



**ZF MGCAWU
DISTRICT
MUNICIPALITY
ANNUAL
REPORT
2023/2024**

Vision

Quality support to deliver quality services

Mission

Centre of excellence in providing quality basic services through support to local municipalities

Core Values

- 1. Commitment to the development of people*
- 2. Integrity in the performance of our duty*
- 3. Respect for our natural resources*
- 4. Transparency in accounting for our actions*
- 5. Regularly consult with customers on the level and quality of services*
- 6. Ensure higher levels of courtesy and professionalism in the workplace*
- 7. Efficient spending and responsible utilization of municipal assets*

TABLE OF CONTENTS

	LIST OF ABBREVIATIONS	7
CHAPTER 1	EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	11
	COMPONENT A: EXECUTIVE MAYOR'S FOREWORD	11
	COMPONENT B: EXECUTIVE SUMMARY	14
1.1	ACTING MUNICIPAL MANAGER'S OVERVIEW	14
1.2	MUNICIPAL FUNCTIONS AND ENVIRONMENTAL OVERVIEW	17
1.2.1	POPULATION	19
1.3	SERVICE DELIVERY OVERVIEW	21
1.4	FINANCIAL HEALTH OVERVIEW	24
1.5	ORGANIZATIONAL DEVELOPMENT OVERVIEW	26
1.6	AUDITOR GENERAL'S REPORT	27
1.7	STATUTORY ANNUAL REPORT PROCESS	28
CHAPTER 2-GOVERNANCE		30
	COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	30
2.1	POLITICAL GOVERNANCE	31
2.1.1	COUNCIL COMMITTEES	32
2.1.2	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	34
2.2	ADMINISTRATIVE GOVERNANCE	36
	COMPONENT B: INTERGOVERNMENTAL RELATIONS (IGR)	37
2.3	INTERGOVERNMENTAL RELATIONS (IGR)	37
2.3.1	DISTRICT DEVELOPMENT MODEL	40

Annual Report 2023/2024

	COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	41
2.4	IDP PARTICIPATION AND ALIGNMENT	41
2.5	WARD COMMITTEES	45
	COMPONENT D: CORPORATE GOVERNANCE	47
2.6	RISK MANAGEMENT	47
2.7	ANTI-FRAUD AND CORRUPTION	53
2.8	SUPPLY CHAIN MANAGEMENT	54
2.9	WEBSITE	61
2.10	INTERNAL AUDIT	62
2.11	AUDIT COMMITTEE	66
2.12	PERFORMANCE MANAGEMENT	70
2.13	PUBLIC SATISFACTION ON MUNICIPAL SERVICE	75
2.14	OVERSIGHT COMMITTEE	75
	CHAPTER 3-SERVICE DELIVERY PERFORMANCE	76
3.1	HOUSING	76
3.2	SPATIAL PLANNING AND LAND USE MANAGEMENT	84
3.3	LOCAL ECONOMIC DEVELOPMENT AND TOURISM	86
3.3.1	LOCAL ECONOMIC DEVELOPMENT (LED)	86
3.3.2	TOURISM	90
3.4	EXTENDED PUBLIC WORKS PROGRAMME (EPWP)	92
3.5	RURAL ROADS ASSET MANAGEMENT SYSTEM GRANT (RRAMS)	97
3.6	ENVIRONMENTAL HEALTH AND AIR QUALITY MANAGEMENT	100
3.6.1	ENVIRONMENTAL HEALTH	100
3.6.2	AIR QUALITY MANAGEMENT	106

Annual Report 2023/2024

3.7	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)	108
3.8	DISASTER MANAGEMENT	113
3.9	MUNICIPAL SUPPORT	116
3.10	ASSET MANAGEMENT	126
3.11	EXECUTIVE AND COUNCIL	126
CHAPTER 4-HUMAN RESOURCE SERVICES		130
	COMPONENT A: HUMAN RESOURCE MANAGEMENT	130
	COMPONENT B: HUMAN RESOURCE DEVELOPMENT AND TRAINING	131
4.1	EMPLOYEE TOTALS, TURNOVER AND VACANCIES	133
4.2	POLICIES	135
4.3	INJURIES AND SICKNESS	136
4.4	EMPLOYEE SALARY INCREASES	137
4.5	LR, OHS, CLEANING AND SECURITY SERVICES	137
4.6	SKILLS DEVELOPMENT AND TRAINING	140
4.6.1	COMMENT ON SKILLS DEVELOPMENT	143
CHAPTER 5-FINANCIAL INFORMATION		146
	COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	146
5.1	STATEMENT OF FINANCIAL PERFORMANCE	146
5.2	STATEMENT OF FINANCIAL POSITION	147
5.3	CASH FLOW STATEMENTS	148
5.4	GRANTS	149
5.5	ASSET MANAGEMENT	152
5.6	PUBLIC-PRIVATE PARTNERSHIPS	153
	COMPONENT B: OTHER FINANCIAL MATTERS	153

Annual Report 2023/2024

5.7	SUPPLY CHAIN MANAGEMENT	153
5.8	GRAP COMPLIANCE	153
5.9	BBBEE COMPLIANCE PERFORMANCE INFORMATION	154
CHAPTER 6- AUDITOR-GENERAL AUDIT FINDINGS		156
	COMPONENT A: AUDITOR-GENERAL'S OPINION OF FINANCIAL STATEMENTS 2023/2024	156
6.1	AUDITOR GENERAL'S REPORT 2023/2024	156
6.2	COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES	168
APPENDICES		169
A	COMMITTEE ALLOCATION	170
B	COMMITTEES AND COMMITTEE PURPOSES	172
C	THIRD-TIER STRUCTURE	174
D	MUNICIPAL FUNCTIONS	176
E	AUDIT COMMITTEE RECOMMENDATIONS	178
F	FINANCIAL DISCLOSURES 2023/2024	184
ANNEXURES AND VOLUMES		189
ANNEXURE A- ANNUAL PERFORMANCE REPORT		190
ANNEXURE B- AUDIT COMMITTEE REPORT		270
VOLUME IIA- ANNUAL FINANCIAL STATEMENTS		277
VOLUME IIB- AUDIT RECOVERY PLAN		408

LIST OF ABBREVIATIONS

AC	Audit Committee
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AO	Accounting Officer
AG Report	Auditor General's Report
AQO	Air Quality Officer
BBBEE	Broad-Based Black Economic Empowerment
BTO	Budget and Treasury Office
CFO	Chief Financial Officer
COA	Certificate of Acceptability
COC	Code of Conduct
COGHSTA	Cooperative Governance, Human Settlements and Traditional Affairs
CLLR	Councillor
CSD	Central Supplier Database
DDM	District Development Model
DEDaT	Department of Economic Development and Tourism
DHIS	District Health Information System
DORA	Division of Revenue Act 2 of 2013
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
DSI	Department of Science and Innovation
DTI	Department of Trade and Industry
EHP	Environmental Health Practitioner
EHS	Environmental Health Services
EPWP	Extended Public Works Programme

Annual Report 2023/2024

ETC.	Et Cetera
FAR	Fixed Asset Register
FETC	Further Education and Training
FTE	Full-Time Equivalent (s)
GRAP	Generally Recognized Accounting Practice
GRMS	Gravel Roads Management System
HDI	Historically Disadvantaged Individuals
HSRC	Human Sciences Research Council
ICC	International Convention Centre
ID	Identity Document
IDP	Integrated Development Plan
IDP Rep Forum	IDP Representative Forum
IGR	Intergovernmental Relations
ICT	Information and Communication Technology
IT	Information Technology
IMIS	Integrated Municipal Information System
KPI	Key Performance Indicators
LDA	Land Development Applications
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LR	Labour Relations
LUPO	Land Use Planning Ordinance
LUS	Land Use Scheme
MBD	Municipal Bid Documents
MFMA	Municipal Finance Management Act, 56 of 2003
MM	Municipal Manager
MoU	Memorandum of Understanding

