous challenge, however we managed to sign SLAs with our local municipalities and now strive to monitor the SLAs that we have signed This has really affected the relationship that once existed between this municipality and local municipalities. One can only say that the relationships are growing.

This report confirms that we are continuing to improve democratisation and transformation of local government; improve access to electricity, water; flush/chemical toilets, and refuse removal, notwithstanding the inherent challenges bequeathed by our abhorrent past. There are historic and current challenges such as ageing infrastructure, theft and vandalism of infrastructure; lack of sufficient and reliable water sources; lack of land for proper residential and economic activities; and the infrastructure that was designed to service the privileged few. We are preoccupied with finding solutions to these and other challenges, current and prospective water supply projects, which are anticipated for completion by the end of 2024/2025. The need for the redistribution of land to unlock the economic potential of all South Africans and to achieve our vouched radical socio-economic transformation cannot be deferred any further.

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

The Dr Ruth Segomotsi Mompati district is proud to say that we have managed to complete the District D However, there have been critical challenges with regard to service delivery during the financial year, and that one would like to highlight because these contributed towards be unable to implement and/or complete some of the infrastructure projects due to:

- Shortfall amounts (projects not fully funded).
- Stoppages of projects by community and SMMEs demanding to be considered as service providers and jobs.
- Lack of MOU between DRSM, LMs and Tribal Authorities.
- Delay in approving budget to be spent on projects by Department of Water & Sanitation.

– Poor performance by consultant to determine the exact funding the project will require.
– Some projects completed but no electricity connection.

The management has since put in place contingency plan to remedy the situation by continuous engaging key funding departments such as COGTA and DWS by:

• Requesting and follow-up with the DWS on the approvals of shortfalls.
• Sourcing additional / external funds for some of the projects and implement in the next financial year.
• Engaging COGTA regarding application made to DWS to approve the shortfall amount of uncompleted projects.
• Continuously engaging with tribal Authorities and ensure implementation of resolutions.
• Resolve issues regarding appointment of SMMEs and community members.

As it was noted earlier, service delivery is at the heart of those responsible for the functioning of local government. My closing remark in our IDP has pledged commitment towards becoming part of an A-Team, which places the interest of its citizens first. The plotting of a strategic pathway towards an improved forecasted economic performance has remained central to the realisation of the District vision of excellence and through innovation, we shall remain true to translating our municipality into a well functioning service delivery model through decisive governance and adequate resources. The management of our intellectual property, through efficient and effective good governance practice, public participation and communication.

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

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

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

We should and will approach the new financial year in high spirit and determination as we have to deliver services to our people.

_____
CLLR M A MAJE
EXECUTIVE MAYOR

The Office of the Speaker

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

The preparation and review of the Integrated Development Plan
The Oversight report that has to be approved or adopted by the public
Monitoring and review of the performance, including the outcomes and impact of such performance and preparation of the municipal budget.

Public participation also helps to build informed and responsible communities with a sense of belonging to the current government and also the developments of projects. It allows municipalities to get buy-in and to develop partnerships with stakeholders

SPEAKER OF DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY

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

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

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

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

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

In June 2024, the council adopted the 2024/2025 IDP & MTREF Budget, followed by the approval of the SDBIP by the Executive Mayor. The Council adopted the IDP/Budget Process in August 2024 which detailed how it will embark on the review process for on-coming 2024/2025 Financial Year.

The 2023/2024 IDP & MTREF Budget have been implemented against the backdrop of serious administrative and financial challenges experienced, namely, absence of the substantive CFO, resignations of Senior Managers at critical times.However, these were later resolved after engaging our stakeholders, being COGTA, National and ProvincialTreasuries.

During the 2023-2024 financial year administratively, we have managed to fill some critical vacant posts. In addition, all other Senior Posts were advertised and are at shortlisting inn terms of the HR processes. We have managed to retain a qualified audit opinion mainly due to the fact that critical posts were not filled and consequences not managed. We believe we are now making strides in this arena and hope to prosper going forward in all areas of the organisation.

We are concerned by our grant dependency status, Sedibeng/Magalies water account . We have a duty to do so. Members of the public also have a legal duty to pay for the municipal services they consume. We are also **in** consultation with our National and Provincial Treasury Departments to explore other available revenue sources so we can respond to identified needs and go even further than the limit of the Division of Revenue Act (DORA) allocation.

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

_____

MR I R JONAS
MUNICIPAL MANAGER

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Section 83 (1) states that: A Municipality has the functions and powers assigned to it in terms of sections 156 and 229 of the Constitutions.
Section 83(3) of the Structures Act describes the developmental mandate of District Municipalities, in terms of four aspects:

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

Powers and functions as included in IDP

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

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

Introduction to background data

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

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

These include:

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

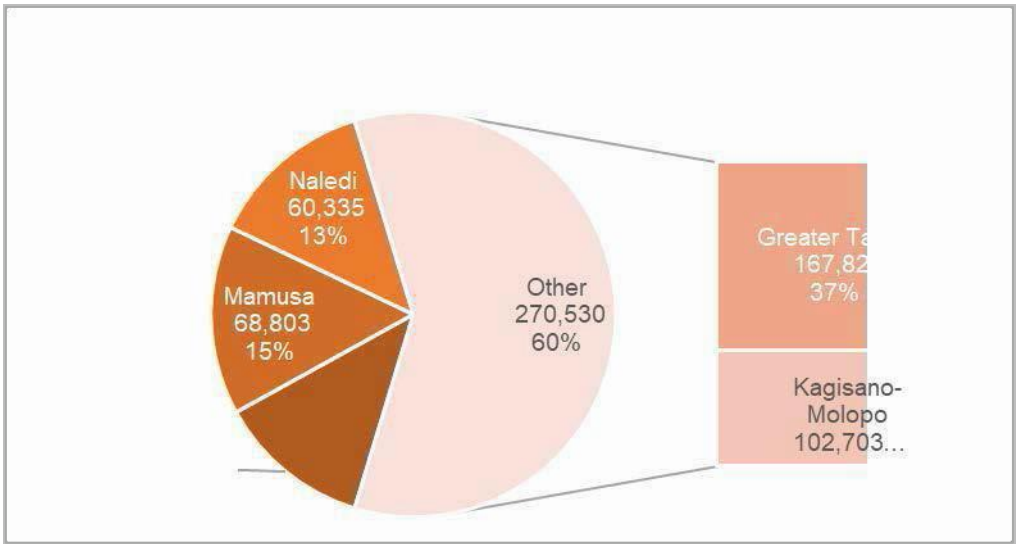
The Dr. Ruth S. Mompati District IDP acts as a broad business plan for the district, and aims to tackle the challenges of poor infrastructure, high unemployment, poverty, provision of education, minimal access to water and sanitation, and the structure of the local economy amongst other challenges that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

Demographic Profile

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

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

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



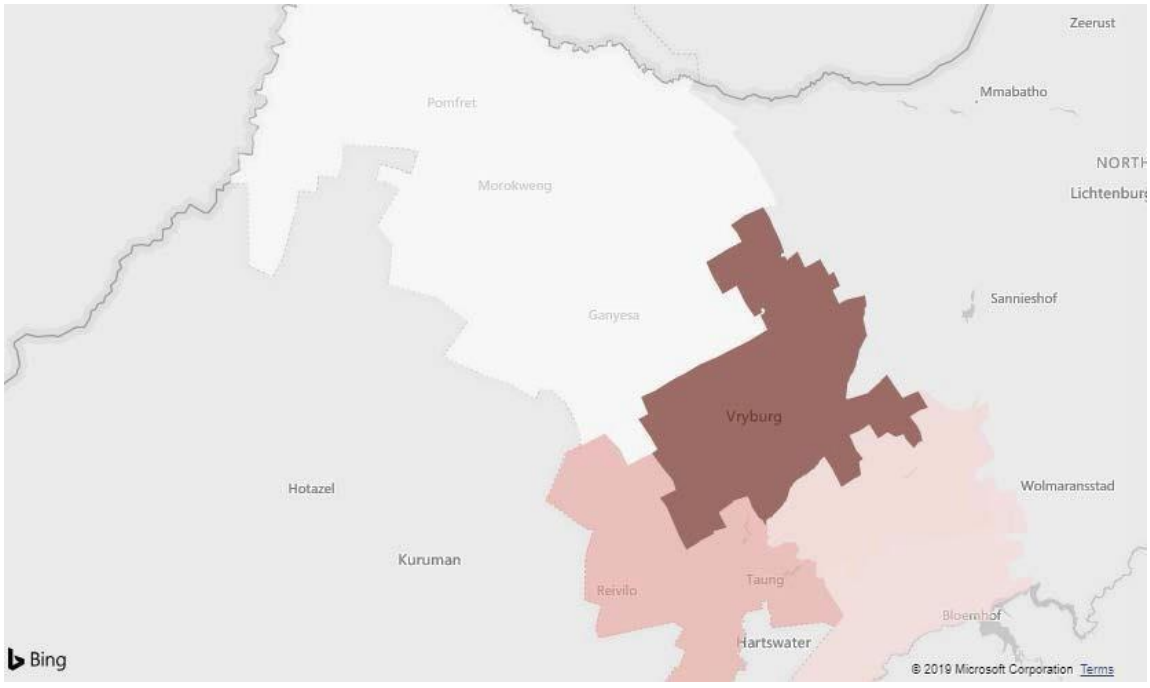
Source:CommunitySurvey:2016

Population Density

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

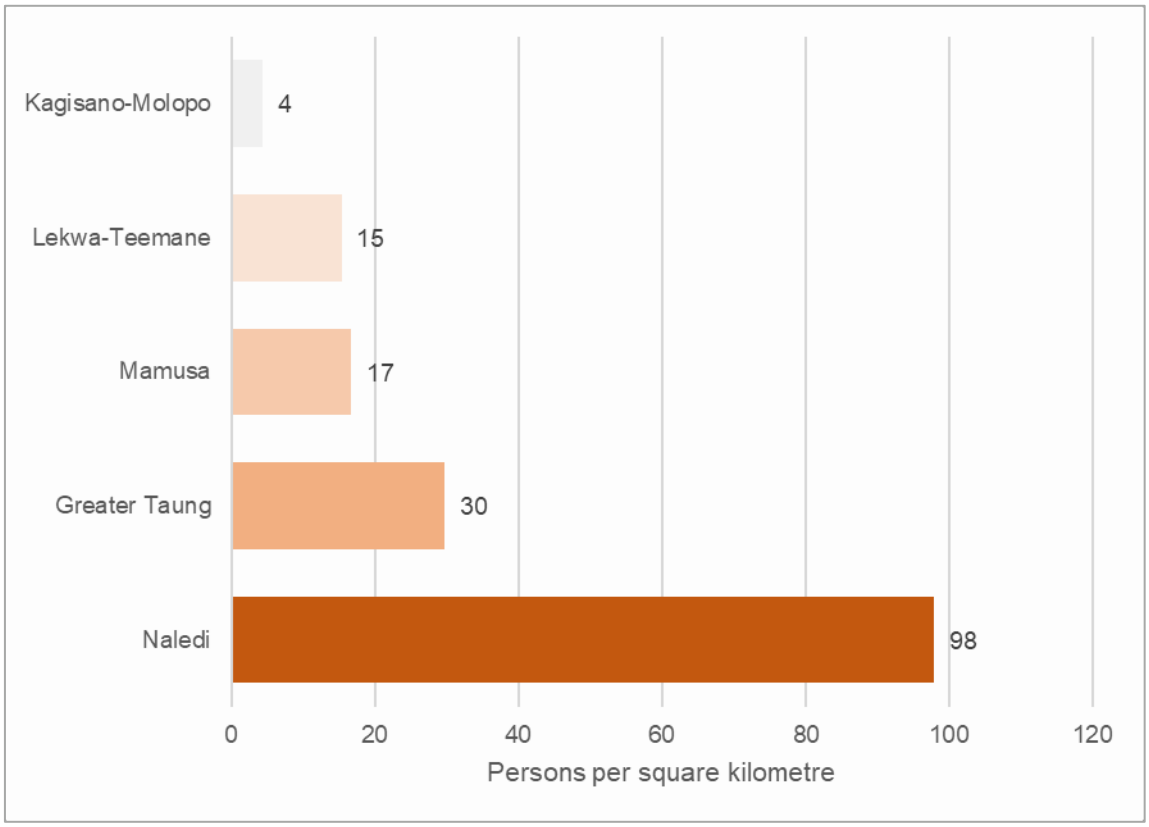
The following map is an illustration of the population density distribution of the District per local municipality, whereas the chart thereafter shows the population density per local municipality:

Map2: Population density distribution by Local Municipality



Lowest Highest

Source: Community Survey: 2016

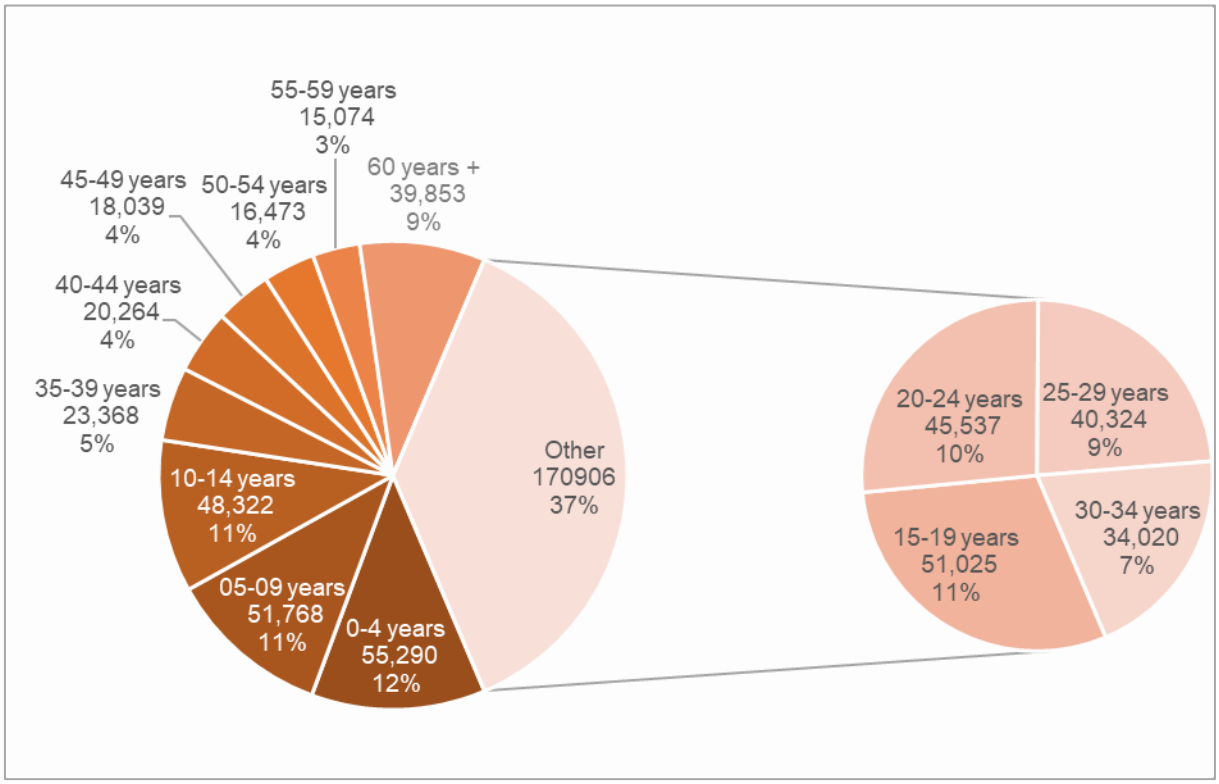


Source:CommunitySurvey:2016

Age Distribution

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

The following chart is an illustration of the District's population size categorised by age group:
Chart 1: Population by Age Group

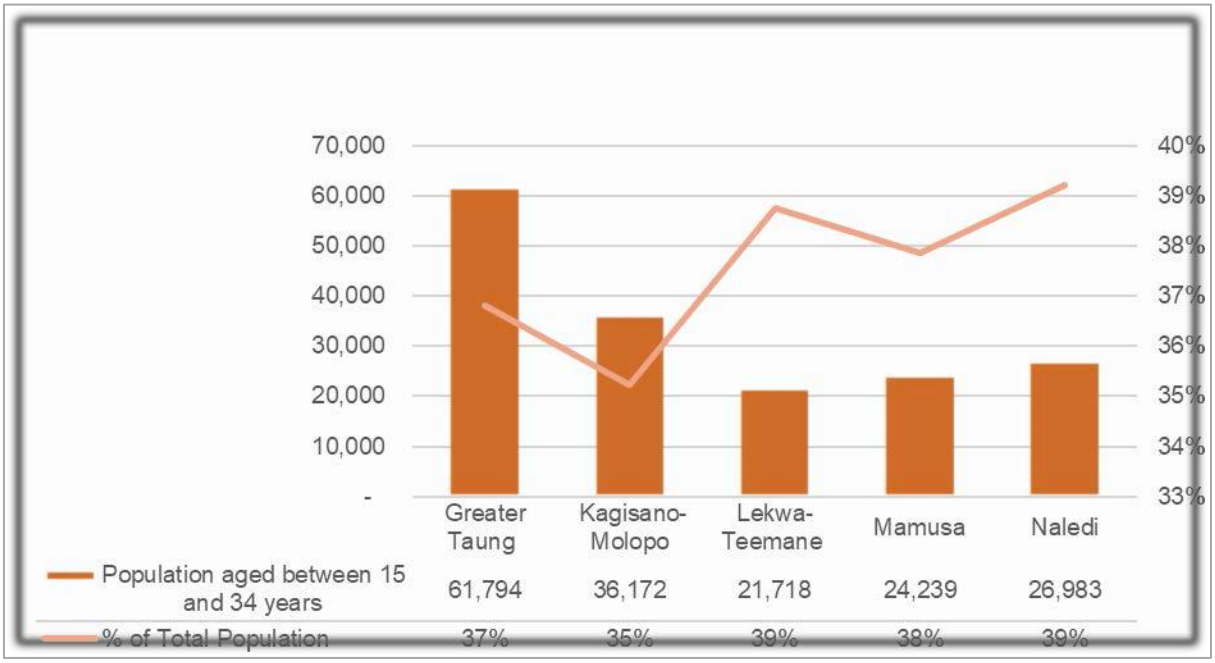


Source:CommunitySurvey:2016

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

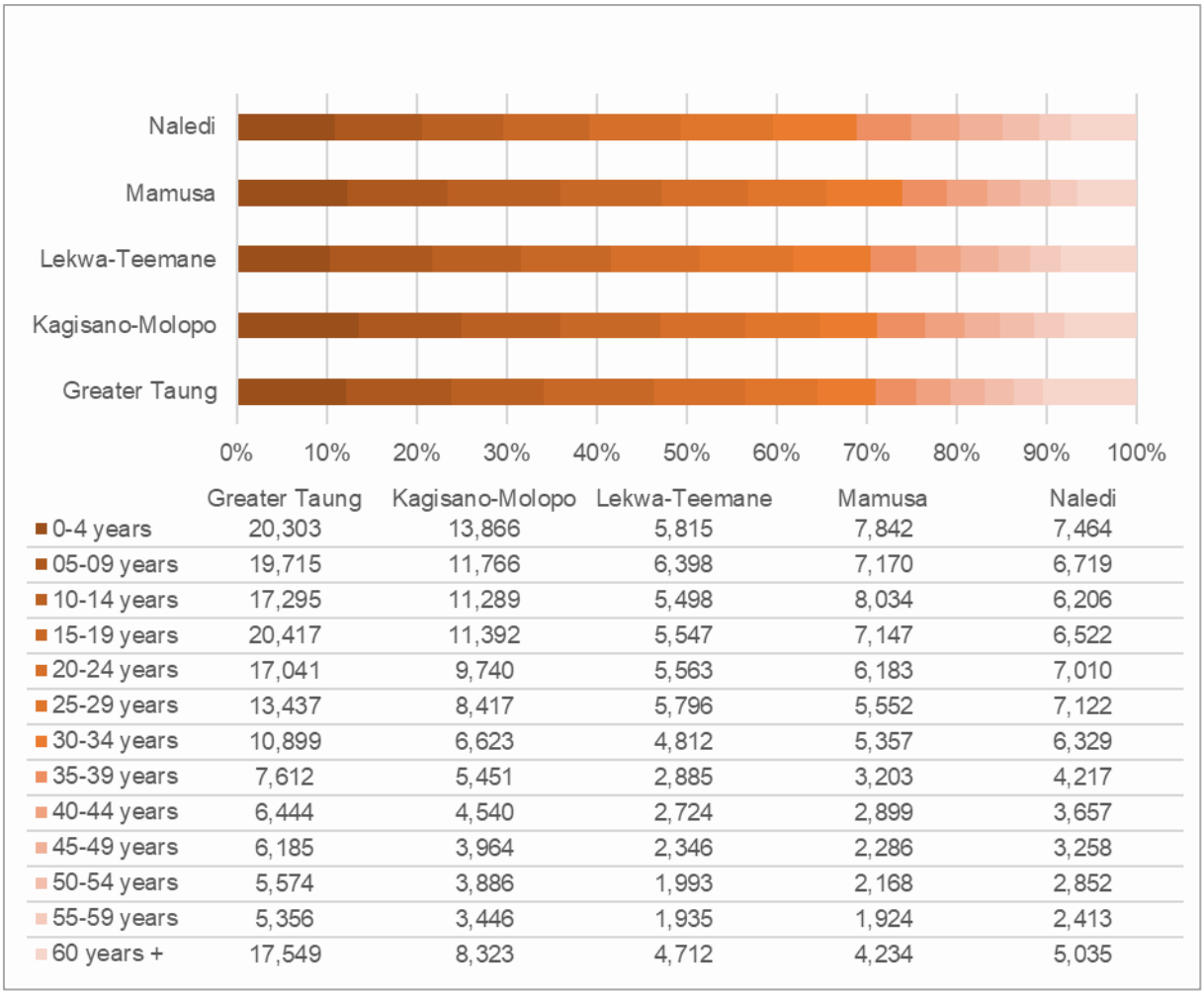
The following chart is an illustration of the number of persons aged between 15 and 34 years per local municipality and the chart thereafter shows the population per age group and local municipality:

Population aged between 15 and 34 years by Local Municipality



Source:CommunitySurvey: 2016

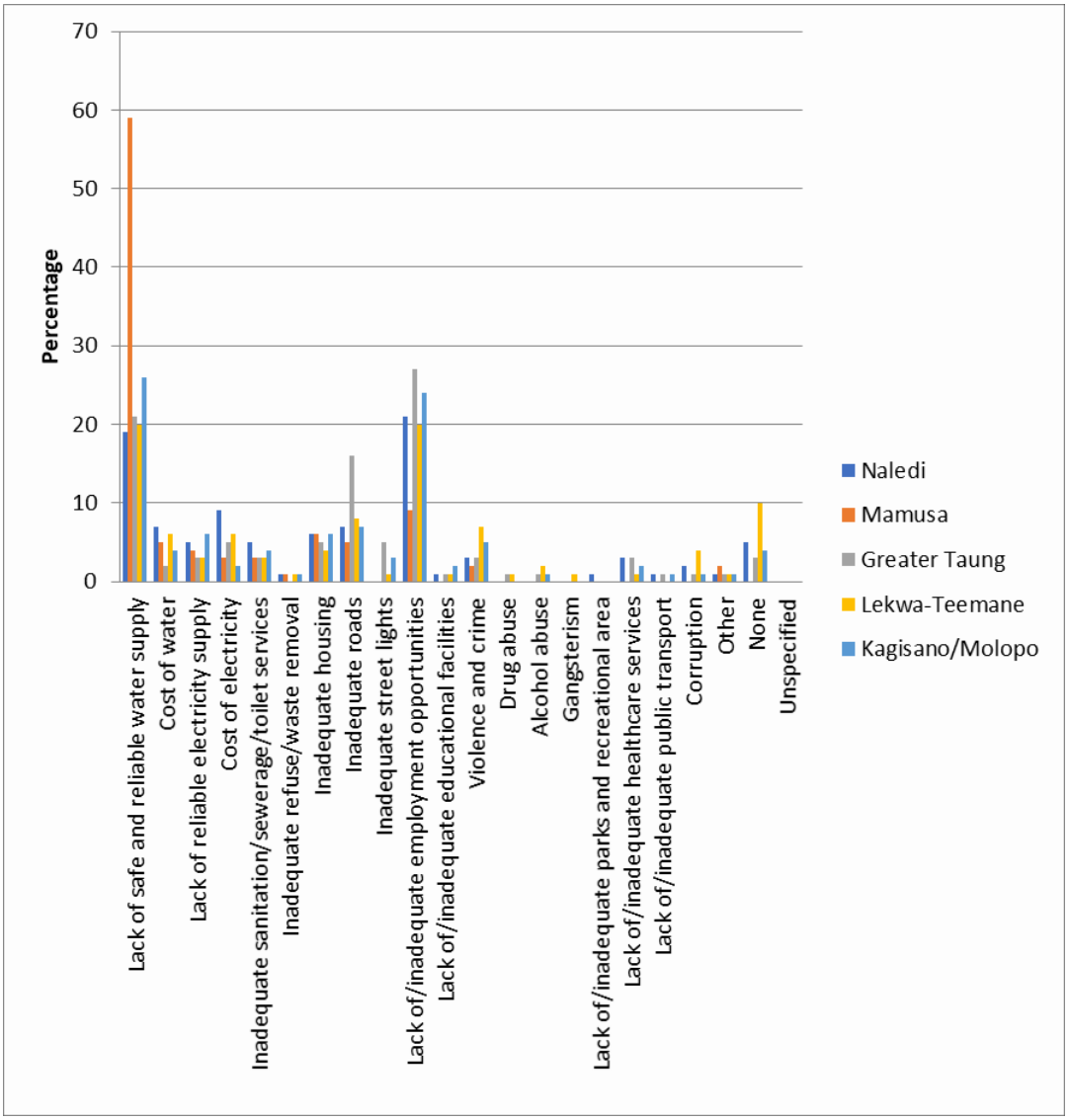
Population by Age Group and Local Municipality



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

Source:CommunitySurvey: 2016

SOCIO-ECONOMIC STATUS



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

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

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

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

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

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

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

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

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

SOCIAL STATISTICS

	Naledi	Mamusa	Greater Taung	Lekwa-Teemane	Kagisano/ Molopo
Lack of safe and reliable watersupply	19	59	21	20	26
Costofwater	7	5	2	6	4
Lack of reliable electricity supply	5	4	3	3	6
Costofelectricity	9	3	5	6	2
Inadequate sanitation/sewerage/toilet services	5	3	3	3	4
Inadequate refuse/waste removal	1	1	0	1	1
Inadequate housing	6	6	5	4	6
Inadequateroads	7	5	16	8	7
Inadequatestreetlights	0	0	5	1	3
Lack of/inadequate employment opportunities	21	9	27	20	24
Lack of/inadequate educationalfacilities	1	0	1	1	2
Violenceandcrime	3	2	3	7	5
Drugabuse	0	0	1	1	0
Alcoholabuse	0	0	1	2	1
Gangsterism	0	0	0	1	0
Lack of/inadequate parks and recreationalarea	1	-	0	0	0
Lack of/inadequate healthcareservices	3	-	3	1	2
Lack of/inadequate public transport	1	0	1	-	1
Corruption	2	0	1	4	1
Other	1	2	1	1	1
None	5	0	3	10	4

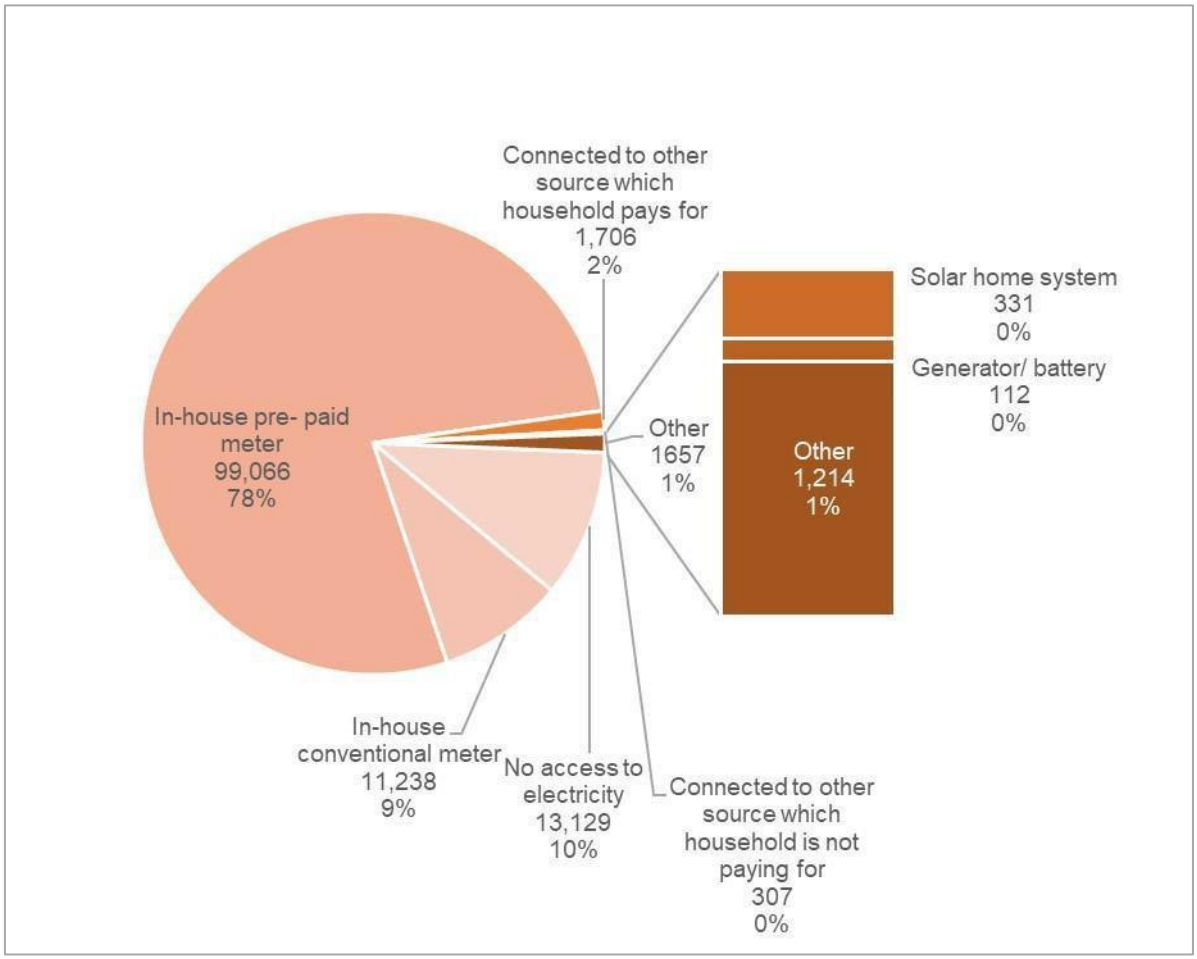
Access to Services

Electricity

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

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

Households with access or no access to electricity by source

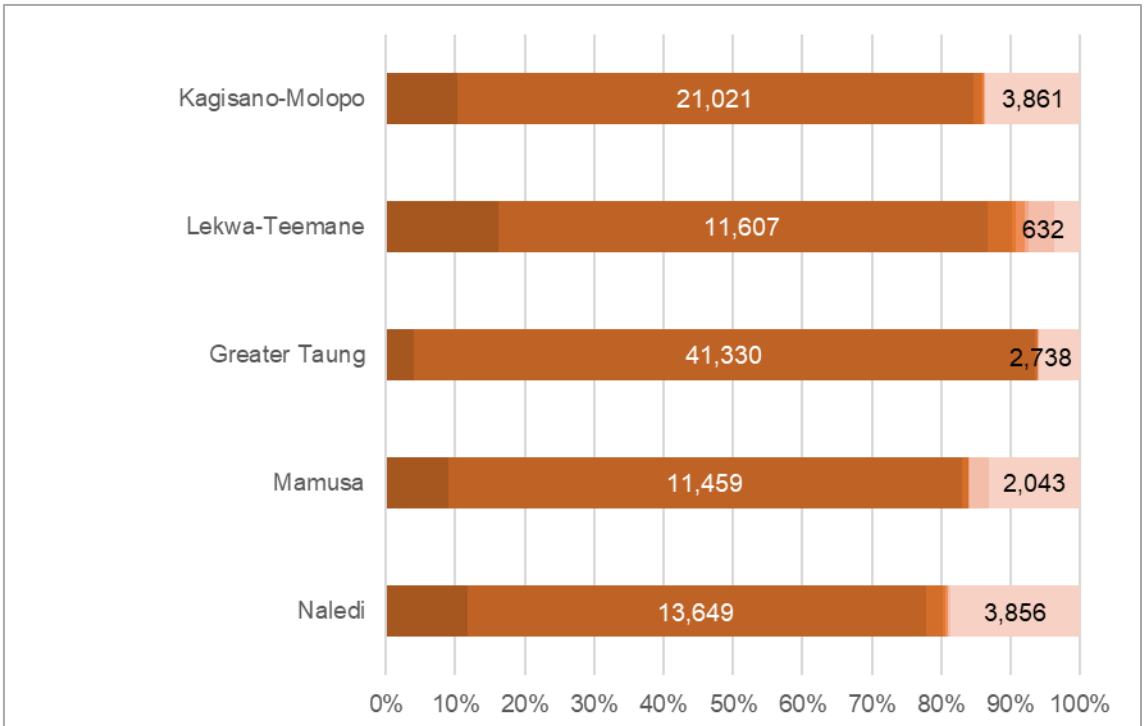


Source:CommunitySurvey:2016

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

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

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



	Naledi	Mamusa	Greater Taung	Lekwa-Teemane	Kagisano-Molopo
In-house conventional meter	2,441	1,380	1,828	2,677	2,912
In-house pre- paid meter	13,649	11,459	41,330	11,607	21,021
Connected to other source which household pays for	522	134	147	600	303
Connected to other source which household is not paying for	50	0	60	80	117
Solar home system	83	9	6	217	16
Generator/ battery	0	17	5	80	10
Other	91	430	54	603	35
No access to electricity	3,856	2,043	2,738	632	3,861

Source:CommunitySurvey:2016

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

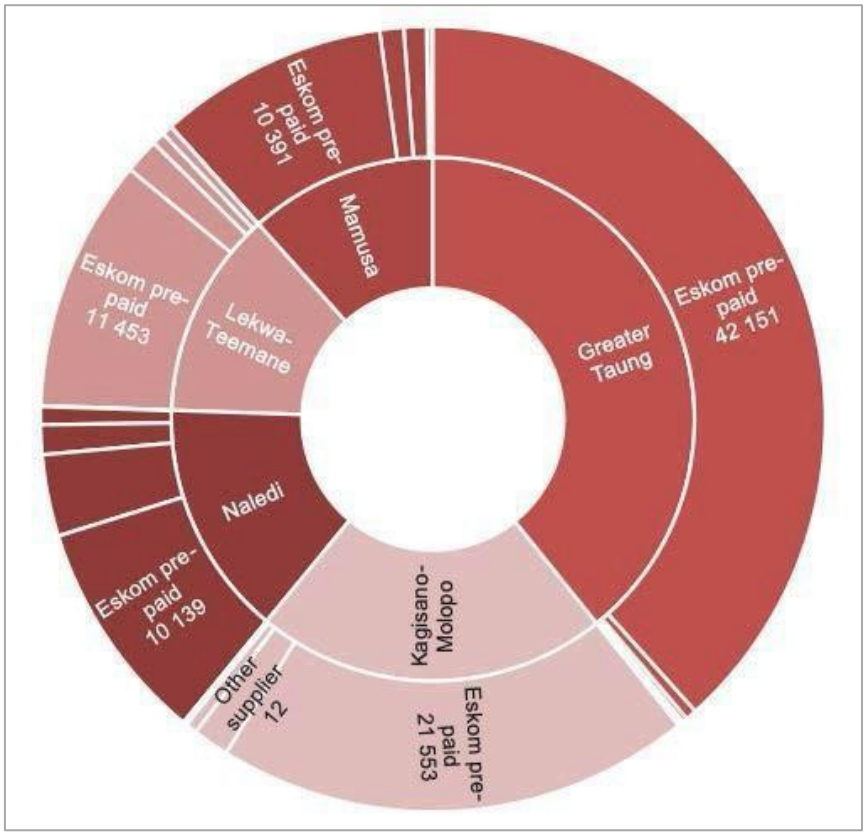
The following chart shows the number of households with access to electricity by the supplier of such electricity and the type of meter:

Number of households with access to electricity by Supplier

Source:CommunitySurvey:2016

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

Number of households with access to electricity by supplier



Source:CommunitySurvey:2016

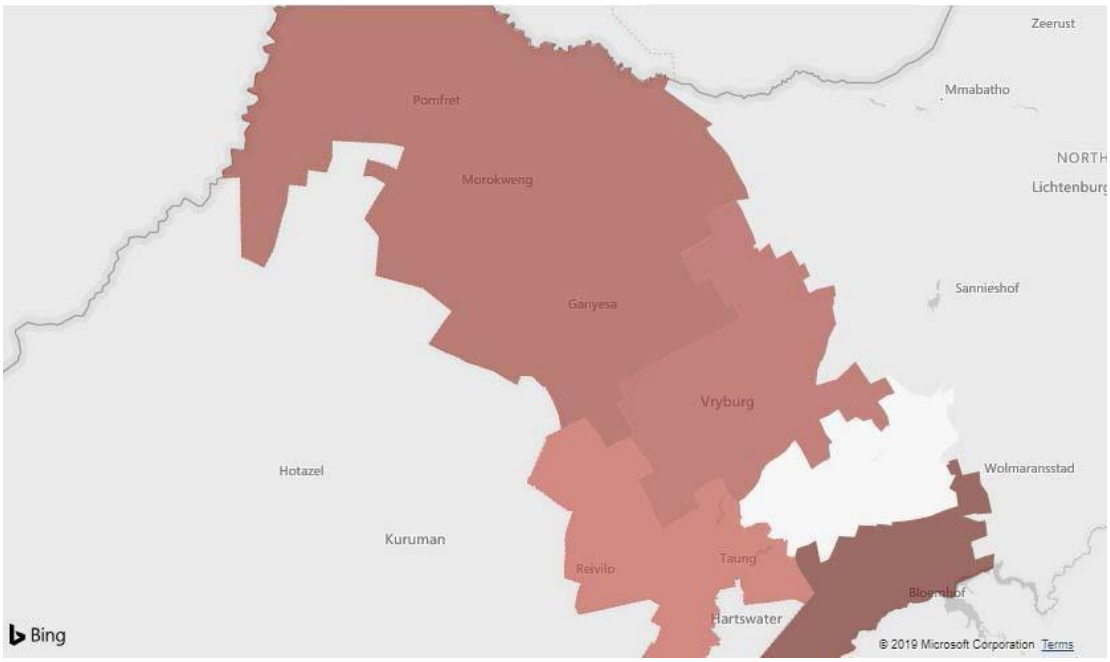
Water

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

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

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

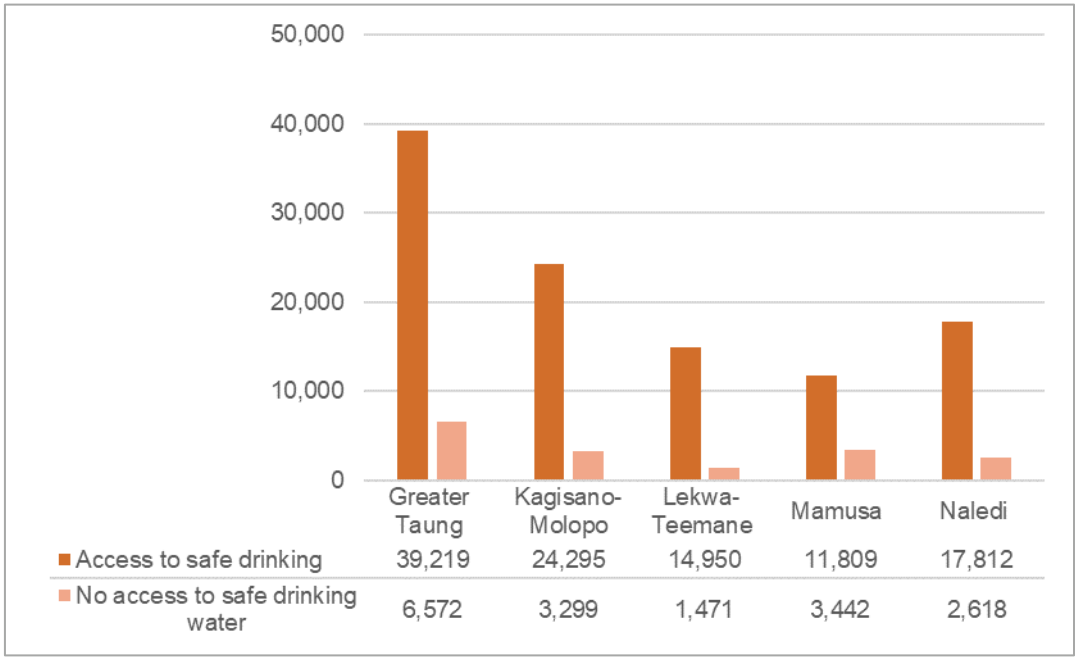
Percentage of households with access to potable water by Local Municipality