Annual Report 2023/2024

MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act, 32 of 2000
mSCOA	Municipal Standard of Charts Accounts
NCPT	Northern Cape Provincial Treasury
NEMA	National Environment Management Act
NEMWA	National Environmental Management: Waste Act, No 59 of 2008.
NDP	National Development Plan
NQF	National Qualifications Framework
Nr.	Number
OHS	Occupational Health and Safety
PAYE	Pay As You Earn
PGDP	Provincial Growth and Development Plan
PMS	Performance Management System
PPP	Public-Private Partnerships
PSDF	Provincial Spatial Development Framework
PMU	Project Management Unit
RED	Regional Economic Development
RISFSA	Road Infrastructure Strategic Framework for South Africa
RRAMS	Rural Roads Asset Management System
SARS	South African Revenue Services
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SALGA	South African Local Government Association

Annual Report 2023/2024

SMART	Specific, Measurable, Achievable, Relevant, and Time-Bound
SMME	Small, Micro and Medium Enterprises
SPLUMA	Spatial Planning and Land Use Management Act
SAPS	South African Police Service
STR	Small-Town Regeneration
TIA	Technology Innovation Agency
TREP	Township and Rural Entrepreneurship Programme
UCT	University of Cape Town
VAT	Value-Added Tax
WIL-FIN	Work Integrated Learning-Finance
WIL-HR	Work Integrated Learning-Human Resource
ZFM DM/ ZFM	ZF Mgcau District Municipality

CHAPTER 1

EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A EXECUTIVE MAYOR'S FOREWORD



Cllr M.C. Basson

Executive Mayor

It is with great pleasure that I present the Draft Annual Report of the ZF Mgcawu District Municipality for the 2023/2024 financial year. This Report reflects our ongoing commitment to transparency, accountability, and service excellence as we work to meet the needs of our communities and fulfil our mandate as a District Municipality.

Annual Report 2023/2024

The past year has been a period of both challenges and achievements. We have made significant strides in advancing our strategic objectives, focusing on sustainable development, good governance, and effective service delivery. Despite the difficulties posed by economic constraints and other external factors, our Municipality has remained resilient and determined to improve the lives of our people.

Central to our success has been our commitment to collaborative governance. We recognize that true progress can only be achieved through the active participation of all stakeholders—government, community members, and Non-Governmental Organizations. By working together, we have been able to harness diverse perspectives and resources, enabling us to address the most pressing issues facing our District.

This Draft Annual Report provides an overview of our key accomplishments, financial performance, and the impact of our initiatives over the past year. It also outlines the challenges we have faced and the lessons we have learned, which will inform our strategies moving forward. Our aim is to ensure that every decision we make and every action we take is guided by our core values of integrity, inclusivity, and accountability. The oversight role played by our Council, supported by the Municipal Public Accounts Committee, has been instrumental in ensuring that our administration adheres to the principles of good governance. Their vigilance has been crucial in maintaining the high standards we set for ourselves and in holding us accountable to the people we serve.

As we look ahead, we remain committed to the continuous improvement of our services and the well-being of our communities. We will continue to build on our achievements, address our challenges head-on, and work tirelessly to create a District Municipality that is inclusive, prosperous, and sustainable for all. I would like to extend my heartfelt thanks to all the Councillors, the Mayoral Committee, and the Municipal Public Accounts Committee for their unwavering support and dedication. I also wish to express my deep appreciation to the Management and Staff for their hard work and commitment throughout the year. Together, we will continue to strive towards excellence in serving our District.

I also wish to express my sincere gratitude to the External Audit Committee for their invaluable guidance and oversight during the year under review. Their diligent efforts have been instrumental in ensuring that our operations are aligned with the highest standards of accountability and governance. Let us move forward with determination and a shared vision for the future, confident

Annual Report 2023/2024

that our collective efforts will lead to even greater successes in the year ahead.

Signed by: *Basson*

Councillor M.C. Basson

Executive Mayor

COMPONENT B

EXECUTIVE

SUMMARY

1.1 ACTING MUNICIPAL MANAGER'S OVERVIEW



Mr A. Phete

Acting Municipal Manager

As the Acting Municipal Manager of the ZF Mgcawu District Municipality, I am pleased to present the Draft Annual Report for the 2023/2024 financial year. This Draft Annual Report provides a comprehensive overview of our performance, achievements, and the challenges we faced during the year under review. It serves as a testament to our commitment to good governance, effective service delivery, and the sustainable development of our District.

The 2023/2024 financial year has been one of both progress and learning. The financial health of

Annual Report 2023/2024

the Municipality continues to be a priority. We have maintained sound financial management practices, ensuring that our resources are utilized efficiently and effectively. The Draft Annual Report reflects our efforts to achieve fiscal discipline while achieving our goals with the limited resources we have.

We are dedicated to upholding principles of effective governance, prudent financial stewardship, and the resilience of our leadership and administrative frameworks. This reflects the unwavering commitment and diligence of our Council and Administration, showcasing that a stable and efficiently managed Municipality can deliver exceptional outcomes. We prioritize accountability, with the Council and the Municipal Public Accounts Committee serving as key pillars in monitoring and overseeing our operations. The collaborative efforts between our administration, the Council, and our communities form the cornerstone of the District Municipality's success, ensuring its operations are effective, inclusive, and aligned with the needs of its stakeholders.

Despite our success, the poor audit outcomes of many Local Municipalities within our District highlight ongoing challenges in reaching the expected standards of financial management and building public confidence in the government's use of resources. These struggles are particularly evident in Municipalities with weak revenue bases, which are heavily reliant on the Municipal Infrastructure Grant and Equitable Share funding allocations. Unfortunately, these allocations are often insufficient to ensure universal access to adequate services, making it difficult for poorer and smaller Municipalities to deliver optimal services.

The challenge faced by local municipalities lies in their inability to effectively transform their Integrated Development Plans (IDPs) into practical socio-economic programs that directly benefit their communities. Another significant challenge is the shortage of necessary skills within our Local Municipalities. A large number of Municipalities lack the managerial, administrative, financial, and institutional capacity to meet the growing needs of their local populations. This scarcity of specialized skills severely limits their ability to render efficient and effective services.

The ZF Mgcawu District Municipality is committed to providing quality support to our Local Municipalities to ensure that they can deliver the quality services their communities deserve. This commitment aligns with our vision and the requirements set out in Section 83(c) of the Municipal Structures Act. It is imperative that we work together to build the capacity of our Local Municipalities, enabling them to improve service delivery and enhance accountability to the communities they serve.

Annual Report 2023/2024

I wish to extend my sincere appreciation to the Council, the Mayoral Committee, and the Municipal Public Accounts Committee for their unwavering support and oversight. I also express my deepest gratitude to the Management Team and all our staff members for their dedication, hard work, and commitment to the vision of the ZF Mgcawu District Municipality.

I also wish to express my sincere gratitude to the external Audit Committee for their guidance and oversight role. Their contributions have been instrumental in upholding our commitment to accountability and good governance.

Together, we will continue to build a District Municipality that is responsive, accountable, and committed to the well-being of all its residents.

Signed by:  _____

Mr A. Phete

Acting Municipal Manager

**The MEC of COGHSTA seconded Mr. A Phete to act as Municipal Manager at the ZF Mgcawu District Municipality and is the current incumbent in office*

1.2 MUNICIPAL FUNCTIONS AND ENVIRONMENTAL OVERVIEW

The ZF Mgcawu District Municipality (previously known as Siyanda District Municipality) is a Category C Municipality forming the mid-northern section of the Northern Cape Province, bordering with Botswana in the north and Namibia in the west.

It makes up just under a third of the province's geographical area, of which 65 000km² comprise the vast Kalahari Desert, Kgalagadi Transfrontier Park and the former Bushmanland. This District comprises of five Local Municipalities: Dawid Kruiper, Kai !Garib, Tsantsabane, !Kheis and Kgatelopele. Upington is the District's municipal capital, where the municipal government is located. The ZF Mgcawu District Municipality comprises of the following major towns: Beeshoek, Brandboom, Danielskuil, Eksteenskuil, Groblershoop, Kakamas, Keimoes, Kenhardt, Lime Acres, Mier, Postmasburg, Rietfontein, Upington. Agriculture, mining and tourism make up the main economic sectors in the District.

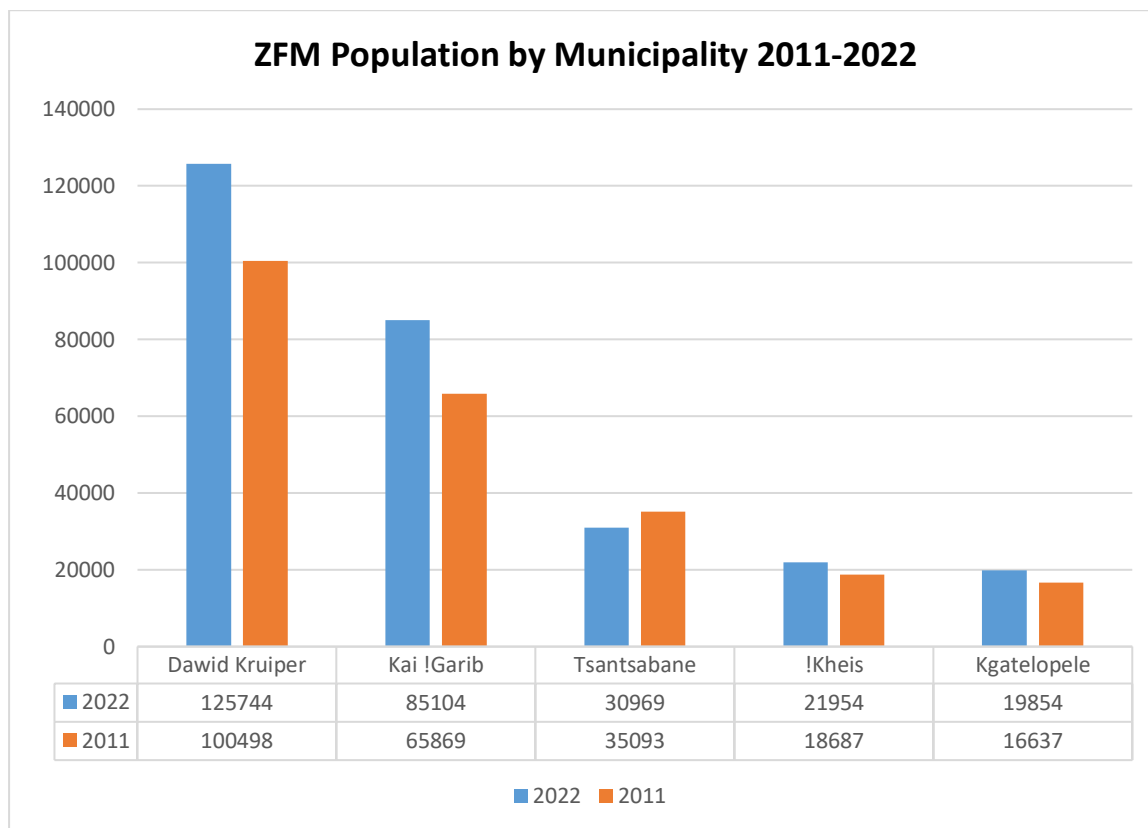
The ZF Mgcawu District Municipality has a Constitutional mandate to amongst others provide a democratic and accountable government for local communities, ensure the provision of services to communities in a sustainable manner and encourage the involvement of communities and community organizations in the matters of Local Government.



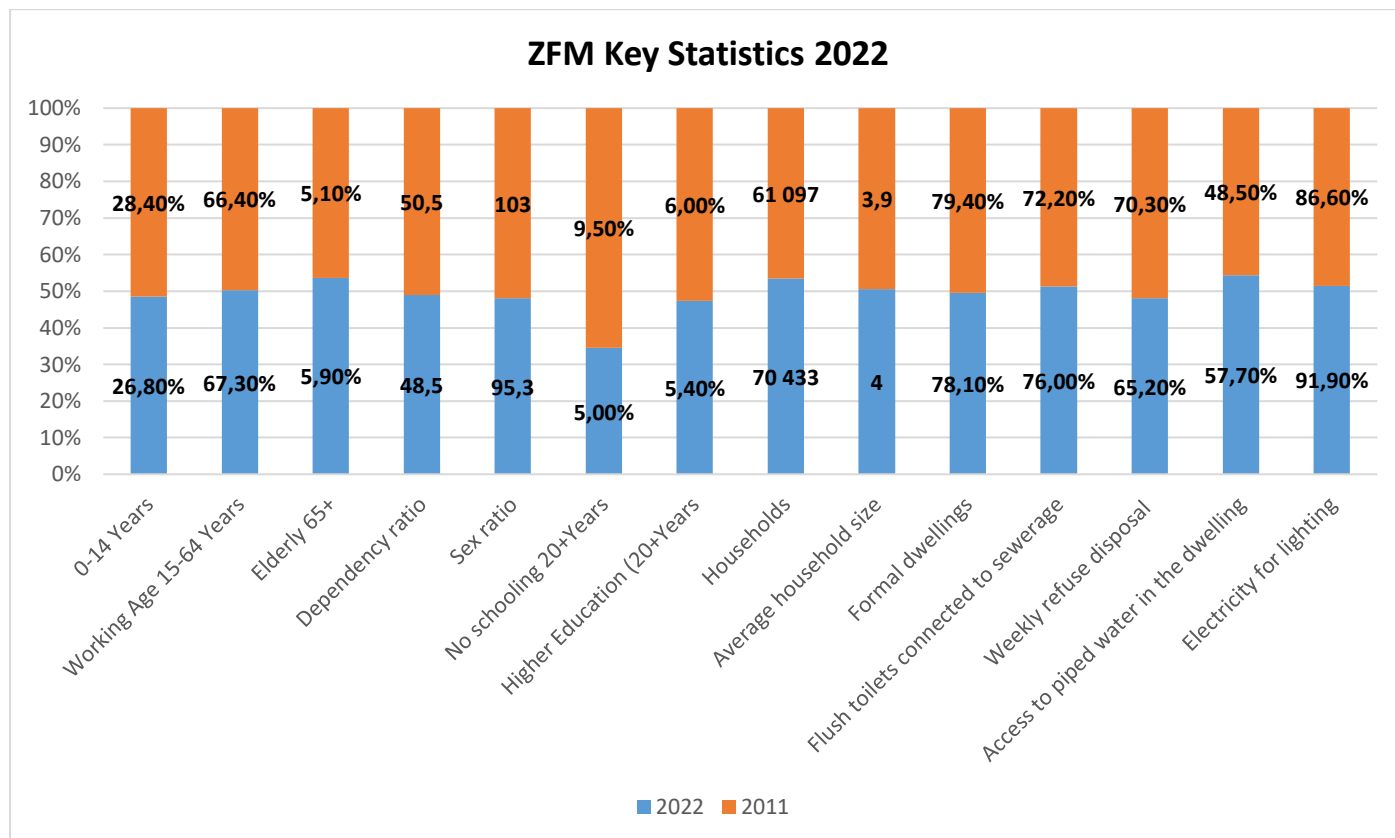
Annual Report 2023/2024

Local Municipality	Logo
Dawid Kruiper Municipality was established by the amalgamation of the Mier and //Khara Hais Local Municipalities in August 2016. It consists of small towns and the !Khomani San community within its jurisdiction. Rietfontein, which is one of the main towns, is situated approximately 280km north-west from the nearest big town of Upington. Natural boundaries provide a unique aspect to the town – one is the Kalahari Desert and another is the Orange River, South Africa's largest river, which it straddles.	 Dawid Kruiper Local Municipality
Kai !Garib Municipality is the second-largest of the five municipalities that make up the District based on the Census of 2022. It is characterized by its unique landscape, with the Kalahari Desert on the one side and the Orange River on the other side. This area consists of three large towns: Kakamas, Keimoes and Kenhardt.	 Kai !Garib Local Municipality
The !Kheis Municipal Area was initially inhabited by the Khoisan people, who were also the first permanent inhabitants of South Africa. The San, who lived a nomadic life, migrated through the area. !Kheis is a Khoi name meaning 'a place where you live' or 'your home'.	 !Kheis Local Municipality
The Kgatelopele Municipality was formerly known as Danielskuil Municipal District or Area. It is bordered by the John Taolo Gaetsewe District in the north, the Pixley ka Seme District in the south, the Frances Baard District in the east, and Tsantsabane in the west. It is the smallest of the five municipalities that make up the district, accounting for only 2% of its geographical area.	 Kgatelopele Local Municipality
The Tsantsabane Municipality is known for being rich in minerals, and for its mining, agriculture, manufacturing and farming sectors. Tsantsabane Municipality has reinvented itself over the years as one of the leading investment hot spots in the Northern Cape.	 Tsantsabane Local Municipality

1.2.1 POPULATION



The graph above shows an increase in the population of ZF Mgcawu District Municipality over the period 2011 to 2022. The population of the ZF Mgcawu District Municipality has increased from 236 783 to 283 624 in 2022 with an increase of 46841 in population over the period 2011 to 2022. Dawid Kruiper Local Municipality is ranked first in terms of population size and the Kgatelopele Local Municipality has the smallest population size of the five Local Municipalities in the ZFM District.