Lowest Highest

Source:CommunitySurvey:2016

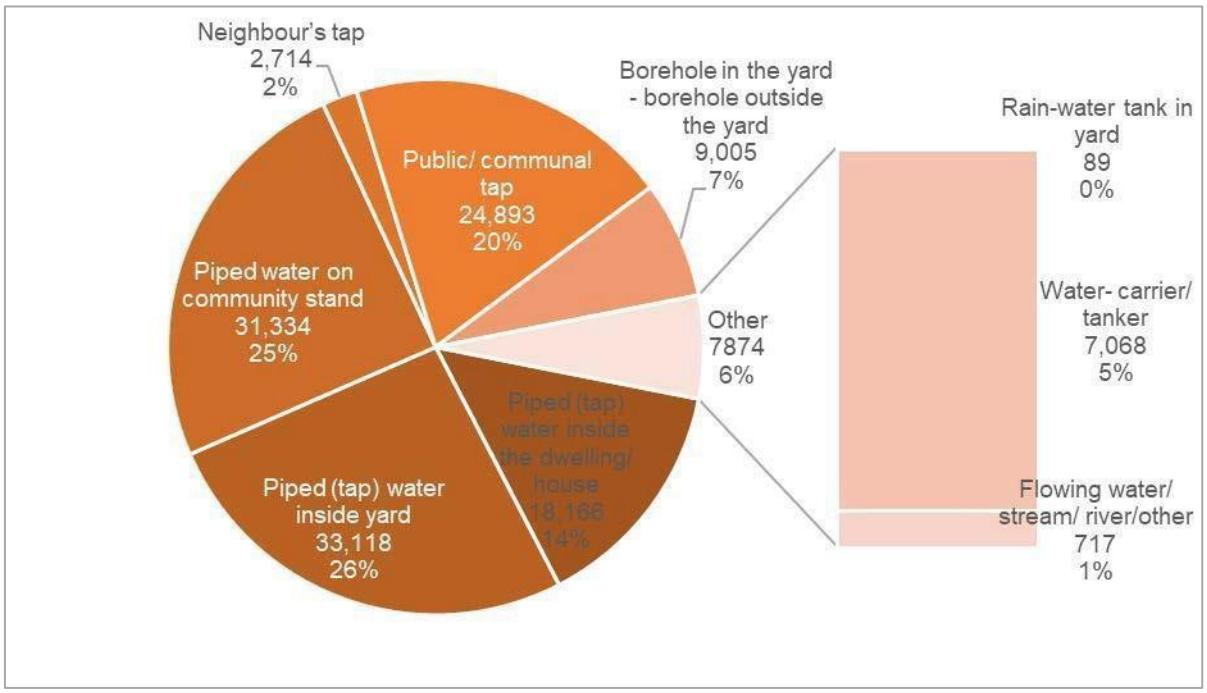
Number of households with access to potable water and without access by Local Municipality



Source:CommunitySurvey:2016

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

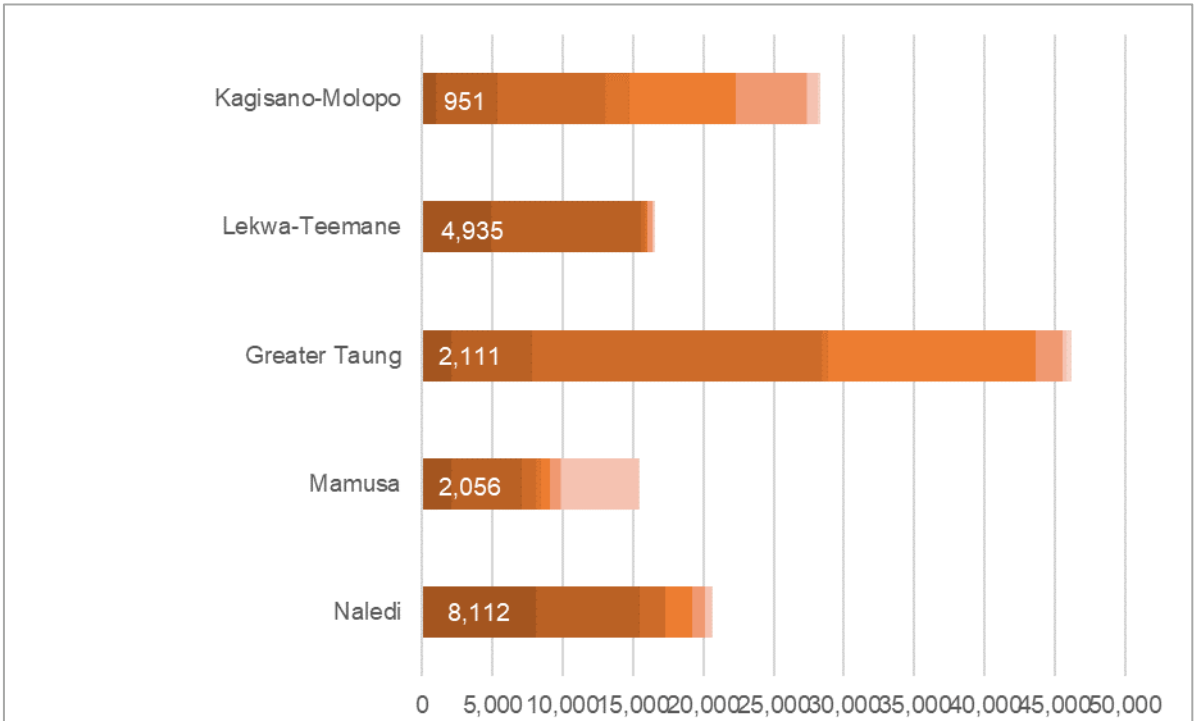
Number of households with access to potable water by main source



Source:CommunitySurvey:2016

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

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



	Naledi	Mamusa	Greater Taung	Lekwa-Teemane	Kagisano-Molopo
Piped (tap) water inside the dwelling/ house	8,112	2,056	2,111	4,935	951
Piped (tap) water inside yard	7,339	5,058	5,662	10,628	4,431
Piped water on community stand	1,808	987	20,592	305	7,642
Neighbour's tap	66	365	487	114	1,682
Public/ communal tap	1,842	599	14,778	48	7,625
Borehole in the yard - borehole outside the yard	945	801	1,867	373	5,018
Rain-water tank in yard	0	34	28	10	18
Water- carrier/ tanker	467	5,486	287	39	789
Flowing water/ stream/ river/other	113	87	356	43	118

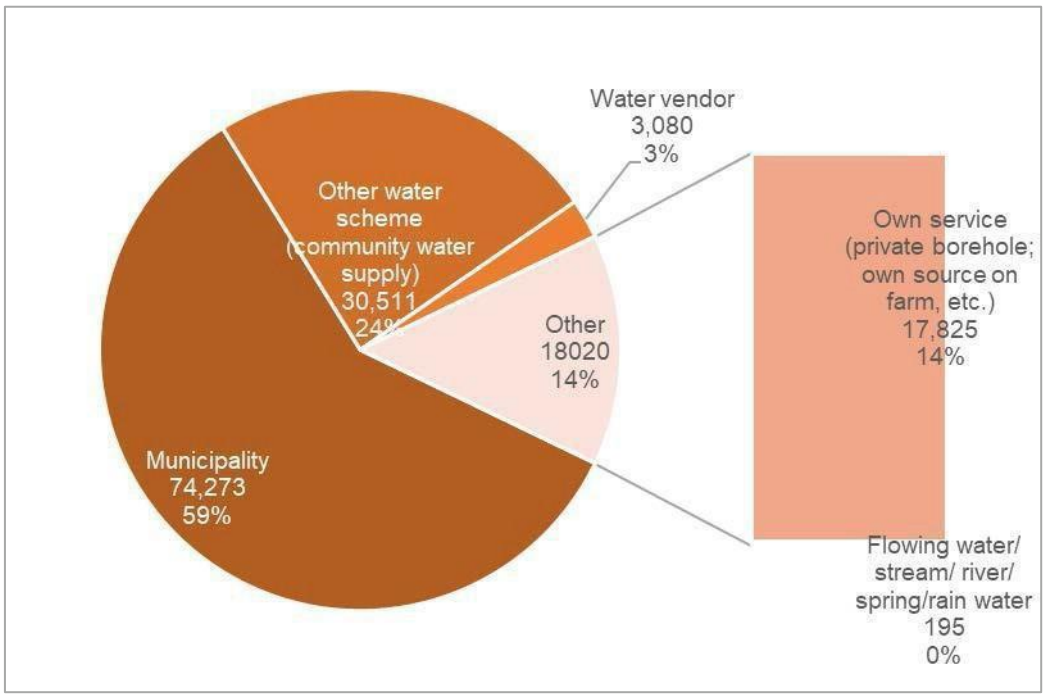
Source:CommunitySurvey:2016

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

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

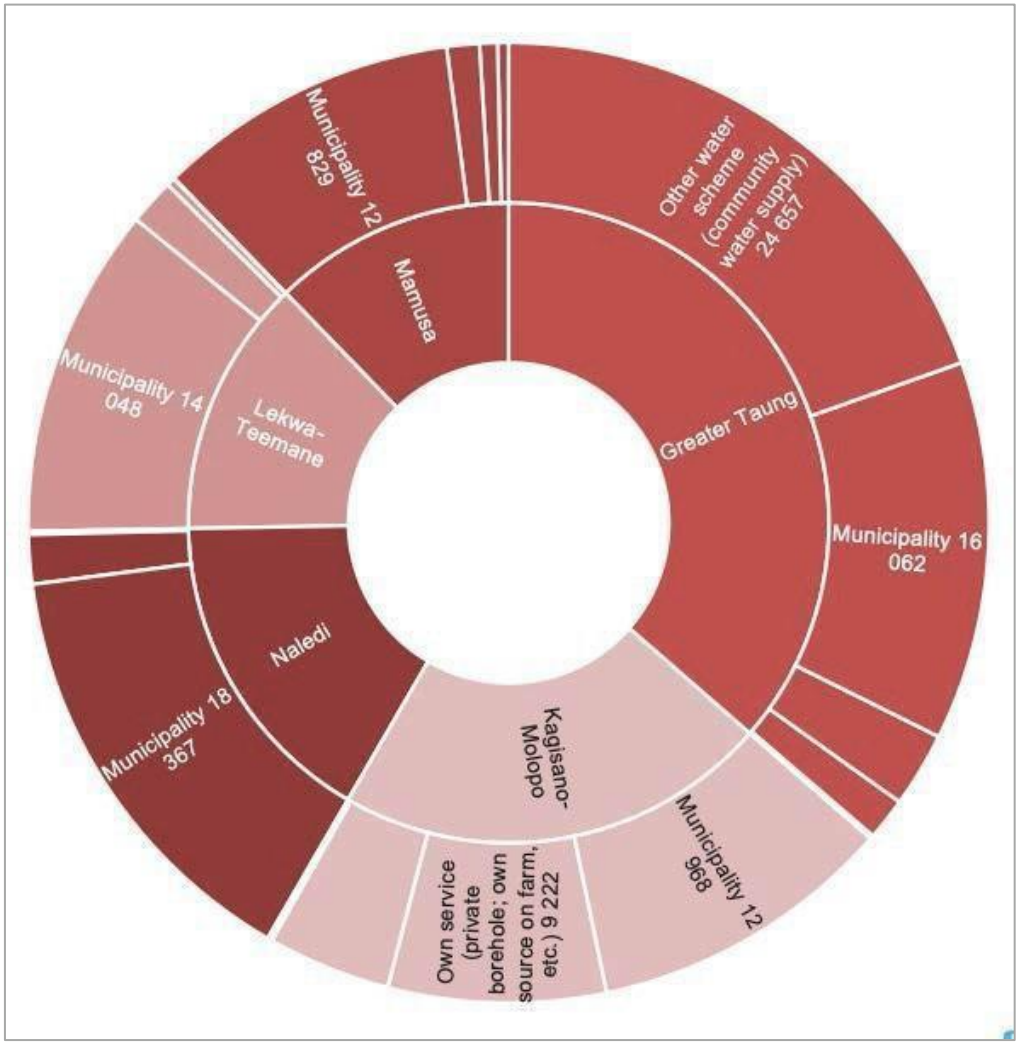
The following chart is an illustration of the number of households with access to water by supplier per municipality:

Households with access to potable water by supplier



Source:CommunitySurvey:2016

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



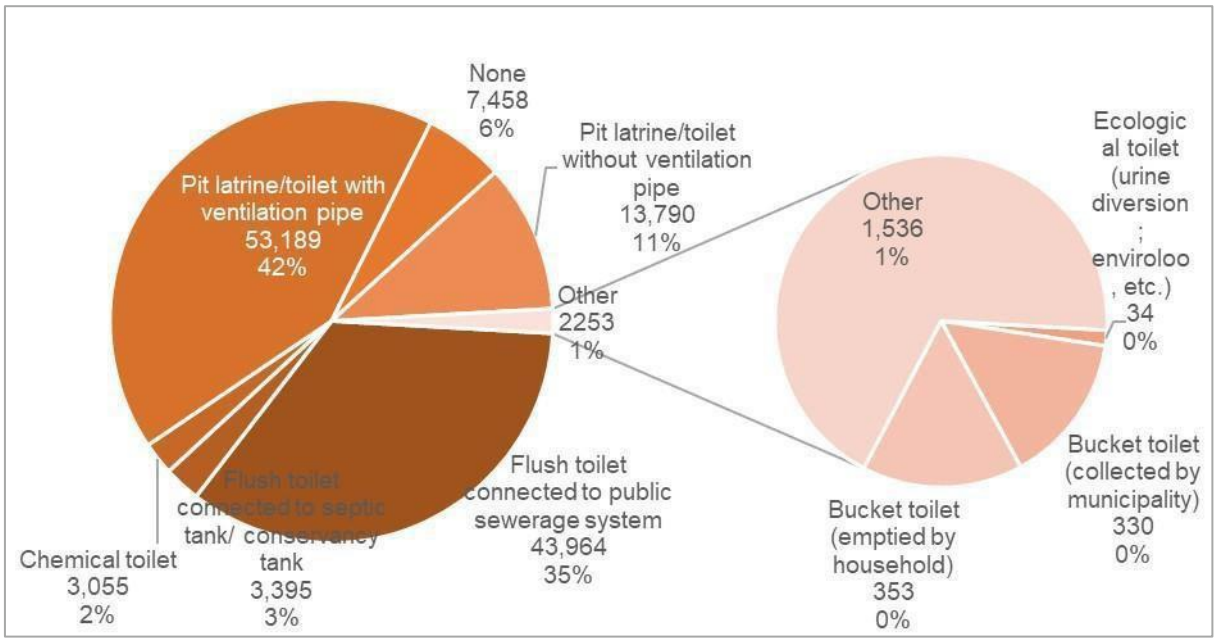
Source:CommunitySurvey:2016

Sanitation

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

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

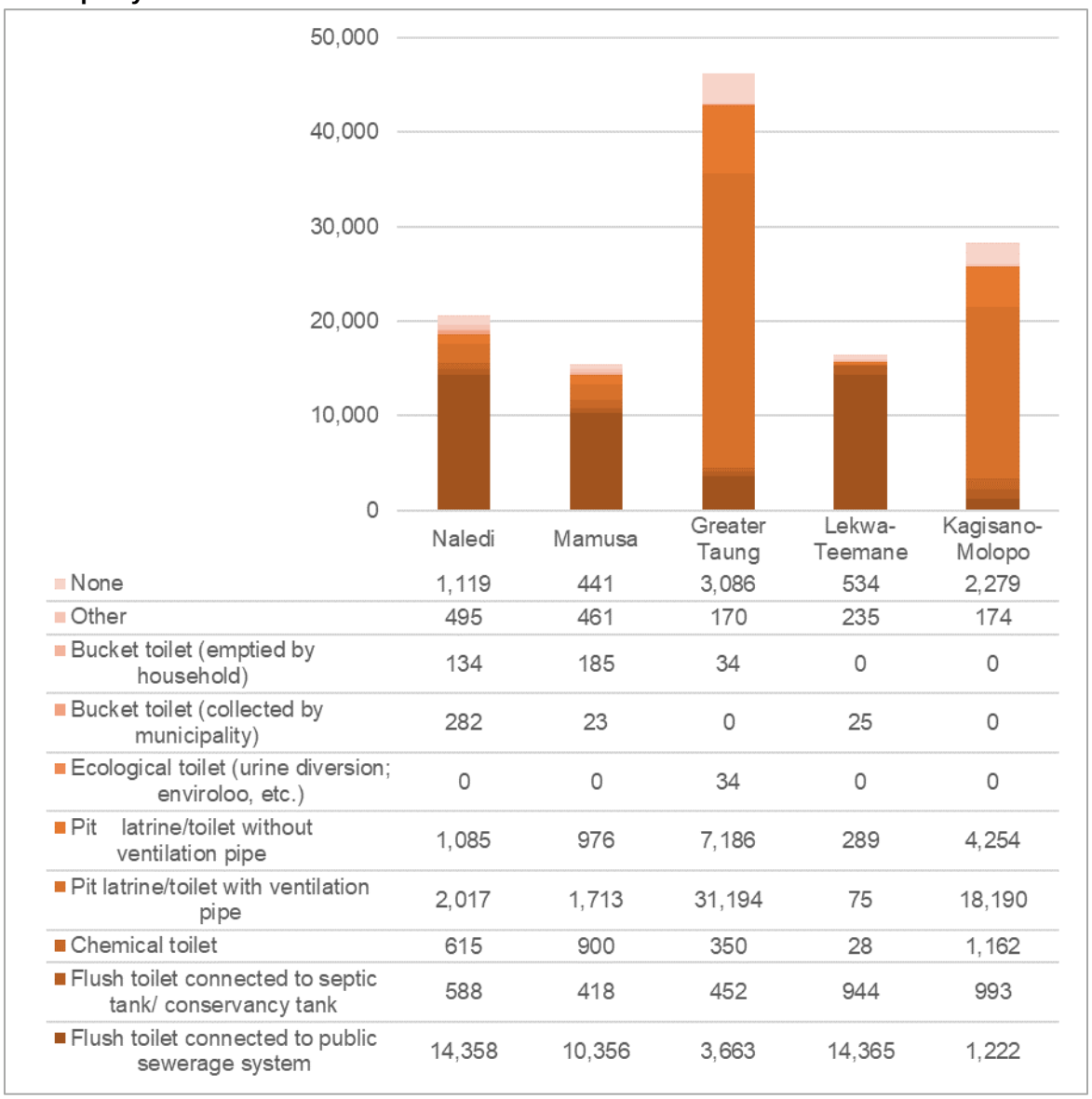
Number of households by access to sanitation services



Source:CommunitySurvey:2016

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

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



	Naledi	Mamusa	Greater Taung	Lekwa-Teemane	Kagisano-Molopo
None	1,119	441	3,086	534	2,279
Other	495	461	170	235	174
Bucket toilet (emptied by household)	134	185	34	0	0
Bucket toilet (collected by municipality)	282	23	0	25	0
Ecological toilet (urine diversion; enviroloo, etc.)	0	0	34	0	0
Pit latrine/toilet without ventilation pipe	1,085	976	7,186	289	4,254
Pit latrine/toilet with ventilation pipe	2,017	1,713	31,194	75	18,190
Chemical toilet	615	900	350	28	1,162
Flush toilet connected to septic tank/ conservancy tank	588	418	452	944	993
Flush toilet connected to public sewerage system	14,358	10,356	3,663	14,365	1,222

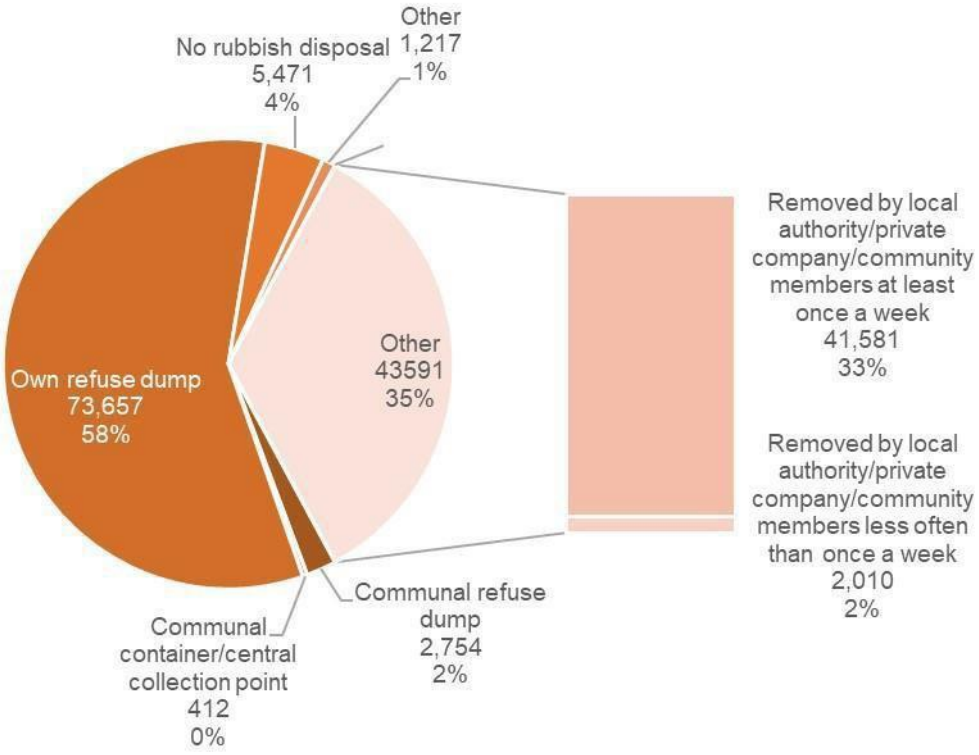
Source:CommunitySurvey:2016

Refuse Removal

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

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

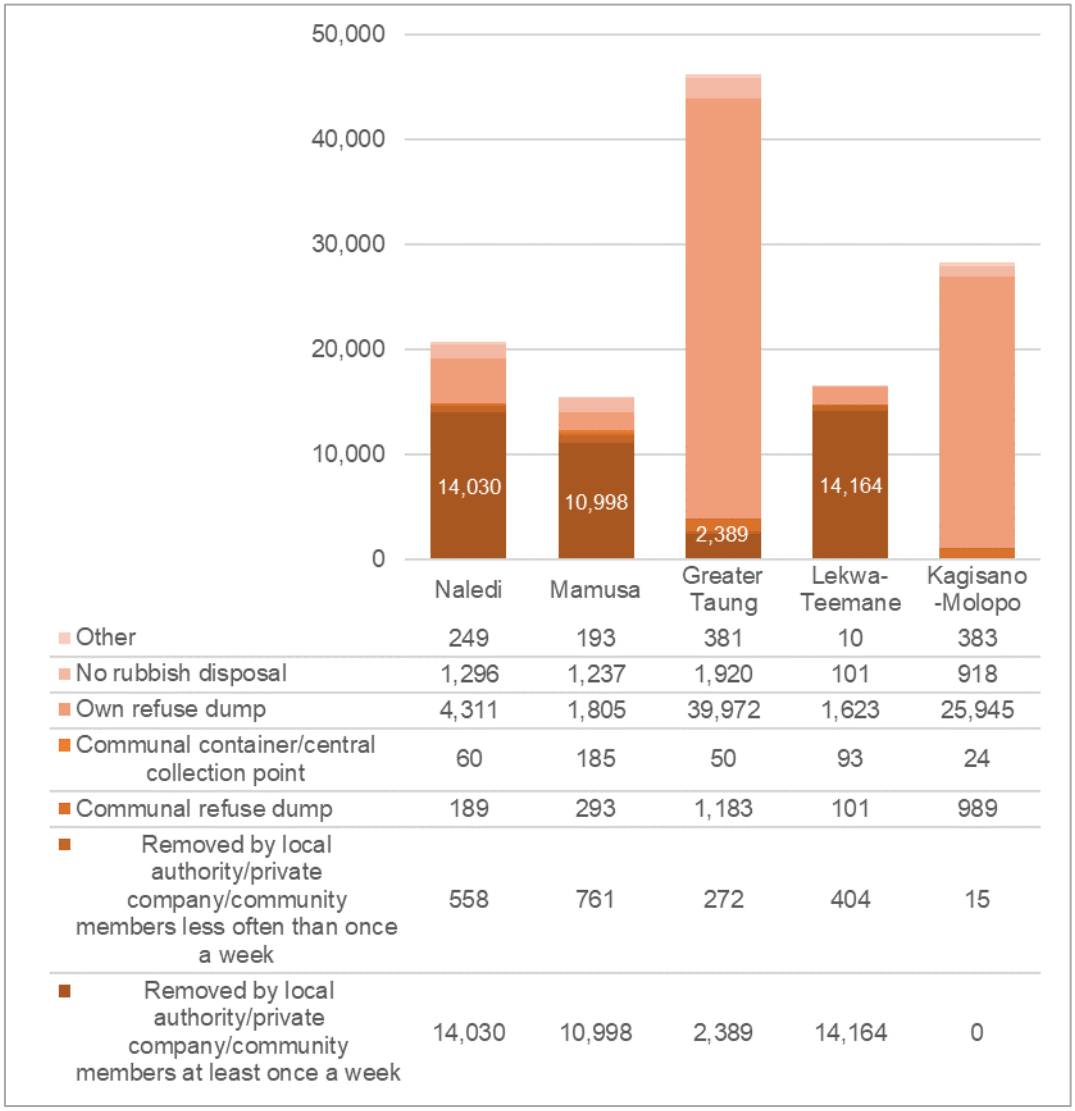
Number of households by type or access to refuse removal services



Source:CommunitySurvey:2016

Mamusa, Lekwa-Teemane and Naledi local municipalities have the highest number of households with access to a weekly refuse removal service. Greater Taung represents only 5.7% whereas Kagisano-Molopo does not have any households with access to a weekly collection by a local authority. Households in Greater Taung and Kagisano-Molopo rely mostly on their own refuse dump, at 39,972 and25,945.

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



	Naledi	Mamusa	Greater Taung	Lekwa-Teemane	Kagisano-Molopo
Other	249	193	381	10	383
No rubbish disposal	1,296	1,237	1,920	101	918
Own refuse dump	4,311	1,805	39,972	1,623	25,945
Communal container/central collection point	60	185	50	93	24
Communal refuse dump	189	293	1,183	101	989
Removed by local authority/private company/community members less often than once a week	558	761	272	404	15
Removed by local authority/private company/community members at least once a week	14,030	10,998	2,389	14,164	0

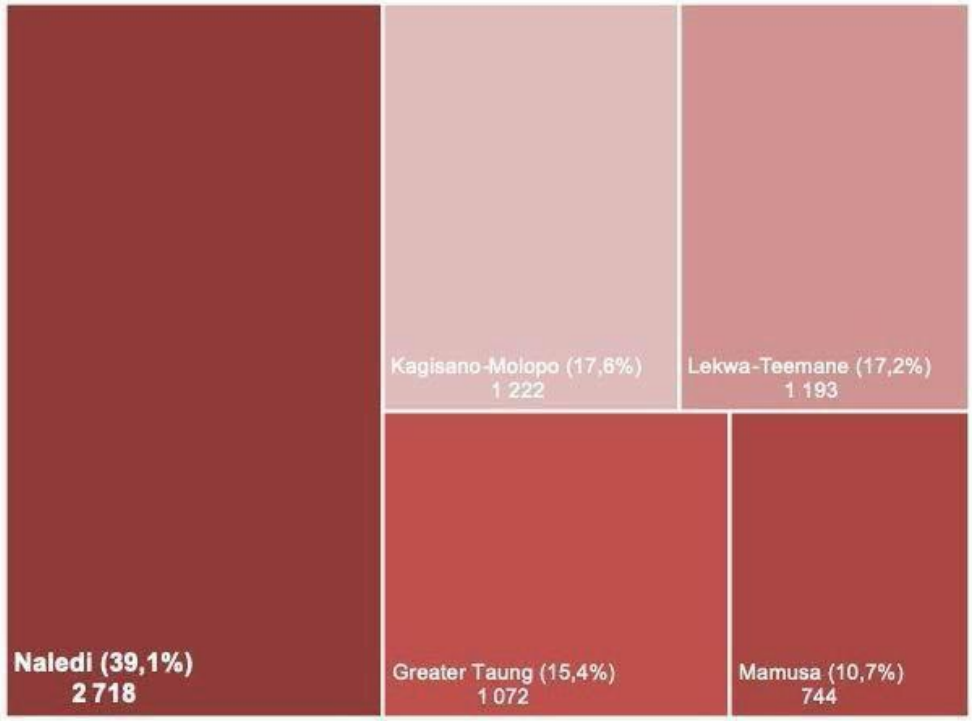
Source:CommunitySurvey:2016

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

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

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

Numberofhouseholdswithaccesstotheinternetby LocalMunicipality



Source:CommunitySurvey:2016

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

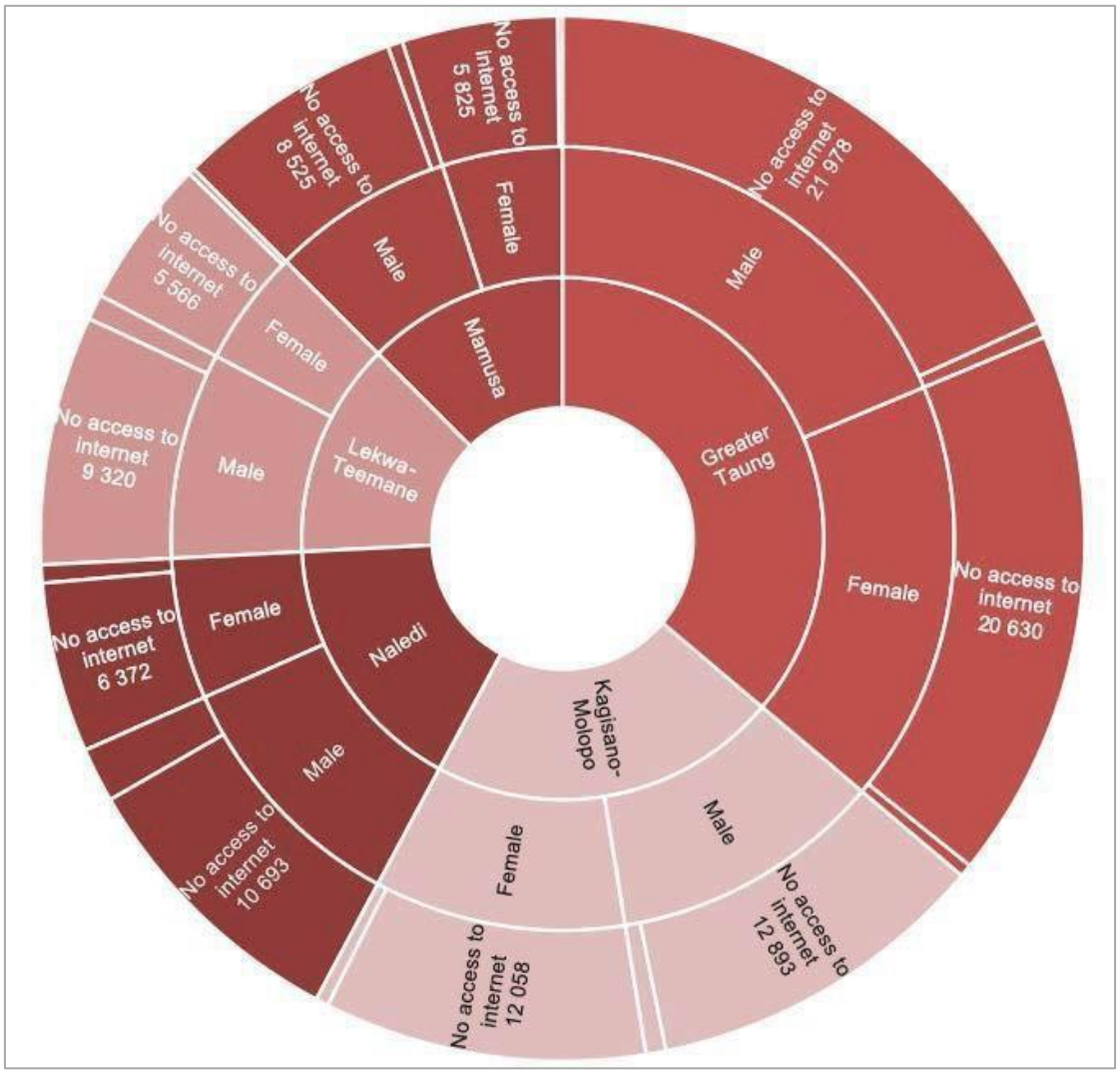
Number of households with and without access to the internet by municipality

Municipality	Access to internet	% with access to internet	No access to internet	% with no access to internet
Naledi	2718	13,7%	17065	86,3%
Mamusa	744	4,9%	14349	95,1%
GreaterTaung	1072	2,5%	42607	97,5%
Lekwa-Teemane	1193	7,4%	14886	92,6%
Kagisano-Molopo	1222	4,7%	24951	95,3%
DrRuth SegomotsiMompati	6950	5,8%	113859	94,2%

Source:CommunitySurvey:2016

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

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



Source:CommunitySurvey:2016

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

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

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

1.4. FINANCIAL HEALTH OVERVIEW

During the 2023/2024 financial year, the municipality continued to ensure compliance with laws and regulations in managing their financial affairs despite the raising challenge of limited financial resources that threatened the financial viability of the Municipality. Stricter controls and cost containment measures are being implemented on the budget and will contribute to curbing the unauthorized, irregular, fruitless and wasteful expenditure during the financial year.

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

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Performance Management

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

The following key PMS elements were implemented:

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

1.6. AUDITOR GENERAL REPORT

Refer to annexure B

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 22 23 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	
17	Oversight report is made public	December
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

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

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

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

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

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

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

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

CHAPTER 2 – GOVERNANCE

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

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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

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

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

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

2.1 POLITICAL GOVERNANCE

Mayoral Committee

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

Municipal Public Accounts Committee

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

Portfolio Committees

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

PORFOLIO COMMITTEE	CHAIRPERSON
Engineering & Technical Services	Cllr. Pitso Seepamere
Community Services	Cllr. Boitumelo Setlhabetsi- Mokone
Economic Development Tourism & Agriculture	Cllr. Solly Matobo
Budget & Treasury	Cllr. Grace Masilo
Corporate Services	Cllr. Lebogang Jacobs
Planning & Development	Cllr. Lydia Duiker

POLITICAL STRUCTURE

MAYOR

SPEAKER

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

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

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Cllr Boitumelo Setlhabetsi Mokone - Community Services

Cllr Grace Masilo – Finance

Cllr Solly Matobo – EDTA

Cllr Lebogang Jacobs – Corporate Services

Cllr Pitso Seepamere – Engineering & Technical services

Cllr Lydia Duiker – Planning & Development

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

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

-Integrated Development Plan (IDP)

-Annual Budget

-Tables within 30 days of the end of each quarter report on the implementation of the budget and the

Financial state of affairs of the municipality (Section 52(d) of MFMA)

-Report on the appointment of the Municipal Manager after finalisation of the recruitment and selection

Process

- The Executive Mayor also chairs Budget Steering Committee

COUNCILLORSASAT30JUNE2022

Dr Ruth Segomotsi Mompati District Municipality has 31 Councilors, 13 out of them are directly elected and 19 are seconded by their respective Local Municipality.