The working age population (15-64 years) has increased from 66,4% to 67,3% from year 2011 to 2022 for the District Municipality. This is further reflected that the number of households with formal dwellings decreased from 79,4% to 78,1% in 2022. The total number of households that have access to piped water (either inside the dwelling or yard) increased from 48,5% to 57,7% in 2022. The total number of households that had access to electricity as a main source of lighting increased from 86,6% to 91,9% in 2022.

The total number of households in the District Municipality with access to flush toilets increased to 76,0% in 2022 from 72,2% in 2011. This indicates a huge improvement in the provision of basic services to the people. We have also improved the quality of public education and all indicators is showing that the proportion of persons with no education or no schooling (20+ years) has improved by declining from 9,5% to 5,0% in 2022; this represents the largest increase of attendance at schools in the District Municipality.

1.3 SERVICE DELIVERY OVERVIEW

The administrative component of the ZF Mgcawu District Municipality is headed by the Acting Municipal Manager, who has three Directors reporting directly to him in terms of Section 56 of the Local Government: Municipal Systems Act, No. 32 of 2000. The administrative arm of the District Municipality is comprised as follows:

Office of the Municipal Manager

The Acting Municipal Manager as head of administration is responsible for the policy direction of the Council and is accountable for:

- The formation and development of an economical, efficient, effective and accountable administration.
- Equipped to carry out tasks of implementing the Municipality's Integrated Development Plan in accordance with Chapter 5 of the Local Government: Municipal Systems Act of 2000.
- Operate in accordance with the Municipality's Performance Management System in accordance with Chapter 6 of the Local Government: Municipal Systems Act of 2000.
- Responsible for the management of the District Municipality's administration in accordance with the Local Government: Municipal Systems Act of 2000 and other legislation applicable to the municipality.
- Advising the Council and the political office bearers of the District Municipality.
- Managing communication between the District Municipality's administration and its political structure and political office bearers.
- Exercise of any powers and performance of any duties delegated by the Municipal Council, or sub-delegating authorities of the Municipality to the Acting Municipal Manager in the Local Government: Municipal Systems Act of 2000.

Department of Corporate Services

The objectives of the Department of Corporate Services are amongst others:

- To ensure that the administration of the District Municipality is running smoothly, that all administrative and legal processes and prescripts are complied with.
- To provide sufficient and a proper Human Resource function, appoint the necessary staff and ensure proper training and functioning.
- To ensure that the property portfolio of the Municipality is properly administered, and maintained and that all related matters are being dealt with.
- Planning, design, procurement, implementation, management and maintenance of municipal information and communication technology network infrastructure.
- To ensure that proper Labour Relations, Communication and Customer Care are practiced in the workplace.
- To ensure that all legal matters and legal compliance are attended to, that all contracts, Tenders and documentation comply with legislative procedures and to provide legal advice where needed.
- To ensure that service of high quality, standards and professionalism is rendered by the Department.
- To ensure that administration support of high quality is rendered to the Council using agendas, minutes and the implementation of the Council resolutions.
- To provide a sufficient and proper Archive Service.
- Labour Relations & Occupational Health & Safety, Cleaning and Security Services

Department of Planning and Development

The objectives of the Planning & Development Department are amongst others:

- To provide strategic direction and leadership and monitor the implementation of strategic objectives of the department;
- To plan and prioritize the Department in accordance with the relevant Municipal Legislation and Policies.

Annual Report 2023/2024

- To take overall responsibility for leading and directing Town Planning & Housing; Environmental Health; Disaster Management, PMU; LED and Tourism services for the District Municipality.
- To ensure that key strategic objectives are achieved and services are rendered.
- To lead, direct and manage staff within the Department so that they can meet their objectives.
- To ensure cost-effective management of the Department's budget and timely implementation of the Council resolutions related to the department.
- To oversee the development and review of relevant policies and strategies on matters relating to the Department.
- To ensure that the activities of the Department are aligned to the IDP and facilitate performance management of the Department.

Department of Financial Services

The objectives of the Financial Services Department are amongst others:

- To render effective and efficient financial, budgeting and supply chain management services to the Accounting Officer in terms of the Municipal Finance Management Act 56 of 2003.
- To provide a Supply Chain Management System and procurement which is transparent, efficient and competitive, while ensuring best value for money for the District Municipality.
- To provide financial services to the Council, management and various external bodies in respect of year-end and in-year financial reporting, financial management, the operational and capital budget, managing cash flow and investments and implementing the Municipal Finance Management Act.
- To provide financial services to management and Council in respect of the salary budget process, the payroll, creditors' administration and financial administration of the Council's capital assets.

1.4 FINANCIAL HEALTH OVERVIEW

Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

Municipal Structures Act (1998), the Municipal Systems Act (2000) and the Municipal Finance Management Act (2003) sets out frameworks and key requirements for municipal operations, planning, budgeting, governance and accountability.

The deadlines set out in the MFMA for tabling and approving budgets are minimum compliance requirements. The budget must be tabled for consultation at least 90 days before the start of the financial year (1 July). The budget must be approved before the start of the financial year.

The Draft Budget for the 2023/2024 financial year of the ZF Mgcawu District Municipality was approved on the 27th of March 2023 and the Final Annual Budget was approved on the 31st of May 2023.

The Auditor-General's Audit Report for the 2023/2024 financial year highlighted the cash flow challenges that the District Municipality experiences and underscored that a material uncertainty exists that may cast significant doubt on the District Municipality's ability to continue as a going concern.

To address the going concern crisis an Implementation Plan to improve from an unfunded to a funded budget has been developed and implemented to address the going concern matter. Cash Flow Reporting takes place on a bi-weekly basis to Senior Management.

The Auditor-General identified that the Municipality's budget was unfunded for the 2023/2024, 2024/2025 and 2025/2026 financial years. The outcome of the cash back assessment from Northern Cape Provincial Treasury (NCPT) was negative for 2023/2024 as well as negative for the two outer years 2024/2025 and 2025/2026. Furthermore, Cash Flow challenges are experienced, as Cash Flow projections are compiled for the payment sequence of the Equitable Share which is the largest portion of our operational revenue source.

To ensure long-term financial viability, the District Municipality must explore alternative revenue streams, optimize its Employee cost structure, and implement effective financial management

Annual Report 2023/2024

practices to reduce its dependence on grants and mitigate the risk of financial instability. Political intervention and strategic direction is given to the municipal administration by the Executive Mayor of the ZF Mgcawu District Municipality to sustain the financial health.

The District Municipality submitted its 2023/2024 Annual Financial Statements to the Auditor-General for auditing on the 30th of August 2024 as required by Law. The financial health of the ZF Mgcawu District Municipality is deteriorating due to its high employee-related costs. Personnel costs are too high at an average of 66% of the total expenditure and this exceeds the national norm by far. Strategic plans to contain the high personnel costs were put in place.

The ZF Mgcawu District Municipality approved a Cost Containment Policy on 31 May 2023. Ratification measures have been done during the 2023/2024 financial year to address the high employee-related costs. The District Municipality has successfully contained employee-related costs by implementing a strategic freeze on filling vacant positions, resulting in a significant reduction in personnel expenses and this contributed to a more sustainable financial position.

The District Municipality received R1 073 702 from the National Treasury for Audit Fees. An Audit Recovery Plan for the 2023/2024 financial year was approved and implemented to ensure that the positive audit outcomes of the past years are maintained.

Alternative sourcing of funding and the attainment of projects by ZFMMDM is a high priority to address the shortage of funding that are legacy issues from past events and decisions which have been difficult to resolve. The District Municipality is currently in the process of developing and submitting a comprehensive business plan for the District Development Model.

The District Municipality has invested R500 000 annually as a Long-Term investment to increase the net assets/liabilities ratio on the Financial Position of the District Municipality.