DIRECTLY ELECTED	SECONDED FROM LOCAL MUNICIPALITIES
Cllr. Kgalalelo Gloria Sereko	Cllr. Boitshwarelo Puso (Taung)
Cllr. Boitumelo Setlhabetsi Mokone	Cllr. Grace Keoneeng Nthebotsenyane (Kagisano)
Cllr. Leboganag Judy Mothibi	Cllr. Kealeboga Michael Lekgotla (Kagisano)
Cllr. Motseokae Alphenus Maje	Cllr. Lebogang Charles Jacobs (Naledi)
Cllr. Solly Thabiso Matobo	Cllr. Nobakhe Grace Masilo (Mamusa)
Cllr. Wydman Joseph Dibakwe	Cllr. Patricia Lerato Babuseng
Cllr. Coenrand Petrus Herbst	Cllr. Rebbeca Molehe
Cllr. Meriam Mosadiwapula Ntjilo	Cllr. Seeppapitso Seepamere (Taung)
Cllr. Tebogo Alfred Babuile	Cllr. Thabang Jerry Thetswe (Kagisano)
Cllr. Thapelo Sylverster Phokoje	Cllr. Boniswa Mercia Nkewu (Taung)
Cllr. Gaolatlhe Kgabo	Cllr. Jacque Kgomotso Masilo
Cllr. Choganyetso Elvis Tladinyane (Diseased)	Cllr. Keitumetse Confidence Rooibatjie
NB: Cllr Mkhandawiri Mikel Replaced Cllr Elvis	Cllr. Mosimanethebe Ernest Arabang
	Cllr. Nontombi Patience Tunyiswa
	Cllr. Revonia Loeto Modise
	Cllr. Modisaotsile Sylvia Morapedi-letele (Taung)
	Cllr. Lydia Duiker (Lekwa-Taemane)
	Cllr. Loeto Modise

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

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

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

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

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

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

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

Designation	Function
	to minutes and resolutions of the Council Committees; Planning, organising, coordinating and controlling the activities of management and administration section; Providing administrative support to political Office-bearers; Managing and controlling the compilation and execution of the departmental capital and operating budget; Executing any function delegated by the municipal Manager in terms of powers and delegations in the relevant legislation and related to the functions of this post; Administering records/archives registry, skills development, legal matters and employment Equity; Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management; Developing, implementing Collective Agreements and managing strategic goals, policies, procedures and plans; aligned with strategic goals of the district municipality through cooperation and innovation teamwork; Ensuring proper administration of Council delegation System; Providing secretarial services to Council and I ts Committees

Chief Audit Executive	Establish policies and procedures for the District Internal Audit Shared Services, manage audits and administrative functions in the District Municipality and its Locals; Ensure that all Local Municipalities within the district comply with the relevant legislation; Manage the compilation of the strategic and annual plans in relation to the IDP, Perform continuous risk assessment for the entire district; Conduct special investigations at the request of management and municipal councils of respective municipalities; Report to the Municipal Managers and Shared Service Audit Committee; Audit projects and performance of the district municipality and its locals; Assist municipalities in the implementation and upgrading of internal controls for quality assurance, Liaison at executive level with relevant stakeholders; Manage the directorate budget planning, implementation and budget review to support priorities and the deliverables.
Snr Manager EDTA	Promotion of Local Economic Development and Agricultural organizations, Promote and market tourism attraction centers
	Tourism establishments as well as communities in the district to implement and manage development oriented, achievement driven community projects in an affordable, sustainable and accountable manner. Manage departmental personnel; Develop and manage LED, Agricultural and Tourism strategies in line with DGDS, PGDS, NSGS, ASSGISA and JIPSA. Prepare and submit reports on EDTA department's Service Delivery and Budget Implementation Plan (SDBIP). Implement adequate community participation strategies, Source advisory services from economic advisory bodies and link them with SMMEs and community organizations. Maintain and improve current service delivery mechanism. Source funding for economic development projects through donors and investors.

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

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERN MENTAL RELATIONS

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

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

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

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

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

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

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

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

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

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

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

2.3 INTERGOVERNMENTAL RELATIONS

The National Development Plan, vision 2030 (NDP) is a guiding national developmental framework form which the development of the Provincial Development Plan (PDP) and Municipal Integrated Development Plan (IDP) are expected to complement and translate into practical implementation in the form of sustainable service delivery to communities. The three spheres of government are required to achieve the objectives of the NDP, PDP and the IDP of municipalities in the country to better the life of the community. The current sixth administration in support to the NDP, PDP and the IDP of municipalities introduced a comprehensive approach to deal with silo planning and implementation of government programs by introducing the District Development Model (DDM) “One Plan” which Dr. Ruth Segomotsi Mompati District is fully engaging its stakeholders to fulfill the cabinet decision as announced by the President of the country His Excellency President Matamela Cyril Ramaphosa.

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

NATIONAL INTERGOVERNMENTAL STRUCTURES

Co-operative Governance and Intergovernmental Relations protocol required the three spheres of government to work as a team and always be in consultation with each other for purpose of alignment of government plans and priorities. The deployment of both Deputy Ministers of Home Affairs and Environment, Forestry and Fisheries as DDM champions, created a conducive platform and environment for government developmental plans and programs to be well-coordinated, implemented, monitored and evaluated. The political will of the DDM champions in the District is an indication that Dr. Ruth Mompati District Municipality.

The District is steadily re-positioning itself to revive economic activities through IGR. For Dr. Ruth Segomotsi Mompati District, there is an active technical and political DDM structures which always have engagement sessions with other spheres of government and institution led by national DDM champions in a quest to re-imagine and re-position the economic activities in the District. Through IGR the current 2022-2027 five year IDP document does have an annexure of the DDM catalytic projects for major shift in infrastructure to create job opportunities. The District is currently participating at national IGR structures through the deployed DDM champions. Cabinet and parliament got presentations through DDM champions. It must be indicated that this District due to its best practice on DDM, it is used as a case study at national level.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

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

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

One can mention the vaccination program that has swept the District and convincing number of people across age group managed to vaccinate. Strengthening of IGR through DDM has also contributed positively in the coordination of government activities in the District. DDM meetings have been held almost monthly and service delivery blitz have been rendered throughout the District.

DISTRICT INTERGOVERNMENTAL STRUCTURES

The District Development Model (DDM) as announced by President Cyril Ramaphosa for the sixth administration assisted in unlocking development bottlenecks and embedding monitoring and evaluation at the local instead of provincial and national government departments. As one of the forty-four (44) in the country, the District has already started the process with the involvement of all stakeholders in the district by submitting information on profiling as the first phase of developing one plan.

Currently the District managed to develop the DDM One Plan wherein local municipalities and sector departments fully participated with the support of officials from offices of the both deputy ministers of Home Affairs and Environment, Fisheries and Forestry. IGR structures in the District have been participating in this process for the year under review. Below table indicate a true reflection of the participation of the IGR structures in the District to change the life of its community.

The District IGR structures were unfunctional in the 2023 2024 financial year

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Overview

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

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

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

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

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

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

2.4 PUBLIC MEETINGS

COMMUNICATION,PARTICIPATIONANDFORUMS

COMMUNICATIONS

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

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

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

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

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

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

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

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

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

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

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

WARDCOMMITTEES

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

The purpose of a Ward Committee is to:

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

Structure of Ward Committee:

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

Roles and Responsibility of the District Municipality

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

List of Local Municipalities

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

2.5 IDP PARTICIPATION AND ALIGNMENT

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

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

1. Consultation will help council make more appropriate decisions based on the real needs of people.

2. The more informed people are, the better they will understand what government is trying to do and what the budget and resource limitations are.

3. Councillors can only claim to be accountable if they have regular interactions with the people they represent and if they consult and report back on key council decisions.

4. Government cannot address all the development needs on its own and partnerships are needed with communities, civil society and business to improve service delivery and development.

2020/2021 ANNUAL REPORT IDP PROCESSES

Our District comprise of five families of local municipalities namely:-

Municipality	Number of wards
Greater Taung Local Municipality	24
Kagisano-Molopo Local Municipality	15
Naledi Local Municipality	10
Mamusa Local Municipality	09
Lekwa-Teemane Local Municipality	08

Meetings of the IDP

IDP steering committee meetings were held in line with the IDP process plan to prepare for the IDP review process and preparations for the following financial year. As required by the process plan stakeholder consultations were conducted throughout the District despite COVID-19 pandemic. The District decentralized the program by clustering local municipalities during its District –Wide IDP representative form meetings.

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

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

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

Section 28 of the Municipal Systems Act mandates municipal council to adopt a process set out in writing to guide the planning, drafting, adoption and review of municipal integrated development plan (IDP); and Section 21 of the MFMA mandates municipalities to prepare time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget and the annual review of the IDP.

The Municipality has fully complied with the aforesaid development planning prescripts. The 2023/24 IDP/Budget Process Plan was approved by Council on the with milestones and activities towards approval of the reviewed 2024/2025 IDP.

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

PLANNING

Town & Regional Planning

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

The Municipality reviewed its Spatial Development Framework in the 2021/22 financial year.

The Unit also includes a Geographic Information Systems (GIS) section which is responsible for storing spatial information within the Municipality and assist in surveying of completed infrastructure projects. In the past financial year 2021/22 the played an active role in assisting the Office of the Premier with the development of a provincial GIS Strategy.

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

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

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

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

Integrated Development Planning

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

Performance Management System

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

- The Executive Mayor approved the SDBIP within 28 days of adoption of budget as legislated
- The Municipal Manager and Manager reporting directly to Municipal Manager (Section 56 Managers) their performance agreements.

.

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

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

2.6 RISKMANAGEMENT

Risk Governance

Risk Management Governance

The Dr. Ruth S. Mompati District Municipality Risk Management Unit Shared Services has submitted the Risk Management Manual 2023/2024 and the Fraud Prevention Manual 2023/2024 to be tabled at Council for adoption, the Risk Unit has not received any Council resolution if the said manuals were adopted. The manuals are applicable for all the Local Municipalities within Dr Ruth S. Mompati District Municipality. The said manual is in line with the Public Sector Risk Management Framework as its risk management standard. The Risk Management Manual, 2023/2024 which consist of the Framework, Policy, Strategy & Risk Management Committee Charter, The Fraud Prevention manual consist of the Fraud Prevention Policy, Anti-Corruption Policy, Anti- Corruption Strategy, Whistle Blowing Policy, Ethics Management Policy and the Risk Management Committee Charter This Manuals forms the uniformed standard to be used in all Municipalities within the District.

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

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

Line management are responsible for identifying, evaluating and managing both risks and opportunities in their responsibility areas, with technical and operational support provided by the Dr. Ruth S. Mompati District Municipality's Risk Management Unit Shared Services. The Dr. Ruth S. Mompati District Municipality's Risk Management Unit Shared Services also maintains the consolidated institutional risk register and reports thereon.

Risk management process

During the period under review, Dr Ruth District Municipality compiled an assessment register on the Top Institutional Risks, before end of May 2023.
The Risk Assessment based on each Department and/or Unit were facilitated and co-ordinated before end June 2023. The first update of the Risk Registers was conducted before the end September 2023. The second update of the Risk Registers was conducted before end of December 2023 and the third updated Risk Registers were conducted before end of March 2024.
Both internal and external conditions that may impede the achievement of the goals expressed in the strategic plans were identified and evaluated. Based on the risk registers the Dr. Ruth S. Mompati District Municipality's Risk Management Unit Shared Services compiled the District Municipality Risk Management Report containing a strategy to manage the factors, which absent a deliberate and conscious strategy to manage them, could increase the institution's risk profile.

Risk Management Objectives

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

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

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

Impact on institutional performance

During the period under review, Management Team in co-ordination with the Risk Management, Fraud and Anti-corruption Committee and Risk Management Unit Shared Services assessed the effectiveness of its system of risk management.

The areas requiring improvement are receiving the required attention. The Dr. Ruth S. Mompati District Municipality risk management efforts are contributing positively to the Municipality's performance, the Municipality risk profile based on the Top institutional risks are as follows:

Risk Assessment outcome: 2023/2024

Area	Inherent	Status	Residual	Status
Top Ten Institutional Strategic Risk	**20.64**	**Maximum**	**18.67**	**High**
Office of the MM	**21.54**	**Maximum**	**16.69**	**High**
Finance	**23.01**	**Maximum**	**19.5**	**High**
Corporate Services	**21.86**	**Maximum**	**16.79**	**High**
Community Services	**23.00**	**Maximum**	**19.00**	**High**
Engineering & Technical Services	**20.65**	**Maximum**	**18.09**	**High**
EDTA	**23.75**	**Maximum**	**19.00**	**High**
Internal Audit	**20.00**	**Maximum**	**16.00**	**High**
Planning & Development	**20.64**	**Maximum**	**18.67**	**High**
ICT Risks	**21.66**	**Maximum**	**18.16**	**High**

Top Institutional Strategic Risks: 2022/2023

Area	Inherent	Status	Residual	Status
Poor LED Growth and Development	**25**	**Maximum**	**23**	**Maximum**
Failure to implement proper contract management.	**25**	**Maximum**	**20**	**Maximum**
Failure to ensure proper records keeping (No document Management System)	**25**	**Maximum**	**18**	**Maximum**
UIF & W	**20**	**Maximum**	**16**	**Maximum**
Insufficient provision of water	**25**	**Maximum**	**20**	**Maximum**
Occupational Health and Safety	**20**	**Maximum**	**16**	**Maximum**
Implementation of mSCOA	**25**	**Maximum**	**20**	**Maximum**
Implementation of POPIa	**20**	**Maximum**	**15**	**Maximum**
Pre-assurance decision making not performed	**25**	**Maximum**	**20**	**Maximum**

2.7 ANTI-CORRUPTION AND FRAUD

Risk Management Fraud and Anti-Corruption Committee

Dr. Ruth S. Mompati District Municipality has established a District Risk Management, Fraud and Anti-Corruption Committee in terms of the Local Government: Municipal Finance Management Act 56 of 2003. The Risk Management, Fraud and Anti-Corruption Committee is guided by the Committee Charter in conjunction with the Public Sector Risk Management Framework from the National Treasury Department and the adopted Risk Management Manual 2023/2024. The committee operates under terms of reference as per adopted Dr. Ruth Segomotsi Mompati District Risk Management Charter.

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

The Risk Management, Fraud and Anti-Corruption Committee provides governance oversight over the entire system of risk management and furnishes the Audit and Performance Committee, the Accounting Officer and Council with reports of its findings and recommendations. The Risk Management Committee provides independent oversight over the system of risk management.

The Risk Management, Fraud and Anti-Corruption Committee consists of standing members representing each department and/or unit within the Dr Ruth S. Mompati District Municipality. The Standing members are the following officials:

- Municipal Manager
- Section 56/57 Managers
- PMS Manager
- IDP Manager
- Legal Manager / advisor
- ICT Manager / Technician
- MPAC Manager / Researcher
- Political Office Officials (Manager in the Office of the Mayor and/or Speaker; and the
- Risk Management Unit's Officials.

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

2.8 SUPPLY CHAIN MANAGEMENT

Overview

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

2.9 BY-LAWS

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

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

a) Kagisano Molopo = 4

b) Naledi = 3
c) GreaterTaung - 4
d) Mamusa = 3
e) Lekwa-Teemane =3

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

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

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

2.10 COMMUNICATION AND WEBSITES

INTRODUCTION TO COMMUNICATIONS

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

PURPOSE

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

- transparency
- accountability
- consultation

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

COMMUNICATIONS OBJECTIVES

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

COMMUNICATION CHALLENGES

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

DISTRICT MUNICIPALITY'S ACHIEVEMENTS

- As the world is no more living in analog age but on digital, the District Municipality has joined the global arena by exploiting every opportunity to communicate with the public by utilizing social media and other platforms. Social Media is a good tool that can be used to convey important information to all stakeholders and it must be noted that updates should be done regularly. The District Municipality's Facebook page is **"Dr RSM District Municipality."**
- The installation of flat LCD TV screen at the Municipal reception to play all recorded video clips of district events. The District Newsletter has been issued as planned on bi-annual basis. Only one newsletter has been issued and coupled with monthly electronic news update to internal and external stakeholders.
- The District Municipality events video have been captured and edited for both internal and external stakeholders.
- The new approved NDP2030 branding material have been procured for the District Municipality including the implementation of the NDP2030 letterhead.
- The District Municipality's website has been re-designed for the better look but it seems to be problematic sometimes to access it due to incapacity of service provider.
- A functional website is regularly updated and runni9ng

CONCLUSION

In conclusion, a successful communication creates enormous benefits for the municipality and its stakeholders. Effective communication reaps incredibly positive results like greater employee commitment,staff involvement, morale boosting and stronger stakeholder loyalty.
Government's communication strategy is drafted every five years and updated once a year to ensure thatallcommunicatorsoperatefromadevelopmental communicationparadigminthedistrict.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Nopublicsatisfactionsurveyconductedinthe2023/2024 financialyear

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

INTRODUCTION

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

Ensuring that the district is not overwhelmed by service delivery needs, more work was done in sourcing funding from the Department of Water and Sanitation by submitting business plans on new water and sanitation reticulations, upgrading (increasing capacity) and refurbishment of existing infrastructure in 2023-2024 financial year. The district has been in successful after many challenges in receiving funding approvals for the submitted business plans, mostly from the Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG).

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

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

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

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

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

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

3.1. WATER PROVISION

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

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

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

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

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

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

3.2 WASTE WATER (SANITATION) PROVISION

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

Top3Priorities

1. CompliancewiththeEnvironmentalrequirements
2. WasteWaterTreatmentPlantsCompliancetoGreenDropCertification
3. Provisionofnewandupgradingofexistingbulk Infrastructure

3.3 ELECTRICITY

NOT A FUNCTION OF THE DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY

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

INTRODUCTIONTOWASTE MANAGEMENT

Refuse removal, refuse dumps and solid waste disposal	"Refuse removal, refuse dumps and solid waste disposal" means the removal of any household or other waste and the disposal of such waste in an area, space or facility established for such purpose, and includes the provision, maintenance and control of any infrastructure or facility to ensure a clean and healthy environment for the inhabitants of a municipality In relation to the District Municipality it means: Solid waste disposal sites, in so far as it relatesto- i. the determination of a waste disposal strategy for the district as a whole; ii. the regulation of waste disposal strategy for the district as a whole; iii. the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district. In relation to the Local Municipality it means: i. The determination of a waste disposal strategy for the local municipalityonly ii. The regulation of local waste disposal for the local municipality only iii. The collection and removal of waste and transporting to a local waste disposal site, bulk transfer facility and district waste disposal site The establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for the localmunicipalityonly	According to Section 156(1) of the Constitution and Section 84(1) and (2) of the Municipal Structures Act, the refuse removal, refuse dumps and solid waste disposal function is a shared municipal function, with district and functions as stipulated above. However, as indicated the refuse removal, refuse dumps and solid waste disposal function may, subject to the provisions stated above, be adjusted by the MEC for local government.

In 2008 the Solid Waste function and power of four of the five local municipalities in the Dr Ruth Segomotsi Mompati District Municipality (RMDM) area, i.e. Mamusa Local Municipality (MLM), Lekwa-Teemane Local Municipality (LTLM), Greater Taung Local Municipality (GTLM) and Kagisano/Molopo Local Municipality (KMLM) was reallocated to the RMDM in terms of section 85(1), 85(6) and 85(9) of the Local Government: Municipal Structures Act, 117 of 1998 (the "Structures Act"). Since 2008 the RMDM has not made any real progress in fulfilling its solid waste services mandate due to a lack of financial and human resources capacity to deliver the solid waste services with the result that all four of the local municipalities are still rendering the solid waste services as if no reallocation of it took place in 2008. Finding a way forward to determine a permanent solution for this *impasse* was urgently required.

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

1. Assessment

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

2. Decision

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

Service delivery options analysis

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

Conclusions and recommendations

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

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

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

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

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

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

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

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

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

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

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

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

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

The DRRSMDM waste staff also has knowledge of waste management practices such as the optimisationofcollectionroutes,whichcouldstillbeavailabletothelocalmunicipalities.

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

Council resolved on 30 June 2016:

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

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

Facility Name	Facility Type	Specify - Other	Municipality	Latitude	Longitude	Facility Status	License Status	License/Reference No	Compliant	Ownership
Taung Landfill Site	Landfill sites - General	G:C:B-	Greater_Taung_(NW394)	24° 34' 16.13'' S	24° 44' 59.96'' E	Operational	Closure and rehabilitation	NWP/WM/DR2/2013/26	Partial	DRSM
Reivilo Landfill Site	Landfill sites - General	G:C:B-	Greater_Taung_(NW394)	24° 34' 07.07'' S	24° 09' 21.66'' E	Operational	Closure and rehabilitation	NWP/WM/DR2/2016/02	Partial	DRSM
Old Pudimoe Landfill Site	Landfill sites - General	G:C:B-	Greater_Taung_(NW394)	24° 44' 51.9'' S	24° 44' 21.6'' E	Closed and Rehabilitated	Closure and rehabilitation	NWP/WM/DR2/2013/15	Partial	DRSM
New Pudimoe Landfill Site	Landfill sites - General	G:C:B-	Greater_Taung_(NW394)	27° 25' 27'' S	24° 43' 11'' E	Approved	Licensed	NWP/WM/DR1/2009/04	Partial	DRSM
Ganyesa	Landfill sites -	G:C:B-	Kagisano/Molopo_(NW397)	26° 35' 29.5'' S	24 ° 07' 58. 7'' E	Operational	UnLicensed	No license	No	Kagisano-Molopo

	Gener al									
Morokweng	Landfill sites - General	G:C:B-	Kagisano/Molopo_(NW397)	26° 11’ 16.3’’ S	23 ° 41’ 25.7’’ E	Planned	UnLicensed	No license	No	Kagisano-Molopo
Piet Plessis	Landfill sites - General	G:C:B-	Kagisano/Molopo_(NW397)	26° 35’ 26.99’’ S	24 ° 07’ 57.07’’ E	Operational	Licensed	NWP/WM/DR3/2016/05	No	Kagisano-Molopo
Bray	Landfill sites - General	G:C:B-	Kagisano/Molopo_(NW397)	25 ° 28’ 17.09’’ S	23 ° 42’ 8.86’’ E	Operational	Licensed	NWP/WM/DR3/2016/03	No	Kagisano-Molopo
Tosca	Landfill sites - General	G:C:B-	Kagisano/Molopo_(NW397)	25 ° 53’ 1.65’’ S	23 ° 57’ 29.19’’ E	Closed and Rehabilitated	Licensed	NWP/WM/DR3/2016/04	No	Kagisano-Molopo
Pomfret	Landfill sites - General	G:C:B-	Kagisano/Molopo_(NW397)	25 ° 47’ 59.12’’ S	23 ° 31’ 29.63’’ E	Closed	UnLicensed	Unknown	No	Kagisano-Molopo
Naledi Landfill site	Landfill sites - General	N/A	Naledi_(NW392)	2 00 3.67" S	2 . 6" E	Operational	Licensed	NWP/WM/DR1/2009/01	No	Naledi

Stella Landfill site	Landfill sites - General	N/A	Naledi_(NW392)	2 33' 25.52" S	2 50' 49.99" E	Operational	Licensed	NW/WM/DR1/2013/16	No	Naledi
Huhudi Transfer station	Transfer station	N/A	Naledi_(NW392)	2 2 . 75" S	2 2 . 88" E	Operational			Yes	Naledi
Vryburg Tranfer station	Transfer station	N/A	Naledi_(NW392)			Closed and Rehabilitated	Closed and Rehabilitated		Yes	Naledi
Vryburg Landfill site	Landfill sites - General	N/A	Naledi_(NW392)	2 58' 17" S	2 45' 10" E	Closed and Rehabilitated	Closed and Rehabilitated	NWP/WM/DR1/2009/03	Yes	Naledi
Vrybuck Buyback centre	Buy-back centre	N/A	Naledi_(NW392)	27° 57' 28'' S	24° 45' 38'' E	Closed		NW/WM/DR1/2014/05	No	Naledi
Amalia	Landfill sites - General	G:C:B-	Mamusa_(NW393)	2 15' 20" S	2 2' 34" E	Operational	Licensed	NWP/WM/DR6/2012/20	No	DRSM
Schweizer Reneke	Landfill sites - General	G:C:B-	Mamusa_(NW393)	2 10 32 " S	2 1 3 E	Operational	Licensed	NWP/WM/DR6/2012/22	Partial	DRSM
Migdol	Landfill sites -	G:C:B-	Mamusa_(NW393)			Operational	UnLicense d	NWP/WM/DR6/2013/18	No	DRSM

	Gener al									
Glaudina	Landfill sites - Gener al	G:C:B-	Mamusa_(NW393)			Operational	UnLicense d	No license	No	DRSM
Nooitgedaght	Landfill sites - Gener al	G:C:B-	Mamusa_(NW393)			Operational	UnLicense d	NWP/WM/DR6/2012/20	No	DRSM
Bloemhof landfill site	Landfill sites - Gener al	G:C:B-	Lekwa-Teemane_(NW396)	27° 39' 21'' S	25° 34' 36'' E	Operational	Licensed	NWP/WM/DR4/2011/08	No	DRSM
Christiana Landfill site	Landfill sites - Gener al	G:C:B-	Lekwa-Teemane_(NW396)	27° 53' 52'' S	25° 7' 36'' E	Operational	Licensed	NWP/WM/DR4/2011/09	No	DRSM
Christiana Landfill site	Landfill sites - Gener al	G:C:B-	Lekwa-Teemane_(NW396)	27° 53' 52'' S	25° 7' 36'' E	Closed and Rehabilitated	Licensed	NWP/WM/DR4/2013/17	No	DRSM

WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

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

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

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

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

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

3.5 HOUSING

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

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

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

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

Criteria for identification of indigent households;

Process for registration of indigent households;

Indigenttariffsandsubsidy;

Determination of the municipal services and levels thereof which will be subsidized in respect ofindigentcustomers; and

Conditionsforthetermination ofindigentsupport.

The District Municipality is supporting Local Municipalities through equitable share and in ensuring that the indigent support is being catered through the provision of free basic services through policy developmentandguidence, howeverthe primaryfunctionlaywiththeLocalMuniciapalit

COMPONENT B: ROAD TRANSPORT

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

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

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

Description of Public Transport Operations and Services

In addition to the preceding literature study, this section aims to provide insight into the current public transport operations and service provision within the Dr Ruth Segomotsi Mompati District Municipality. This is an important step as part of laying a fundamental understanding upon which the IPTN plan can be built. The information provided in this section is gathered from the latest ITP and CPTR documents, as well as from field surveys during the course of this project.

General Public Transport Pattern

As a start, the general public transport pattern and system has to be analysed and understood. Two main elements of the public transport system can be identified that define and form the systems' functioning. The supply and demand sides.

- • The **supply side** element refers to all infrastructure aspects such as the roads, facilities and transport modes, as well the operational and management aspects of the system which includes the route planning and scheduling conducted by the service providers.
- • The **demand side** element essentially refers to the users that utilise the services in order to meet a specific need to travel.

The functioning of the public transport system is based on the highly complex and mixed interaction between various elements and aspects of the system's demand and supply side. Table 2-8 visually shows the various aspects included in the public transport supply and demand. This is a simplified representation of the system and is based on the information provided in the latest ITP. Table 2-8 focuses exclusively on public transport and therefore only shows the various elements of public transport operations as a separate part of the bigger transport system.

Of importance in this section is the consideration of what the supply side status quo situation currently is in order to better understand its interaction with the demand side and thus to enable a better understanding of certain issues in the current public transport system, such as a skewed or inadequate provision of transport to meet specific users travel needs.

Overview of Public Transport Services
The current public transport system in DrRSMDM comprises two main road-based transport modes, namely the minibus-taxi and standard bus modes. These are therefore of most importance during the evaluation of current public transport service provision. Whenever this report makes reference to a taxi, a 15-seater minibus-taxi is implied and when reference is made to a bus, a standard 65-seater

bus is implied. There is no significant presence of metered taxi operation within the district and the rail network currently present is not utilised for commuter purposes.

The status quo of the public transport system described in this document is mainly based on the 2007-2013 ITP and verified by field surveys undertaken as part of the 2018 CPTR project, as well as on a desktop study and site visits undertaken during the course of this project. The description of the supply side of the existing public transport system has been summarised with regard to the following aspects related to each transport mode:

- Operators providing public transport service
- Facilities utilised by public transport vehicles and passengers
- Vehicles used in public transport operations
- Public transport service provided to passengers

3.7 ROADS

Not a function of the District

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

NOT A FUNCTION DISTRICT

3.9 WASTE WATER (STORMWATER DRAINAGE)

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

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

The Municipality has fully complied with the aforesaid development planning prescripts. The 2022-2023 IDP/Budget Process Plan was approved by Council on the with milestones and activities towards approval of the reviewed 2023/2024 IDP

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

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

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

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

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

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

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

3.10 PLANNING

Town&RegionalPlanning

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

TheMunicipalityreviewedits SpatialDevelopmentFrameworkinthe2019/20financialyear.

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

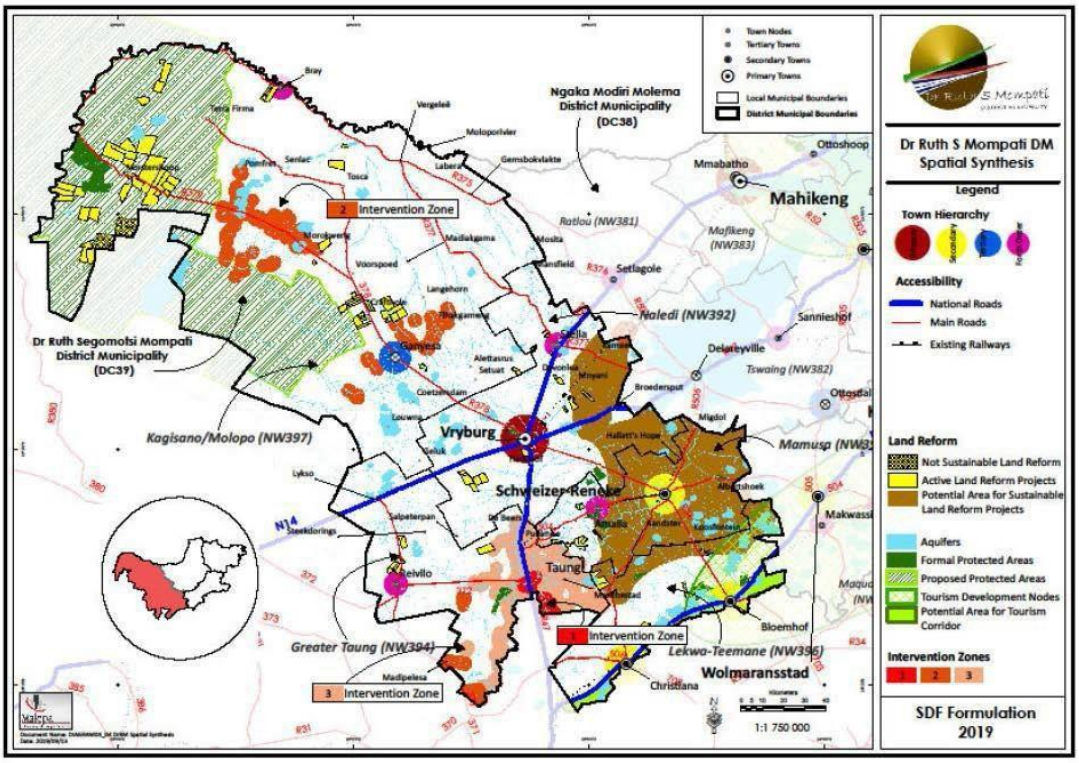
The Dr Ruth Segomotsi Mompati District Municipality (herein referred to as the District or DRSM) is a Category C municipality located in the North West Province and it comprises the following local municipalities:

NalediLocalMunicipality, Greater
TaungLocalMunicipality,
Kagisano-Molopo Municipality,
MamusaLocalMunicipality,and
Lekwa-TeemaneLocalMunicipality

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

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

The map below indicates the spatial synthesis of the District:



IntegratedDevelopmentPlanning

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

Performance Management System

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

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO LOCAL ECONOMIC DEVLOPMENT (INCLUDING TOURISM AND MARKET PLACES

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

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

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

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

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

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

LOCAL JOB OPPORTUNITIES:

EDTA has an indirect and direct impact on jobs created. In the 2022-2023 financial year in terms of based on SMMEs supported through both special projects and operational projects.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

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

Not a function of the Dr Ruth Segomotsi Mompati District Municipality

3.13 CEMETORIES AND CREMATORIUMS

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

Disposal Of The Dead

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

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

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTIONTOCHILDCARE; AGEDCARE; SOCIAL PROGRAMMES

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

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

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

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

Environmental health inspections of day care centers should include:

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

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

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

  Indoor and outdoor play areas and equipment;

  Water andsanitation;

  Pests; Care and protection of children;

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

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

Day care centers must comply with the following health requirements:

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

  The health certificate holder;

  The physical address of the premises;

  The identity number of the certificate holder;

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

  Hours of operation; full day or half day care.

  Each certificate should be issued with a certificate number.

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

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

  Annually;

  In case of change of ownership;

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

  If the services moves from one premises to another

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

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

Norms:

- Old Age Homes operated under a permit/registration authorizing that activity by the relevant municipality/authority.

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

- Building and facilities accessible and promote health, safety and welfare of residents.

- Physical layout of the grounds and buildings promotes mobility, social interaction and areas of service delivery.

COMPONENT E: ENVIRONMENTAL PROTECTION

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

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

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

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

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

3.15 ENVIRONMENTAL POLLUTION CONTROL

INTRODUCTIONTO ENVIRONMENTAL POLLUTIONCONTROL

Environmentalpollutioncontrolfunctionsareasfollows:

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

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

NOT A FUNCTION OF THE DISTRICT

COMPONENT F: HEALTH

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

3.17 CLINICS

NOT A DISTRICT FUNCTION

3.18 AMBULANCE SERVICES

Not a district function

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTIONTO MUNICIPAL HEALTH(INSPECTIONS,FOOD, ETC.)

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

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

Section 1 of the National Health Act 61 of 2003, defines Municipal Health Services which include the followingenvironmentalhealth functions provided by DistrictandMetropolitan Municipalities:
Water quality monitoring; Food control; Waste management; Health surveillance of premises; Surveillance and prevention of communicable diseases, excluding immunizations; Vector control; Environmental pollution control; Disposal of the dead; and Chemical safety.

WaterqualityManagement

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

Food Inspections

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

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

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

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

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

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

CHALLENGE

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

COMPONENT G: SECURITY AND SAFETY

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

INTRODUCTION TO SECURITY & SAFETY

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

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

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

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

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

3.20 POLICE

Not a district Function

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

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

"The District Municipality is, inter alia, responsible for provision of firefighting services serving the area of the district municipality as a whole, which include:
-Planning, co-ordination and regulating fire services
-Specialised firefighting services such as mountain, veld and chemical fire services
-Co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures
-Training fire officers"

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

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

The Local Municipality of Naledi is responsible for provision of firefighting services according to Section 84(2) of the Local Government Municipal Structures Act, (Act 117 of 1998), within its respective area of jurisdiction as agreed with the Provincial Government.

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

Challenges
- Budget constraints to do maintenance of fire station facilities, vehicles and equipment
- Lack of appropriate fire stations facilities and amenities at the towns of Bloemhof, Christiana.
- Insufficient capacitated personnel to render effective efficient fire services.
- Adjustment of powers and functions to absorb Lekwa-Teemane Firefighting service.
- Insufficient and unreliable and poorly maintained water infrastructure (fire hydrants) for firefighting purpose
- Fire stations only available in main towns and non-existent in more remote and deserving towns, Lack "tools of trade" enabling the services to full fill it mandate. (Independent, reliable communication system)
- Adjustment of powers and functions to absorb Lekwa- Teemane and Naledi firefighting service.

Proposed Solutions
- Provide additional 16 fire fighters per year to deal with the backblock of 81 fire fighters.
- Budget allocation to be increased to expectable norms and standards (8% of value of capital asset to be maintained)
- Replace redundant fire appliance and budget to replace those in excess of 15 years (12 fire appliances = R 66 m) over the next five year period.
- Sufficient provision to be made within the next financial year's budget for standardization of

Facilities
- Satellite stations to be established
- Capacity building to be implemented further
- Absorption of Lekwa-Teemane and Naledi firefighting services to be provided for within the 2023/24 financial year.

District Fire Service Data						
	Details	Year -1	Estimate	Year 0		Year 1
		Actual No.	No.	Ac tual No.		Estimate
1	Total fires attended in the year	389	300	350	499	350
2	Total of other incidents attended in	88	110	110		110
3	Average turnout time - urban areas	30	30	30	30	30
4	Average turnout time - rural areas	2,5 hrs	2,5	2,5 Hrs		2,5 hrs
5	Fire fighters in post at year end	69	69	69	69	69
6	Total fire appliances at year end	18	18	19	20	19
7	Average number of appliance off the road during the year	2	0	0	2	0

Fire Calls

In a year which has been difficult for the fire protection industry due to the disruptions of Covid-19, the Annual Fire Statistics that bring at least some partial good news.

The 2021/22 figures compiled by the office with the input of fire services around the district municipality show a steadily increased in fires versus the previous year's figures.

According to the latest figures, the total number of fires increased from 407 to 499 fires recorder in the previous year. The number of grass fire has decreased from 278 to 208 in the current year. The reason for this drastic decreased can be the above-normal rainfall experienced during this raining season.

The number of Transport related fires (Heavy goods vehicles) has also increased. Our compiled figures show that transport related fires increased from one (1) during previous year to seven (7) in 2021/22. Road Transport carries transport more valuable cargo loads efficiently, but with more exposure risk to possible accidents and consequential fires.

Fire Loss

Residential and transport losses continue to climb from R20 m in 2021/22 to R72 m in the current year. This is mainly due to the Christiana Hospital fire that was experienced in this financial year. Building replacement costs are increasing as formal housing developments expand.

Informal settlements are, of course, an on-going challenge and in 2021/22 there were 33 recorded fires related to informal dwellings.

Common causes of informal dwelling blazes include heating and cooking -activities. But in a significant number of informal dwelling incidents of 22% of which the cause was undetermined.

Fires related to formal dwellings exceeded the number for informal dwellings – 77 formal dwelling fires

vs. the 33 fires for informal dwellings. But deaths in formal dwellings were far higher and if these fatalities could be reduced, then the national death toll from all fires would fall markedly.

Fires resulting from electrical faults and open flames are a common cause in formal dwellings. So too are heating fires activities. Anecdotally, load shedding may be playing a part in this, with stoves being left on when the power goes off and then forgotten later when power is restored. There are instances when a gas cooker has been placed on a non-functioning stove, only for the stove to come on later and the gas heated to the point that ignition occurs.

Fire Services

Of the nearly 499 fire calls attended. 42% were to deal with fires involving grass, bush and agriculture. This is a seemingly frivolous, time-consuming activity that must however be dealt with to protect structures under threat, as well as valuable grazing land.

The Fire services also attended to 153 motor vehicle incidents with a devastating amount of 65 fatalities.

The cost of curtailing these incidents continues to be draining on available resources and is extremely costly.

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

INTRODUCTION TO DISASTER MANAGEMENT ETC.

Analysis

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

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

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

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

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

COVID 19 PANDEMIC

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

-How do we address the Health Car Crises?

Use communication to inform and build trust. Social distancing.
Mass screening and testing.
Contact tracing, tracking and treatment

-How do we address the Economic Crises?

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

-How do we keep the" business of government" operating

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

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

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

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

CHALLENGES AND PROPOSED INTERVENTIONS

Disaster Management at District and Local Municipal levels need to address the following shortcoming andchallenges.

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

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

AFTERMATH OF AGRICULTURAL, HYDROLOGICAL AND SOCIO-ECONOMIC DROUGHT NATIONAL DISASTER)

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

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

COVID -19 PANDEMIC AS A NATIONAL DISASTER

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

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

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

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

TROPICAL STORM ELOISE AND SUMMER SEASON RAINS

During the month of February 2021 above-normal rainfall and storm water caused damage to infrastructure in Naledi, Lekwa Teemane Greater, Taung and Kagisano/Molopo Local Municipalities.

As a result, various areas across the province have reported flood related damages of the road infrastructure, housing infrastructure, agricultural infrastructure and communities have been isolated and are unable to attend to work, school or to receive government and other services eg. health service/social grants etc.