The total Long-Term investment as at 30 June 2024 was R1 719 010. The ZFM budget is not fully funded, the main reason for this is the significant reliance on grant funding, which has been insufficient to cover the District Municipality's expenses. Additionally, the Municipality's own revenue generation efforts have been inadequate, resulting in a shortfall in funding.

Innovative strategic management is applied to better the financial health of the ZF Mgcawu District Municipality in the long term.

1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW

The Local Government: Municipal Systems Act 32 of 2000 intends to establish a simple and enabling framework for the core processes of planning, performance management, resource mobilization and organizational change which underpin the notion of developmental Local Government and to provide a framework for Local Public Administration and Human Resource Development. Every Municipality, in terms of the Constitution and the Municipal Systems Act, Act 32 of 2000 and Municipal Staff Regulations, has to have a staff establishment reflecting the organizational design of the Municipality.

The organizational structure was approved by the Council on the 31st of May 2023 and as a living document, it continues to be amended as the need arises. The objectives of an organizational structure are to establish accountability, information flow, authority, and distribution of responsibilities. The organizational structure was approved to support efforts and initiatives to enhance the District Municipality's financial sustainability and efficient service delivery to the District Municipality. The District Municipality has successfully contained employee-related costs by implementing a strategic freeze on filling vacant positions, resulting in a significant reduction in personnel expenses and this contributed to a more sustainable financial position.

The Performance Management Framework guides the implementation of the Performance Management System for the District Municipality and shall serve as the official Performance Management Framework which informs the performance management process and practices. In terms of the capacity building of employees, our Workplace Skills Plan remains a key guiding document. The Workplace Skills Plan for the 2023/2024 financial year was drafted in line with the prescripts of the law and it was submitted and approved to the Local Government Sector Education and Training Authority (LGSETA) on the 30th of April 2024.

1.6 AUDITOR GENERAL'S REPORTS

The Auditor-General of South Africa has a Constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending. In turn, this can be described as an audit.

The Auditor-General's annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters

There can be a number of different outcomes to an audit, once the Municipality has submitted its Financial Statements to the Auditor-General, which can be simply defined as follow:

- **A Clean Audit:** The Financial Statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.
- **Unqualified Audit with findings:** The Financial Statements contain material misstatements. Unless we express a Clean Audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
- **Qualified Audit opinion:** The Financial Statements contain material misstatements in specific amounts, or these insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.
- **Adverse Audit Opinion:** The Financial Statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.
- **Disclaimer Audit Opinion:** The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained

Annual Report 2023/2024

in the financial statements.

The audit outcomes for the ZFM District Municipality for the last 3 financial years are as follows:

Year	2021/2022	2022/2023	2023/2024
Status	Clean Audit Unqualified Audit Opinion	Clean Audit Unqualified Audit Opinion	Unqualified Audit with findings

The Auditor General's Report for the 2023/2024 financial year was released in November 2024 and can be found in Chapter 6 of this report. The ZF Mgcawu District Municipality received an Unqualified Audit Opinion with findings for the 2023/2024 financial year.

1.7 STATUTORY ANNUAL REPORT PROCESS

Section 121(1) (2) and (3) of the Municipal Finance Management Act, 56 of 2003 determines as follows: "Every Municipality must for each financial year prepare an Annual Report. The Council must within 9 months after the end of the financial year deal with the Annual Report of a Municipality in accordance with section 129."

The purpose of an Annual Report is:

- to provide a record of the activities of the municipality during the financial year to which the Report relates to.
- to provide a report on performance against the budget of the municipality for that financial year.
- to promote accountability to the local community for the decisions made throughout the year by the municipality.

In completing the Draft Annual Report, it is imperative to ensure that there is alignment between the Integrated Development Plan, Budget, and the Service Delivery and Budget Implementation Plan (SDBIP) as these are the strategic documents of the Council and in most instances are

Annual Report 2023/2024

forward-looking. The Draft Annual Report is a backward-looking document which is intended to ascertain whether goals and objectives were achieved.

The Draft Annual Report for the 2022/2023 financial year was submitted to the Office of the Auditor-General on the 31st of August 2023 in compliance with legislative requirements.

The Executive Mayor of the District Municipality tabled the Draft Annual Report to the Council on the 26th of January 2024 and the report was subsequently approved by Council on the 25th of March 2024. The Annual Report was discussed and evaluated by the Municipal Public Accounts Committee (MPAC) throughout the process and MPAC made recommendations to the Council.

The process of the Annual Report was finalized in April 2024 in accordance with Section 129 (1) of the Municipal Finance Management Act by way of submitting the Oversight Report and the Annual Report for the 2022/2023 financial year to the Provincial Legislature on the 4th of April 2024. The ZF Mgcawu District Municipality complied with all legislative and legal requirements in the completion of this process.

CHAPTER 2

GOVERNANCE

COMPONENT A POLITICAL AND ADMINISTRATIVE GOVERNANCE

Local government is said to be the sphere of government closest to the people. Section 152(1) of the Constitution of the Republic of South Africa outlines the objects of local government. The most important of these objects is that local government must (a) provide a democratic and accountable government for local communities and (b) that local government must ensure the provision of services to communities in a sustainable manner. Section 151(2) of the Constitution of the Republic of South Africa, 1996 (Constitution), vests both the executive and legislative authority of a Municipality in its Municipal Council.

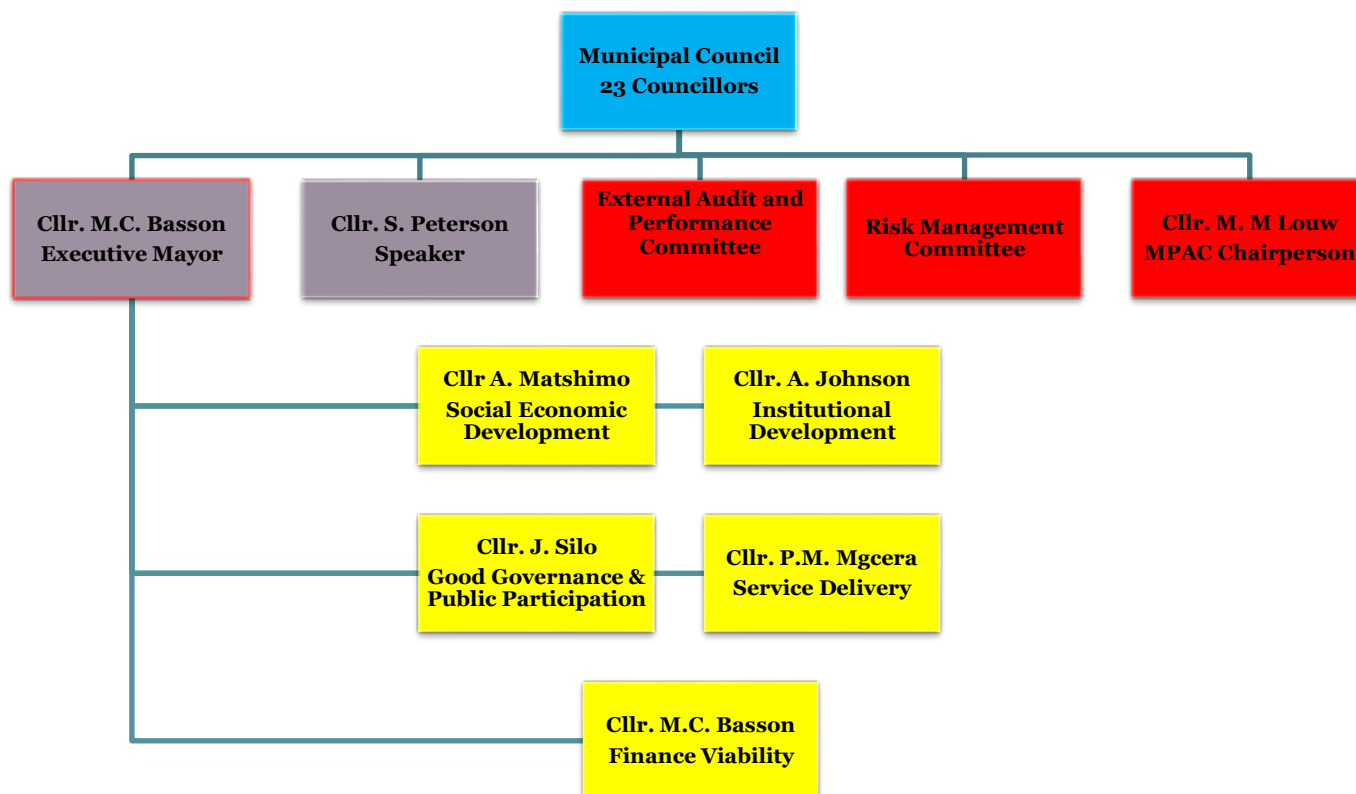
Section 59 of the Municipal Systems Act read with Section 79 of the Municipal Finance Management Act determines that a Municipal Council must develop a system of delegation that will maximize administrative and operational efficiency and provide for adequate checks and balances. The System of Delegation of Powers, approved on the 30th of June 2023 delegates some decision-making powers to the Executive Mayor; Speaker; Mayoral Committee; Portfolio Committees and other Committees of the Council; and administrative components responsible for

decision-making and implementation respectively.