Considering the magnitude of the damage caused by the strong winds and floods of the tropical storm Eloise and the summer seasonal rains, and following the classification of these occurrence as a national disaster by the head of the National Disaster Management Centre, and taking into account the need to augment existing measures undertaken by organs of state to deal with the national disaster Dr Nkosazana Dlamini Zuma, the Minister of Cooperative Government and Traditional Affairs Designated under Section 3 of the Disaster Management Act, (Act 57 of 2002) ("The Act"),in term of,

1) Section 27(1) of the Act, declared a national state of disaster having recognised the special circumstances exit to warrant the declaration of a national state of disaster.

COMMUNICABLE DISEASE (FOOT AND MOUTH) (PROVINCIAL DISASTER)

The Department of Agriculture, Land Reform and Rural Development reported on the good progress that has been made in the investigation of the foot-and-mouth disease (FMD) outbreak in KwaZulu-Natal and Limpopo Province.

Following initial trace-back exercises, the outbreak was linked to four auctions, held at two auction premises in September and October 2019. Testing of the primary linked locations is almost completed and a number of secondary locations have been identified for follow-up testing. Precautionary quarantine has already been lifted on 127 of the linked locations that have since tested negative

Overall Comment

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

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

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

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

Dr Ruth S Mompati district municipality disaster risk

Management plan for alignment/integration between the IDP and dmp In terms of section 26(g) of the municipal systems act, 200, act 32 of 2000, a municipality's IDP Must contain a disaster management plan. Development projects in the municipality, as contained in The municipality's IDP, is thus interlinked with disaster management planning and activities. Risk Reduction projects identified as part of disaster risk management planning, such as those identified In this plan and the contingency plans developed and risk assessments should be included into the Dr Ruth S Mompati district municipal IDP. There are eight key planning points or requirements that Must be applied by all municipal organs of state and municipalities when planning for disaster risk Reduction initiatives. These must form part of the annual reporting of the municipalities and Municipal organs of state to the dmc.

1. Use disaster risk assessment findings to focus planning efforts.
2. Establish an informed multidisciplinary team with capacity to address the disaster risk and identify

1. A primary entity to facilitate the initiative.
2. Actively involve the communities or groups at risk.
3. Address the multiple vulnerabilities wherever possible
4. Plan for changing risk conditions and uncertainty, including effects of climate variability.
5. Apply the precautionary principle to avoid inadvertently increasing disaster risk.
6. Avoid unintended consequences that undermine risk avoidance behavior and ownership of
7. Disaster risk.
8. Establish clear goals and targets for disaster risk reduction initiatives, and link monitoring and evaluation criteria to initial disaster risk assessment findings.

A number of risk reduction measures can be identified related to the highest rated identified risks. These measures should be decided upon in consultation with the relevant responsible departments. Some of the possible measures are listed in the attachment above.

COMPONENT H: SPORT AND RECREATION

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

3.23 SPORT AND RECREATION

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

SOCCER

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

CRICKET

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

RUGBY

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

NETBALL

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

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

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

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

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

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

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

3.24 EXECUTIVE AND COUNCIL

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

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

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

Audit Action Plan on matters raised by the Auditor General during past financial were developed and submitted to Council for noting and referral to MPAC for monitoring. The Audit Action Plan was coordinated by the Internal Audit and management has been meeting weekly to provide feedback on achievement made on addressing issues raised by the AG. MPAC also held monthly meetings to perform oversight on behalf of council.

3.25 FINANCIAL SERVICES

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

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

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

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

3.26 HUMAN RESOURCE SERVICES

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

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

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

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

IT Unit Administration: -

- Municipality operate with 4 permanent officials, 1 technician (Chief IT Specialist) is fulltime shop stewards (IMATU). 2 x IT Interns were appointed for period of 1 year which is extended to 6-months ending May 2024.
- COGHTA has also provided municipality with other 2- IT technicians to assist with support services.
- Fire stations are provided with internet and emails access and this allow technicians to render support services as required to all officials with the jurisdiction of the district.
- Officials are provided with temporarily access of smart VPN access to work from home, full system licensed is required for proper security control with all modules activated.
- Maintenance and support of Fiber Optic Cable at the remote sites (Mayoral House and Community Services).
- Implementing findings raised by Auditor General through Post Audit Action Plan (PAAP)
- This unit is responsible to implement Municipal Corporate Governance of ICT Policy Framework (MCGICTPF).

Approved IT Plans and Policies: -

- IT Policy
- IT Strategic Plan
- Disaster Recovery Plan

IT Governance

- Functional IT Steering Committee

Application and Network System Security: -

Municipality has managed to renewed annual licensees for the following system applications:

- Anti-Virus - Symantec Anti-Virus Management Console, it expires on the 19 July 2024
- Mail Gateway – Symantec Management System
- Fire-Wall – WatchGuard M270
- 4 x UPS's (Uninterrupted Power Supply)
- Backup and Data Storage - Sophos Network Attached Storage – NAS (Space almost full)
- Establishment of New Server Room – Community Services

New project to be implemented: -

- 100 TB Data Storage – NAS Drive
- Installation of Solar Pane System at the new server room and at all fire stations to protect municipal IT infrastructure and to maintain loadshedding
- Smart VPN Application System
- Additional CCTV cameras at Community Services and Mayoral House
- 2 x New Servers (Financial Server and HR Server)
- Virtual System - Ms. Teams / Zoom Application
- Installation of New Network Infrastructure – Mayoral and Community Services (Cabinets, Routers, Cablings)

Challenges: -

- National loadshedding affect operation of the IT services and damage network equipment's
- Shortage of network infrastructure (Switches, Cabinets and Network Points)
- Most of the IT services and system upgrade cannot be implemented due to budget allocation.
- Shortage of servers, as Financial System and HR Payroll System are currently running from one host server. This affect performance of the system and data storage due to large data scanning and transactions.

Overall ICT Performance

- Municipality has fully fledged IT unit. Some of the IT services are outsourced like internet, emails, printers, financial, payroll systems and telephones. IT unit is responsible to perform IT related support services to the users and Councilor's, and to maintain maintenance to the network infrastructure including fire stations.

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

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

INTRODUCTION

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

CHALLENGES

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

ACHIEVEMENTS/SUCCESS

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

WAYFORWARD

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

CONCLUSION

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

COMPONENT J: MISCELLANEOUS

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

Not a function of the District

COMPONENT K: ORGANISATIONAL PERFOMANCE SCORECARD

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
A	Good governance and public participation	Public Participation and Good Governance	To promote a Culture of Participatory and Good Governance	Number of risk registers updated by 30 June 2024	Reporting is quarterly and also monitored quarterly. Quarterly targets are non-cumulative	4 registers	4 risk registers updated by 30 June 2024	4 risk registers updated by 30 June 2024	4	Achieved Risk registers updated	0	N/A	N/A	Risk register/report
B	Good governance and public participation	Public Participation and Good Governance	To promote a Culture of Participatory and Good Gover	Number of progress reports on the implementation plan of the Post Audit Action Plan by	Reporting is quarterly and also monitored quarterly. Quarterly targets are non-cumulative	1	4 progress reports on the implementation of the post audit action plan by	4 progress reports on the implementation of the post audit action plan by 30 June 2024	4	Achieved 4 PAAP reports Updated	0	N/A	N/A	Consolidated PAAP report

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			nance	30 June 2024			30 June 2024							
C	Municipal Financial Viability	Municipal Financial Viability and Management	To improve overall financial management in the municipality by developing and implementing approp	Develop and submit 2024/2025 Draft Budget to Council by 31 March 2024	Reporting is done once off in the third quarter	Draft budget submitted timeously	Develop and submit 2024/2025 Draft Budget to Council by 31 March 2024	Draft Budget to Council for noting and input	1	Achieved Draft Budget submitted to council	0	N/A	N/A	Draft budget and Council resolution

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			riate financial management policies, procedures and systems											
D	Municipal Financial Viability	Municipal Financial Viability and Management	To improve overall financial management in the municipality by developing and imple	Number of MFMA Section 52 d reports developed and submitted to relevant authorities by 30 June 2024	Reporting is quarterly	New	4 MFMA Section 52 d reports developed and submitted to relevant authorities by 30 June 2024	4 MFMA Section 52 d reports developed and submitted to relevant authorities by 30 June 2024	4	Achieved Section 52 d report completed	0	N/A	N/A	Section 52 d reports

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			menting appropriate financial management policies, procedures and systems											
E	Municipal Financial Viability	Municipal Financial Viability and Management	To improve overall financial management in the municipality by develo	Develop and submit 2024/2024 budget to Council by 31 May 2024	Reporting is done once off in the fourth quarter	Budget adopted timeously	Develop and submit 2024/2024 budget to Council by 31 May 2024	Submit 2024/2024 budget to Council for adoption	1	Achieved Budget submitted to council	0	N/A	N/A	Final budget and Council resolution

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			ping and implementing appropriate financial management policies, procedures and systems											

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
F	Good governance and public participation	Public Participation and Good Governance	To promote a Culture of Participatory and Good Governance	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan by 30 June 2024	Reporting is done once off in the 4th quarter	New	1 Female person from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan by 30 June 2024	Operational	New	Achieved 1 female appointed in line with EE on the 18th of July 2023	0	N/A	N/A	Employment letter

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
G	Good governance and public participation	Public Participation and Good Governance	To promote a Culture of Participatory and Good Governance	Number of Council Meetings held by 30 June 2024	Reporting is quarterly and also monitored quarterly. Quarterly targets are non cumulative	At least 4 meetings held	4 Council Meetings held by 30 June 2024	4 Council meetings held	4	Achieved 5 Council meetings held	1	(Statutory council: 24 Nov 2023, (Special meetings: 30 Aug 2023, 31 Jan 20204, 27 March, 23 May 2024, 27 June 2024)	Target to be specify statutory or special meeting	Minutes and attendance registers
H	Good governance and public participation	Public Participation and Good Governance	To promote a Culture of Participatory and Good Governance	Develop and submit Reviewed IDP to council for adoption by 30 June 2024	Reporting is done in Q3 and Q4	Reviewed IDP Submitted by 31 May	5 year IDP submitted to Council for adoption by 31 May 2024	N/A	1	Achieved IDP Submitted to council timeously	0	N/A	N/A	IDP and Council resolution

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
I	Municipal transformation and organisational development	Institutional Development and Transformation	Improve organizational cohesion and effectiveness	Workplace Skills Plan Developed and Submitted to LGSETA by 30 June 2024	Reporting is done once off in the fourth quarter	WSP submitted timeously	Workplace Skills Plan Developed and Submitted to LGSETA by 30 June 2024	Workplace Skills Plan Developed and Submitted to LGSETA by 30 April 2024	0	Achieved Work place skills submitted to DoL	0	N/A	N/A	Workplace skills plan and submission evidence/acknowledgement
J	Basic Service Delivery and Infrastructure Investment	Community Services and development	All citizens have a right to an environment that is not detrimental to human health, and it imposes a	Number of inspections on food premises conducted by 30 June 2024	Reporting is quarterly and also monitored quarterly. Quarterly targets are cumulative	3343 as per APR 18-19	800	800	200	Achieved 800 Food inspections complete	0	N/A	N/A	Lists / Food premises inspection reports

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			duty on the State to promulgate legislation and to implement policies aimed at ensuring that this right is upheld – Environmental health, Fire and Disast											

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			er Management and Solid Waste Management											

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
K	Basic Service Delivery and Infrastructure Investment	Community Services and development	All citizens have a right to an environment that is not detrimental to human health, and it imposes a duty on the State to promulgate legislation and to implement	Number of bacteriological, chemical and sewerage water samples collected for analysis by 30 June 2024	Reporting is quarterly and also monitored quarterly. Quarterly targets are non cumulative	1311 as per APR 2018-2021	1100 bacteriological, chemical and sewerage water samples collected for analysis by 30 June 2024	1100 bacteriological, chemical and sewerage water samples collected for analysis by 30 June 2024	1100	Achieved 1244 samples collected for analysis	144	Additional 2 EHPs appointed resulted in the over performance	Target to increase in the next FY due to more resource available	Lists / Bacteriological, chemical and sewerage water samples collected for analysis

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			policies aimed at ensuring that this right is upheld – Environmental health, Fire and Disaster Management and Solid Waste Management											

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
L	Basic Service Delivery and Infrastructure Investment	Community Services and development	All citizens have a right to an environment that is not detrimental to human health, and it imposes a duty on the State to promulgate legislation and to implement	Number of Fire Prevention Inspections at Local Business Conducted by 30 June 2024	Reporting is quarterly and also monitored quarterly. Quarterly targets are non cumulative	107 as per APR 18-19	100 Fire Prevention Inspections at Local Business Conducted by 30 June 2024	100 Fire Prevention Inspections at Local Business Conducted by 30 June 2024	100	Achieved 106 fire prevention completed	6	N/A	N/A	Lists/ Fire prevention inspection reports at local business

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			policies aimed at ensuring that this right is upheld – Environmental health, Fire and Disaster Management and Solid Waste Management											

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
M	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	Number of households provided with access to sanitation by 30 June 2024	Reporting is done quarterly and cumulative	New	1750 households provided with access to sanitation by 30 June 2024	1750 households provided with access to sanitation by 30 June 2024	New	Achieved 1802 hh provided with sanitation	52	N/A	N/A	Planning sheets/List of beneficiaries/ Happy letters

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
N	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	Number of jobs created through capital projects and registered with EPWP by 30 June 2024	Reporting is quarterly and also monitored quarterly. Quarterly targets are cumulative	511 as per APR 18-19	500 jobs created through capital projects and registered with EPWP by 30 June 2024	500 jobs created through capital projects and registered with EPWP by 30 June 2024	593	Achieved 732 jobs created	232	1.Extentions of projects Projects are reported beyond the set duration. 2.All grants are reporting Previous years only MIG and Incentive grant was reporting	Projects to be completed as planned Ensure controls in the department are closely m monitored especially timeous submissions	Lists / Report/Job contract/job list against vs job created/Actual numbers

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
O	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	% total allocated (gazetted) MIG grant funding spent on capital projects by 30 June 2024	Reporting is quarterly and also monitored as such. Quarterly targets are cumulative	New	100% total allocated (gazatted) MIG grant funding spent on capital projects by 30 June 2024	100% of MIG Spent on capital projects	100%	Achieved 100% expenditure	0	N/A	N/A	MIG expenditure reports (other supporting documentation like invoices etc is the responsibility of senior esspecially for audit purposes

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
P	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	% of the total allocated (gazetted) WSIG grant funding spent on capital projects by 30 June 2024	Reporting is quarterly and also monitored as such. Quarterly targets are cumulative	New	100% of the total allocated (gazatted) WSIG grant funding spent on capital projects by 30 June 2024	100% of WSIG funding spent on capital projects	100%	Achieved 100% expenditure	0	N/A	N/A	WSIG expenditure reports (supporting documentation like invoices etc is the responsibility of senior esspecially for audit purposes)

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
Q	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	% total allocated (gazetted) RBIG grant funding spent on capital projects by 30 June 2024	Reporting is quarterly and also monitored as such. Quarterly targets are cumulative	New	100% total allocated (gazatted) RBIG grant funding spent on capital projects by 30 June 2024	100% of RBIG Spent on capital projects	78%	Achieved 100% expenditure	0	N/A	N/A	RBIG expenditure reports documentation other like invoices etc is the responsibility of senior esspecially for audit purposes)

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
R	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	Number of Service level agreements signed with Water Service Provider by 30 June 2024	Reporting is once - off	New	5 Signed Service level agreements with Water Service Providers by 30 June 2024 (Naledi,Taung,Lekwa,Mamusa and Magalies water)	Signed Service level agreements with Water Service Provider by 30 June 2024(Naledi,Taung,Lekwa,Mamusa and Magalies water)	Undefined Reported as achieved as planned	Achieved 5 SLAs signed with providers,	N/A	N/A	N/A	Service level agreements

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Reporting period (Monthly/Quarterly), Monitoring period (Monthly/Quarterly) and calculation type (Cumulative/ Non-Cummulative)	Baseline	Annual Target	Output indicator	Actual performance 2022 2023	Actual performance 2023 2024	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
S	Local Economic Development (LED)	Local Economic Development	Create an environment that promotes the development of the local economy and facilitate job creation	Number of SMMES supported through Projects and Initiatives by 30 June 2024	Reporting is quarterly and also monitored quarterly. Quarterly targets are cumulative	New	200 SMMES supported through Projects and Initiatives	200 SMMES supported through Projects and Initiatives	210	Not achieved 55 SMMEs supported	-145	Goods/Services provided were under expenced during planning, resulting in less SMMEs supported as planned	Budgeting and planning need to be aligned with LED initiatives	List of SMMEs supported/Type of support/Proof of company existence/Application form for assistance/ Delivery notes

PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

Annual performance reports

46. (1) A municipality must prepare for each financial year; performance

(a))Report reflecting the performance of the municipality and of each external service Provider during that financial year:

(b)) a comparison of the performances to previous year

(c) Measures taken to improve performance.

(2) An annual performance report must form part of the municipality's Annual report in terms of Chapter 12 of the Municipal Finance Management Act."

Performance of the service providers were not monitored, measured and reported according to the agreed and accepted deliverables in the year under review

Appropriate remedial actions are going to be implemented in cases of poor and/or under performance and continuously monitored by the end-user departments.

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

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The district municipality has lost a few officials due to various reasons of which most of them were in connection with greener pastures. That is why the turn-over rate is so minimal. Vacant funded position have been advertised and the process of Recruitment and Selection is under away which will be finalized in due course

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Designations	***Total Approved Posts** **No.**	***Vacancies (Total time that vacancies exist using fulltime equivalents)** **No.**	***Vacancies (as a proportion of total posts in each category)** **%**
Municipal Manager	1	0	0.00
CFO	1	1	100%
Other S56 Managers (excluding Finance Posts)	6	2	33%
Other S56 Managers (Finance posts)	N/A	N/A	0 N/A
Police officers	N/A	N/A	N/A
Firefighters	74	22	29.7%
Senior management: Levels 13-15 (excluding Finance Posts)	27	3	11.1%
Senior management: Levels 13-15 (Finance posts)	4	1	25%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	216	43	18.2%
Highly skilled supervision: levels 9-12 (Finance posts)	236	55	23.3%

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

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

HR Policies and Plans

HR Policies and Plans				
No.	Name of Policy	Completed %	Reviewed %	NOTE
1	Allowances Policy	100	100	ALL POLICIES YET TO BE ADOPTED BY COPUNCIL
2	Assets management policy	100	100	
3	Banking and investment	100	100	
4	catering Policy	100	100	
5	Credit control Policy	100	100	
6	Leave and overtime Policy	100	100	
7	Recruitment and Selection Policy	100	100	
8	Expenditure management Policy	100	100	
9	Funeral policy	100	100	
10	Insurance management policy	100	100	
11	Notebook and mobile computing policy	100	100	
12	Petty cash policy	100	100	
13	Recruitment and selection policy	100	100	
14	S&T policy	100	100	
15	SCM policy	100	100	
16	Vehicle allowance policy	100	100	

4.3 INJURIES, SICKNESS AND SUSPENSIONS

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

Sick leave

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	**Total sick leave**	**Proportion of sick leave without medical certification**	**Employees using sick leave**	**Total employees in post***	***Average sick leave per Employees**	**Estimated cost**
	Days	**%**	**No.**	**No.**	**Days**	**R' 000**
Lower skilled (Levels 0-2)/T001 to T003	80	7.5%	05	14	16	R56 240.00
Skilled (Levels 3-5)/ T004 to T005	56	1.78%	06	52	9.3	R52 472.00
Highly skilled production (levels 6-8)/ 7 to 12	465	18.6%	50	171	9.3	R549 273.00
Highly skilled supervision (levels 9-12)	14	71.4%	03	25	4.6	R30 342.76
Senior management (Levels 0-2)	13	23%	5	25	2.6	R39 377.65
MM and S57	0	00	00	03	00	0

An employee is given 80 days in a three year cycle on full pay. An employee is required to submit a medical certificate from a registered medical practitioner if more than two consecutive days are taken. If an employee is absent on two occasions during an eight week period and failed to produce a sick note irrespective of the number of days taken the employer is not obliged to pay. Such as employee. Should an employee develop a behavioral pattern of abusing sick leave, the immediate supervisor may request sick note from such as employee every time she/he takes sick leave

4.4 PERFORMANCE REWARDS

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

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE (4.5)

The District Municipality has a Workplace Skills Plan in place to develop and capacitate its staff. In terms of the Plan and many officials were trained in different learning programmes and interventions during the 2023/2024 financial year. In addition, The District Municipality has implemented programmes for the training and empowerment of unemployed graduates and experiential learners

1

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

VARIANCE BETWEEN BUDGETED AND ACTUAL EXPENDITURE:

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

ADEQUACY OF FUNDING:

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

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

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

4.6 EMPLOYEE EXPENDITURE

Refer to AFS Attached

CHAPTER 5 – FINANCIAL PERFORMANCE

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

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

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

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

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

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

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

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Refer to Volume II – Audited financial statements of this report.

5.2 GRAP COMPLIANCE

GRAP COMPLIANCE

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

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

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

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS

6.1 AUDITOR GENERAL REPORTS YEAR 2022-2023

In the 2022 2023 financial year a Qualified audit opinion was issued by the Auditor General.

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2023 2024 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR ENDING 2024 (2023-2024)

In the 2023 2024 financial year a Qualified audit opinion was issued by the Auditor General. The Audit report is attached hereto on page 187 of this report

GLOSSARY

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

	and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to

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

ANNUAL REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE

We are pleased to submit the report of the Audit and Performance Committee for the year ended 30 June 2024.

1. Background

Dr. Ruth Segomotsi Mompati District Municipality and its local municipalities, namely Naledi Local Municipality, Mamusa Local Municipality, Kagisano-Molopo Local Municipality, and Lekwa-Teemane Local Municipality have opted for the Shared Audit and Performance Audit Committee Services. The Audit and Performance Audit Committee was established in terms of section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The Audit and Performance Audit Committee (APAC) has adopted its terms of reference.

Statutory requirements

Section 166 of the MFMA stipulates that each municipality must establish an audit committee. The audit committee is an independent advisory body that advises the municipal council, the political office bearers, the accounting officer, and the management of the municipality on the following matters:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with the MFMA, the Division of Revenue Act (DORA) and any other applicable legislation;
- Performance evaluation;
- Any other issues referred to it by the municipality;
- Review of the annual financial statements to provide an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall compliance with the MFMA, DORA any other applicable legislation;
- Respond to Council on any matter raised by the Auditor- General (AGSA); and Carry out such investigation into the financial affairs of the municipality.

ANNUAL REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE(APAC)

We are pleased to submit the report of the Audit and Performance Audit Committee for the year ended 30 June 2024.

1. Background

Dr. Ruth Segomotsi Mompati District Municipality and its local municipalities, namely Kagisano-Molopo Local Municipality, Mamusa Local Municipality and Lekwa-Teemane Local Municipality have opted for the Shared Audit and Performance Audit Committee Services. The Audit and Performance Audit Committee was established in terms of section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The Audit and Performance Audit Committee (APAC) has adopted its terms of reference.

1.1 Statutory requirements

Section 166 of the MFMA stipulates that each municipality must establish an audit committee. The audit committee is an independent advisory body that advises the municipal council, the political office bearers, the accounting officer, and the management of the municipality on the following matters:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with the MFMA, the Division of Revenue Act (DORA) and any other applicable legislation;
- Performance evaluation;
- Any other issues referred to it by the municipality;
- Review of the annual financial statements to provide an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall compliance with the MFMA, DORA any other applicable legislation;
    - Respond to Council on any matter raised by the Auditor- General (AGSA); and Carry out such investigation into the financial affairs of the municipality.

2. Attendance of meetings

This APAC was appointed by the Municipal Council with effect from 01 September 2021 to 30 August 2024. It comprised the following independent non-executive members who have the requisite and relevant skills and experience to fulfil audit committee's duties. The following table depicts the current Audit and Performance Audit Committee members and attendance thereof.

Name and Surname	Position in Audit Committee	NUMBER OF MEETINGS ATTENDED			
		28 Aug 2023 (Special Meeting)	10 Nov 2023 (Statutory meeting)	28 Feb 2024 (Statutory Meeting)	22 May 2024 (Statutory Meeting)
Ms. Jane Masite	Chairperson	👍	👍	👍	👍
Prof. George Malebe	Member	👍	👍	👍	👍
Adv. Seitebaleng Dikole	Member	👍	👍	👍	👍
Ms.Lesego Holele	Member	👍	👍	👍	👍
Ms. Malerato Ralikonyana	Member	👍	👍	👍	👍
Mr. Ernest Van Rensburg	Member	👍	👍	👍	👍

The following, although not members of the Audit and Performance Audit Committee, have standing invitation to Audit and Performance Committee meetings:

- Accounting Officer;
- Chief Financial Officer;
- Chairperson of the Risk Management Committee; (Tsholo ps put the correct name of RMC)
- MPAC Chairperson;
- Section 56 Managers/Departmental Heads;
- Chief Audit Executive;
- Internal Audit Managers;
- Chief Risk Officer;
- The Auditor- General (When necessary); and
- The Provincial Treasury
- COGTA PR why not included mme

The members of the Audit and Performance Audit Committee also held in committee meetings with the municipal manager as the accounting officer, the internal audit function, collectively and individually, on matters related to governance, internal control, performance, financial information, risk and other relevant matters concerning the municipality.

3. Internal Audit

The Internal Audit of the Dr Ruth Segomotsi Mompati District Municipality is in-house and has discharged its mandate in terms of its charter and managed to execute 100% of the projects as per the 2023/2024 Annual Plan including ADHOC audits.

The APAC would like to commend the Municipality for strengthening its Internal Controls, Risk Management and Governance Processes.

The Audit and Performance Audit Committee is of the opinion that the Internal Audit unit is operating effectively to meet its mandate and has considered the risk pertinent to the municipality in its audit plans.

The following documents were approved by the APAC and recommended to Council for adoption:

- Internal Audit Charter
- Audit and Performance Audit Committee Charter (APAC recommended to Council for Approval.)
- Risk Based Internal Audit Annual Plan
- Three Year Rolling Strategic Audit Plan

4. Effectiveness of Internal Controls

The system of internal control was not entirely effective during the year under review as compliance with prescribed policies and procedures were lacking in certain instances.

The following reports are among others that were presented to the Audit and Performance Audit Committee:

- Audit of quarterly performance information;
- Expenditure management;
- Supply chain management;
- ICT audits;
- Governance;
- Leave management;
- Local Economic Development;
- Assets management;
- Recruitment and selection and
- Financial reporting.

The Committee is concerned that in certain instances were matters reported by the Auditor-General (AG) and the Internal Audit Function in prior years have not been fully and satisfactorily addressed which is reflected on the report of the AG for 2023.

5. Risk Management

The municipality has a risk unit that consists of three staff members and a Chairperson of the Risk management, anti-fraud, and anti-corruption committee.

The risk management unit facilitated risk management within themunicipality.

The Audit and Performance Audit Committee is concerned as to whether the Risk Management processes are effective as there are repeat IAF and APAC findings that are not fully addressed.

6. Performance Management (Service Delivery)

Audit and Performance Audit Committee has in terms of the performance of the municipality reviewed the functionality of the performance management system and it appears to be functional, however there is room for improvement in so far as achievement of planned targets and compliance matters are concerned.

The Audit and Performance Audit Committee has also noted the non-compliance with Section 46(a)(i) of the Municipal Systems and related regulation and circulars, as no report on evaluation of service providers was not submitted to the Audit Committee which the committee raises a concern.

7. Year- End Reporting

The APAC has reviewed the Annual Performance Report and provided recommendations to management for implementation before the report was submitted to the Auditor-General and the quarterly reports submitted by management during the year.

8. Evaluation of Annual Financial Statements and Annual Performance Report

The Audit and Performance Audit Committee, has on its meeting held on the 28 August 2024 discussed the Draft Annual Financial Statements and Unaudited Annual Performance Report with the Accounting Officer, before submitting to the Auditor General. The Audit and Performance Audit Committee wishes to indicate that it performed a review on the Financial Statements focusing among others on:

- Significant financial reporting adjustments and estimates contained in the Draft Annual Financial Statements;
- Clarity and completeness of disclosures;
- Quality and acceptability of and any changes in accounting policies and practice;
- Significant adjustments arising from the audit;
- Reasons for major year to year fluctuations**;** and
- Reinstatement of prior year amounts.

The Audit and Performance Audit Committee reviewed and considered the Draft Annual Financial Statements and the Annual Performance Report for the Financial Year Ended 30 June 2024.

9. Final Auditor General's Report

The Audit and Performance Audit Committee has:

- Further reviewed the Financial Statements to be included in the Annual Report with the Accounting Officer.
- Discussed and adopted the Auditor-General and Management the Management report and management response thereof.

Consideration of the Final AGSA Audit report

The Audit and Performance Audit Committee concurs and accepts that the conclusions of the Auditor-General on the Annual Financial Statements and Annual Performance Report and is of the opinion that the Audited Financial Statement and Annual Performance Report will be read together with the report of the Auditor-General.

The Audit and Performance Audit Committee recommends that:

- The Municipality develop PAAP that reflects the root cause analysis, which should be monitors duly by management and Executive Mayor per section 131 of MFMA, quarterly reviewed by Internal Audit Function and APAC.
- Internal Audit Function assess the implementation of the Post Audit Action Plan.
- Submission of progress report to council on the implementation of actions to resolve AG findings on quarterly basis.

- Consequence management be implemented where there has been negligence or non-submission of information timely.

10. Conclusion

The Audit and Performance Committee acknowledges the co-operation and assistance by the DR. RSMDM for coordinating the activities of the Committee. The Audit and Performance Audit Committee further acknowledge the commitment into good governance as shown by the Honourable Speaker Kgalalelo Sereko, Executive Mayor Motseokae Maje and Council and further express gratitude to the Municipal Manager, Senior Management, Chief Audit Executive and her staff for the support and commitment to the work of the Audit and Performance Committee.

Furthermore the APAC would like to congratulate the Municipality for a slight reduction on audit findings as compared to the previous audit outcome**.**

The Audit and Performance Audit Committee remains confident that if all matters raised by the Internal Audit and Auditor-General can receive due consideration and intervention, the audit opinion will improve.

We are committed to fully execute our assurance and oversight function to strengthening Corporate Governance.

……..
Ms. SJ. Masite,CIA, CMIIA,CFE, CICP
Chairperson of the Audit and Performance Audit Committee
Date…….

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Dr Ruth Segomotsi Mompati district municipality set out on pages 225 to 304, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Dr Ruth Segomotsi Mompati district municipality as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (DoRA).

Basis for qualified opinion

Contracted services

3. I was unable to obtain sufficient appropriate audit evidence for contracted services relating to sewerage services, water tankers and bulk purchase related expenditure as disclosed under note 32 of the financial statements due to the status of the accounting records and lack of adequate evidence that the goods and services were actually received at the correct quantity and price. I was unable to confirm these contracted services by alternative means. Consequently, I was unable to determine whether any adjustment for the amount of R294 974 341 (2023: R247 651 221) included in contracted services, as disclosed in note 32 to the financial statements was necessary.

Unauthorised expenditure

4. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure due to the status of the accounting records. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to unauthorised expenditure of R1404 160 358 (2023: R1 063 970 903) as disclosed in note 44 to the financial statements was necessary.

Irregular expenditure

5. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments in contravention of supply chain management (SCM) requirements in the current and previous year, which were not included in irregular expenditure disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure of R2 165 967 141 disclosed in note 46 to the financial statements.

Context for opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

7. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

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

10. I draw attention to note 42 to the financial statements, which indicates that current liabilities exceed the current assets by R814 865 008 and contingent liabilities, if ordered to settle, will result in R19 703 614 being paid. As stated in note 42, these events or conditions, along with the other matters as set forth in note 42, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Material losses

12. As disclosed in note 8 to the financial statements, the provision for impairment of other receivables amount to R22 827 713 (2023: R20 796 914) which is 88% (2021: 93%) of the total other receivables from non-exchange revenue due to significant impairment of receivables.

Restatement of corresponding figures

13. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Other matter

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

Unaudited disclosure notes

15. 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.

Responsibilities of the accounting officer for the financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

17. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

18. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 201, forms part of our auditor's report.

Report on the audit of the annual performance report

20. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

21. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance areas that measure the

municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

key performance areas	Page numbers	Purpose
Services delivery and infrastructure development	157-162	To improve access to services and ensure that sustainable operations and maintenance of the existing water and sanitation infrastructure is achieved.
Community services and development	150-156	To ensure that all citizens have a right to an environment that is not detrimental to human health, and it imposes a duty on the State to promulgate legislation and to implement policies aimed at ensuring that this right is upheld –Environmental health, Fire and Disaster Management and Solid Waste Management

22. I evaluated the reported performance information for the selected key performance areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

23. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance

24. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

25. The material findings on the reported performance information for the selected key performance areas are as follows:

Service delivery and infrastructure development

The percentage of households with access to basic level of water

26. In terms of the MSA, the municipality is responsible for provision of water. However, an indicator to measure performance on this responsibility was omitted from the approved planning documents. The reason for the omission was because they have not completed water infrastructure projects. Consequently, the achievement of this legislative mandate was not planned or accounted for, which is likely to result in it not being delivered and undermines transparency and accountability for delivery on mandate.

Number of jobs created through capital projects and registered with EPWP by 30 June 2024

27. An achievement of 732 was reported against a target of 500. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Community service and development

Number of Fire Prevention Inspections at Local Business Conducted by 30 June 2024

28. An achievement of 106 was reported against a target of 100 but the audit evidence showed the actual achievement to be 116. The achievement against the target was better than reported.

Other matters

29. I draw attention to the matters below.

Material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for service delivery and infrastructure development and community service and development. Management did correct not all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

31. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

32. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa

(AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

33. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

34. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

35. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

36. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM laws and regulations.

37. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R462 596, as disclosed in note 45 to the annual financial statements, in contravention of section [62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged on outstanding accounts not paid on time

38. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending of a vote.

Annual financial statements

39. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, liabilities, expenditure and 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.

40. The council failed to adopt an oversight report containing the council's comments on the 2022/23 annual report, as required by section 129(1) of the MFMA.

41. The oversight report was not adopted by the council for the 2022/23 annual report, therefore it was not made public, as required by section 129(3) of the MFMA.

Strategic planning and performance management

42. No KPIs were set in respect of the provision of basic water and sanitation services, as required by section 43(2) of the MSA and municipal planning and performance management regulation 10(a).

43. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring and review processes should be conducted and organised and managed, as required by municipal planning and performance management regulation 7(1).

Consequence management

44. Unauthorized expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

45. 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)(b) of the MFMA.

Utilisation of conditional grants

46. Performance in respect of programmes funded by the Municipal Infrastructure Grant and Water Services Infrastructure Grant, were not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2023).

Asset Management

47. 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.

48. 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.

HR Management

49. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.

Procurement and contract management

50. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as three tenders were not provided for audit.

51. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.

52. Construction contracts were awarded to contractors that did not qualify for the contract in accordance with CIDB Regulations 17 and 25(7A). This non-compliance was identified in the procurement processes for the rural sanitation programme.

53. Sufficient appropriate audit evidence could not be obtained that some of the contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5. Similar non-compliance was also reported in the prior year.

54. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

55. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.

Other information in the annual report

56. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

57. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

58. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

59. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

60. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

61. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

62. Leadership did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance with legislation. The municipality did not have sufficient monitoring and reviewing controls to ensure that financial and performance reports submitted for audit were accurate and complete, and that action plans developed were adequately and timeously implemented. Furthermore, effective human resource management processes were not implemented to ensure that adequate and sufficiently skilled resources were in place, especially in the finance department, and that the performance of all employees was monitored.

63. Management did not take effective steps and implement measures to ensure that appropriate evidence is obtained to confirm occurrence of expenditure relating to bulk purchase and water tankering expenditure. Furthermore, there is an overreliance on the work of consultants without an adequate transfer of skills to ensure that municipal officials appointed in specific positions perform their functions within those positions.

64. The effectiveness of the audit committee and internal audit as assurance providers was compromised as management did not adequately address internal audit findings and did not always implement recommendations by the audit committee.

Material irregularities

65. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities identified during the audit.

Material irregularities in progress

66. I identified a material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due. This material irregularity will be included in next year's auditor's report.

Status of previously reported material irregularities

Full and proper records not kept (2019-20) Infrastructure assets, provision of retail water services and material uncertainty relating to going concern

67. Reasonable steps were not taken in the 2019-20 financial year to ensure that full and proper records were kept of infrastructure assets, provision of retail water and material uncertainty relating to going concern, as required by section 62(1)(b) of the MFMA. The non-compliance contributed to a disclaimed audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements. The lack of full and proper records is likely to result in substantial harm to the municipality as it contributed to the material uncertainty regarding its ability to continue operations. This, in turn, is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

68. The accounting officer was notified of the material irregularity on 7 June 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer provided inadequate actions to resolve the material irregularity. I recommend

that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 30 April 2022:

69. Based on the reasons and circumstance, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated timeframes and address the following key areas as a minimum:

    - Complete asset register of all of the municipality's infrastructure assets, including work-in-progress;
    - Billing information and reconciliations to support revenue from service charges;
    - Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received; and
    - Formalise agreements with local municipalities for the provisioning of basic water services.

70. I further recommended that the accounting officer should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 31 July 2022. The plan should describe the anticipated timeframe and milestones to be achieved and include as a minimum, strategies to:

    - increase the collection of revenue;
    - optimise costs in respect of bulk purchases.
    - efficiently manage the available resources of the municipality;
    - enter into payment arrangements with major suppliers; and
    - repair and maintain infrastructure assets.

71. I considered the written response and substantiating documentation provided on 29 April 2022 as well as the supplementary responses and substantiating documentation received between 14 May 2022 and 29 July 2022, and concluded that the recommendations were not adequately implemented at the stipulated time and appropriate actions were not taken to address the material irregularity.

72. On 7 August 2023, I notified the accounting officer of the following remedial actions to address the MI, which should be implemented by within six months from the date of the notification with a progress report after three months:

73. The non-compliance with section 62(1)(b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) must be investigated further to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses.

74. Based on the reasons and circumstances, appropriate action must be taken to continue with the development and implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the auditee are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan must include anticipated timeframes and address the following key areas as a minimum:

75. Complete asset register of all of the municipality's infrastructure assets, including work-in-progress;

- Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received; and

- Formalise agreements with local municipalities for the provisioning of basic water services.

76. I further recommended that the accounting officer must continue with the development and implementation of an action plan to address the financial problems of the auditee, as required by section 135(1) and 135(3)(a) of the MFMA. The plan must describe the anticipated timeframe and milestones to be achieved and include as a minimum strategies to:

- increase the collection of revenue;

- optimise costs in respect of bulk purchases;

- efficiently manage the available resources of the municipality;

- enter into payment arrangements with major suppliers; and

- repair and maintain infrastructure assets.