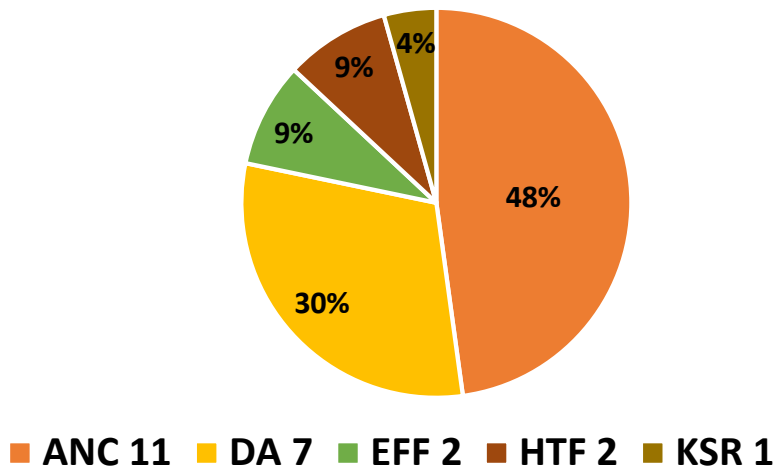
The provisions made in the legislation is intended to decentralize and democratize decision-making within the institution and to improve the pace at which services are delivered to the community.

2.1 POLITICAL GOVERNANCE

The Council of the ZF Mgcawu District Municipality is comprised of 23 Councillors of which 10 are direct elected Councillors and 13 are seconded to the District Municipality from the Local Municipalities. The Council of the ZF Mgcawu District Municipality performs both a legislative and an executive function. It focuses on legislative, oversight, and participatory roles and has delegated its executive function to the Executive Mayor and the Mayoral Committee. The Council plays a very active oversight role in the operations of the District Municipality. The Council remains the original source of executive power and bears the responsibility for overseeing the executive.



ZFM Council Composition



2.1.1 COUNCIL COMMITTEES

Sections 79 and 80 of the Local Government: Municipal Structures Act, 117 of 1998

The Local Government: Municipal Structures Act, 117 of 1998 provides the legal framework for the establishment and functioning of Municipal Councils in South Africa. Sections 79 and 80 of the Act specifically address the formation and responsibilities of committees within these Municipal Councils.

Section 79 Committees

Section 79 allows Municipal Councils to establish non-executive committees, known as Section 79 Committees. These committees are formed to facilitate the effective and efficient performance of the council's functions and powers, as determined and delegated by the Council. The composition, terms of reference, and operational procedures of Section 79 Committees are defined by the Council.

The Mayoral Committee

The Mayoral Committee is an executive committee established under Section 80 of the Act. It is

Annual Report 2023/2024

chaired by the Executive Mayor, Councillor M.C Basson, and comprises the Chairpersons of the various Portfolio Committees within the Municipal Council.

The Mayoral Committee is responsible for two key functions:

1. **Monitoring the administration** of the municipality to ensure alignment with the Council's policy directives.
2. **Overseeing the provision of services** to the communities within the District Municipality in a sustainable manner.

Each member of the Mayoral Committee also serves as the Chairperson of a specific Portfolio Committee, which has its own defined functions and responsibilities.

Responsibilities of the Executive Mayor

As the chairperson of the Mayoral Committee, the Executive Mayor has the following key responsibilities:

Chairing the Mayoral Committee meetings
Overseeing the preparation of the Mayoral Committee agenda
Delegating specific responsibilities or powers to individual Mayoral Committee members
Dismissing a member of the Mayoral Committee if necessary
Ensuring compliance with relevant laws and rules of order during Mayoral Committee meetings

The District Municipality in accordance with the Municipal Structures Act has the following Portfolio Committees in place:

Portfolio Committees

NAME OF CHAIRPERSON	PORTFOLIO COMMITTEE
Cllr. M.C Basson	Municipal Finance Viability
Cllr. A. Johnson	Institutional Development
Cllr. P. M. Mgcera	Service Delivery
Cllr. J. Silo	Good Governance and Public Participation
Cllr. A. Matshimo	Social Economic Development

The Committee allocations and the purposes of the Committees can be found in Appendix A and B of this Report respectively.

2.1.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The Municipal Public Accounts Committee (MPAC) has been established by Council in terms of Section 79 of the Municipal Structures Act, Act 117 of 1998.

The primary function of the Municipal Public Accounts Committee (MPAC) is to oversee and scrutinize the financial management of local government entities. The committee plays a crucial role in ensuring transparency, accountability, and good governance by reviewing the budget, expenditures, and Financial Statements of municipalities. By conducting in-depth examinations and audits of public funds, MPAC holds officials accountable for their fiscal decisions and helps prevent corruption or mismanagement of taxpayer money.

Additionally, MPAC serves as a key mechanism for promoting effective financial planning and resource allocation within municipalities, ultimately working towards enhancing the overall socioeconomic development and wellbeing of local communities. Through its rigorous oversight and monitoring activities, MPAC contributes to building trust between government authorities and citizens while upholding principles of integrity and responsibility in public administration. This committee serves as a watchdog on behalf of the Council, ensuring that the executive functionaries are held accountable for their actions, thereby reinforcing good governance practices at the local level.

The Members of the Municipal Public Accounts Committee (MPAC) for the 2023/2024 financial year were:

NAME OF MEMBER OF MPAC	POLITICAL PARTY
*Cllr M.M Louw [Chairperson]	African National Congress [ANC]
Cllr K.G. Keorometswe	African National Congress [ANC]
Cllr D.R. Pienaar	African National Congress [ANC]
Cllr P.J. George	African National Congress [ANC]

Annual Report 2023/2024

Cllr J. Balies	Economic Freedom Fighters [EFF]
Cllr F.L. Witbooi	Democratic Alliance [DA]

*Council appointed Cllr. M.M. Louw as MPAC Chairperson on 28 February 2024

Members of Council for the 2023/2024 Financial Year:

MEMBERS OF COUNCIL 2023/2024			
NAME	POSITION	PARTY	PERIOD
M.C. Basson	Executive Mayor	ANC	Commencement: 23/06/2022
W.R.S Peterson	Speaker	KSR	Commencement: 14/12/2021
A. Matshimo	Mayoral Committee	ANC	Commencement: 28/01/2022
J. Silo	Mayoral Committee	ANC	Commencement: 28/01/2022
P.M. Mgcera	Mayoral Committee	ANC	Commencement: 28/01/2022
A. Johnson	Mayoral Committee	ANC	Commencement: 28/01/2022
P.H Matthys	Chairperson of Section 79 Committee	HFTF	Commencement: 30/08/2022 Term ended: 27/02/2024
M.M. Louw	Chairperson of Section 79 Committee	ANC	Commencement: 28/02/2024
M.M. Louw	Direct Elected Councillor	ANC	Commencement: 23/06/2022 Term ended: 27/02/2024
J. Esau	Direct Elected Councillor	EFF	Commencement: 09/11/2021 Term ended: 23/11/2023
M. Willemse	Direct Elected Councillor	EFF	Commencement: 24/11/2023
H. De Koker	Direct Elected Councillor	DA	Commencement: 09/11/2021
F.L. Witbooi	Direct Elected Councillor	DA	Commencement: 09/11/2021
P.H. Matthys	Direct Elected Councillor	HFTF	Commencement: 28/02/2024 Term ended: 11/06/2024
E. Mompe	Direct Elected Councillor	HFTF	Commencement: 12/06/2024
M.H.B. Van Zyl	Direct Elected Councillor	DA	Commencement: 09/11/2021

Annual Report 2023/2024

K.G. Keorometswe	Councillor	ANC	Commencement: 14/12/2021
A.J. Ruiters	Councillor	DA	Commencement: 14/12/2021
C.F.P. Bezuidenhout	Councillor	DA	Commencement: 14/12/2021
A.C. Kotzee	Councillor	HFTF	Commencement: 14/12/2021
J. Balies	Councillor	EFF	Commencement: 14/12/2021
D.R. Pienaar	Councillor	ANC	Commencement: 14/12/2021
P.T. van der Steen	Councillor	DA	Commencement: 14/12/2021
S. Sandlana	Councillor	DA	Commencement: 14/12/2021
S. Abel	Councillor	ANC	Commencement: 28/01/2022
P.J George	Councillor	ANC	Commencement: 14/12/2021
F. Basson	Councillor	ANC	Commencement: 14/12/2021

2.2 ADMINISTRATIVE GOVERNANCE

Mr. A.K. Tieties served as the Acting Municipal Manager for the 2023/2024 financial year. In this role, he was responsible for overseeing the administration and ensuring its economic, effective, efficient, and accountable operation in accordance with Section 55 of the Municipal Systems Act, 32 of 2000. As outlined in Section 60(b) of the Municipal Finance Management Act, 56 of 2003, the Acting Municipal Manager is designated as the Accounting Officer of the municipality. This position requires providing guidance on compliance to political structures, political office bearers, and officials within the municipality.

The Accounting Officer is expected to uphold principles of fidelity, honesty, integrity, and act in the best interests of the District Municipality when managing its financial affairs. The Acting Municipal Manager was supported in his duties by the Chief Financial Officer, the Director of Corporate Services, and the Director of Development and Planning.

The responsibilities of the Acting Municipal Manager, as detailed in Section 55(1) of the Municipal Systems Act, 32 of 2000, include but are not limited to:

Annual Report 2023/2024

- a) Developing the Integrated Development Plan for the District Municipality in accordance with Chapter 5 of the Act and overseeing its implementation.
- b) Establishing a Performance Management Framework and ensuring adherence to the Performance Management System.
- c) Providing advice to the Executive Mayor, other political office bearers, and Council structures in carrying out their responsibilities

The execution of these responsibilities ensured that the municipality operated in a manner that was both accountable to its constituents and in line with legal requirements.

Senior Management as at 30 June 2024

NAME	CAPACITY	PERIOD
Mr A.K. Tieties	Acting Municipal Manager	1 July 2023-30 June 2024
Mr D.J. Van Zyl	Director: Corporate Services	1 July 2023-30 June 2024
Mrs. E. Isaacs	Chief Financial Officer	1 July 2023-30 June 2024
Mr I. De Waal	Director: Planning & Development	1 July 2023-30 June 2024

COMPONENT B INTERGOVERNMENTAL RELATIONS (IGR)

2.3 INTERGOVERNMENTAL RELATIONS (IGR)

The Local Government: Intergovernmental Relations Framework Act, No. 13 of 2005, is a critical piece of legislation that sets out the framework, mechanisms, and procedures to promote and facilitate cooperation among the national, provincial, and local spheres of government. The Act's primary objective is to ensure that these three spheres of government work together in a

Annual Report 2023/2024

coordinated and collaborative manner, especially in the planning and execution of their respective duties.

Key structures established under the Act include:

1. **Presidential Coordinating Council:** At the national level, this Council provides a platform for high-level discussions and coordination between the President and the provincial premiers, ensuring alignment between national policies and provincial implementation.
2. **Premier's Intergovernmental Forum:** At the provincial level, this forum brings together the premier, Members of the Executive Council, and Mayors of Municipalities within the province. It is designed to ensure that provincial and municipal actions are harmonized and mutually supportive.
3. **District Intergovernmental Forums:** At the district level, these forums are intended to facilitate coordination between District Municipalities and the Local Municipalities within their jurisdiction. This ensures that district-level planning and local-level implementation are aligned, and any potential conflicts or overlaps are resolved effectively.

Intergovernmental relations, as facilitated by this Act, are essential for ensuring that the planning and coordination of activities across the three spheres of government are done in a way that maximizes efficiency, avoids duplication, and ensures that governmental actions are consistent with the overall development goals of the country.

Functionality of District Political and Technical IGR

With the assistance of the Executive Mayor and the Mayoral Committee, joint Technical and Political IGR's were called as an intervention due to a lack of attendance by key stakeholders. This approach yielded great success. However, in the third quarter the District Political and Technical IGR were separated and the same problem of absenteeism of stakeholders resurfaced. A schedule of resolutions was drawn up and the progress was monitored quarterly while new resolutions were added.

Dates of the Joint Political and Technical IGR meetings for 2023/2024

- Quarter 1: 08 September 2023
- Quarter 2: 12 January 2024
- Quarter 3: Meeting did not take place
- Quarter 4: 06 June 2024

Challenges of the Political and Technical IGR

The Joint Political and Technical IGR meetings were well attended but took a dip in the 3rd quarter because the two structures were separated and this led to the previous challenges of stakeholders not attending the meetings.

The water crisis at !Kheis Local Municipality and Kai !Garib Local Municipality received the attention of multi-departmental intervention, however it became evident that there is a need for higher intervention due to the need for financial assistance and the deteriorated infrastructure which makes service delivery challenging if not impossible.

Successes of the combined Political and Technical IGR

The Mayoral Committee continued their integrated program with the District Government Departments dubbed Mayoral Imbizo. For the year under review the Mayoral Imbizo took place from 18 March – 02 April 2024 in different Wards in the Dawid Kruiper Local Municipality.

The District Government Departments have played a crucial role in delivering essential services directly to the people, addressing various needs within the community. These efforts have been coordinated through joint meetings that ensured that service delivery is maintained. The objectives of the Intergovernmental Relations Framework Act 13, 2005, align with the principles of cooperative governance set out in Chapter 3 of the Constitution.

This Act provides a framework for the national, provincial, and local governments, as well as all organs of state within these governments, to coordinate the implementation of policy and legislation. The Act aims to build a coherent government and ensure the effective provision of services.

The Intergovernmental Relations (IGR) framework has proven to be a valuable tool for service delivery within Local Municipalities and other stakeholders. It helps keep all stakeholders informed about the state of service delivery within the District, fostering transparency and accountability.

2.3.1 DISTRICT DEVELOPMENT MODEL

The District Development Model (DDM) is a strategic initiative launched in 2019 as a response to the challenges faced by traditional service delivery approaches, which often operated in silos and lacked coherence across different government levels. The DDM is designed to foster an integrated, district-based approach to service delivery, with the primary aim of fast-tracking services and ensuring that municipalities are sufficiently supported and resourced to fulfil their mandates effectively.

Key Aspects of the District Development Model:

Integrated Planning and Delivery

The DDM promotes a unified approach to planning and service delivery across the national, provincial, and local spheres of government. This integration aims to overcome the fragmentation that has historically hindered effective governance, leading to suboptimal service delivery and limited impact on addressing poverty, inequality, and unemployment.

The One Plan

Central to the DDM is the creation of a "One Plan," which is a strategically focused document resulting from joint and collaborative planning at the Local, District, and Provincial levels. The One Plan is designed to align and integrate the provincial and local programs and plans, ensuring they are managed and implemented through a shared service approach from a District Municipal perspective.

Alignment with Existing Frameworks

The DDM and One Plan operate within the established policy and planning frameworks of the provincial and local spheres of government. This ensures alignment across various planning documents, including the Provincial Growth and Development Plan (PGDP), Provincial Spatial Development Framework (PSDF), Local Spatial Development Framework (Municipal SDF), and

the Integrated Development Plan (IDP). This coordinated effort is intended to streamline the implementation of programs and plans at the Local Municipal level.

Addressing Challenges in ZF Mgcawu District Municipality

The ZF Mgcawu District Municipality, like many others, faces significant challenges that require a unified vision and collaborative effort among all stakeholders and role players. The DDM's goal within this District is to chart a path towards prosperity, liveability, and vibrant communities. By aligning the District's development efforts under the DDM and One Plan, stakeholders can work together to address local issues more effectively.