77. A progress report on the implementation of the remedial action was received on 6 November 2023. The following actions have been taken to resolve the material irregularity:

78. The Accounting Officer (AO) conducted an inquiry to determine the reasons and circumstances leading to the non-compliance. The inquiry identified the primary root cause as the poorly managed relocation of municipal offices, which was characterized by insufficient planning, disorganization, and communication breakdowns. This relocation hindered the retrieval of critical financial records, resulting in the municipality’s inability to maintain effective financial management. Additional issues included mismanagement of the audit process, such as the absence of a centralized system for information collation, untimely reconciliation of RFIs and COMAFs, failure to utilize electronic backups, and a lack of a proper document management system.

    a. The inquiry provided several recommendations, including developing digital systems, implementing an action plan, and appointing qualified staff, while also outlining corrective actions already undertaken by the AO.

    b. The AO also developed a detailed audit action plan based on the root causes identified in the inquiry. The plan highlights specific actions required to address the material irregularities, with updates on progress and completion timelines.

79. Furthermore, the AO submitted a financial recovery plan (FRP), progress reports, and the infrastructure maintenance budget for the 2023–2024 financial year to address ongoing financial challenges and ensure effective resource management.

80. This material irregularity is, therefore, resolved.

Functionality incorrectly calculated for VAT recovery services

81. The municipality awarded a tender for VAT recovery services in July 2020. One bidder was incorrectly evaluated on functionality criteria and was unfairly disqualfied and had the bid been correctly evaluated would have been the successful bidder. This was in contravention of regulation 5(7) of the 2017 preferential procurement regulations that requires all tenders which achieved the minimum qualifying score for functionality be regarded as acceptable tenders and evaluated further in terms of the preference points. Furthermore, the Mafikeng High Court on 19 May 2021, ruled that the decision to disqualify the bid was constitutionally invalid, reviewed and set aside. Although the municipality appealed the decision on on 21 April 2022 the Supreme Court of Appeal has dismissed the application with costs.

82. The non-compliance is likely to result in a material financial loss for the Dr Ruth Segomotsi Mompati District Municipality as the commission fee percentage calculated on the total VAT refund paid to the supplier that was awarded the tender was significantly higher than that of the bid that was unfairly disqualified. The difference between the commission fee paid for the period 1 July 2020 to 17 March 2022 when the contract was cancelled and the commission fee by the disqualified bidder was R3 791 715.

83. The accounting officer was notified of the material irregularity on 8 December 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. Despite further engagement, the accounting officer provided inadequate actions to resolve the material irregularity in the updated response received on 15 February 2022 as specific commitments and dates were still not included with respect to the recovery of financial loss and there was no dates of progress on the disciplinary processes.

84. As the accounting officer failed to implement appropriate actions, I recommended that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 2 March 2023:

    - The financial loss should be quantified.

    - All entities and/or person(s) liable for the losses should be identified and appropriate action should commence to recover the financial loss. The recovery process should not be unduly delayed.

    - The non-compliance should be further investigated to determine if any other officials might have committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

    - Disciplinary proceedings should commence without undue delay, against all officials who have allegedly committed an act of financial misconduct or an offence, as required by section

62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

- If a senior manager of the municipality has allegedly committed an act of financial misconduct, the accounting officer must report the allegation to the municipal council, the Provincial Treasury and the National Treasury as required by Regulation 3(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

- If it appears that the municipality suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service (Saps), as required by section 32(6)(b) of the MFMA.

85. I considered the written response and substantiating documentation provided on 9 March 2023 as well as the supplementary response and substantiating documentation received on 8 June 2023, and concluded that the recommendations were not adequately implemented.

86. On 14 July 2023, I notified the accounting officer of the outcome of the assessment and issued a directive in terms of section 5A(3) of the PAA to determine the amount of the financial loss and recover such loss or make progress with the recovery of the loss from the responsible person within 4 months.

87. In addition, I notified the accounting officer of the following remedial actions to address the material irregularity, which should be implemented by the same date:

88. The financial loss must be reliably quantified.

89. All entities and/or person(s) liable for the losses must be identified and appropriate action must commence to recover the financial loss. The recovery process must not be unduly delayed.

- Disciplinary proceedings should commence without undue delay, against all officials who have allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

- If a senior manager of the municipality has allegedly committed an act of financial misconduct, the officer must report the allegation to the Municipal Council, the Provincial Treasury and the accounting National Treasury as required by regulation 3(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

90. If it appears that the municipality suffered the financial loss through criminal acts or possible criminal acts or omission, this must be reported to the South African Police Service, as required by section 32(6)(b) of the MFMA.

91. Accounting officer submitted a response on 6 November 2023. The following actions have been taken to resolve the material irregularity:

92. Disciplinary Process Against Responsible Employees

    a. The AO clarified that two employees identified in the investigation were scribes and not involved in decision-making, and therefore, no charges were brought against them. Similarly,

one employee, who was not a member of the Bid Evaluation Committee (BEC) but a presenter of an unrelated item, was also not charged. The employment contract of one member of the Bid Adjudication Committee (BAC) was terminated by Council on 11 July 2022.

93. Charges against another employee were withdrawn after it was established that the employee had only presented items unrelated to the identified non-compliance. Of the remaining five employees, four refused to acknowledge receipt of their charge sheets and disciplinary hearing notices. The AO is currently in the process of re-serving these notices and has indicated that hearings will proceed in absentia if the employees fail to attend. As of 20 August 2024, the disciplinary hearing reached a significant milestone. The chairperson found the employees guilty of misconduct, citing gross negligence in their handling of a tender process that led to financial and reputational harm to the Municipality. Despite multiple opportunities, the employees failed to submit any defence or counterarguments. Submissions on the sanction were due by 23 August 2024, after which the final ruling on penalties will be made, with or without additional input from the parties involved.

94. Quantification and Recovery of Financial Loss

    a. The AO appointed a legal team to pursue the recovery of financial losses amounting to R3 774 932,87. Summons were served on the service provider on 4 October 2023 in the Gauteng Local Division of the High Court. The service provider subsequently filed exception notices on 5 December 2023 and 23 February 2024 in response to the municipality's claim.

95. The AO instructed the legal team to proceed with setting the matter down for a hearing, maintaining that the defence presented by the service provider lacks merit. Efforts remain focused on holding the service provider accountable for the recovery of the identified amount.

96. This material irregularity is, therefore, resolved; however, I will monitor the outcome of the financial loss recovery from the service provider during my next audit.

Rustenburg

30 November 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance areas and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Section 1 (a), (b) & (d) of the definition: irregular expenditure Section 1 Definition of SDBIP Sections 11(1); 13(2); 14(1); 14(2)(a); 14(2)(b); 15 Sections 24(2)(c)(iv); 29(1); 29(2)(b); 32(2) Sections 32(2)(a); 32(2)(a)(i); 32(2)(a)(ii); 32(2)(b) Sections 32(6)(a); 32(7); 53(1)(c)(ii); 54(1)(c) Sections 62(1)(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii) Sections 63(2)(a); 63(2)(c); 64(2)(b); 64(2)(c); 64(2)(e) Sections 64(2)(f); 64(2)(g); 65(2)(a); 65(2)(b); 65(2)(e) Sections 72(1)(a)(ii); 95(a); 112(I)(iii); 112(1)(j) Sections 116(2)(b); 116(2)(c)(ii); 117; 122(1); 122(2) Sections 126(1)(a); 126(1)(b); 127(2); 127(5)(a)(i) Sections 127(5)(a)(ii); 129(1); 129(3); 133(1)(a) Sections 133(1)(c)(i); 133(1)(c)(ii); 170; 171(4)(a); 171(4)(b)
LG: MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1); 71(2); 72
LG: MFMA: Municipal investment regulations, 2005	Regulations 3(1)(a); 3(3); 6; 7; 12(2); 12(3)
LG: MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014	Regulations 5(4); 6(8)(a); 6(8)(b); 10(1)
LG: MFMA: Municipal supply chain management (SCM) regulations, 2017	Regulations 5; 12(1)(b); 12(1)(c); 12(3); 13(b); 13(c); 13(c)(i) Regulations 16(a); 17(1)(a); 17(1)(b); 17(1)(c); 19(a) Regulations 21(b); 22(1)(b)(i); 22(2); 27(2)(a); 27(2)(e) Regulations 28(1)(a)(i); 28(1)(a)(ii); 29(1) (a) and (b) Regulations 29(5)(a)(ii); 29(5)(b)(ii); 32; 36(1) Regulations 38(1) (c); 38(1)(d)(ii); 38(1)(e); 38(1)(g)(i) Regulations 38(1)(g)(ii); 38(1)(g)(iii) Regulations 43; 44; 46(2)(e); 46(2)(f)
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1); 26(a); 26(c); 26(i); 26(h); 27(1) Sections 29(1)(b)(ii); 29(2)(a); 29(2)(c); 34(a); 34(b); Sections 38(a); 41(1)(a); 41(1)(b); 41(1)(c)(ii); 42; 43(2) Sections 56(a); 57(2)(a); 57(4B); 57(6)(a) Sections 66(1)(a); 66(1)(b); 67(1)(d);
Municipal Systems Act 32 of 2000(MSA) schedule 1 Code of conduct for councillors	Sections 5(2); 7(1); 7(2)
Municipal Systems Act 32 of 2000(MSA) schedule 1 Code of conduct for municipal staff members	Section 5(1); 5A(1); 5A(2)
LG: MSA: Municipal planning and performance management regulations, 2001	Regulations 2(1)(e); 2(3)(a); 3(3); 3(4)(b); 3(5)(a); 7(1); 8 Regulations 10(a); 15(1)(a)(i); 15(1)(a)(ii)

Legislation	Sections or regulations
LG: MSA: Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006	Regulations 2(3)(a); 4(4)(b); 8(1); 8(2); 8(3)
LG: MSA: Regulations on appointment and conditions of employment of senior managers, 2014	Regulations 17(2); 36(1)(a)
LG: MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2); 5(3); 5(6); 8(4)
Annual Division of Revenue Act (DoRA)	Sections 11(6)(b); 12(5); 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Municipal Property Rates Act 6 of 2004 (MPRA)	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2(1)(a); 2(1)(f)
Preferential Procurement regulations (PPR), 2017	Regulations 6(1); 6(8) Regulations 7(1); 7(8) Regulations 10(1); 10(2);11(1)
Preferential Procurement regulations (PPR), 2022	Regulations 4(1); 4(4) Regulations 5(1); 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

PAGE LEFT BLANK INTENTIONALLY

Annexure C Audit Action Plan to address AG qeuries/findings.

Financial Year: 2023/2024
Annexure: Matters Affecting Audit Report & Other Matters
Audit Action Plan Status: All
Implementation Status: Not Yet Started|In Progress|Completed|Agreed Findings Addressed

	Finding	Recommendation	Nature of Findings	Responsible Person	Due Date Dev	Due Date Imp	Action Plan	Action Plan Status	Impleme	Implementation Status
1	1. ISS.66 - COMM 62 - ISS.66 - AOPO - Completeness of the performance indicators of the municipality	The municipality should ensure that the performance indicators relate logically and directly to an aspect of the institution's mandate, and the realisation of strategic goals and objectives.	Internal control deficiency	**Ziyaad Kana**	10-Jan-25	31-Mar-25	The Municipality will ensure to include indicators as per AG recommendation	Developed (Management Approved)	76%	In Progress
2	1. ISS.12 - COMM 03 - ISS.12 - Consequence management-UIFW not investigated.	Management must ensure that they submit correct and proper registers for Unauthorised, Irregular, Fruitless and wasteful expenditure to MPAC to enable MPAC to proceed with the investigation of the Unauthorised, Irregular, Fruitless and wasteful expenditure in a timeously manner. MPAC manager need to ensure that they follow up with management to determine the status on the registers for Unauthorised, Irregular, Fruitless and wasteful expenditure to ensure that there is correct information submitted by management to them so that they can be able to perform their duties as it relates to investigations of Unauthorised, Irregular, Fruitless and wasteful expenditure.	Non-compliance with applicable legislation	**Phenyo Chwene, Itumeleng Jonas**	10-Jan-25	31-Mar-25	Management will ensure that UIF W are investigated going forward to ensure compliance and reduction thereof.	Under Development		Not Yet Started
3	1. ISS.96 - COMM 46 - ISS 96 - Oversight report-Non-compliance with MFMA sec 129(1) (3)	Municipal speaker should follow up with MPAC and ensure the oversight report for 2021-22 and 2022-23 are tabled at council, any challenges noted should be addressed to ensure compliance.	Non-compliance with applicable legislation	**Seatla Lepomane**	10-Jan-25	31-Mar-25	Management will ensure that oversight reports are tabled at council	Not Yet Started		Not Yet Started
4	1. ISS.81 - [REMAINS]COMM 35 - ISS 81 - WIP(Addition) capital expenditure capitalised to the incorrect project	Management should implement controls around data capturing of invoices and purchase orders to ensure that costs are allocated to the correct project.	Internal control deficiency	**Kenneth Kalanko**	10-Jan-25	31-Mar-25	Management will ensure that projects are capitalised correctly and to the correct line items and to avoid overs and unders on the balances by performing thorough review.	Developed (Management Approved)	34%	In Progress
5	1. ISS.82 - [REMAINS]COMM 35 - ISS 82 - WIP Additions - Invoices not paid within 30 days	Recommendation Management should ensure that payments to suppliers are made in 30 days as per the requirements of the MFMA Act.	Non-compliance with applicable legislation	**Itumeleng Jonas, Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that payments are done within 30 days by speeding up the process between receiving of invoices and processing for payments and the controls around signing period.	Developed (Management Approved)	80%	In Progress
6	1. ISS.127 - [REMAINS]COMM 61 - ISS 127 - Compliance - Asset management	Management should design internal controls around the asset management to ensure the effective compliance with laws and regulations.	Non-compliance with applicable legislation	**Kenneth Kalanko**	10-Jan-25	31-Mar-25	Management will revisit all the asset related findings and put proper internal controls in terms of assets management as stated above by the AG recommendations.	Developed (Management Approved)	26%	In Progress
7	1. ISS.106 - [REMAINS]COMM 61 - ISS.106 - Limitation of scope: Request for information 121 and 130	Management should ensure to submit requested information within the agreed upon time frame of three working days as agreed on in the engagement letter.	Internal control deficiency	**Evans Matope**	10-Jan-25	31-Mar-25	1. There is no Strategic Asset Management Plan in place, however, management will ensure that a budget is ringfenced from the operation and maintenance budget to ensure that a service provider can be appointed by 30 June 2025.2. Management is busy compiling information relating to RFI 130 of 2024	Under Development		Not Yet Started
8	1. ISS.34 - COMM 13 - ISS.34 - Movable Assets - Payment not made within 30 days	Management should ensure that payments to suppliers are made in 30 days as per the requirements of the MFMA Act.	Non-compliance with applicable legislation	**Itumeleng Jonas, Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that payments are done within 30 days by speeding up the process between receiving of invoices and processing for payments and the controls around signing period.	Developed (Management Approved)	80%	In Progress
9	1. ISS.41 - COMM 29 - ISS.41 - Contracted services:Water Tankering: Payment not made within 30 days of receipt of the invoice.	Management should ensure that payments to suppliers are made in 30 days as per the requirements of the MFMA Act.	Non-compliance with applicable legislation	**Itumeleng Jonas, Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that payments are done within 30 days by speeding up the process between receiving of invoices and processing for payments and the controls around signing period.	Developed (Management Approved)	80%	In Progress
10	1. ISS.42 - COMM 43 - ISS 42 - Contracted services-Water Tankering-Driver signed for the water delivered	Management should ensure that hours charged by the supplier are for the water delivered and signed for by the customers.	Internal control deficiency	**Evans Matope, Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that the discrepancies with the payment vouchers are cleared with the service provider to ensure occurance of service delivery.	Developed (Management Approved)	10%	In Progress
11	1. ISS.61 - COMM 44 - ISS 61 - Contracted Services: could not determine occurrence of maintenance of facilities (call center services)	Management should implement adequate internal controls in the processing of expenditure transactions to ensure that the expenditure recorded is supported by relevant evidence that depicts its validity. Management should investigate the expenditure to establish reasons for the findings noted on the payment voucher relating to call centre and determine if there was value for money.	Internal control deficiency	**Karel Vogt**	10-Jan-25	31-Mar-25	Management will implement detailed internal controls around call centre to ensure related expenditures are thoroughly reviewed for occurance and accuracy.	Not Yet Started		Not Yet Started

12	1. ISS.62 - COMM 57 - ISS 62 - General expenditure (Legal fees)- Payments not made within 30 days	Management should ensure that payments to suppliers are made in 30 days as per the requirements of the MFMA Act.	Non-compliance with applicable legislation	**Letlhogonolo Chacha, Itumeleng Jonas**	10-Jan-25	31-Mar-25	Management will ensure that payments are done within 30 days by speeding up the process between receiving of invoices and processing for payments and the controls around signing period.	Developed (Management Approved)	80%	In Progress
13	1. ISS.64 - COMM 29 - ISS 64 -: Contracted services-Bulk purchases- Unable to confirm occurrence and accuracy of expenditure	Recommendation Management should ensure that proper record keeping systems are implemented to ensure that complete, relevant and accurate information is accessible and available to support financial reporting. The costs included in the invoices by Magalies Water should be evalauted against the supporting documentation to confirm that the costs charged to the municipality relates to the goods or services provided to the municipality.	Internal control deficiency	**Evans Matope**	10-Jan-25	31-Mar-25	Engagements are currently on going	Under Development		Not Yet Started
14	1. ISS.60 - COMM 44 - ISS 60 - Contracted services-Wcyber Solutions -Invoice not paid within 30 days of receipt	Management should ensure that payments to suppliers are made in 30 days as per the requirements of the MFMA Act.	Non-compliance with applicable legislation	**Itumeleng Jonas, Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that payments are done within 30 days by speeding up the process between receiving of invoices and processing for payments and the controls around signing period.	Developed (Management Approved)	80%	In Progress
15	1. ISS.97 - COMM 45 - ISS 97 - Contracted services-Wcyber Solutions(Call Centre)-Prior year qualification	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Internal control deficiency	**Karel Vogt**	10-Jan-25	31-Mar-25	Management will ensure that expenditures are thoroughly assessed and reviewed to ensure accuracy before payments are made and processing on the financial system.	Not Yet Started		Not Yet Started
16	1. ISS.52 - COMM 29 - ISS.52 - Contracted services-Bulk purchases- Invoices not paid within 30 days of receipt from suppliers	Management should ensure that payments to suppliers are made in 30 days as per the requirements of the MFMA Act.	Non-compliance with applicable legislation	**Itumeleng Jonas, Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that payments are done within 30 days by speeding up the process between receiving of invoices and processing for payments and the controls around signing period.	Developed (Management Approved)	80%	In Progress
17	1. ISS.43 - COMM 19 - ISS 43 - Contracted services-Water Tankering- Prior year qualification	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Internal control deficiency	**Evans Matope**	10-Jan-25	31-Mar-25	1. On repairs and maintenance by Magalies Water, management to approve first before any works can proceed2. Bulk meters have been installed on the Water Treatment Plants to ensure correct volumes are billed by Magalies Water	Under Development		Not Yet Started
18	1. ISS.75 - ISS.75 - AOPO - Basic service and infrastructure development - Overstatement of number of created through capital project and registered with EPWP	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is disclosed in the Annual Performance Report. The PMS Manager and Senior Manager of Engineering should develop an indicator technical description to establish consistent definitions, as well as to standardize the collection and collation of information. This will promote accuracy and uniformity in data handling and reporting.	Internal control deficiency	**Ziyaad Kana**	10-Jan-25	31-Mar-25	Management will implement recommendations of AG	Developed (Management Approved)	39%	In Progress
19	1. ISS.101 - COMM 39 - ISS 101 - AOPO - Basic service and infrastructure development - Outstanding happy letters	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is disclosed in the Annual Performance Report by ensuring that the listing is supported by the POE.	Internal control deficiency	**Ziyaad Kana**	10-Jan-25	31-Mar-25	Management will implement recommendations of AG	Developed (Management Approved)	55%	In Progress
20	1. ISS.78 - COMM 39 - ISS 78 - AOPO – Differences between APR and listing/POE.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is disclosed in the Annual Performance Report by ensuring that the listing is supported by the POE.	Internal control deficiency	**Ziyaad Kana**	10-Jan-25	31-Mar-25	Management will implement recommendations of AG	Developed (Management Approved)	48%	In Progress

21	1. ISS.70 - COMM 50 - ISS 70 - SCM Competitive bid not followed	Management should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes.	Non-compliance with applicable legislation	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	It must be noted that even though management included the item as irregular. The reason was due to the manner in which the audit was perceived to be conducted. The facts on the table is that the service provider were terminated, and readvertising would have delayed the project longer. Termination of a contractor is a tedious task and cannot be wilily nilly concluded as if the matter is taken to court. The project may be indefinitely suspended up until a point that a resolution is finalised by the courts. The decision to deviate via a closed quotation using contractors who were already on the scheme allowed, for the project to have continuity as the contractor is familiar with the scheme. Increased the chances of the projected being completed timeously on the revised schedule as the selected contractors had already successfully completed their portion of the works. Therefore, the decision was rational and cost effective and in essence deviated within the legislative framework and spirit of the law.	Developed (Management Approved)		Not Yet Started
22	1. ISS.80 - COMM 50 - ISS 80 - Reason for deviation not indicated	Management should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes. Furthermore, management should ensure that all the deviations are approved by the accounting officer.	Internal control deficiency	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that deviation reasons are properly recorded and deviation memos approved.	Developed (Management Approved)		Not Yet Started
23	1. ISS.120 - [REMAIN] COMM 50 - ISS 120 - The reasons for deviations does not appear reasonable/ justifiable	RecommendationManagement should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes. Furthermore, management should adhere to SCM regulations to ensure that adequate time is allocated for timely planning, thereby avoiding last-minute event arrangements	Internal control deficiency	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that every deviation is thoroughly substantiated before procurement takes place to avoid deviations being irregular expenditures and compliance with the SCM regulations.	Developed (Management Approved)	21%	In Progress
24	1. ISS.89 - [REMAIN] COMM 50 - ISS 89 - CIDB-The winning contractor's grading is not suitable for the value of contract.	Management should ensures that they perform a reasonability test to determine whether they can award the bidders the contracts when they don't have the required minimum CIDB grading.Management should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes.	Non-compliance with applicable legislation	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that a competitive bidding process is followed to ensure compliance with SCM regulations.	Developed (Management Approved)	14%	In Progress
25	ISS.111 - [REMAIN] COMM 72 - ISS.111 - The reasons for deviations does not appear reasonable/ justifiable(Selenane Ultimate)	RecommendationManagement should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes. Furthermore, management should adhere to SCM regulations to ensure that projects are monitored properly.	Internal control deficiency	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that deviation registers are reviewed continuously to ensure compliance to SCM regulations as per the AG recommendation.	Developed (Management Approved)	20%	In Progress
26	1. ISS.38 - [REMAIN] COMM 28 - ISS.38 - Conditional grant: Invoices paid after 30 days	Management should implement proper internal controls to ensure that payments to suppliers are made within 30 days after the invoice is received to comply with laws and regulations.	Non-compliance with applicable legislation	**Itumeleng Jonas, Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that payments are done within 30 days by speeding up the process between receiving of invoices and processing for payments and the controls around signing period.	Developed (Management Approved)	80%	In Progress
27	1. ISS.84 - [REMAIN] COMM 31 - ISS.84 - Unauthorized expenditure – Misstatement identified.	The Acting CFO must ensure that only votes appropriated in the approved budget are included in the AFS. All votes should be validated against the approved budget before finalising the financial statements.	Internal control deficiency	**Dipuo Motshelabola**	10-Jan-25	31-Mar-25	Management will revise the workings on unauthorised and ensure completeness in terms of budget per vote and reclassify transactions that requires re-classification.	Developed (Management Approved)	39%	In Progress

28	1. ISS.126 - [REMAINS] COMM 76 - ISS 126 - Irregular Expenditure- Prior period qualification.	Management should ensure to that they perform proper reviews of Irregular Expenditure register together with its supporting documentation to ensure that it's accurate and supported by the accurate supporting documents.	Internal control deficiency	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that irregular is complete and that investigations also take place to clear the irregular expenditure balance	Developed (Management Approved)	16%	In Progress
29	1. ISS.1 - [REMAINS] COMM 01 - ISS.1 - Audit Committee did not approve the combined assurance plan	The audit committee should provide comprehensive oversight of the audit process. The Audit committee should ensure that the combined audit plan aligns with the organization's risk profile and strategic objectives. The audit committee should ensure that they review and approve the combined audit plan.	Internal control deficiency	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will endeavour to ensure that the issues are addressed in the following cycle.	Developed (Management Approved)		Not Yet Started
30	ISS.95 - [REMAIN] COMM 41 - Movable asset completeness- Asset from the floor could not be traced in the fixed asset register	1.Management should exercise oversight in ensuring that the useful lives of its assets are assessed annually to remain compliant with GRAP17.56. Management should ensure that those assets that are still in use and have achieved it useful life are considered for review of useful life. 2.Management should ensure that controls are implemented over the daily and monthly processing and reconciling of the assets. Further management should ensure that all assets that series numbers/registration number are included in fixed assets register so that they are able to trace them should the barcode of an asset falls off. Before the assets are dispatched management should ensure that the assets are barcoded and recorded correctly in the asset register.	Internal control deficiency	**Kenneth Kalanko**	10-Jan-25	31-Mar-25	Management will ensure that asset verification is performed 100% and reviewed to ensure that all assets included in the asset register can also be traced to the floor and strengthen internal controls regarding asset movements.	Developed (Management Approved)	23%	In Progress
31	1. ISS.134 - [REMAIN] COMM 63 - Monthly statement on municipality's budget not submitted within 10 days	Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls by submitting the monthly statement on the state of the municipality's budget, by no later than 10 working days after the end of the month.	Internal control deficiency	**Dipuo Motshelabola**	10-Jan-25	31-Mar-25	Management will develop an acknowledgement form that when the s71 report is submitted to the mayor, the mayor signs the form. Alternately, acknowledges the report via the email	Developed (Management Approved)	18%	In Progress
32	1. ISS.133 - [REMAIN] COMM 68 - Budget Management-Unfunded Budget	Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls by implementing stringent cost containment measures to improve the current financial status as suggested by Provincial Treasury	Non-compliance with applicable legislation	**Dipuo Motshelabola**	10-Jan-25	31-Mar-25	The district is currently under the rescue phase of the Financial Recovery Plan. It is expected that it will take the Municipality another year to stabilize and it is probable that a funded budget may start taking shape in the 2026/27 financial year	Developed (Management Approved)	56%	In Progress
33	1. ISS.107 - [REMAIN] COMM 40 - ISS 107 - Employee benefits :,Non-permanent employees provided for under LSA	We recommend a thorough review and reconciliation of the employee records, with specific focus on eligibility criteria and documentation, to verify that all qualifying employees are accurately included in the subsidy calculations. This process will help ensure that the reported medical aid liability is both complete and reliable.	Internal control deficiency	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will break down the two lists of permanent and non-permanent and will calculate the Long Service Awards again.	Developed (Management Approved)	30%	In Progress
34	ISS.108 - [REMAIN] COMM 40 - ISS 108 - Employee benefits: Pensioners not found on medical records	Recommendation Management should ensure that they reconcile their excel report before submitting the data required for valuation of Post medical aid award.	Internal control deficiency	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Necessary amendments have been made to the data and the Actuaries revised the PEMA calculation.Amount previously reported: 37 891 124.00Amount Recalculated after adjustment 37 201 801.00Factual Liability overstatement amount 689 323.00	Developed (Management Approved)	80%	In Progress
35	ISS.109 - [REMAIN] COMM 40 - ISS 109 - DETAILED AUDIT FINDING – Current employees medical aid subsidy	We recommend a thorough review and reconciliation of the employee records, with specific focus on eligibility criteria and documentation, to verify that all qualifying employees are accurately included in the subsidy calculations. This process will help ensure that the reported medical aid liability is both complete and reliable.	Internal control deficiency	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that due diligence is performed before the information is submitted to the actuaries for completeness purposes.	Developed (Management Approved)	80%	In Progress
36	1. ISS.31 - COMM 38 - ISS 31 – Commitments – Understatement of Commitment Amount	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Internal control deficiency	**Evans Matope**	10-Jan-25	31-Mar-25	Management will ensure that the commitment register is calculated correctly and reviewed continuously.	Developed (Management Approved)		Not Yet Started
37	1. ISS.143 - [REMAIN] Litigation register is not complete	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Internal control deficiency	**Johnny Shai**	10-Jan-25	31-Mar-25	Management will ensure that going forward the litigation register will be complete and continuously reviewed.	Developed (Management Approved)	50%	In Progress

38	1. ISS.16 - [REMAIN] COMM 02 - ISS.16 - No perfomance review done for employees	Performance evaluationThe auditors acknowledge managements response. As management has agreed with the finding, the finding will remain and will thus be communicated in the management report. Skills and competencies of senior management The auditors acknowledge managements response. However, no evidence of any personal development plans for any of the senior managers has been provided to the auditors, thus we cannot confirm whether such development plans were made. The finding will therefore remain and will be communicated in the management report.	Non-compliance with applicable legislation	**Ziyaad Kana**	10-Jan-25	31-Mar-25	Management has already established the performance evaluation committee, assessments to be conducted before March 2024.	Under Development	32%	In Progress
39	1. ISS.54 - [REMAIN] COMM 52 - ISS 54 - Employee related cost - Understatement of Overtime Payments	Management should ensure that all overtime payments are accurately paid as per hours worked	Internal control deficiency	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that calculations of Overtime is re-performed to ensure and correct any miscalculation.	Developed (Management Approved)	50%	In Progress
40	1. ISS.25 - [REMAINS] COMM 07 - ISS.25 - Informations Technology Internal Control Deficiencies	RecommendationManagement should ensure that it develops and monitor the implementation of actions plans to address internal controls identified in the IT environment of the municipality.	Internal control deficiency	**Tebogo Moroka**	10-Jan-25	31-Mar-25	Management will ensure that internal controls are strengthen to aliviate any dificiencies around IT controls	Not Yet Started		Not Yet Started
41	1. ISS.5 - [REMAIN] COMM 04 - ISS.05 - Internal audit staff member did not attend training	Chief Audit Executive should ensure that all internal audit staff are well equipped through continuing professional education to improve their internal audit competencies.	Non-compliance with applicable legislation	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	The CAE will ensure that all internal auditors prioritise continuous learning.	Developed (Management Approved)		Not Yet Started
42	ISS.136 - [REMAIN] COMM 66 - ISS.136 - Statement of change in Net Asset	Management should exercise oversight in ensuring that all the information that is disclosed in the statement of change in Net Asset is supported by correct information and if there are any judgments the impact is considered.	Internal control deficiency	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that going forward GRAP1.113 will be taken into consideration per AG recommendation and calculate the net asset.	Developed (Management Approved)	43%	In Progress
43	1. ISS.58 - COMM 22 - ISS.58 - Coordinating ministries information - Limitation of scope_RFI 100	Management should ensure that they submit requested information within the agreed timeframe. Furthermore, management should implement proper record keeping ensuring that complete, relevant and accurate information is always accessible and available.	Internal control deficiency	**Phenyo Chwene**	10-Jan-25	31-Mar-25	Management has a plan of aquiring document management system to address the issue of missing documentations	Not Yet Started		Not Yet Started
44	1. ISS.142 - COMM 73 - ISS 142 - Omitted disclosures required in terms of GRAP 32 Service concession	Management should ensure the annual financial statements are reviewed considering all the GRAP related standards to ensure the reporting requirements are applied. In addition, management should disclose the WSA-WSP contracts in line with the GRAP 32 requirements.	GRAP non-compliance	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that all required disclosures are included in the annual financial statement and this will be reflected on the mid-year annual financial statement.	Developed (Management Approved)	46%	In Progress
45	1. ISS.114 - [REMAIN] COMM 48 - ISS 114 - PPE Presentation and disclosure	Management should exercise oversight in ensuring that the correct information is disclosed in the AFS.	GRAP non-compliance	**Kenneth Kalanko**	10-Jan-25	31-Mar-25	Management will ensure that a Grap-compliant set of financial statements is prepared with all the required disclosures.	Developed (Management Approved)	30%	In Progress
46	1. ISS.49 - [REMAIN] COMM 23 - ISS.49 - Difference between the AFS and FAR/GL	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is disclosed in the Annual financial statement.	Internal control deficiency	**Kenneth Kalanko**	10-Jan-25	31-Mar-25	Management will ensure that a thorough review is done to avoid discrepancies between the financial statements and the underlying supporting documentation.	Developed (Management Approved)	38%	In Progress
47	1. ISS.59 - [REMAIN] COMM 41 : ISS 59 Property plant and equipment - Asset with Rnil carrying amount.	RecommendationManagement should exercise oversight in ensuring that the useful lives of its assets are assessed annually to remain compliant with GRAP17.56. Management should ensure that those assets that are still in use and have achieved it useful life are considered for review of useful life.	Internal control deficiency	**Kenneth Kalanko**	10-Jan-25	31-Mar-25	Management will try and speed up the process of verification of assets to be disposed of so that the council can approve and the assets are removed from the asset register as they are currently sitting at R0.	Developed (Management Approved)	33%	In Progress

48	1. ISS.35 - [REMAIN] COMM 13 - ISS.35 - Movable Asset additions that were recorded with incorrect amount.	RecommendationManagement should implement adequate internal controls in the processing of reignition of additions of an asset to ensure that the asset recorded is supported by relevant/appropriate evidence that depicts its accuracy.	Internal control deficiency	**Kenneth Kalanko**	10-Jan-25	31-Mar-25	Management will ensure that the asset registers are updated with the correct information to avoid any discrepancies between the financial reports.	Developed (Management Approved)	32%	In Progress
49	1. ISS.74 - [REMAIN] COMM 32 - ISS 74: Expenditure – Depreciation - Understatement of depreciation	Management should ensure that all the movable assets that have depreciable amount and are still in used, the depreciation is accounted for correctly.	Internal control deficiency	**Kenneth Kalanko**	10-Jan-25	31-Mar-25	Management will ensure that a thorough review is performed on the annual financial statements to correct any misstatements.	Developed (Management Approved)	41%	In Progress
50	1. ISS.105 - [REMAIN] COMM 51 - ISS 105 - Asset that were not verified	Management should exercise oversight in ensuring that the location of assets is accessible so that they can be easily verified. When management is performing verification, they should ensure that all asset are barcoded and update the fixed asset register accordingly. Management should keep a separate list of all assets that needs to be disposed or disposed assets.	Internal control deficiency	**Kenneth Kalanko**	10-Jan-25	31-Mar-25	Management will ensure that verification is thoroughly performed to ensure that all assets are verified and this will include strengthening the internal controls around movement of assets.	Developed (Management Approved)	32%	In Progress
51	COMM 23 - ISS.53 - Movable Asset Additions- Internal control deficiency.	Management should ensure that they submit requested information within the agreed timeframe. Furthermore, management should implement proper record keeping ensuring that complete, relevant and accurate information is always accessible and available.	Internal control deficiency	**Kenneth Kalanko**	10-Jan-25	31-Mar-25	Management will ensure that internal controls are improved around capturing of the asset additions	Developed (Management Approved)	43%	In Progress
52	1. ISS.77 - [REMAIN] COMM 42 - ISS 77 - Contracted services -Remaining population: Invoices not paid within 30 days of receipt of the invoice	Management should ensure that payments to suppliers are made in 30 days as per the requirements of the MFMA Act.	Non-compliance with applicable legislation	**Itumeleng Jonas, Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that payments are done within 30 days by speeding up the process between receiving of invoices and processing for payments and the controls around signing period.	Developed (Management Approved)	80%	In Progress
53	1. ISS.102 - [REMAIN] COMM 43 - ISS 102 - Contracted services: Water Tankering: Recalculated hours on delivery sheets differs from the hours on the invoice	Recommendation Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information by ensuring that hours charged on the invoice agree to delivery sheets signed for by customers.	Internal control deficiency	**Evans Matope**	10-Jan-25	31-Mar-25	1. Management to ensure that the number of hours on the delivery sheets are to be attached on the invoices under claim to ensure that there are no discrepancies moving forward.	Under Development		Not Yet Started
54	1. ISS.100 - [REMAIN] COMM 43 - ISS.100 - Contracted services:Water Tankering :Incorrect delivery sheet submitted for the invoice	Recommendation Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information by ensuring that hours charged on the invoice relate to the correct location where water was delivered and signed for by the customers.	Internal control deficiency	**Evans Matope**	10-Jan-25	31-Mar-25	1. Responsible officials to ensure that the supporting documents are in line with the invoices under review / processed. 2. All scanned documents to be reviewed before processing and filing of invoices to ensure they are in line with the invoice in question.3. Responsible officials to ensure that the number of hours claimed on the invoices are as per the supporting documents	Under Development		Not Yet Started
55	1. ISS.112 - [REMAIN] COMM 44 - ISS.112 - Contracted services - Wcyber Solutions: unable to confirm whether the invoiced amount aligns with the agreed price in the contract	Recommendation Management should implement adequate internal controls in the processing of expenditure transactions to ensure that the expenditure recorded is accurate by ensuring that the amounts charged are supported by timesheets	Internal control deficiency	**Karel Vogt**	10-Jan-25	31-Mar-25	Management will ensure that expenditures are thoroughly assessed and reviewed to ensure accuracy before payments are made and processing on the financial system.	Not Yet Started		Not Yet Started
56	1. ISS.115 - [REMAIN] COMM 57 - ISS 115 - General expenses: SLA not submitted for RFI 68	Recommendation Management should ensure that they submit requested information within the agreed timeframe. Furthermore, management should implement proper record keeping ensuring that complete, relevant and accurate information is accessible and available at all times.	GRAP non-compliance	**Pardon Swarts**	10-Jan-25	31-Mar-25		Not Yet Started	31%	In Progress
57	1. ISS.116 - [REMAIN] COMM 57 - ISS 116 - General expenses: Fuel and Oil: Incorrect classification	Recommendation Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting by ensuring that the costs on the Needfleet statement are split based on MSCOA classification	Internal control deficiency	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management should implement adequate internal controls in the	Developed (Management Approved)	35%	In Progress
58	1. ISS.117 - [REMAIN] COMM 57 - ISS 117 - Information not submitted for RFi 125	Recommendation Management should ensure that they submit requested information within the agreed timeframe. Furthermore, management should implement proper record keeping ensuring that complete, relevant and accurate information is accessible and available at all times.	Internal control deficiency	**Pardon Swarts**	10-Jan-25	31-Mar-25	processing of expenditure transactions to ensure that the expe	Not Yet Started		Not Yet Started

59	1. ISS.118 - [REMAIN] COMM 57 - ISS 118 - General expenses-Fuel and Oil: Unable to confirm the occurence of expenditure	RecommendationManagement should implement adequate internal controls relating to petrol cards, by ensuring that the purchases done by petrol cards are done by delegated officials and on municipality business. Management should investigate the purchases done by the petrol cards to confirm if relates to municipality.	Internal control deficiency	**Pardon Swarts**	10-Jan-25	31-Mar-25	is accurate by ensuring that the amounts charged are supported by timesheets	Not Yet Started		Not Yet Started
60	1. ISS.110 - [REMAIN]COMM 57 - ISS 110 - General expenditure-Recording the expenditure inclusive of VAT	RecommendationManagement should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	Internal control deficiency	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that expenditures are thoroughly assessed before capturing into the financial system to ensure VAT inclusive and exclusive.	Developed (Management Approved)	11%	In Progress
61	1. ISS.79 - COMM 42 - ISS 79 - Contracted services:Remaining population: Payment requisition and deviation memo not signed by delegated official	Recommendation Management should review all the documentations during procurement process to ensure that all the compliance laws and regulations are complied with	Internal control deficiency	**Lebogang Nkomo, Itumeleng Jonas**	10-Jan-25	31-Mar-25	Management will ensure that deviation memos are signed by the delegated personnel and managers.	Developed (Management Approved)	35%	In Progress
62	1. ISS.76 - COMM 56 - ISS 76 - Contracted services-information not submitted	Recommendation Management should ensure that they submit requested information within the agreed timeframe. Furthermore, management should implement proper record keeping ensuring that complete, relevant and accurate information is accessible and available at all times.	Internal control deficiency	**Letlhogonolo Chacha**	10-Jan-25	31-Mar-25	Management will ensure that all outstanding information is repopulated and a file created to address the previous year finding	Developed (Management Approved)	30%	In Progress
63	1. ISS.36 - COMM 12 - ISS.36 - Limitation of scope – RFI 89 Information not submitted	Recommendation Management should ensure that they submit requested information within the agreed timeframe. Furthermore, management should implement proper record keeping ensuring that complete, relevant and accurate information is accessible and available at all times.	Internal control deficiency	**Ziyaad Kana**	10-Jan-25	31-Mar-25	Management will implement recommendations of AG	Developed (Management Approved)	52%	In Progress
64	1. ISS.90 - [REMAIN] COMM 58 - ISS 90 - Limitation of Scope - Adjudication Minutes for HWA Engineers	Management should ensure that they submit requested information within the agreed timeframe. Furthermore, management should implement proper record keeping to ensure that complete, relevant and accurate information is accessible and available at all times	Non-compliance with applicable legislation	**Lebogang Nkomo, Evans Matope**	10-Jan-25	31-Mar-25	Management will implement document management to ensure that documents do not go missing and can be pulled whenever required.	Developed (Management Approved)	14%	In Progress
65	1. ISS.32 - [REMAIN] COMM 38 - ISS 32 - Contract register is not complete	Recommendation Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	Internal control deficiency	**Lebogang Nkomo, Evans Matope**	10-Jan-25	31-Mar-25	Management will ensure that the contract register is updated and reviewed every month to ensure completeness.	Developed (Management Approved)	17%	In Progress
66	1. ISS.121 - [REMAIN] COMM 50 - ISS 121 - SCM - Awards made to suppliers in service of the state	Recommendation Management must ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of theSCM regulations and municipality's SCM policy when procuring goods and services.	Non-compliance with applicable legislation	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that awards are not made to suppliers in the service of the state	Developed (Management Approved)		Not Yet Started
67	1. ISS.69 - [REMAIN] COMM 50 - ISS 69 - SCM - Supplier with same director	Recommendation Management should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes.	Non-compliance with applicable legislation	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that quotes are sought from different suppliers to ensure compliance with SCM regulations.	Developed (Management Approved)	19%	In Progress
68	1. ISS.87 - [REMAIN] COMM 50 - ISS 87 - CIDB-inconsistencies between advert and tender documents.	Recommendation Management should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes.	Internal control deficiency	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that the advert as provided as proof of no inconsistencies as reported by AG and ensure that proper documents are submitted to AG as requested.	Developed (Management Approved)		Not Yet Started
69	1. ISS.88 - [REMAIN] COMM 50 - ISS 88 - Limitation of scope- RFI 127- SCM	Recommendation Management should ensure to submit requested information within the agreed upon timeframe of three working days as agreed on in the engagement letter.	Internal control deficiency	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will re-submit the information to AG and ensure that information requested are submitted timeously and proof provided.	Developed (Management Approved)		Not Yet Started

70	1. ISS.68 - [REMAIN] COMM 50 -ISS 68 - No MBD4 OR SBD4 submitted by the winning bidder.	Recommendation Management should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes.	Internal control deficiency	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that information is re-submitted to the auditors and also ensure that information requested is submitted timeously with proof of submission.	Developed (Management Approved)		Not Yet Started
71	1. ISS.71 - [REMAIN] COMM 69 - ISS.71 - SCM Functionality -Lethabo Ziggy	Recommendation Management should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes.	Internal control deficiency	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure enhanced Training and Awareness: We will provide training to bid committee members to ensure they fully understand the documentation requirements and evaluation criteria for bids.	Developed (Management Approved)		Not Yet Started
72	1. ISS.139 - [REMAINS] COMAF 72 Reasons for deviation don't appear to be justifiable(Droza)	RecommendationManagement should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes. Furthermore, management should adhere to SCM regulations to ensure that adequate time is allocated for timely planning, thereby avoiding last-minute event arrangements	Internal control deficiency	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that the deviation register will be reviewed continuously and ensure the reasonability of reasons before procurement.	Developed (Management Approved)		Not Yet Started
73	1. ISS.2 - [REMAINS] COMM 01 - ISS.2 - SCM CAATs - Limitation of scope	Recommendation Management should ensure that they submit requested information within the agreed timeframe. Furthermore, management should implement proper record keeping to ensure that complete, relevant and accurate information is accessible and available at all times	Internal control deficiency	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will ensure that requested information by the auditors will be provided.	Developed (Management Approved)		Not Yet Started
74	1. ISS.104 - [REMAINS] COMM 58 - ISS 104 - SCM - Deviations not reported to the council	Recommendation Management should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost effective supply chain management processes.	Non-compliance with applicable legislation	**Lebogang Nkomo**	10-Jan-25	31-Mar-25	Management will provide proof of deviation submitted to council together with the MSCMR Section 6(3) reports.	Developed (Management Approved)	12%	In Progress
75	1. ISS.50 - [REMAIN] COMM 30 - ISS 50 - Debtors reconciliation review	Recommendation It is recommended that, in addition to signatures, the names and positions of both the preparer and the reviewer be clearly documented on the debtor reconciliation. This will improve traceability, allowing auditors and management to easily verify the responsible parties and ensure proper accountability.	Internal control deficiency	**Dipuo Motshelabola**	10-Jan-25	31-Mar-25	Management will ensure that debtors' reconciliations are signed going forward and indicate the signatory.	Developed (Management Approved)	37%	In Progress
76	1. ISS.17 - [REMAINS] COMM 10 - ISS.17 - No SLA between the municipality and Dept. of Public Works	RecommendationIt is recommended that the municipality establish a new contract with the Department of Public Works to clearly define the rights and responsibilities of both parties. This will help ensure mutual understanding and compliance with agreed-upon terms.	Internal control deficiency	**Pardon Swarts**	10-Jan-25	31-Mar-25	The matter has been escalated to PER to intervene so that Public works signs.	Not Yet Started		Not Yet Started

Dr Ruth S Mompati District Municipality (DC39)
Annual Financial Statements
for the year ended 30 June 2024

General Information

Legal form of entity	District Municipality
Nature of business and principal activities	Dr Ruth S Mompati DM District Municipality is a South African Category C Municipal (District Municipality) as defined by the Municipal Structure Act. (Act no 117 of 1998). The nature of business of the Municipality is a provision of service (water and sanitation) to communities in a sustainable manner, to promote social and economic development and to promote a safe and healthy environment. The Municipality's operations are governed by Municipal Finance Management Act 56 of 2003, Municipal Structure Act 117 of 1998, Municipal Systems Act 32 of 2000 and various other acts and regulations namely Division of Revenue Act, Supply Chain Management Regulations 2005, The Constitution of South Africa and Water Services Act 108 of 1997.
Mayoral committee	
Executive Mayor	Cllr Mr MA Maje : Directly elected
Speaker	Cllr Mrs K Sereko : Directly elected
MMC: Economic Development, Tourism & Agriculture	Cllr S T Matobo
MMC: Planning and development	Cllr KL Duiker
MMC : Engineering and Technical Services	Cllr S Seepamere
MMC : Corporate Services	Cllr LC Jacobs
MMC : Budget and Treasury	Cllr NG Masilo
MMC : Community Services	Cllr B Setlhabetsi
Councillors	Cllr BM Nkewu: Greater Taung Local Municipality Cllr MM Ntjilo: Directly elected Cllr ME Arabang: Kagisano Molopo Local Municipality Cllr PL Babuseng: Greater Taung Local Municipality Cllr JW Dibakwe: Contract Cllr CP Herbst: Directly elected Cllr KM Lekgotla Cllr RL Modise: Greater Taung Local Municipality Cllr JK Masilo: Mamusa Local Municipality Cllr R Molehe: Naledi Local Municipality Cllr MS Morapedi-Letele: Greater Taung Local Municipality Cllr LJ Mothibi: Directly elected Cllr GK Nthebotsenyane: Kagisano Molopo Local Municipality Cllr B Pusho: Greater Taung Local Municipality Cllr KC Rooibaatjie: Greater Taung Local Municipality Cllr TA Babuile Cllr TJ Thetswe: Kagisano Molopo Local Municipality Cllr CE Tladinyane: Directly elected Cllr NP Tunyiswa: Naledi Local Municipality Cllr EG Letebele Cllr VM Matimba Cllr TS Phokoje
Grading of local authority	3
Accounting Officer	Mr Itumeleng Jonas Municipal Manager jonasl@drrsmdm.gov.za 053 928 8297
Chief Finance Officer (CFO)	Mr Morena Mofokeng

General Information

	Acting Chief Financial Officer 053 928 8297
Registered office	34 Church Street Vryburg 8601
Postal address	PO Box 21 Vryburg 8601
Bankers	Nedbank First National Bank
Auditors	The Auditor General of South Africa Chartered Accountants (S.A.) Registered Auditors
Attorneys	The Municipality has an internal legal unit. It also uses a panel of attorneys to ensure competitiveness.
Contact Details	Telephone: (+27) 53 928 6400 Email: info@drrsmdm.gov.za Web address: drrsmdm.gov.za
Provincial Treasury	Telephone: (+27) 18 388 2124 Web address: treasury.nwpg.gov.za
National Treasury	Telephone: (+27) 12 315 5111 Web address: treasury.gov.za

Index

	Page
Accounting Officer's Responsibilities and Approval	6
Audit Committee Report	7 - 8
Accounting Officer's Report	9
Statement of Financial Position	10
Statement of Financial Performance	11
Statement of Changes in Net Assets	12
Cash Flow Statement	13
Statement of Comparison of Budget and Actual Amounts	14 - 16
Significant Accounting Policies	17 - 37
Notes to the Annual Financial Statements	37 - 89

Index

Abbreviations used:

CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
CRR	Capital Replacement Reserve
SA GAAP	South African Statements of Generally Accepted Accounting Practice
DR RSMDM	Dr Ruth Segomotsi Mompati District Municipality
GAMAP	Generally Accepted Municipal Accounting Practice
IMFO	Institute of Municipal Finance Officers
ME's	Municipal Entities
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant (Previously CMIP)
EQS	Equitable Share
PIG_MRG	Public Infrastructure Grant_Municipal Rehabilitation Grant
RBIG	Regional Bulk Infrastructure Grant
LGSETA	Local Government Sector Education and Training Authority
MMC	Member of Mayoral Committee
MPRA	Municipal Property rates Act
PPE	Property Plant and Equipment
RUL	Remaining useful life
SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund
UIFW	Unauthorised Irregular Fruitless and Wasteful Expenditure
VAT	Value Added Tax
RRAMS	Rural Road Asset Management System
WSIG	Water Service Infrastructure Grant
MDG	Municipal Disaster Recovery Grant

Index

PAYE	Pay as you earn
AGSA	Auditor General of South Africa
APC	Audit and Performance Committee
DORA	Division of Revenue Allocation
DR RSMDM	Dr Ruth Segomotsi Mompati District Municipality

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

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

The annual financial statements set out on page 9, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Accounting Officer
Mr Itumeleng Jonas

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2024.

1. Background

Dr. Ruth Segomotsi Mompati District Municipality (Dr.RSMDM) and all its local municipalities namely Naledi Local Municipality, Mamusa Local Municipality, Kagisano Local Municipality, Lekwa Teemane Local Municipality, have opted for the shared Audit and performance Committee Services. The Audit and Performance Committee (APC) was established in terms of section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The Audit and Performance Committee (APC) has adopted its terms of reference.

Statutory requirements

Section 166 of the MFMA stipulates that each municipality must establish an Audit committee.

The Audit committee is an independent advisory body that advises council, political office bearers, accounting officer, and the staff of the municipality on the following

Internal financial control and internal audit;

Risk management;

Accounting policies

The adequacy, reliability and accuracy of financial reporting and information;

Performance management;

Compliance with the MFMA, the Division of Revenue Act (DORA) and any other applicable legislation;

Performance evaluation

Any other issues referred to it by the municipality;

Review annual financial statements to provide authoritative and credible view of the financial position, on overall compliance with MFMA, DORA any other applicable laws.

Respond to Council on any matter raised by the Auditor- General (AGSA); and

Carry out such investigation into financial affairs of the municipality as may be prescribed

Audit Committee Report

Attendance of meetings

The following, although not members of the Audit and Performance Committee (APC), have standing invitation to Audit and Performance committee meetings:

- The Accounting Officer;
- The Chief Financial Officer;
- The chairperson of the Risk committee
- The Section 56 Managers/Departmental Heads
- Chief Audit Executive
- Chief Risk Officer
- The Auditor- General
- The Provincial Treasury

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

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Chairperson of the Audit Committee

Date: _____

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2024.

1. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R3 220 663 759 and that the municipality's total assets exceed its liabilities by R3 220 663 759.

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

The detailed analysis on going concern is included on note 40 to the annual financial statements.

2. Subsequent events

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

3. Accounting Officers' interest in contracts

The accounting officer has no interest in any contracts.

4. Accounting policies

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

5. Non-current assets

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

There were no changes in the policy relating to the use of non-current assets.

6. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The annual financial statements set out on page 9, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Accounting Officer
Mr Itumeleng Jonas

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	7	34 751 854	-
Receivables from non-exchange transactions	8	3 601 477	1 888 112
VAT receivable	9	148 364 804	156 908 477
Prepayments	10	1 015 843	218 397
Cash and cash equivalents	11	194 340 648	199 122 396
		382 074 626	**358 137 382**
Non-Current Assets			
Investment property	3	10 475 000	9 667 200
Property, plant and equipment	4	4 065 432 395	3 635 008 314
Intangible assets	5	4 060 367	6 043 865
		4 079 967 762	**3 650 719 379**
Total Assets		**4 462 042 388**	**4 008 856 761**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	1 179 154 949	972 225 899
Payable from non - exchange transactions	16	432 857	432 857
Employee benefit obligation	6	2 830 041	2 332 229
Unspent conditional grants and receipts	13	-	61 282 745
Provisions	14	14 521 787	11 818 884
		1 196 939 634	**1 048 092 614**
Non-Current Liabilities			
Employee benefit obligation	6	44 438 995	45 157 644
Total Liabilities		**1 241 378 629**	**1 093 250 258**
Net Assets		**3 220 663 759**	**2 915 606 503**
Accumulated surplus	12	3 220 663 759	2 915 606 505
Total Net Assets		**3 220 663 759**	**2 915 606 505**

* See Note 40 & 39

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	18	1 511 699	1 374 272
Other income	20	728 486	685 811
Investment revenue	21	25 481 968	18 982 811
Total revenue from exchange transactions		**27 722 153**	**21 042 894**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	24	1 062 368 024	899 905 255
Total revenue	17	**1 090 090 177**	**920 948 149**
Expenditure			
Employee related costs	25	(187 433 571)	(180 150 356)
Remuneration of councillors	26	(13 673 829)	(11 523 287)
Depreciation and amortisation	27	(101 401 019)	(96 873 843)
Finance costs	29	(6 451 646)	(7 637 494)
Lease rentals on operating lease	19	(5 759 348)	(5 413 154)
Debt Impairment	30	(2 030 808)	(8 179 464)
Bulk purchases	31	(8 772 428)	(6 757 648)
Contracted services	32	(410 884 231)	(318 427 434)
Transfers and Subsidies	23	(14 359 402)	(248 449 233)
General Expenses	33	(40 012 376)	(37 355 069)
Total expenditure		**(790 778 658)**	**(920 766 982)**
Operating surplus		**299 311 519**	**181 167**
Fair value adjustments	22	807 800	546 200
Actuarial gains/losses	6	5 206 621	10 373 561
Impairment loss	28	(268 685)	(595 477)
		5 745 736	**10 324 284**
Surplus for the year		**305 057 255**	**10 505 451**

* See Note 40 & 39

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2022	**2 905 101 054**	**2 905 101 054**
Changes in net assets		
Surplus for the year	10 505 451	10 505 451
Total changes	10 505 451	10 505 451
Restated* Balance at 01 July 2023	**2 915 606 504**	**2 915 606 504**
Changes in net assets		
Surplus for the year	305 057 255	305 057 255
Total changes	305 057 255	305 057 255
Balance at 30 June 2024	**3 220 663 759**	**3 220 663 759**

Note(s)

* See Note 40 & 39

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants		1 001 085 279	735 323 000
Interest income		25 481 968	18 982 811
Other receipts		2 240 185	2 060 083
		1 028 807 432	756 365 894
Payments			
Employee costs		(199 294 156)	(186 314 123)
Suppliers		(390 336 929)	(268 132 768)
Finance costs		(206 228)	(1 236 233)
		(589 837 313)	(455 683 124)
Net cash flows from operating activities	35	**438 970 119**	**300 682 770**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(443 751 868)	(385 435 342)
Purchase of other intangible assets	5	-	(1 896 061)
Net cash flows from investing activities		**(443 751 868)**	**(387 331 403)**
Cash flows from financing activities			
Repayment of other financial liabilities		-	(11 634 315)
Net cash flows from financing activities		**-**	**(11 634 315)**
Net increase/(decrease) in cash and cash equivalents		**(4 781 749)**	**(98 282 948)**
Cash and cash equivalents at the beginning of the year		199 122 396	297 405 353
Cash and cash equivalents at the end of the year	11	**194 340 647**	**199 122 405**

The accounting policies on pages 17 to 37 and the notes on pages 37 to 89 form an integral part of the annual financial statements.

* See Note 40 & 39

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	1 475 000	36 870	**1 511 870**	1 511 699	**(171)**	
Other income	1 437 000	(495 000)	**942 000**	728 486	**(213 514)**	A1
Interest received - investment	15 000 000	8 248 908	**23 248 908**	25 481 968	**2 233 060**	A2
Total revenue from exchange transactions	**17 912 000**	**7 790 778**	**25 702 778**	**27 722 153**	**2 019 375**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	1 114 904 000	(34 721 000)	**1 080 183 000**	1 062 368 024	**(17 814 976)**	A3
Total revenue	**1 132 816 000**	**(26 930 222)**	**1 105 885 778**	**1 090 090 177**	**(15 795 601)**	
Expenditure						
Employee related costs	(162 550 000)	(11 161 991)	**(173 711 991)**	(187 433 571)	**(13 721 580)**	A4
Remuneration of councillors	(11 295 000)	1 406 000	**(9 889 000)**	(13 673 829)	**(3 784 829)**	A5
Depreciation and amortisation	(87 459 000)	(11 102 000)	**(98 561 000)**	(101 401 019)	**(2 840 019)**	A6
Impairment loss/ Reversal of impairments	-	-	**-**	(268 685)	**(268 685)**	
Finance costs	(560 000)	-	**(560 000)**	(6 451 646)	**(5 891 646)**	A7
Lease rentals on operating lease	-	-	**-**	(5 759 348)	**(5 759 348)**	A8
Debt Impairment	-	-	**-**	(2 030 808)	**(2 030 808)**	A9
Bad debts written off	300 000	-	**300 000**	-	**(300 000)**	
Bulk purchases	-	-	**-**	(8 772 428)	**(8 772 428)**	A10
Contracted Services	(191 909 000)	(5 790 761)	**(197 699 761)**	(410 884 231)	**(213 184 470)**	A10
Transfers and Subsidies	(18 200 000)	(6 000)	**(18 206 000)**	(14 359 402)	**3 846 598**	A11
Inventory consumed	(700 000)	(210 000 000)	**(210 700 000)**	-	**210 700 000**	A10
General Expenses	(69 716 000)	(9 438 913)	**(79 154 913)**	(40 012 376)	**39 142 537**	A12
Total expenditure	**(542 089 000)**	**(246 093 665)**	**(788 182 665)**	**(791 047 343)**	**(2 864 678)**	
Operating surplus	**590 727 000**	**(273 023 887)**	**317 703 113**	**299 042 834**	**(18 660 279)**	
Fair value adjustments	-	-	**-**	807 800	**807 800**	
Actuarial gains/losses	-	-	**-**	5 206 621	**5 206 621**	A7
	-	**-**	**-**	**6 014 421**	**6 014 421**	
Surplus before taxation	**590 727 000**	**(273 023 887)**	**317 703 113**	**305 057 255**	**(12 645 858)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**590 727 000**	**(273 023 887)**	**317 703 113**	**305 057 255**	**(12 645 858)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	(700 000)	(210 000 000)	**(210 700 000)**	34 751 854	**245 451 854**	A10
Receivables from exchange transactions	1 673 000	-	**1 673 000**	-	**(1 673 000)**	A13
Receivables from non-exchange transactions	-	-	**-**	3 601 477	**3 601 477**	A13
VAT receivable	144 892 000	(28 871 000)	**116 021 000**	148 364 804	**32 343 804**	A14
Prepayments	-	-	**-**	1 015 843	**1 015 843**	A15
Cash and cash equivalents	52 823 000	186 097 000	**238 920 000**	194 340 648	**(44 579 352)**	A16
	198 688 000	**(52 774 000)**	**145 914 000**	**382 074 626**	**236 160 626**	
Non-Current Assets						
Investment property	9 144 000	-	**9 144 000**	10 475 000	**1 331 000**	A17
Property, plant and equipment	4 267 319 000	1 485 000	**4 268 804 000**	4 065 432 395	**(203 371 605)**	A18
Intangible assets	8 593 000	378 000	**8 971 000**	4 060 367	**(4 910 633)**	A19
	4 285 056 000	**1 863 000**	**4 286 919 000**	**4 079 967 762**	**(206 951 238)**	
Total Assets	**4 483 744 000**	**(50 911 000)**	**4 432 833 000**	**4 462 042 388**	**29 209 388**	
Liabilities						
Current Liabilities						
Other financial liabilities	10 800 000	-	**10 800 000**	-	**(10 800 000)**	A20
Payables from exchange transactions	57 580 000	700 000	**58 280 000**	1 179 154 950	**1 120 874 950**	A21
Payable (non-exchange)	-	-	**-**	432 857	**432 857**	
VAT payable	369 000	(68 000)	**301 000**	-	**(301 000)**	
Employee benefit obligation	-	-	**-**	2 830 041	**2 830 041**	A22
Provisions	-	-	**-**	14 521 787	**14 521 787**	A22
	68 749 000	**632 000**	**69 381 000**	**1 196 939 635**	**1 127 558 635**	
Non-Current Liabilities						
Other financial liabilities	42 390 000	-	**42 390 000**	-	**(42 390 000)**	A20
Employee benefit obligation	-	-	**-**	44 438 995	**44 438 995**	A22
Provisions	8 919 000	-	**8 919 000**	-	**(8 919 000)**	A22
Borrowings	12 534 000	-	**12 534 000**	-	**(12 534 000)**	A20
	63 843 000	**-**	**63 843 000**	**44 438 995**	**(19 404 005)**	
Total Liabilities	**132 592 000**	**632 000**	**133 224 000**	**1 241 378 630**	**1 108 154 630**	
Net Assets	**4 351 152 000**	**(51 543 000)**	**4 299 609 000**	**3 220 663 758**	**(1 078 945 242)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	4 351 152 000	(51 543 000)	**4 299 609 000**	3 220 663 759	**(1 078 945 241)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	1 115 422 000	(34 945 000)	**1 080 477 000**	1 001 085 279	**(79 391 721)**	A3
Interest income	-	23 249 000	**23 249 000**	25 481 968	**2 232 968**	A2
Other receipts	2 763 000	(302 000)	**2 461 000**	2 240 185	**(220 815)**	A1
	1 118 185 000	**(11 998 000)**	**1 106 187 000**	**1 028 807 432**	**(77 379 568)**	
Payments						
Employee costs	(1 048 331 000)	217 952 000	**(830 379 000)**	(199 294 156)	**631 084 844**	A23
Suppliers	-	-	**-**	(390 336 929)	**(390 336 929)**	A23
Finance costs	(560 000)	-	**(560 000)**	(206 228)	**353 772**	A24
Transfers and subsidies	(1 700 000)	(506 000)	**(2 206 000)**	-	**2 206 000**	A25
	(1 050 591 000)	**217 446 000**	**(833 145 000)**	**(589 837 313)**	**243 307 687**	
Net cash flows from operating activities	**67 594 000**	**205 448 000**	**273 042 000**	**438 970 119**	**165 928 119**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(609 709 000)	(1 707 000)	**(611 416 000)**	(443 751 868)	**167 664 132**	A18
Net increase/(decrease) in cash and cash equivalents	(542 115 000)	203 741 000	**(338 374 000)**	(4 781 749)	**333 592 251**	
Cash and cash equivalents at the beginning of the year	110 077 000	-	**110 077 000**	199 122 396	**89 045 396**	
Cash and cash equivalents at the end of the year	**(432 038 000)**	**203 741 000**	**(228 297 000)**	**194 340 647**	**422 637 647**	
Reconciliation						

1. Significant accounting polices

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables

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

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.

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 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.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

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

1.4 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of waste and water network and other assets

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

Post-retirement benefits

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

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

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

Effective interest rate

The municipality uses the prime interest rate 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.

VAT

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

1.5 Investment property

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

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

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

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

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

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

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

1.5 Investment property (continued)

Investment property is 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.

Fair value

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

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

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

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

1.6 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings		.
Wall	Straight-line	60 years
Carpots	Straight-line	7 years
Electrical installation	Straight-line	30 years
Electrical connection	Straight-line	45 years
Floor	Straight-line	50 years
FF&E	Straight-line	15 Years
Fire Protection	Straight-line	20 Years
Foundation or Formation	Straight-line	100 years
Heating and air conditioning	Straight-line	5 years
Lift	Straight-line	30 years
Paving	Straight-line	50 years
Parameter protection	Straight-line	30 years
Pipe Sewer	Straight-line	40 years
Pipe water	Straight-line	80 years
Plumping	Straight-line	20 years
Security System	Straight-line	7 years
Septik tank	Straight-line	40 years
Small building or enclosure	Straight-line	20 years
Swimming pool	Straight-line	20 years
Office equipment	Straight-line	5 years
IT equipment	Straight-line	5 years
Furniture	Straight-line	7 years
Vehicles	Straight-line	7 years
Infrastructure - Sanitation		.
Building	Straight-line	60 years
Civil structure	Straight-line	30 years
Communal water	Straight-line	10 years
Drainage structure	Straight-line	5 years
Earthworks	Straight-line	20 years
Electrical equipment	Straight-line	50 years
External facility	Straight-line	15 years
HV Substation	Straight-line	50 years
LV Conductors	Straight-line	60 years
Mechanical equipment	Straight-line	30 years
Metal Work	Straight-line	20 years
Municipal service connection	Straight-line	45 years
Parking area	Straight-line	20 years
Paved roads	Straight-line	80 years
Pipe work	Straight-line	80 years
Unpaved road	Straight-line	5 years
Electricity		
MV Substation	Straight-line	45 years
MV Transformer	Straight-line	45 years
LV Conductor	Straight-line	45 years
Water		
Boreholes	Straight-line	100 years
Bulkman	Straight-line	80 years
Damn and Weirs	Straight-line	15 years
Distribution	Straight-line	20 years
PRV stations	Straight-line	80 years
Pump stations	Straight-line	20 years
Resoirvors and Towers	Straight-line	20 years
Water treatment works	Straight-line	30 years
Perimeter protection- Iron palisade	Straight-line	43 years
Wave protection	Straight-line	95 years
Switchgear	Straight-line	18 years
Perimeter protection	Straight-line	28 years
Bridge	Straight-line	100 years
Taxidermy mounts	Straight-line	11 years

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

1.7 Intangible assets (continued)

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.8 Financial instruments

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

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

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

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

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

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

1.8 Financial instruments (continued)

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.

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

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

A financial asset is:

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

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

1.8 Financial instruments (continued)

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange and non-exchange	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at 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
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Lease Obligations	Financial liability measured at amortised cost

1.9 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.

1.9 Leases (continued)

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.10 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.

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 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.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

1.11 Inventories (continued)

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

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

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

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

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

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.11 Inventories (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

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

Useful life is either:

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.13 Employee benefits

Identification

Employee benefits

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

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

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

Defined benefit cost

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

1.13 Employee benefits (continued)

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less: (a) any costs of managing the plan assets; and (b) any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Post-employment benefits: Defined contribution plans

Recognition and measurement

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Accounting for the constructive obligation

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

Statement of financial position

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

(a) the surplus in the defined benefit plan; and

(b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

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 amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

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

1.14 Provisions and contingencies (continued)

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

1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 Revenue from exchange transactions

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

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

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

Sale of goods

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

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

1.16 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.17 Revenue from non-exchange transactions

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

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.17 Revenue from non-exchange transactions (continued)

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.18 Borrowing costs

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

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

1.19 Comparative figures

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

1.20 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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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.

1.22 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.

1.22 Irregular expenditure (continued)

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements. Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is disclosed inclusive of VAT.

1.23 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

1.24 Related parties (continued)

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.25 Events after reporting date

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

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the is set out in note 2 Changes in accounting policy.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the is not material.

2. New standards and interpretations (continued)

• GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2023	The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

• GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	10 475 000	-	10 475 000	9 667 200	-	9 667 200

Reconciliation of investment property - 30 June 2024

	Opening balance	Fair value adjustments	Total
Investment property	9 667 200	807 800	10 475 000

Reconciliation of investment property - 30 June 2023

	Opening balance	Fair value adjustments	Total
Investment property	9 121 000	546 200	9 667 200

Pledged as security

None of the Investment properties were pledged as security.

Investment property in the process of being constructed or developed

There is no investment property under construction not being acquired.

No investment property that is taking a significantly longer period of time to complete than expected.

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..

3. Investment property (continued)

The effective date of the revaluation was 30 June 2024. Revaluation (Fair value adjustments) were performed by independent
valuers, Segopane and Associates (Pty) Ltd.

Professional Registration with the South African Council for the Property Valuers Profession: 7718. Sam Segopane is not connected to the Municipality and has recent experience in location and category of the investment property being valued.

The valuation was based on the comparable sales method which consists of comparing the properties with other properties Which have recently been sold in the market and then making the necessary adjustments in order to determine the present market value of the properties

The valuation was based on open market value for existing use. These assumptions are based on current market conditions.

The investment properties were valued in terms of the requirements of GRAP 16 and the details of the valuation is available for
inspection at the registered office of the municipality. Properties were individually investigated to confirm classification as investment properties. Investment properties are identified under GRAP 16.

The following criteria was used to determine whether a property should be classified as an investment property:

A building owned by the municipality and leased out to third parties under one or more operating leases Land held for a current
undeterminable future use.

Property being constructed or developed for future use as investment property.

Maintenance of investment property

There were no repairs and maintenance for investment property during the period ended 30 June 2024.

No investment property that is taking significantly longer period of time to complete than expected.

Income generated from Investment property

From Investment property that generated rental revenue		
Revenue from investment property	1 511 699	1 374 272

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3 458 580	-	3 458 580	3 458 580	-	3 458 580
Buildings	131 422 030	(97 639 716)	33 782 314	130 975 380	(94 880 638)	36 094 742
Plant and equipment	3 674 958	(3 130 107)	544 851	3 058 309	(2 942 517)	115 792
Furniture and office equipment	2 550 883	(2 105 299)	445 584	2 333 684	(1 972 968)	360 716
Motor vehicles	45 998 498	(24 184 266)	21 814 232	25 773 711	(21 456 863)	4 316 848
IT equipment	18 113 761	(9 944 459)	8 169 302	15 147 702	(7 694 441)	7 453 261
Infrastructure (Including WIP) - Water and Sanitation	4 874 711 233	(877 493 701)	3 997 217 532	4 369 232 396	(786 024 021)	3 583 208 375
Total	**5 079 929 943**	**(1 014 497 548)**	**4 065 432 395**	**4 549 979 762**	**(914 971 448)**	**3 635 008 314**

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2024

	Opening balance	Additions	WIP additions	Depreciation	Impairment loss	Total
Land	3 458 580	-	-	-	-	3 458 580
Buildings	36 094 742	446 650	-	(2 759 078)	-	33 782 314
Plant and equipment	115 792	616 648	-	(165 702)	(21 887)	544 851
Furniture and office equipment	360 716	217 199	-	(100 164)	(32 167)	445 584
Motor vehicles	4 316 848	20 224 786	-	(2 726 999)	(403)	21 814 232
IT equipment	7 453 261	3 126 168	-	(2 195 899)	(214 228)	8 169 302
Infrastructure (Including WIP) - Water and Sanitation	3 583 208 375	4 512 496	500 966 340	(91 469 679)	-	3 997 217 532
	3 635 008 314	**29 143 947**	**500 966 340**	**(99 417 521)**	**(268 685)**	**4 065 432 395**

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2023

	Opening balance	Additions	WIP Additions	Depreciation	Impairment loss	Total
Land	3 458 580	-	-	-	-	3 458 580
Buildings	37 655 672	1 451 048	-	(3 011 978)	-	36 094 742
Plant and equipment	205 818	-	-	(89 514)	(512)	115 792
Furniture and office equipment	393 818	77 760	-	(109 579)	(1 283)	360 716
Motor vehicles	5 400 611	-	-	(1 083 763)	-	4 316 848
IT equipment	6 528 586	3 010 940	-	(2 083 920)	(2 345)	7 453 261
Infrastructure (Including WIP) - Water and Sanitation	3 291 225 258	4 655 388	376 240 206	(88 321 140)	(591 337)	3 583 208 375
	3 344 868 343	**9 195 136**	**376 240 206**	**(94 699 894)**	**(595 477)**	**3 635 008 314**

Pledged as security

No property, plant and equipment has been pledged as security.

4. Property, plant and equipment (continued)

Projects which are taking significantly longer periods to complete

Cumulative expenditure recognised in the carrying value of property, plant and equipment	Amount	Reasons for delay
RDM2014-034 Construction of the Taung Bulk Water Supply Pipeline to New Reservior	183 666 974	The project was delayed mainly due to poor perfomance of contractors. The contractors were eventually terminated in February 2024. New contractors are already appointed and finishing off the works. The project is earmarked to be finished February 2025.
RDM2011-021 Upgrading of Oxidation Ponds in the Kagisano Molopo Local Municipality Area	11 339 248	The contract was terminated due to poor performance of the consultant. The contractor moved off site. The project has been impaired fully with a cost of R11 339 248 and the carrying value of the project is R0.
BDM2007-027 Upgrading of Bloemhof Water Purification Works (Civil, mechanical, electrical works)	214 197 860	The contractor which is DWS has procurement processes that take too long hence the delays. The municipality has already appointed a new contractor to expedite the construction.
RDM2011-019 Establishment of Oxidation Ponds in the Kagisano LM Area	21 571 421	The contract was terminated due to poor performance of the consultant. The contractor moved off site. The project has been impaired fully with a cost of R21 571 421 and the carrying value of the project is R0.
BDM2007-042 Vryburg New Waste Water Treatment Works	271 356 114	Contractor was terminated due to poor performance. There is an ongoing litigation case around this project and it is the reason management cannot continue with the project currently. The project will continue after the case is finalised.
RDM2011-024 Establishment of Landfill Sites in Kagisano Local Municipality Area	2 625 532	Dr Ruth Segomotsi Mompati District Municipality experienced MIG funding problems and the projects had to be suspended. The project is impaired fully with a cost of 2 625 532 and the carrying value of the project is R0
RDM2011-026 Establishment of Landfill Sites in Mamusa LM Area	2 101 584	Dr Ruth Segomotsi Mompati District Municipality experienced MIG funding problems and the projects had to be suspended. The project is impaired fully with a cost of R2 101 584 and the carrying value of the project is R0
RDM2011-027 Establishment of Landfill Sites in Molopo LM Area	2 370 587	Dr Ruth Segomotsi Mompati District Municipality experienced MIG funding problems and the projects had to be suspended. The project is impaired fully with a cost of 2 370 587 and the carrying value of the project is R0

4. Property, plant and equipment (continued)

RDM2011-023 Establishment of Landfill Sites in Greater Taung LM Area	1 031 120	Dr Ruth Segomotsi Mompati District Municipality experienced MIG funding problems and the projects had to be suspended. The project is impaired fully with a cost of 1 031 120 and the carrying value of the project is R0
RDM2011-025 Consultants to Establish Landfill Sites in Lekwa Teemane LM Area	2 902 177	Dr Ruth Segomotsi Mompati District Municipality experienced MIG funding problems and the projects had to be suspended. The project is impaired fully with a cost of 2 9 02 177 and the carrying value of the project is R0
RDM2014-015 Stella Bulk Sewer and Internal Reticulation	80 614 541	The project was on plan, however, there were delays on the approval of funding. The project only commenced construction in 2021 September.
RDM2011-051 Bulk Water Supply Upgrading Taung: Phase 4	256 026 842	The contractor which is DWS has procurement processes that take too long hence the delays. The municipality has already appointed a new contractor to expedite the construction.
	1 049 804 000	**-**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance	**2024**	**2023**
Buildings	142 741	173 152
Motor vehicles	759 476	1 478 429
Machinery and equipment	777 222	218 979
Water and sewerage infrastructure	11 840 739	10 210 531
IT Equipment	300	2 950
Furniture and office equipment	-	205
	13 520 478	**12 084 246**

A register containing the information required in terms of section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand

5. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Patents, trademarks and other rights	700 000	-	700 000	700 000	-	700 000
Computer software	14 056 216	(10 695 849)	3 360 367	14 056 216	(8 712 351)	5 343 865
Total	**14 756 216**	**(10 695 849)**	**4 060 367**	**14 756 216**	**(8 712 351)**	**6 043 865**

Reconciliation of intangible assets - 30 June 2024

	Opening balance	Amortisation	Total
Patents, trademarks and other rights	700 000	-	700 000
Computer software	5 343 865	(1 983 498)	3 360 367
	6 043 865	**(1 983 498)**	**4 060 367**

Reconciliation of intangible assets - 30 June 2023

	Opening balance	Additions	Amortisation	Total
Patents, trademarks and other rights	700 000	-	-	700 000
Computer Software	5 621 754	1 896 061	(2 173 950)	5 343 865
	6 321 754	**1 896 061**	**(2 173 950)**	**6 043 865**

Pledged as security

None of the intangible assets were pledged as security.

5. Intangible assets (continued)

Intangible assets with indefinite useful life

Patents, trademarks and other rights	700 000	700 000

Dr Ruth Segomotsi Mompati District Municipality as a Water Services Authority (WSA) acquired rights to Wentzel Dam located
in Mamusa LM area where they have sole rights to extract water from the dam inorder to satisfy their business mandate of supplying water to the communities. This right will only cease to exist when one of the following becomes enforces; (1) the Municipality ceases to exist or merges; (2) the District enters into a contract with one of the locals where they will delegate their
service. For this reason, management had concluded that the right will exist into the unforeseen or undeterminable future.

6. Employee benefit obligations

Defined benefit Plan

The municipality provides retirement benefits to its employees by contributing to medical aid and also offers Long service awards to employees who have been in service with the municipality for a certain number of years starting from 5 years of service to 45 years of service. Membership to medical aid is compulsory for all permanent employees. The members contribute to the Keyhealth, SAMWU, BONITAS and LAHEALTH. Dr Ruth Segomotsi Mompati District Municipality, ('Dr Ruth'), has requested a specialist in GRAP 25 reporting, 1 Pangaea Expertise & Solutions (Pty) Ltd ('OPES'), to compile an actuarial valuation report on its post-employment health care liability as at 30 June 2024

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(47 489 873)	(51 427 573)
Present value of the defined benefit obligation-partly or wholly funded	220 837	3 937 700
	(47 269 036)	**(47 489 873)**
Non-current liabilities	(44 438 995)	(45 157 644)
Current liabilities	(2 830 041)	(2 332 229)
	(47 269 036)	**(47 489 873)**

The fair value of plan assets includes:

Active employees PEMA	22 380 670	20 332 377
Continuation pensioners - PEMA	15 510 453	18 131 520
Employers accrued liability - LSA	9 377 912	9 025 976
	47 269 035	**47 489 873**

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

Opening balance	(47 489 873)	(51 427 573)
Net expense recognised in the statement of financial performance	220 837	3 937 700
	(47 269 036)	**(47 489 873)**

Figures in Rand	2024	2023

6. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance are as follows:

Current service cost - LSA	739 451	727 834
Current service cost - PEMA	1 628 927	1 950 214
Interest cost - LSA	931 222	957 941
Interest cost - PEMA	5 314 196	5 412 201
Actuarial (gains) losses - PEMA	(5 667 410)	(9 596 810)
Actuarial (gains) losses - LSA	460 789	(776 751)
Benefits paid - LSA	(1 779 526)	(872 179)
Benefits paid - PEMA	(1 848 486)	(1 740 150)
	(220 837)	**(3 937 700)**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(5 206 621)	(10 373 561)

Amounts for the current and previous four years are as follows

	2024	2023	2022	2021	2 020
Defined benefit obligation	44 438 995	47 489 873	51 427 573	44 770 168	40 819 624
Surplus/(Deficit)	(44 438 995)	(47 489 873)	(51 427 573)	(44 770 168)	(40 819 624)
Experience adjustments on plan liabilities	(3 050 878)	(6 234 596)	3 510 324	4 552 769	(5 388 903)
	-	**-**	**-**	**-**	**-**

Figures in Rand	2024	2023

6. Employee benefit obligations (continued)

Key assumptions used - PEMA

Assumptions used at the reporting date:

Discount rates used	13,35 %	14,04 %
Consumer price inflation	7,74 %	8,50 %
Healthcare cost inflation	9,24 %	10,00 %
Net discount rate	3,76 %	3,67 %
Normal retirement age	65,00	65,00
Fully accrued age (to take account for ill health and early retirement decrements)	63,00	63,00
Continuation percentage (to take account for ill health and early retirement)	90,00 %	90,00 %
Mortality-active employees	SA85-90	SA85-90
Mortality-pensioners	PA (90)-2	PA (90)-2

Full actuarial valuations were performed by independent actuaries, One Pangaea Financial, for the present value of Employment Medical Subsidy liability at 30 June 2024 using the Projected Unit Credit method.

The basis used to determine the overall expected rate of return on assets is as follows:

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2023 the duration of liabilities was 13.22 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2024 is 13.35% per annum, and the yield on the inflation linked bonds of a similar term was about 5.20% per annum, implying an underlying expectation of inflation of 7.74% per annum ([1 + 13.35%] / [1 + 5.20%] - 1).

A healthcare cost inflation rate of 9.24% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.76% per annum ([1 + 13.35%] / [1 + 9.24%] - 1). This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective

Key assumptions LSA

Discount rate	10,66 %	10,99 %
CPI	5,50 %	6,02 %
Salary increase rate	6,50 %	7,02 %
Net discount rate	3,91 %	3,71 %
Net retirement age (years)	63	63
Mortality	SA85-90	SA85-90
Number of employees	213	213

Full actuarial valuations were performed by independent actuaries, One Pangaea Financial, for the present value of Long Service Bonus Awards liability at 30 June 2024 using the Projected Unit Credit method

The basis on which the net discount rate has been determined is as follow

6. Employee benefit obligations (continued)

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2023 the duration of liabilities was 6.19 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2024 is 10.66% per annum, and the yield on inflation-linked bonds of a similar term was about 4.89% per annum. This implies an underlying expectation of inflation of 5.50% per annum ([1 + 10.66%] / [1 + 4.89%] - 1).

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 6.50% per annum

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.91% per annum ([1 + 10.66%] / [1 + 6.50%] - 1).

Sensitivity analysis

Healthcare cost trends

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

30 June 2024	**One percentage point increase**	**One percentage point decrease**
Effect on the service cost	1 629 164	2 299 030
Effect on interest cost	5 129 039	4 610 176
Effect on defined benefit obligation	39 252 165	36 700 228

30 June 2023	**One percentage point increase**	**One percentage point decrease**
Effect on the service cost	1 629 164	1 335 651
Effect on interest cost	5 521 078	4 634 596
Effect on defined benefit obligation	40 035 999	33 634 961

As per the table above, a 1% increase in the medical inflation rate results in a 3.6% increase in the accrued liability whilst a 1% decrease in the medical inflation rate will result in a 3.1% decrease in the accrued liability.

Figures in Rand	2024	2023

7. Inventories

Rural sanitation program	34 751 854	-

Rural sanitation program relates to dry sanitation toilets being constructed for communities. For the 2024 financial year happy letters were signed. The toilets will be transfered to transfers and subsidies upon receipt of the final completion certificate.

In the 2023 financial year, Rural sanitation Inventory opening balance amounted to R242 861 663 and the completion certificate was received in 2023 financial year. All the inventrroy was transfered to transfers and subsidies in the financial year 2023.

Inventory pledged as security

No Inventory is pledged as security.

Inventory Reconciliation

Opening balance	-	180 659 059
Current year additions - Rural sanitation tolilets	34 751 854	62 202 605
Rural sanitation transferred to transfers and Subsidies	-	(242 861 663)
Closing balance	**34 751 854**	**-**

8. Receivables from non-exchange transactions

Provision for impairment on receivables	(22 827 721)	(20 796 914)
Other receivables from non-exchange revenue	26 050 624	22 306 452
Employee debtor	378 574	378 574
	3 601 477	**1 888 112**

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2024, R3 611 760 (30 June 2023: R1 177 641) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	3 132 016	103 558
2 months past due	462 544	145 495
3 months past due	17 200	928 588

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(20 796 913)	(12 617 449)
Provision for impairment	(2 030 800)	(8 179 464)
	(22 827 713)	**(20 796 913)**

9. VAT receivable

VAT Input Accrual	133 927 745	124 601 317
VAT Control - Receivable from SARS	14 437 059	32 307 160
	148 364 804	**156 908 477**

VAT Input accrual relates to VAT input on all invoices that were not paid at year end 30 June 2024.

9. VAT receivable (continued)

VAT control relates to the amount that was receivable from SARS at year end as declared on the VAT 201 submissions. VAT Receivable and VAT Payable are statutory arrangements

The municipality is registered for VAT on payment basis

10. Prepayments

Software Licences Prepayments	1 015 843	218 397

The district Municipality has paid for software licences covering a period beyond June 2024. The licences fees have been apportioned to isolate amounts relating to the following financial year.Additional text

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	210	210
Bank balances	142 644 611	117 701 745
Short-term deposits	51 695 827	81 420 441
	194 340 648	**199 122 396**

No Cash and cash equivalents have been pledged as security.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
FNB - Primary bank account. Cheque Account number 62419781374	89 141 426	112 700 890	12 433 781	89 141 426	112 700 890	12 433 781
Nedbank - Primary bank account - 1207201049	53 503 177	5 000 847	8 630 375	53 503 177	5 000 847	8 630 375
Nedbank - MAMUSA MIG - 37881163836	129 696	128 820	128 814	129 696	128 820	128 814
Nedbank - WSIG Retention - 37881163917	7 890 191	6 661 747	3 888 392	7 890 191	6 661 747	3 888 392
Nedbank - MIG - 37881163852	1 000	2 492 141	13 769	1 000	2 492 141	13 769
Nedbank - MIG Retention - 37881163925	7 973 428	6 787 247	3 683 029	7 973 428	6 787 247	3 683 029
Nedbank - RBIG Retention - 37881163933	33 787 604	21 414 580	14 036 974	33 787 604	21 414 580	14 036 974
Nedbank - DWAF_RBIG - 37881163860	130 294	36 654 322	240 053 281	130 294	36 654 322	240 053 281
Nedbank Equitable Share - 37881163895	881 467	5 366 302	11 703 636	881 467	5 366 302	11 703 636
Nedbank - WSIG - 37881163909	1 000	1 748 415	1 200 092	1 000	1 748 415	1 200 092
Nedbank - EPWP - 37881163887	1 000	22 754	75 087	1 000	22 754	75 087
Nedbank - RAMS - 37881163879	899 155	133 947	1 556 894	899 155	133 947	1 556 894
Nedbank -FMG - 37881163844	1 000	10 170	1 000	1 000	10 170	1 000
Petty Cash	210	210	210	210	210	210
Total	**194 340 648**	**199 122 392**	**297 405 334**	**194 340 648**	**199 122 392**	**297 405 334**

11. Cash and cash equivalents (continued)

VBS Mutual Bank 6 Months Smart Fixed Deposit 10087600002

	2024	2023
When amount was transferred	150 000 000	150 000 000
When amount was written off	(150 000 000)	(150 000 000)
When the write-off was reversed	10 500 000	10 500 000
When we recovered the amount	(10 500 000)	(10 500 000)
	-	**-**

The Municipality had an investment with VBS Bank to the amount of R150 000 000. The bank went into liquidation and the investment was fully impaired by the Council in 2018 financial year. In 2022 financial year an amount of R10 500 000 was recovered from VBS.

12. Accumulated surplus

Accumulated surplus reconciliation 30 June 2024

	Accumulated Surplus	Total
Opening balance	2 915 606 499	2 915 606 499
Surplus for the year	305 057 255	305 057 255
	3 220 663 754	**3 220 663 754**

Accumulated surplus reconciliation 30 June 2023

	Accumulated Surplus	Total
Opening balance	2 910 758 929	2 910 758 929
Adjustments to the opening balance as at 1 July 2022	(5 657 880)	(5 657 880)
Net Surplus for the year as previously reported	25 280 765	25 280 765
Prior period adjustments to Net Surplus for the year ended 30 June 2023	(14 775 315)	(14 775 315)
	2 915 606 499	**2 915 606 499**

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Regional Bulk Infrastructure Grant (RBIG)	-	60 957 772
Rural Road Asset Management Grant (RAMS)	-	315 803
Financial Management Grant (FMG)	-	9 170
	-	**61 282 745**

Figures in Rand	2024	2023

14. Provisions

Reconciliation of provisions - 30 June 2024

	Opening Balance	Additions	Utilised during the year	Total
Leave provision	11 818 884	5 691 642	(2 988 739)	14 521 787

Reconciliation of provisions - 30 June 2023

	Opening Balance	Additions	Utilised during the year	Total
Leave provision	7 454 067	8 272 530	(3 907 713)	11 818 884

The leave provision represents management's best estimate of the municipality's liability as at 30 June 2024. The provision is an estimate of the leave pay out that will be paid out to employees in the event that they leave the municipality at any point in time.

The uncertainties are around the timing of the outflow and whether there will be any future events that can lead to employees leaving the municipality resulting in the leave pay out becoming due to the employees.

There is no expected reimbursement in respect of this provision.

15. Payables from exchange transactions

Trade payables	1 096 278 834	904 365 563
Accrued bonus	4 259 841	3 889 867
Rententions	78 616 274	63 970 469
	1 179 154 949	**972 225 899**

16. Payables from non-exchange transactions

Provincial Infrastructure Grant (Mamusa MIG)	432 857	432 857

The municipality was holding Mamusa MIG funds and paying service providers on behalf of Mamusa local municipality. The balance relates to remaining balance from the allocation after all payments made to date.

17. Revenue

Rental of facilities and equipment	1 511 699	1 374 272
Other income	728 486	685 811
Interest received	25 481 968	18 982 811
Government grants & subsidies	1 062 368 024	899 905 255
	1 090 090 177	**920 948 149**

The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities and equipment	1 511 699	1 374 272
Other income	728 486	685 811
Interest received - investment	25 481 968	18 982 811
	27 722 153	**21 042 894**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue

Government grants & subsidies	1 062 368 024	899 905 255

Figures in Rand	2024	2023

18. Rental of facilities and equipment

Premises		
Premises	1 511 699	1 374 272

The operating lease revenue relates to investment property, ERF 1853, portion of ERF 506 Vryburg, that is being leased to the Department of Transport and Public Work on a month to month pending signing of the new agreement since the initial contract lapsed.

The property is leased at market related prices.

19. Lease rentals on operating lease

Premises		
Contractual amounts	3 840 000	3 840 000
Plant and equipment		
Contractual amounts	1 919 348	1 573 154
	5 759 348	**5 413 154**

The rentals above are lease rentals for:

The Municipal office, situated at 34 Church Street, from Ganis Import. The lease contract commenced on 1 March 2021 and ended 28 February 2024. The rental is continuing on a month to month basis after the expiry date.

The storage space in Market Street is leased on a yearly basis.

The Municipality went into a lease agreement with Renashua to rent 6 printers for a period of 3 months beginning June 2023 to August 2023. After expiry the lease continued on a month to month basis.

20. Other income

Tender Fees	198 437	426 979
Insurance refund and other receipts	530 049	258 832
	728 486	**685 811**

21. Investment revenue

Investment revenue		
Interest received - main account	3 409 522	2 335 488
Interest received - Call accounts	22 072 446	16 647 323
	25 481 968	**18 982 811**

22. Fair value adjustments

Investment property	807 800	546 200

Fair value adjustments relate to investment property adjustments, the effective date of the revaluation was 30 June 2024. The revaluation were performed by independent valuers, Segopane Associates (Pty) Ltd.

23. Transfer and subsidies

Other subsidies		
Grants paid	14 359 402	248 449 233

Figures in Rand	2024	2023

24. Government grants & subsidies

Operating grants		
Equitable share	479 122 744	448 060 589
Expanded Public Works Programme (EPWP)	1 079 000	1 396 000
Financial Management Grant (FMG)	2 300 000	2 190 830
LG SETA Grant	185 278	250 700
	482 687 022	**451 898 119**
Capital grants		
Municipal Infrastructure Grant (MIG)	155 156 000	158 928 000
Regional Bulk Infrastructure Grant (RBIG)	322 000 002	196 779 940
Road Asset Management Systems Grant (RAMS)	2 525 000	2 299 196
Water Services Infrastructure Grant (WSIG)	100 000 000	90 000 000
	579 681 002	**448 007 136**
	1 062 368 024	**899 905 255**

Regional Bulk Infrastructure Grant (RBIG)

Balance unspent at beginning of year	60 957 712	225 438 186
Current-year receipts	322 000 000	280 128 000
Conditions met - transferred to revenue	(322 000 000)	(196 780 000)
Rejected rollover	(60 957 712)	(247 828 474)
	-	**60 957 712**

Conditions still to be met - remain liabilities (see note 13).

The purpose of the grant is to fund bulk connector and internal infrastructure for water services at a basic level of service.

Municipal Infrastructure Grant (MIG)

Current-year receipts	155 156 000	158 928 000
Conditions met - transferred to revenue	(155 156 000)	(158 928 000)
	-	**-**

Conditions still to be met - remain liabilities (see note 13).

Expanded Public Works Incentive (EPWP)

Current-year receipts	1 079 000	1 396 000
Conditions met - transferred to revenue	(1 079 000)	(1 396 000)
	-	**-**

Conditions still to be met - remain liabilities (see note 13).

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP Guidelines.

Road Asset Management Systems (RAMS)

Balance unspent at beginning of year	315 803	176 112
Current-year receipts	2 525 000	2 615 000
Conditions met - transferred to revenue	(2 525 000)	(2 299 196)
Rejected rollover application	(315 803)	(176 113)
	-	**315 803**

Conditions still to be met - remain liabilities (see note 13).

Figures in Rand	2024	2023

24. Government grants & subsidies (continued)

Water Service Infrastructure Grant (WSIG)

Current-year receipts	100 000 000	90 000 000
Conditions met - transferred to revenue	(100 000 000)	(90 000 000)
	-	**-**

Conditions still to be met - remain liabilities (see note 13).

Municipal Financial Management Grant (FMG)

Balance unspent at beginning of year	9 170	-
Current-year receipts	2 300 000	2 200 000
Conditions met - transferred to revenue	(2 300 000)	(2 190 830)
Rejected Rollover	(9 170)	-
	-	**9 170**

Conditions still to be met - remain liabilities (see note 13).

LGSETA

Current-year receipts	185 278	250 700
Conditions met - transferred to revenue	(185 278)	(250 700)
	-	**-**

Conditions still to be met - remain liabilities (see note 13).

Figures in Rand	2024	2023

25. Employee related costs

Basic Salaries	97 890 170	97 417 317
Bonus	7 893 465	7 122 825
Medical aid - company contributions	8 212 200	7 859 885
Workmen's compensation contribution	1 761 642	596 411
Pension fund contributions	15 003 703	13 965 329
UIF and SDL contributions	2 073 258	2 448 043
Leave pay provision charge	5 315 672	6 511 289
Travel, motor car, accommodation, subsistence and other allowances	36 721 488	32 972 542
Overtime payments	8 102 940	7 230 091
Long-service awards	608 655	733 497
Housing benefits and allowances	1 352 268	982 349
Sitting allowance	1 117 367	1 039 035
Telephone allowance	1 065 444	957 762
Other allowances and subsidies	315 299	313 981
	187 433 571	**180 150 356**

Remuneration of Municipal Manager

Annual Remuneration	1 376 092	887 559
Travel Allowance	150 520	122 505
Housing Allowance	28 800	61 879
Contributions to UIF, Medical and Pension Funds	52 993	25 930
Telephone Allowance	-	949
Rural Allowance	76 190	43 208
Annual Bonus	-	234 573
Leave Pay	54 133	-
	1 738 728	**1 376 603**

The Municipal manager, Mr I Jonas was appointed as a municipal manager from 1 December 2022 and has been the municipal manager since.

Remuneration of Chief Finance Officer

Annual Remuneration	-	1 000 002
Travel Allowance	-	133 462
Contributions to UIF, Medical and Pension Funds	2 474	160 411
Telephone Allowance	-	11 388
Rural Allowance	-	48 870
Leave Pay	229 729	52 327
	232 203	**1 406 460**

Mr LC Malema was appointed the Chief Financial Officer from 01 July 2020 and was suspended from the 31st of March 2021.

Mr LC Malema resigned during his suspension on the 30th of June 2023 .

Mr Morena Mofokeng was appointed as an Acting Chief Financial Officer from 11 May 2022 to 03 April 2023. And his contract was extended on month to month from 04 April 2023 until 30 June 2024.

Mr Kenneth Kalanko Was appointed acting CFO from 1 February 2024 to 30 June 2024 during the period when Mr Morena Mofokeng was on sick leave

Remuneration of Economic Development, Tourism and Agriculture Manager

Annual Remuneration	-	6 648
Contributions to UIF, Medical and Pension Funds	-	132
Leave Pay	-	15 255
	-	**22 035**

Figures in Rand	2024	2023

25. Employee related costs (continued)

Mrs Agnes Maheta was appointed as an Acting Senior Manager Economic Development And Tourism from 01 July 2023 to 30 June 2024.

Remuneration of Engineering Services Manager

Annual Remuneration	651 738	51 005
Housing Allowance	250 813	15 770
Contributions to UIF, Medical and Pension Funds	158 843	7 552
Rural Allowance	67 149	1 228
Travel Allowance	232 549	3 238
Telephone Allowance	-	321
Leave Pay	-	145 822
Annual Bonus	98 748	-
	1 459 840	**224 936**

Mr M Maruping was appointed as a Senior Manager Engineering from 1 August 2023 to date.

Mr E Matope was appointed as an Acting Senior Manager Engineering from 01 July 2023 to 31 July 2023.

Remuneration of Corporate Services Manager

Annual Remuneration	-	51 426
Housing Allowance	-	11 053
Contributions to UIF, Medical and Pension Funds	-	12 685
Travel Allowance	-	2 915
Telephone Allowance	-	321
Rural Allowance	-	1 227
Annual Bonus	-	33 059
Leave Pay	-	121 319
	-	**234 005**

Mrs M Seleke was the Corporate Services Manager from the first of December 2020 and was terminated 24 July 2022

Mr T Moroka was acting Senior Manager Corporate Services from the 1st of April 2023 to the 30 June 2023 and was extended from 01 July 2023 to 29 February 2024

Mr MP Swarts was appointed acting senior manager corporate services from 1 March 2024 to 30 June 2024

Remuneration of Chief Audit Executive

Annual Remuneration	651 738	46 931
Travel Allowance	256 351	24 777
Housing Allowance	215 249	11 649
Contributions to UIF, Medical and Pension Funds	137 434	14 576
Telephone Allowance	-	321
Rural Allowance	43 449	1 228
Leave Pay	45 577	148 554
Annual Bonus	24 687	-
	1 374 485	**248 036**

Mr M Mashati was appointed as an Acting Senior Manager Internal Audit from the 01 July 2022 to 31 July 2023.

Ms T Molise was appointed as a Senior Manager Internal Audit from 01 Agust 2023 to date.

Remuneration of Community Services Manager

Annual Remuneration	718 263	789 859
House Allowance	274 214	273 449

Figures in Rand	2024	2023
25. Employee related costs (continued)		
Accommodation and subsistence and travel	253 836	203 668
Contributions to UIF, Medical and Pension Funds	79 321	97 124
Travel Allowance	140 645	140 645
Telephone Allowance	949	11 388
Rural Allowance	47 859	48 870
Leave Pay	46 019	61 034
	1 561 106	**1 626 037**

Mr K Vogt was appointed Senior Manager Community Services from the 1st of July 2020 to date.

Remuneration of Planning and Development Manager

Annual Remuneration	651 738	46 107
Accomodation and subsistence	188 484	-
Travel Allowance	87 504	3 794
Contributions to UIF, Medical and Pension Funds	177 784	16 345
Housing Allowance	117 313	10 514
Rural Allowance	63 199	1 228
Leave Pay	-	154 880
Telephone Allowance	-	321
Annual Bonus	123 435	-
	1 409 457	**233 189**

Mr. KN Colane was acting Senior Manager Planning and development from the 1st of July 2022 to 30 June 2023 and was extended from 01 July 2023 to 31 July 2023.

Mr LN Monyeke was appointed Senior manager planning and development from 1st of August 2023 to date

Remuneration of Acting Municipal Manger

	-	101 344

Mr JK Shai was acting Municipal Manager from the 1st of July 2022 to 30 November 2022.

Remuneration of Acting Chief Financial Officer

	628 849	597 632

Mr Morena Mofokeng was appointed as an Acting Chief Financial Officer from 11 May 2022 to 03 April 2023. And his contract was extended on month to month from 04 April 2023 until 30 June 2024.

Mr K Nkalanko was appointed as an Acting Chief Financial Officer from 01 February 2024 to 30 June 2024 when Mr Morena Mofokeng was on sick leave.

Remuneration of Acting Economic Development, Tourism and Agriculture

	262 513	240 463

Mr P Pitso was acting Economic Development, Tourism and Agricuture Manager from 01 July 2022 to 31 December 2022.

Mrs AK Moheta was acting Economic Development, Tourism and Agricuture Manager from 01 January 2023 to 30 June 2023 and the acting appointment was extended from 01 July 2023 to date.

Remuneration of Acting Senior Manager Engineering

	17 257	260 326

Mr MA Seichoko was acting Senior Manager Engineering from the 1st of July 2022 to the 31st of December 2022.

Mr E Matope was acting Senior Manager Engineering from the 1st of January 2023 to the 30 June 2023.

Mr E Matope was appointed as an Acting Senior Manager Engineering from 01 July 2023 to 31 July 2023.

Figures in Rand	2024	2023

25. Employee related costs (continued)

Remuneration of Acting Senior Manager Corporate Services

	262 513	230 436

Mr GSD Moreosele was acting Senior Manager Corporate Services from the 1st of July 2022 to the 31st of December 2022. Mr JK Shai was acting Senior Manager Corporate Services from the 1st of January 2023 to the 31st of March 2023. Mr T Moroka was acting Senior Manager Corporate Services from the 1st of April 2023 to the 30 June 2023 and was extended from 01 July 2023 to 29 February 2024.

Mr MP Swarts was appointed acting senior manager corporate services from 1 March 2024 to 30 June 2024.

Remuneration of acting manager planning and development

	21 876	227 516

Mr. KN Colane was acting Senior Manager Planning and development from the 1st of July 2022 to 30 June 2023 and was extended from 01 July 2023 to 31 July 2023.

Mr LN Monyeke was appointed senior manager for planning and development from 1 August 2023 to date.

Remuneration of acting Chief Audit Executive.

	21 876	227 516

Mr M Mashati was appointed as an Acting Senior Manager Internal Audit from the 01 July 2022 to 30 June 2023 and was extended from 01 July 2023 to 31 July 2023.

26. Remuneration of councillors

Councillors- Refer to related parties for details	13 673 829	11 523 287

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution

In-kind benefits

The Executive Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Municipality.

The Mayor and the Speaker each have the use of separate Municipal owned vehicles for official duties and also the fuel at the expense of the Municipality.

27. Depreciation and amortisation

Property, plant and equipment	99 417 521	94 699 894
Intangible assets	1 983 498	2 173 949
	101 401 019	**96 873 843**

28. Impairment loss

Impairments		
Property, plant and equipment	268 685	595 477

Figures in Rand	2024	2023
29. Finance costs		
Interest paid	206 228	1 267 352
Finance costs on employee benefit plan	6 245 418	6 370 142
	6 451 646	**7 637 494**
30. Debt impairment		
Movement in provision for bad debts	2 030 808	8 179 464
31. Bulk purchases		
Electricity - Eskom	8 772 428	6 757 648
32. Contracted services		
Outsourced Services		
Call Centre	7 683 353	4 691 430
Professional Services	12 257 871	9 301 177
Security Services	11 952 391	12 845 788
Sewerage Services	9 727 720	6 831 040
Water Takers	75 936 865	62 557 363
Consultants and Professional Services		
Business and Advisory	40 300 215	19 667 080
Infrastructure and Planning	30 195 582	12 186 492
Contractors		
Maintenance of facilities, vehicles and equipment	13 520 478	12 084 246
Bulk purchase related expenditure	209 309 756	178 262 818
	410 884 231	**318 427 434**

Figures in Rand	2024	2023

33. General expenses

Advertising	631 649	406 813
Assessment rates & municipal charges	2 055 482	1 325 224
Auditors remuneration	5 509 049	5 244 106
Bank charges	300 437	215 960
Legal fees	9 433 458	8 474 272
Refreshments, entertainment and wellness	1 104 284	512 027
Insurance	101 817	1 862 347
Community development and training	976 180	2 319 194
Conferences and seminars	2 688 846	1 135 623
IT expenses	296 965	182 819
Promotions and sponsorships	-	269 460
Fuel and oil	2 091 595	2 646 632
Printing stationery and publications	1 942 582	2 489 050
Protective clothing	185 000	23 644
Royalties and license fees	94 328	54 785
Bursaries for officials	799 249	535 724
Software expenses	2 311 880	2 173 156
Subscriptions and membership fees	1 903 329	1 807 576
Telephone and fax	1 293 247	1 264 399
Training	2 133 215	2 119 701
Accommodation, transport, travel and subsistence	3 467 622	1 472 507
Assets expensed	567 629	525 977
Water	-	49 429
Refuse	67 533	107 918
Funeral assistance	57 000	136 726
	40 012 376	**37 355 069**

34. Auditors' remuneration

Fees	5 509 049	5 244 106

35. Cash generated from operations

Surplus	305 057 255	10 505 451
Adjustments for:		
Depreciation and amortisation	101 401 019	96 873 843
Fair value adjustments	(807 800)	(546 200)
Impairment deficit	268 685	595 477
Debt impairment	2 030 808	8 179 464
Actuarial gains/Losses	(220 837)	(10 373 561)
Movements in provisions	2 702 903	4 364 817
Transfers from WIP to expenditure	-	242 861 663
Changes in working capital:		
Inventories	(34 751 854)	-
Other receivables from non-exchange transactions	(3 744 172)	4 664 277
Prepayments	(797 446)	(218 397)
Payables from exchange transactions	206 929 051	111 282 328
VAT	8 543 673	(1 431 227)
Payable from non-exchange transactions	-	(1 743 610)
Unspent conditional grants and receipts	(61 282 745)	(164 331 555)
Retention movement	(86 358 421)	-
	438 970 119	**300 682 770**

36. Financial instruments disclosure

Categories of financial instruments

30 June 2024

36. Financial instruments disclosure (continued)

Financial assets

	At amortised cost	At cost	Total
Receivables from non-exchange transactions	3 601 476	-	3 601 476
Cash and cash equivalents	-	194 340 648	194 340 648
	3 601 476	**194 340 648**	**197 942 124**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 179 154 949	1 179 154 949
Trade and other payables from non-exchange	432 857	432 857
	1 179 587 806	**1 179 587 806**

30 June 2023

Financial assets

	At amortised cost	At cost	Total
Receivables from non-exchange transactions	1 888 112	-	1 888 112
Cash and cash equivalents	-	199 122 396	199 122 396
	1 888 112	**199 122 396**	**201 010 508**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	972 225 899	972 225 899
Trade and other payable non-exchange	432 857	432 857
	972 658 756	**972 658 756**

Figures in Rand	2024	2023

37. Contingencies

Contingent liabilities and Contingent assets

Contingent Liabilities

Contingent liabilities incurred relating to the municipality, are as follows:

	2024	2023
Morweng Attorneys Obo Vince Homes 04-03-2020 The Plaintiff, Vince Homes, issued Summonses against the municipality alleging non-payment for the construction of oxidation pond in Morokweng. The municipality has appointed attorneys to defend the matter.	6 251 728	6 251 728
TEBE GV August 2022 Mr. Tebe was allegedly involved in an accident between Schweizer Reneke and Wolmaranstad and he is suing, inter alia, the Municipality. Morwaagae Attorneys were appointed to defend the matter.	2 750 000	2 750 000
Mohlala Attorneys is demanding for damages suffered by Tswaranang Poultry Trust at Rosendal farm; they alleged that the damages were occasioned by spillage of sewer at the farm. The municipality has appointed Katake Atrtorneys to defend the matter.	3 500 000	3 500 000
Theron Jordaan and Smit Inc obo Dephethogo Trading and Security. Dephethogo Trading and Security alleges unpaid amount of R3 509 399.76 for services rendered. We have appointed TMK Attorneys to defend the matter. Amounts were paid.	-	3 509 399
Pennells Attorneys obo LEPOGO Construction JV. Lepogo Construction is suing the Municipality R7 001 886,19 for outstanding payment. We have appointed Morwaagae Attorneys to defend the matter.	7 001 886	7 001 886
BAATEGE KB The plaintiff alleges that she fell into the trenches in Huhudi and suffered damages from both District Municipality and Naledi Local Municipality(Liability split equally until additional information is available)	200 000	-
	19 703 614	**23 013 013**

Contingent Assets

Contingent asset/s incurred relating to the municipality, are as follows:

				2024	2023
Dr Ruth Segomotsi Mompati District Municipality vs CMS Water Technologies cc March 2023 CMS Water Technologies were appointed for upgrading of water treatment works in Bloemhof: Electrical work and has not commenced and we have appointed lawyers to recover money spent. We appointed Mpoyana Ledwaba Attorneys to recover damages and/or seek specific performance	-	-	-	7 000 000	7 000 000
The AG raised Material Irregularity in the awarding of VAT Recovery tender to PK's Financial services and they have advised that we must recover the money spent on PK's Financial Services. We have appointed De Swardt Myambo Hlahla Attorneys to advise as to the possibility of recovery.	-	-	-	3 500 000	3 500 000
	-	**-**	**-**	**10 500 000**	**10 500 000**

38. Related parties

Relationships	
Accounting Officer	Mr Itumeleng Jonas Municipal Manager
Chief Financial Officer	Mr Morena Mofokeng Acting Chief Financial Officer from 01 May 2022 to 30 June 2024
Members of key management	Mr T Moroka was acting as a Senior Manager - Corporate services from 01 April 2023 to 29 February 2024. Mr MP Swarts was appointed acting senior manager corporate services from 1 March 2024 to 30June 2024 Mr KN Colane was acting as a Senior manager - planning and development from 01 July 2023 to 31July 2023 And Mr Monyeke was appointed as Seniormanager - Planning and development from 01September 2023 to 30 June 2024 Mr E Matope was acting as a Senior Manager - Engineering from 01 July 2023 to 31 July 2023 AndMr Morupeng was appointed as Senior manager -Engineering from 1 August 2023 to 30 June 2024 Mrs Moheta Agnes was acting as a Senior manager - EDTA from 01 July 2023 to 30 June 2024 Mr K Vogt appointed as a Senior manager - Community services from 01 June 2020 to 30 June2024 Mr M Mashati was acting as a Senior manager - Internal audit from 01 July 2023 to 31 July 2023 AndMs T Molise was appointed as a Senior ManagerInternal Audit from 01 Agust 2023 to 30 June 2024
Councillors	Executive Mayor (Cllr MA Maje, appointed on 26 May2022) Speaker (Cllr K Sereko, appointed on 8 November2021 MMC Technical (Cllr S Seepamere, appointed on 26 May 2022) MMC EDTA (Cllr ST Matobo, appointed on 26 May2022) MMC Corporate Services (Cllr LC Jacobs, appointedon 26 May 2022 MMC Community Services (B Setlhabetsi-Mokone,appointed on 26 May 2022 MMC Budget and Treasury (NG Masilo, appointed on26 May 2022 MMC Planning and Development (KL Duiker,appointed on 26 May 2022 Cllr KM Lekgotla MPAC, Dr Ruth Segomotsi MompatiDistrict Municipality Cllr GK Nthebotsenyane, Indirectly elected Cllr B Pusho, indirectly elected Greater Taung LocalMunicipality Cllr RL Modise, indirectly elected Greater TaungLocal Municipality Cllr R Molehe, indirectly elected Naledi LocalMunicipality Cllr NP Tunyiswa, indirectly elected Naledi LocalMunicipality Cllr BM Nkewu, indirectly elected Greater TaungLocal Municipality

38. Related parties (continued)

Cllr JK Masilo, indirectly elected Mamusa LocalMunicipality
Cllr ME Arabang, indirectly elected Kagisano MolopoLocal Municipality
Cllr CP Herbst, directly elected Dr Ruth SM DistrictMunicipality
Cllr TS Phokoje, directly elected Dr Ruth SM DistrictMunicipality
Cllr MM Mkandawira, directly elected Dr Ruth SMDistrict Municipality
Cllr TJ Thetswe, indirectly elected Kagisano MolopoLocal Municipality
Cllr MS Morapedi-Letele, indirectly elected GreaterTaung Local Municipality
Cllr GD Kgabo, directly elected Dr Ruth SM DistrictMunicipality
Cllr LJ Mothibi, directly elected Dr Ruth SM DistrictMunicipality
Cllr MM Ntjilo, directly elected Dr Ruth SM DistrictMunicipality
Cllr KC Rooibaatjie, indirectly elected Greater TaungLocal Municipality
Cllr PL Babuseng, indirectly elected Greater TaungLocal Municipality
Cllr JW Dibakwe, directly elected Dr Ruth SM DistrictMunicipality
Cllr EG Letebele, indirectly elected Lekwa TeemaneLocal Municipality
Cllr TA Babuile, directly elected Dr Ruth SM DistrictMunicipality

Related party transactions

For remuneration of key amangement officials refer to note 25

Remuneration of management

Management class: Councillors

30 June 2024

	Basic salary	Travel allowance	Telephone allowance	Housing allowance	Medical, Pension and UIF	Total
Name						
Mr TA Babuile	214 673	86 689	53 208	90 122	30 533	475 225
Ms PL Babuseng	7 924	43 812	-	57 852	536	110 124
Mrs KI Duiker	312 003	219 008	-	271 201	6 465	808 677
Mr JW Dibakwe	214 672	103 788	53 208	76 139	54 426	502 233
Mr CP Herbst	221 316	57 224	53 208	95 558	4 140	431 446
Mr LC Jacobs	301 083	140 521	-	197 352	5 459	644 415
Mr GD Kgabo	213 251	53 313	51 119	88 798	3 958	410 439
Mr OD Keopile	3 721	4 330	-	6 050	94	14 195
Ms EG Letebele	30 148	63 349	-	62 712	1 021	157 230
Mr KM Lekotla	254 536	148 982	-	171 457	4 837	579 812
MM Mkandawira	211 905	111 884	52 691	159 200	4 616	540 296
Mr RL Modise	7 924	42 602	-	59 302	551	110 379
Mis NG Masilo	301 084	154 922	-	195 452	5 605	657 063
Mrs JK Masilo	7 924	69 386	-	69 201	760	147 271

Figures in Rand					2024	2023
38. Related parties (continued)						
Mrs R Molehe	8 169	20 474	-	10 704	231	39 578
Mr MA Maje	678 376	169 594	53 208	329 907	11 859	1 242 944
Mrs Morapedi - Letele	7 924	52 124	-	49 102	520	109 670
Mrs LJ Mothibi	214 672	162 125	53 208	205 950	4 890	640 845
Miss ST Matobo	507 833	156 478	53 208	237 497	9 029	964 045
Ms GK Nthebotsenyane	26 729	179 471	-	154 184	1 786	362 170
Mr KK Maamogwa	181 457	99 068	53 208	96 448	21 590	451 771
Ms BM Nkewu	7 924	119 984	-	117 202	1 118	246 228
Miss MM Ntjilo	214 664	115 802	53 208	163 300	4 567	551 541
Ms B Pusho	7 924	38 463	-	47 576	464	94 427
Mr TS Phokoje	75 378	76 722	3 400	65 251	1 748	222 499
Miss KC Rooibaatjie	7 924	8 275	-	11 552	188	27 939
Mrs K Sereko	542 675	192 315	53 208	218 855	109 161	1 116 214
Mrs B Sethlabetsi - Mokone	507 833	318 716	53 208	302 868	90 008	1 272 633
Mrs S Seepamere	301 084	159 881	-	159 888	5 368	626 221
Mr TJ Thetshwe	26 974	39 345	-	40 089	726	107 134
Ms NP Tunyiswa	5 446	1 362	-	2 269	88	9 165
	5 625 150	**3 210 009**	**639 290**	**3 813 038**	**386 342**	**13 673 829**

30 June 2023

	Basic salary	Travel allowance	Telephone allowance	Housing allowance	Medical, Pension and UIF	Total
Name						
Mr ME Arabang	25 157	23 799	-	26 586	526	76 068
Mr JG Brand	67	17	-	28	1	113
Mr OJ Balebanye	5 995	-	-	-	60	6 055
Mr TA Babuile	189 775	84 589	42 000	97 716	31 828	445 908
Mr GS Bosman	67	33	-	56	2	158
Ms PL Babuseng	6 697	29 022	-	47 812	430	83 961
Mrs KL Duiker	286 935	196 128	4 844	223 270	5 696	716 873
Mr JW Dibakwe	178 150	83 690	42 000	140 010	15 900	459 750
Mr T Gerber	178	45	-	74	3	300
Mr CP Herbst	179 631	50 148	42 000	80 182	3 353	355 314
Mr LC Jacobs	249 948	78 387	-	140 031	4 321	472 687
Ms BR Bareng	226	57	-	94	4	381
Mr GD Kgabo	190 619	43 279	42 000	72 132	3 394	351 424
Mr LC Loabile	1 077	539	-	449	20	2 085
Miss MV Lee	2 619	655	1 092	42	-	4 408
Ms EG Letebele	24 011	34 482	-	43 527	745	102 765
Mr KM Lekotla	245 151	207 511	-	224 896	5 308	682 866
Mr EM Mogorosi	67	17	1	28	1	114
Ms BL Mahlangu	8 271	-	-	-	83	8 354
Mr DJ Molapo	5 995	-	-	-	60	6 055
Mrs LV Setlhake (Maogwe)	6 296	1 092	(1 164)	1 164	72	7 460
Mr Mkandawira	169 884	44 514	39 495	94 257	3 315	351 465
Mr P Maleke	5 995	-	-	-	60	6 055
Mr ETL Mocumi	1 815	454	(1 283)	756	17	1 759
Miss KL Mamapula	3 082	-	-	-	31	3 113
Mrs SD Mothibedi	67	17	-	30	1	115
Mr TE Matsietso	226	57	-	94	4	381
Mr MR Mokgobo	67	17	-	28	1	113
Mr FM Majikela	2 730	683	-	1 138	44	4 595
Mr MB Moeti	67	17	-	28	1	113
Mr MI Motshabi	67	17	-	27	1	112
Mis KB Mocumi	225	56	-	94	4	379
Mr RL Modise	12 346	22 428	-	23 062	331	58 167
Miss NG Masilo	249 949	180 105	-	199 481	5 009	634 544

Figures in Rand					2024	2023
38. Related parties (continued)						
Mrs JK Masilo	6 697	17 929	-	25 512	290	50 428
Mrs R Molehe	6 697	13 351	-	19 462	228	39 738
Mr VM Matimba	4 139	-	-	41	-	4 180
Mr MA Maje	563 182	136 758	42 000	314 180	10 085	1 066 205
Mrs MS Morapedi Letele	6 697	79 489	-	99 412	920	186 518
Mrs LJ Mothibi	178 150	94 626	42 000	140 232	3 798	458 806
Mr ST Matobo	423 358	183 995	42 000	229 250	7 877	886 480
Miss GK Nthebotsenyane	28 814	185 664	-	153 210	1 762	369 450
Mr ME Ncobo	3 082	-	-	-	31	3 113
Ms BM Nkewu	8 866	53 903	-	30 362	440	93 571
Mr PG Modise	1 287	454	(484)	484	16	1 757
Miss MM Ntjilo	183 903	57 128	42 000	93 782	3 480	380 293
Ms B Pusho	6 697	4 037	-	25 912	286	36 932
Mr TS Phokoje	183 903	145 343	42 000	138 582	4 218	514 046
Miss KC Rooibatjie	6 697	19 979	-	24 262	262	51 200
Mrs K Sereko	463 665	122 103	42 000	136 270	142 396	906 434
Mrs B Sethlabetsi - Mokone	453 262	212 659	42 300	206 804	92 533	1 007 558
Mrs S Seepamere	249 902	96 682	-	129 131	4 321	480 036
Mr T Thlanganyane	4 400	1 100	-	1 834	71	7 405
Mis DG Totong	67	17	-	28	1	113
Mr TJ Thetswe	29 191	9 944	-	47 910	724	87 769
Mis NP Tunyiswa	6 697	11 658	-	28 562	328	47 245
	4 872 805	**2 528 674**	**504 801**	**3 262 314**	**354 693**	**11 523 287**

Figures in Rand	2024	2023

39. Prior period errors

Payable from exchange transactions

Invoice relating to general expenditure was incorrectly raised in April 2023 at the amount of R28900. The correct amount was R24900 and was paid at the correct amount. Journal was processed to reverse the R28 900 and recognise the R24900.

Invoices for travel and accomodation to the amount of R44 421.79 and R6 842 were raised and reversed December 2021 and November 2021 (2022 financial year) respectively and only paid in the current financial year 2024. Journal was processed to raise again the invoices in the correct period to clear a negative payable

Multiple claims for subsistence and travel were raised in general expenditure however payment was made with salaries. Invoice had to be reversed to clear the long outstanding debt that do not exist to the amount of R4 491.30

Training and membership fees amounting to R16 371 were erroneously ommitted in the 2022 financial year. The invoices have been raised in the period the expenditure incurred

Training and membership fees amounting to R120 282.00 were erroneously ommitted in the 2023 financial year. The invoices have been raised in the period the expenditure incurred

Invoice for security services for June 2023 was not captured in the 2023 financial year. The invoice was raised as a prior period correction to the amount of 526 768.75 Including VAT

Invoice for security services for June 2023 was not captured in the 2023 financial year. The invoice was raised as a prior period correction to the amount of R402 261.72 Including VAT

Advertising expenditure Invoices from 2018 to June 2022 Were erroneously ommitted in the system. The amount including VAT on the invoices is R263 181.26, the VAT amount is R33 877.57 and the amount excluding VAT for this period is R229 303.69

Advertising expenditure Invoices for the 2023 Financial year ommitted from the system amounted to R8 620.30 Including VAT. The VAT amount for the period on these invoices amounted to R1 124.39 and the amount excluding VAT amounted to R7495.91

Opening balance for refuse expenditure to the ammount of R475 931 and VAT thereon to the amount of R7 406.84 was erroneously ommitted in the records of the municipality in the 2022 financial year. the invoices have been raised to correct the error

Refuse expenditure for the 2023 financial year to the amount of R34 915.65 and VAT thereon to the amount of R5 237.32 was not captured in the accounting records for the 2023 financial year. a journal has been processed to raise the transactions.

Interest on overdue account for the 2022 financial year to the amount of R46 964.24 and for the 2023 finacial year to the amount of R31 120.21 was ommitted in the accounting records of the municipality. A journal entry has been processed to raise the interest.

Legal fees to the amount of R5136 for the 2022 fiancial year was ommitted from the accounting records. a journal entry has been processed to rectify the error.

Various Invoices for working on fire contracted services to the amount of R235 648.30 were erroneously ommitted in the accounting records in the 2023 financial year. Invoices were raised on the system to correct the error.

Contracted services

Invoice relating to security services for June 2023 was not captured in the 2023 financial year. The invoice was raised as a prior period correction to the amount of 458 059.78 excludiing VAT.

Invoice relating security services June 2023 was not captured in the 2023 financial year. The invoice was raised as a prior period correction to the amount of 349 792.80 excluding VAT

Various Invoices for working on fire contracted services to the amount of R204 053.57 were erroneously ommitted in the accounting records in the 2023 financial year. Invoices were raised on the system to correct the error.

Figures in Rand	2024	2023

39. Prior period errors (continued)

Feasibility studies were incorrectly capitalised as WIP. A correction has been made for the amount of R8 383 940 in 2023

General Expenditure

Invoice for general expenses was incorrectly raised in April 2023 at an amount of R28900. The correct amount was R24900 and was paid at the correct amount. Journal was processed to reverse the R28 900 and recognise the R24900

Training and membership invoices,amounting to R104 593.04 were erroneously ommitted in the 2023 financial year. The invoices have been raised in the period the expenditure incurred.

Advertising expenditure Invoices for the 2023 financial year ommitted from the system amounted to R8 620.30 Including VAT. The VAT amount for the period on these invoices amounted to R1 124.39 and the amount excluding VAT amounted to R7495.91

Prepaid software licences to the amount of R218 396.67 were incorrectly captured as expenses in the 2023 Financial year. The transactions have been reclassified to prepayments as at 30 June 2023.

Refuse expenditure for the 2023 financial year to the amount of R34 915.65 was not captured in the accounting records for the 2023 financial year. a journal has been processed to raise the transaction

Employee related costs

Leave provision for 2023 financial year was incorrectly calculated. The calculation was revised resulting in and adjustment of R4 719 259 increase on the liability and the employee related cost

Prepayments

Prepaid software licences to the amount of R218 396.67 were incorrectly captured as expenses in the 2023 Financial year. The transactions have been reclassified to prepayments as at 30 June 2023.

Finance costs

Interest on overdue account for the 2023 finacial year to the amount of R31 120.21 was ommitted in the accounting records of the municipality. A journal entry has been processed to raise the interest.

Accumulated surplus

Depreceiation was not recognised on the WIP project to the value of R10 929 644.09 that was completed in 2016. The accummulated depreciation opening balance for 2023 financial year is R1 262 834.99
Feasibility studies were incorrectly capitalised as WIP. A correction has been made for the amount of R1 440 526 in 2022

Travel and accomodation invoices to the amount of R44 421.79 and R6 842 were raised and reversed in December 2021 and November 2021 (2022 financial year) respectively and only paid in the current financial year 2024. Journal was processed to raise again the invoices in the correct period to clear a negative payable.

Multiple claims for subsistence and travel expenditure was raised in expenditure however payment was made with salaries. Invoice had to be reversed to clear the long outstanding debt that do not exist to the amount of R4 491.30

Training and membership fees amounting to R14 235 were erroneously ommitted in the 2022 financial year. The invoices have been raised in the period the expenditure incurred.

Advertising various Invoices from 2018 to June 2022 were erroneously ommitted in the system. The amount including VAT on the invoices is R263 181.26, the VAT amount is R33 877.57 and the amount excluding VAT for this period is R229 303.69

Opening balance for refuse expenditure to the ammount of R475 931 was erroneously ommitted in the records of the municipality in the 2022 financial year. the invoices have been raised to correct the error

39. Prior period errors (continued)

Interest on overdue account for the 2022 financial year to the amount of R46 964.24 was ommitted in the accounting records of the municipality. A journal entry has been processed to raise the interest.

Legal fees to the amount of R5136 for the 2022 fiancial year was ommitted from the accounting records. a journal entry has been processed to rectify the error.

Invoice for working on fire contracted services to the amount of R858.00 were erroneously ommitted in the accounting records in the 2023 financial year. Invoices were raised on the system to correct the error.

Feasibility studies were incorrectly capitalised as WIP. A correction has been made for the amount of R1 440 526 in 2022 and R8 383 940 in 2023

Depreceiation was not recognised on the WIP project to the value of R10 929 644.09 that was completed in 201and a project to the value of R21 686 786.80. The accummulated depreciation opening balance for 2023 financial year is R1 262 834.99 and R2 135 316. respectively

Provisions

Leave provision for 2023 financial year was incorrectly calculated. The calculation was revised resulting in and adjustment of R4 719 259 increase on the liability and the employee related cost

Irregular Expenditure

The irregular expenditure amount was adjusted by R61 919 481 as at 30 June 2023 relating to irregular expenditure incurred during the year which was errorneously ommitted in the 2023 financial year.

Fruitless and wasteful expenditure

The fruitless and wasteful expenditure was adjusted by R9 723.56 as at 30 June 2023 relating to interest charged by Telkom that erroneously ommitted from the register.

Interest on overdue account for the 2022 financial year to the amount of R46 964.24 and for the 2023 finacial year to the amount of R31 120.21 was ommitted in the accounting records of the municipality. A journal entry has been processed to raise the interest

Commitments

The capital commitments were adjusted by the amount of R317 328 873 as at 30 June 2023 due to contracts which were not included as part of commitments at year end.

VAT Receivable

General expenses invoices With the VAT amount of R2135.35 were erroneously ommitted in the 2022 financial year. The invoices have been raised in the period the expenditure incurred.

General expenses invoices with VAT amount of R15 688.96 were erroneously ommitted in the 2023 financial year. The invoices have been raised in the period the expenditure incurred

Invoice for security services June 2023 - Dr. Ruth was not captured in the 2023 financial year. The invoice was raised as a prior period correction to the VAT amount of 68708.97

Invoice for security services June 2023 - Dr. Ruth was not captured in the 2023 financial year. The invoice was raised as a prior period correction to the VAT amount of 52 468.90

Advertising various Invoices from 2018 to June 2022 Were erroneously ommitted in the system. The Amount including VAT on the invoices is R263 181.26, the VAT amount is R33 877.57 and the amount excluding VAT for this period is R229 303.69

Advertising various Invoices for 2023 financial year were erroneously ommitted in the system. The Amount including VAT on the invoices is R8 620.30, the VAT amount is R1 124.39 and the amount excluding VAT for this period is R7 495.91

39. Prior period errors (continued)

Opening balance for refuse expenditure to the ammount of R475 931 and VAT thereon to the amount of R7 406.84 was erroneously ommitted in the records of the municipality in the 2022 financial year. the invoices have been raised to correct the error
Refuse expenditure for the 2023 financial year to the amount of R34 915.65 and VAT thereon to the amount of R5 237.32 was not captured in the accounting records for the 2023 financial year. a journal has been processed to raise the transactions.

Various Invoices for working on fire contracted services to the VAT amount of R30 736.73 were erroneously ommitted in the accounting records in the 2023 financial year. Invoices were raised on the system to correct the error.

Deviations

The deviations for the 2023 financial year were adjusted by RR812 925 relating to reasons for deviations not justifiable.

Contingent Assets

A contingent asset was disclosed at incorrect amount of R4 600 000. The correct amount is R7000 000 and the AFS have been adjusted accordingly.

The AGSA raised Material Irregularity in the awarding of VAT Recovery tender and they have advised that we must recover the money spent on the benefit that accrued to the service provider. Recovery from service provider for the benefit accrued from an irregular VAT submissions appointment was not disclosed in the prior year 2023 to the amount of R3 500 000

Property plant and equipment

Depreceiation was not recognised on the WIP project to the value of R10 929 644.09 that was completed in 2016 and a project to the value of R21 686 786.80 completed in 2018. The accummulated depreciation opening balance for 2023 financial year is R1 262 834.99 and R2 135 316 the depreciation for 2023 financial year is R 202 053 and R502 427 respectively.

Feasibility studies were incorrectly capitalised as WIP. A correction has been made for the amount of R1 440 526 in 2022 and R8 383 940 in 2023

Depreciation

Depreceiation was not recognised on the WIP project to the value of R10 929 644.09 that was completed in 2016 and a project to the value of R21 686 786.80 completed in 2018 and the depreciation for 2023 financial year is R 202 05 3and R502 427 respectively

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

Statement of Financial Position

Increase in payable from exchange transactions	-	(2 222 617)
Increase VAT Receivable	-	217 835
Increase in Leave provision	-	(4 719 259)
Decrease in Property, Plant and equipment	-	(13 927 100)
Increase in Prepayments	-	218 396

Figures in Rand	2024	2023

39. Prior period errors (continued)

Statement of financial performance		
Increase in finance costs	-	(31 120)
Increase in Contracted services	-	(9 395 847)
Increase in Employee related costs	-	(4 719 259)
Decrease in General expenses	-	75 392
Increase in Depreciation	-	(704 481)
Irregular Expenditure		
Opening balance as previously reported	-	1 857 207 206
Adjustments made to 2023	-	61 919 481
Restated opening balance	**-**	**1 919 126 687**
Fruitless and wasteful expenditure		
Opening balance as previously reported	-	16 809 176
Adjustments made to 2023	-	87 808
Restated opening balance	**-**	**16 896 984**
Contingents Assets		
Opening balance as previously reported	-	4 600 000
Adjustments made to 2023	-	5 900 000
Restated opening balance	**-**	**10 500 000**
Deviations		
Opening balance as previously reported	-	4 377 995
Adjustments made to 2023	-	(812 925)
Restated opening balance	**-**	**3 565 070**
Commitments		
Opening balance as previously reported	-	225 822 309
Adjustments made to 2023	-	317 328 873
Restated Opening Balance	**-**	**543 151 182**

40. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

30 June 2023

	Note	As previously reported	Correction of error	Restated
Payable from exchange transactions		(970 003 282)	(2 222 617)	(972 225 899)
VAT Receivable		156 691 092	217 835	156 908 927
Provisions		(7 099 624)	(4 719 259)	(11 818 883)
Prepayments		-	218 396	218 396
Property palnt and equipment		3 648 935 413	(13 927 100)	3 635 008 313
		2 828 523 599	**(20 432 745)**	**2 808 090 854**

Statement of financial performance

40. Prior-year adjustments (continued)

30 June 2023

	Note	As previously reported	Correction of error	Restated
Employee related costs		(175 431 097)	(4 719 259)	(180 150 356)
Contracted services		(309 031 588)	(9 395 847)	(318 427 435)
General expenditure		(37 430 461)	75 392	(37 355 069)
Finance costs		(7 606 374)	(31 120)	(7 637 494)
Depreciation		(96 169 362)	(704 481)	(96 873 843)
Surplus for the year		**(625 668 882)**	**(14 775 315)**	**(640 444 197)**

41. Risk management

Financial risk management

Liquidity risk

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

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	30 June 2024	30 June 2023
Receivable from non exchange transactions	3 601 477	1 888 112
Cash and cash equivalents	194 340 648	199 122 396

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.The municipality is exposed to interest rate fluctuation on interest charged by creditors.

42. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of 3 220 663 759 and that the municipality's total assets exceed its liabilities by 3 220 663 759.

Management considered the following matters relating to the going concern assumption:

42. Going concern (continued)

- The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis
  presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities,contingent obligations and commitments will occur in the ordinary course of business. The municipality receives conditional grants and equitable share every year. This aids the municipality in the realisation of assets and settlement of liabilities,contingent obligations and commitments.

- The municipality's budget is subjected to a very rigorous independent assessment process to assess its cash backing status before it is ultimately approved by Council

- Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.This basis presumes that funds will be available to finance future operations and that the realisation of assets andsettlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following events and conditions that may cast significant doubt about the going concern assumption have been analyzed as at 30 June 2024 and conclusion made on each of them.

A - Financial events

1. Net current liability position
We have assessed that the municipality's financial position at 30 June 2024 and the municipality is at a net liability position.The municipality does have a net current liability position where the current liabilities exceed the current assets by R814 865 008 which cast doubt that the municipality might not be in the position to pay all its current liabilities in the normal course of operations.
The municipality has a net asset of R 3 220 663 759 as at 30 June 2024. This means that the Mununicipality will be in position to pay off all its liabilities during the normal course of operations.

2. Financial support by debtors and creditors

All creditors are paid within a reasonable time except for the amount owed to Sedibeng /Magalies Water with a balance of R952 535 839.53 at the end of 30 June 2024.

The accounts receivable R148m is mainly from amounts payable by SARS on VAT outstanding.. Even though there is a low debt recoverability rate there is no deliberate intention by debtors to withdraw financial support.

3**. Operating cash flows**
We have assessed the operating cash balance of the municipality for two financial periods ending 30 June 2023.The municipality showed a net positive cash flow of R194 340 647.85and R199 122 396 for 30 June 2024 and June 2023 financial years respectively.
We also inspected the approved budget for 2024 financial year and it also shows a positive net cash flow.
There are no negative operating cash flows indicated by historical and prospective financial information.

4**. Key financial ratios**

The current ratio shows that the municipality's current liabilities exceed its current assets. The ratios for the two years are below the treasury threshold of 1.5:1, however, 86.57% of the trade payables is made up of amounts owed to one supplier Sedibeng /Magalies Water.

B - Other operating events

1**. Key Management turnover**
Senior management positions have been on an acting capacity due to the resignation of the Chief Financial officer and termination of Senior Manager Coporate as at 30 June 2024.

Figures in Rand	2024	2023

42. Going concern (continued)

2. Legal proceedings
The municipality has contingent liabilities amounting to the value of R19 703 614 which could severely impact the municipality's cash inflows should the alleged actions become successful.

3. Grant funding
The municipality has an unfunded budget which may impact on its ability to receive equitable share timeously . However, the municipality also noted that in terms of the Division of Revenue Act (DORA), treasury has apropriated equitable shares that are increasing over the years. (There is no decline in grant funding for operations). There is also no indication from treasury to stop continued funding to the municipality.

Conclusion
Management after analyzing all the indicators on the going concern assumption as documented above conclude that there are material factors that may cast doubt on the municipality's ability to continue as a going concern.

43. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	1 069 616 815	543 151 183
Total capital commitments		
Already contracted for but not provided for	1 069 616 815	543 151 18

Total commitments

Total commitments		
Authorised capital expenditure	1 069 616 815	543 151 183

This committed expenditure relates to plant and equipment and will be financed by available bank facilitiesconditional and unconditional grants, existing cash resources and funds internally generated.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	-	3 074 000

Operating lease payments reperesent rentals payable by the municipality for the provision of automated telephone and printing services and rental of offices The lease agreement the offices lapsed 28 February 2024 and the automated telephone agreement ended January 2022. The agreements continued on a month to month hence no commitment at year end.

44. Unauthorised expenditure

Opening balance as previously reported	1 063 970 903	920 428 533
Add: Unauthorised expenditure - current	340 189 455	143 542 370
Closing balance	**1 404 160 358**	**1 063 970 903**

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Cash	340 189 455	143 542 369

Figures in Rand	2024	2023

44. Unauthorised expenditure (continued)

Unauthorised expenditure: Budget overspending – per municipal department:

Vote 05 - Budget and treasury office	-	15 478 076
Vote 10 - Engineering	237 015 415	111 175 499
Vote 02 - Office of the speaker	2 494 628	-
Vote 03 - Office of the Municipal manager	2 992 870	-
Vote 06 - Corporate servoices	87 054 034	3 877 464
Vote 08 - Environmnetal Health	6 349 994	3 868 189
Vote 09 Fire and Disaster management	4 188 301	-
Vote 11 - Project management Unit	94 213	9 143 142
	340 189 455	**143 542 370**

Recoverability steps taken/criminal proceedings

No unauthorised expenditure instances have been recovered from the municipal officials and no criminal charges have been laid against any official.

Disciplinary steps taken/criminal proceedings

No disciplinary steps have been taken on unauthorised expenditure identified in the current and previous financial years.

45. Fruitless and wasteful expenditure

Opening balance restated	16 896 983	16 214 946
Add: Fruitless and wasteful expenditure identified - current	462 596	1 514 493
Less: Amount recovered - current	-	(832 456)
Closing balance	**17 359 579**	**16 896 983**

Fruitless and wasteful expenditure is presented inclusive of VAT

Fruitless & Wasteful expenditure tabled before Council and the report was referred to the Municipal Public Accounts Committee. The list of investigations by MPAC not concluded and no case has been reported to South African Police Service.

Disciplinary steps taken/criminal proceedings/recoveries

The MPAC is busy with the investigations to establish instances which led/has led to non-compliance with the supply chain. management pre-scripts. No instances of fruitless and wasteful has been written-off. Instances of overpayments is set to be recovered from the suppliers in the new financial year ending 30 June 2025. However, an amount of R2000 from Reel Multimedia was recovered during the year ending 30 June 2024.

Figures in Rand		2024	2023

45. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest charged by Eskom	No disciplinary action taken	8 290	78 867
Interest charged by Telkom	No disciplinary action taken	164 336	23 366
Interest charged by Auditor General	No disciplinary action taken	-	2 655
Interest charged by DBSA	No disciplinary action taken	-	2 516
Instances of overpayments to suppliers	No disciplinary action taken	53 983	42 977
SARS PAYE	No disciplinary action taken	-	3 978
Interest charged by Lektratek	No disciplinary action taken	-	1 222 645
Interest charged by Naledi LM	No disciplinary action taken	-	6 369
Interest charged by Dept of Justice	No disciplinary action taken	-	100 000
Storage costs Lektratek Water Technology	No disciplinary action taken	203 818	-
Interest charged by greater Taung Local municipality	No disciplinary action taken	32 168	31 120
		462 595	**1 514 493**

Figures in Rand	2024	2023

46. Irregular expenditure

Opening balance as previously reported	1 919 126 686	1 582 685 228
Correction of prior period error	-	108 851 176
Add: Irregular expenditure - current	246 840 455	227 590 282
Closing balance	**2 165 967 141**	**1 919 126 686**

Figures in Rand		2024	2023

46. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Awards made to suppliers whose tax affairs were not in order/confirmed	No disciplinary action taken	11 458 343	9 423 138
Roster not applied in line with SCM policy	No disciplinary action taken	7 383 993	24 720 375
Non compliance with SCM regulation par 29(2)	No disciplinary action taken	18 968 417	62 973 383
SCM processes not resumed after expiry of contract	No disciplinary action taken	9 128 918	2 891 623
Non compliance with local content	No disciplinary action taken	-	25 352
Three quotations not obtained	No disciplinary action taken	-	1 386 389
Non compliance with regulation 32 requirements	No disciplinary action taken	-	81 321 288
Prescribed SCM processes not followed	No disciplinary action taken	53 124 128	3 411 356
Payments made exceeded contract value	No disciplinary action taken	1 842 741	16 942 490
Deliberate split to avoid SCM processes	No disciplinary action taken	-	82 404
SCM policy not in line with new PPPFA	No disciplinary action taken	-	140 961
Non-compliance with PPPFA Regulation 2023 on specific goals	No disciplinary action taken	1 779 799	7 334 351
Non compliance with SCM Regulatiomn par. 28 and par. 38 - Failure to disclose or failure to confirm the winning bidder's account for municipal rates and taxes and municipal service charges	No disciplinary action taken	96 154 703	3 616 125
Non-compliance with SCM Regulation regarding subcontracting for contracts exceeding R30 million	No disciplinary action taken	8 360 523	11 130 041
Points on functionality incorrectly awarded	No disciplinary action taken	1 775 122	-
Deviations due to poor planning or reasons not justifiable	No disciplinary action taken	13 456 694	1 462 836
Extension exceeding the 15% variation limit with no valid and acceptable reasons.	No disciplinary action taken	3 171 971	-
Failure to resume SCM processes upon expiry of emergency award	No disciplinary action taken	20 235 103	-
Declaration of interests not submitted	No disciplinary action taken	-	728 170
		246 840 455	**227 590 282**

Figures in Rand	2024	2023

46. Irregular expenditure (continued)

Cases under investigation

(2023: R1 655 135 262) cases related to non-compliance with procurement process requirements is under investigations

Figures in Rand	2024	2023

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Opening balance	832 933	806 766
Current year subscription / fee	1 726 764	1 735 770
Amount paid - current year	(1 778 250)	(1 709 602)
	781 447	**832 934**

Audit fees

Opening balance	(27 425)	7 645
Current year fee	5 509 048	6 030 722
Amount paid - current year	(6 305 406)	(6 068 367)
Interest incurred	(2 575)	2 575
VAT charged on current year fee	826 358	-
	-	**(27 425)**

PAYE and UIF

Current year subscription / fee	37 209 899	34 377 204
Amount paid - current year	(37 292 494)	(34 377 204)
	(82 595)	**-**

Pension and Medical Aid Deductions

Current year subscription / fee	37 149 242	33 839 311
Amount paid - current year	(37 149 242)	(33 839 311)
	-	**-**

VAT

All VAT returns have been submitted by the due date throughout the year.

Figures in Rand	2024	2023

48. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

In an emergency		
Road Lodge Rusternburg - Accomodation services	57 600	-
Xenadu Trading Enterprise - Provision of car rental services	57 200	-
Morongwe Media and Projects - Exhibition stands	186 300	-
Oreboi Trading Enterprise - Honey sucker services	2 097 000	-
Lehakoe Atleha(Pty) Ltd	-	1 424 000
	2 398 100	**1 424 000**
Goods or services only produced or available from single supplier		
Orange Toyota - Repairs and maintenance of vehicles	151 236	59 819
Commerce Edge South Africa (Pty) Ltd - 17th annual smart procurement world indaba	39 122	-
Pro-Active College - Records Management Registry and mail management	65 340	25 218
IMESA Conference - IMESA conference at Port Elizabeth	8 900	-
Bodumedi Fm - Advertising	30 000	6 750
Morgan Nissan Stellalander - Repairs and maintenance of vehicles	43 184	35 855
Institute of Municipal people Practition South Africa - Course Training	25 400	-
Fire Protection Association of SA - Course Training	6 207	33 596
3 Sixty Degree Investment - Conference venue and catering	79 925	-
The Ethics Institute - Course training	29 988	-
WISA - WISA conference at Durban	63 929	-
Adapt IT	-	176 123
Miskaba Project	-	87 750
Gijima Holdings (Pty) Ltd - Competency assessment for the Chief Audit Executive	-	14 400
Protea Hotel Klerksdorp - Strategic planning session at Klerksdorp	-	137 100
Hi Q Countrywide - Purchase of tyres for Molopo fire station vehicles	-	33 170
Enterprise University of Pretoria - Municipal Finance Management Programme Course	-	89 000
Westvaal Motor holdings - Diagnostics & service for Tanker Molopo Fire station	-	17 426
Batsumi Enterprise Solution - Imported PS Paper fibre tear off 120gs (PSP)	-	22 080
Diesel Innovation (PTY) LTD - Course training	-	36 570
Qualifox - Supply and delivery of PPE for EPWP	-	894 196
Learnfast Training solution	-	15 750
Leadership Academy - Receptionist to attend reception and telephone Etiquette	-	13 684
	543 231	**1 698 487**
Where it is impractical or impossible to follow SCM processes		
Xenadu Trading Enterprise - Provision of car rental services for the Mayor & WISA Conf.	273 389	-
Tsanaryze travels - Provision of car rental services for the Speaker	49 000	-
Kay2 Zee Gee Tours	86 000	-
ZKV Group - Accommodation, transport and meals at Expo in Namibia	1 182 658	-
Orange Toyota - Service and repairs of fire vehicles	47 769	-
Huku Auto Engineering - Maintenance of fire vehicles	14 889	-
Basadzi Personnel - Advertising	101 701	55 358
Belle Travel Agency - Flights and accommodation services	145 548	130 429
Droza Construction and projects - Supply of new generator and maintenance of old generator	897 746	-
Vaaltar FM - Placement of a Promo Activation ad services	9 600	7 500
Golden Building Construction - Catering for 200 people 4 days working on fire at Kagisano	64 000	-
Garne Trading and projects	39 500	-

Figures in Rand	2024	2023
48. Deviation from supply chain management regulations (continued)		
Explohill Advertising and Media (Pty) Ltd	-	65 799
Yvomond Logistics	-	8 995
Teampoint Group	-	53 200
Realible Knowledge Theatre Club	-	20 000
Game View Lodge	-	71 400
Supervision woodcraft and construction	-	29 900
	2 911 800	**442 581**

49. Budget differences

Material differences between budget and actual amounts

The initially budgeted amounts were adjusted as per the special adjsutment budget. The reasons for the special adjustments are included in the special adjustment budget that is submitted in the audit file for the 2024 financial year.

A1: Other income – The variance is due to fewer insurance claims and therefore lower insurance refunds. There were fewer engineering tender adverts issued as the procurement for the financial year concluded in the first quarter of the financial year.

A2: Investment revenue – The variance is due to utilising money market investment, resulting in higher interest yields than those offered by the primary bank account.

A3: Government grants – The variance is due to the inability to meet the set quarterly spending targets which resulted in reduction in DORA allocation for conditional grants.

A4: Employee cost – The variance is due to overtime, Acting allowances and travel allowances which were more in the current year than prior year.

A5: Remuneration of councillors – The variance is due to upper limits that are approved after the budget adjustment was finalised

A6: Depreciation: – The variance is due to new significant projects transferred from Work in progress to infrastructure which resulted in increased in depreciation

A7: Finance costs – The variance is due to the actuarial valuations which were not budgeted for as there are estimates.

A8: Operating leases – The variance is because operating leases agreements were on a month to month basis and could not be budgeted for appropriately since no appointments or adverts were made for leases..

A9: Debt impairment – The variance is due to budgeted impairments that did not occur

A10:Contracted services, bulk purchases and inventory consumed – The budget is not in line with the MSCOA Chart of Accounts, which means that actual expenses are reflected in the contract services and bulk purchases, not the inventory consumed.

A11: Transfers and subsidies – The expenditure for EDTA had orders that were committed but not accrued due to delay in delivery of goods and services by suppliers.

A12: General expenses – Implementation of cost containment measures where only expenditure that is necessary was approved.

A13:Receivable from non-exchange – The variance is due to the financial assistance (loans) granted to local municipalities to assist with their cash flow challenges.receivable from non echange was not budegeted for. The budget was put under receivables from exchange.

A14: Vat receivable – The variance is due to increased expenditure on contracted services and capital expenditure.

A15: Prepayments were not budgeted for as an asset but as expenditure.The balance is a result of year end cut-off, where the expenditure is paid of in one financial period but the benefit to the district accrued and overlaps over two financial periods.

A16: The budget premised under expenditure of grants based on the historic expenditure patterns of RBIG. Therefore an expectation of an inverse relationship between grant spending patterns and cash in hand.

49. Budget differences (continued)

A17: Investment property – The variance is due to the market recovery for investment property after Covid 19

A18:Property plant and equipment – Variance is a result of an over expectation of capital expenditure which was not backed by the relevant funding.

A19: Intangible assets – The under expenditure was due to the non implementation of the document management system as the service providers were not responsive to the bid.

A20 : Other financial liabilities – The variance is due to the budget which was not revised since the loan from DBSA was paid off. in addition the budeget on the borrowings also covered the current portion of the DBSA loan.

A21: Payable from exchange – The variance is due to accrual of the Magalies Water Board invoices which have increased at a pace that is higher then the financial means anticipated by the District.

A22: Employee benefit Obligations and provisions –The Variance is due to under budgeting by the district and not taking into account actuarial movements and interest impact the liability

A23 - The variance is due to incorrect budgeting

A24 - Finance costs - The municipality does not have finance sosts that follow a specific trend hence tha variance.

A25 - Transfers and subsidies - The cashflow statement does not have transfers and subisides as seperate line items. the effect is taken into account in the payments made to suppliers.

50. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

50. Segment information (continued)

Segment surplus or deficit, assets and liabilities

30 June 2024

			Investment revenue	Govt grants & subsidies	Other Income	Rental of facilities and equipment	Salaries and wages	Depreciation, amortization & impairment	Other expenses	Total
Segment										
Council	-	27 796 006	-	-	-	(31 644 194)	-	(4 604 896)	-	(8 453 084)
Office of the Municipal Manager	-	18 306 914	-	-	-	(13 392 898)	-	(28 702 001)	-	(23 787 985)
Budget and Treasury	22 072 445	61 695 064	728 485	-	-	(18 679 049)	-	(41 010 891)	-	24 806 054
Internal Audit	-	21 608 083	-	-	-	(18 604 344)	-	(532 672)	-	2 471 067
Corporate Services	3 409 521	65 009 209	807 800	1 511 699	-	(27 579 351)	(93 960 074)	(60 557 796)	-	(111 358 992)
Local Economic Development	-	26 426 126	-	-	-	(12 073 404)	-	(5 405 778)	-	8 946 944
Engineering Services	-	754 030 276	-	-	-	(9 506 851)	(1 983 497)	(332 062 674)	-	410 477 254
Project Management Unit	-	11 095 192	-	-	-	(7 468 136)	-	-	-	3 627 056
Integrated Development Planning	-	13 545 570	5 206 621	-	-	(7 540 887)	-	(3 067 541)	-	8 143 763
Environmental Health	-	21 220 559	-	-	-	(20 022 270)	(5 188 764)	(606 244)	-	(4 596 719)
Fire and Disaster	-	41 635 024	-	-	-	(34 596 009)	(268 684)	(11 988 434)	-	(5 218 103)
Total	**25 481 966**	**1 062 368 023**	**6 742 906**	**1 511 699**	**-**	**(201 107 393)**	**(101 401 019)**	**(488 538 927)**	**-**	**305 057 255**
Total segmental surplus/(deficit)	**25 481 966**	**1 062 368 023**	**6 742 906**	**1 511 699**	**-**	**(201 107 393)**	**(101 401 019)**	**(488 538 927)**	**-**	**305 057 255**

	Investment revenue	Govt grants & subsidies	Other Income	Rental of facilities and equipment	Segment 5	Salaries and wages	Depreciation, amortization & impairment	Other expenses	Total Expenditure	Total

50. Segment information (continued)

30 June 2024

	Property, Plant and Equipment	VAT and Receivables from exchange	Investment Property	Cash and Cash Equivalents	Intangible Assets	Receivable from non exchange transactions	Prepayments	Inventories	Trade and other payables	Provisions	Total
Segments	-	-	-	-	-	-	-	-	-	-	
Council	438 150	(23 918 326)	-	-	-	-	-	-	-	-	(23 480 1
Office of the Municipal Manager	932 354	-	-	-	-	-	-	-	-	-	932 3
Budget and Treasury	(740 017 687)	172 283 131	10 475 000	194 340 647	3 360 366	3 601 477	1 015 843	-	(1 531 243 474)	(14 521 787)	
Internal Audit	1 224 863	-	-	-	-	-	-	-	-	-	1 224 8
Corporate Services	14 422 004	-	-	-	700 000	-	-	-	382 217 691	-	397 339 6
Local Economic Development	355 826	-	-	-	-	-	-	-	(257 920)	-	97 9
Engineering Services	4 759 567 268	-	-	-	-	-	-	34 751 854	(78 155 488)	-	4 716 163 6
Project Management Unit	248 804	-	-	-	-	-	-	-	582 349	-	831 1
Integrated Development Planning	119 690	-	-	-	-	-	-	-	-	-	119 6
Environmental Health	1 097 148	-	-	-	-	-	-	-	-	-	1 097 1
Fire and Disaster	27 043 974	-	-	-	-	-	-	-	-	-	27 043 9
Total segment assets	**4 065 432 394**	**148 364 805**	**10 475 000**	**194 340 647**	**4 060 366**	**3 601 477**	**35 767 697**	**35 767 697**	**(1 226 856 842)**	**(14 521 787)**	**3 220 663 7**

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

50. Segment information (continued)

The nature of differences between the measurements of the reportable segments' assets or liabilities and the entity's assets or liabilities

There are no differences in measurements of assets and liabilities between the reportable segments. The measurements described in the notes to the financeial statements apply to all reportable segments.

The nature and effect of any changes from prior periods in the measurement methods used to determine reported segment surplus or deficit

There was no changes from prior periods on the measurement methods used to determine reportable segment surplus or deficit.

The nature and effect of any asymmetrical allocations to reportable segments

An municipality allocated depreciation expense to a segment without allocating the related depreciable assets to that segment.