The District Development Model represents a transformative approach to governance in South Africa, aiming to create a more coherent and efficient government structure that can better serve the needs of its citizens. By fostering collaboration and alignment across all spheres of government, the DDM seeks to overcome past challenges, enhance service delivery, and address the pressing issues of poverty, inequality, and unemployment within the ZF Mgcawu District Municipality. The DDM's success hinges on the collective efforts of all stakeholders to work towards a shared vision of development and prosperity.

COMPONENT C PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 IDP PARTICIPATION AND ALIGNMENT

The Municipal Systems Act 32 of 2000 mandates that municipalities annually review their Integrated Development Plans (IDPs) based on an assessment of their performance measurements. The IDP is defined as the principal strategic planning instrument for a municipality, guiding and informing all planning, management, and development decisions. This

Annual Report 2023/2024

is emphasized in Chapter 5, Section 35(1)(a) of the Act, which underscores the IDP's central role in municipal governance.

The IDP serves as a critical tool not only for the District Municipality itself but also for the broader planning processes across other spheres of government, including national and provincial levels, as well as state-owned enterprises. The importance of the IDP in coordinating these efforts necessitates a joint and integrated approach in its development. This collaboration ensures that the IDP aligns with broader government objectives and effectively contributes to the municipality's fulfilment of its Constitutional mandate. To achieve the objectives of the IDP, it must be formulated according to a detailed business plan. This plan should outline the roles and responsibilities of the various stakeholders, establish clear time frames, and include cost estimates. Such detailed planning ensures that the IDP is practical, achievable, and effectively aligned with the municipality's long-term strategic goals.

IDP Review Process for 2023/2024

The review process for the 2023/2024 financial year is critical for assessing the District Municipality's progress and making necessary adjustments to the IDP. A key component of this review process is public participation, which helps ensure that the IDP reflects the needs and priorities of the community. The findings from this public participation process will guide the District Municipality in identifying areas where support is needed, especially in addressing capacity challenges.

IDP Process & District Framework Plan

The District Framework Plan plays a crucial role in ensuring that the IDP process is consistent and aligned across the District and its Local Municipalities. This framework provides the necessary linkage and binding relationships between the District Municipality and the Local Municipalities.

According to Section 28(1) of the Municipal Systems Act of 2000, each Municipal council is required to adopt a written process to guide the planning, drafting, adoption, and review of its IDP. The IDP Process Plan and the District Framework Plan for the 2023/2024 financial year were adopted on 30 August 2023. These documents serve as the foundation for the structured and coordinated approach to developing and reviewing the IDP across the District.

IDP Steering Committee and IDP Representative Forum Meetings

The IDP Steering Committee serves as a technical advisory body that supports the IDP Representative Forum. It provides technical decisions and inputs to the Acting Municipal Manager and the Unit Manager IDP, helping to shape the IDP process and ensure its effective implementation. The Steering Committee is a key component in ensuring that the IDP is technically sound and that all necessary considerations are factored into the planning process. The IDP Representative Forum is responsible for broader stakeholder engagement and plays a pivotal role in the IDP process. Its responsibilities include:

Providing a mechanism for discussion, negotiation, and decision-making: The Forum facilitates dialogue between different stakeholders, ensuring that their voices are heard and considered in the IDP process.

Representing constituencies: Members of the Forum represent the interests of their constituencies, ensuring that the IDP reflects the needs and priorities of the broader community.

Monitoring planning and implementation: The Forum also monitors the progress and effectiveness of the planning and implementation process, ensuring that the IDP remains on track and responsive to the community's needs.

The Forum is composed of key stakeholders, including the Mayor, Councillors, Acting Municipal Manager, Directors, representatives from various sectors, NGOs, Government Departments, and specialized community members. This diverse representation ensures that the IDP is inclusive and comprehensive. These meetings are critical touchpoints for reviewing progress, making decisions, and ensuring alignment across all stakeholders involved in the IDP process. Poor attendance of IDP Representative Forums by sector departments & non-submission of their projects remain a problem.

IDP Steering Committee and IDP Representative Forum Meetings 2023/2024	
IDP Steering Committee	IDP Representative Forum
19 October 2023	20 October 2023
21 February 2024	20 February 2024

Annual Report 2023/2024

Public Participation

A hybrid public participation session was held with Local Municipalities on 16 November 2023. This session had a special focus on the public participation processes of the Local Municipalities, highlighting the importance of community involvement in shaping the IDP.

Compliance

Compliance Dates	
Draft IDP 2023/2024 (Approved)	27 March 2023
Final IDP 2023/2024 (Approved)	31 May 2023
Revised IDP 2023/2024 (Tabled & Approved)	28 February 2024 27 June 2024

The Integrated Development Planning Unit, the Budget and Treasury Office (BTO) and the Performance Management System Unit are working together to ensure alignment between the IDP, Budget & SDBIP as well as the adjustment IDP/Budget & PMS thereby ensuring compliance with the relevant Legislation.

IDP PARTICIPATION AND ALIGNMENT CRITERIA	
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPI's, and development strategies?	Yes
Does the IDP have multi-year targets?	No
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly with the KPI's in the strategic plan?	Yes
Do the IDP KPIs align with section 57 Managers	Yes
Do the IDP KPI's lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four-quarter aligned reports submitted within stipulated time frames?	Yes

2.5 WARD COMMITTEES

Section 73 of the Municipal Structures Act, 117 of 1998, mandates that every Municipal Council must establish Ward Committees for each of its wards. Ward Committees are intended to enhance democratic participation at the grassroots level by creating a platform where all interest groups within a ward can express their needs, concerns, and priorities. This allows for a comprehensive needs analysis and priority list to be prepared by the Ward Councillor, ensuring that the concerns of the community are accurately represented.

Ward Committees have the responsibility to monitor the performance of the municipality, particularly concerning services delivered to their local ward. They can raise issues of concern to ensure that municipal services meet the needs of the community.

The Ward Committees may assist with various community awareness campaigns, such as those related to waste management, water conservation, sewage treatment, and the payment of municipal fees and charges. Given their close ties to the community, Ward Committee members are well-positioned to understand local issues and disseminate important information effectively.

A primary function of Ward Committees is to act as a communication link between the communities they represent and the Municipal Council. They ensure that the voices of the community are heard by the Council and that the Council's decisions and actions are communicated back to the community. This two-way communication helps to build trust and ensures that municipal actions are aligned with the community's needs and expectations.

Ward Committees are accountable to the communities they represent. They must ensure that their activities reflect the interests and needs of the local community, rather than solely responding to the directives of Councillors or Municipalities. This accountability ensures that Ward Committees remain focused on serving the best interests of the people in their ward. Overall, Ward Committees play a crucial role in fostering local democracy, ensuring that municipal governance is responsive and accountable to the needs of the community.

The Constitution of the Republic of South Africa Act (Act No. 106 of 1996) establishes the foundation for democratic governance and public participation, which includes the role of Ward Committees in local government. Municipal Systems Act (Act No. 32 of 2000) focuses on the

Annual Report 2023/2024

internal systems and administration of municipalities, emphasizing the importance of public participation and the role of Ward Committees.

The White Paper on Local Government a policy document that outlines the vision and strategy for local government in South Africa, highlighting the importance of community participation through structures like Ward Committees. These laws and frameworks collectively aim to empower Ward Committees to effectively represent their communities and enhance public participation in local government affairs.

Establishment of Ward Committees

Ward Committees have been established in the following Municipalities:

LOCAL MUNICIPALITY	NUMBER OF ESTABLISHED WARD COMMITTEES	STATUS OF WARD COMMITTEES
Dawid Kruiper Local Municipality	15	Wards 7 & 8 are non-functional and elections for new Ward Committees will take place during the 2024/2025 financial year
!Kheis Local Municipality	4	All wards are functional
Kai !Garib Local Municipality	10	All wards are functional
Kgatelopele Local Municipality	4	All wards are functional
Tsantsabane Local Municipality	7	All wards are functional

Training

The training of Ward Committees is solely done by the Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA)

Challenged encountered during 2023/2024

The following challenges were experienced during the 2023/2024 financial year:

Annual Report 2023/2024

- The Ward Councillors (Chairpersons of the Ward Committee) do not submit their reports to Council and COGHSTA timeously or in some instances, they do not submit reports at all.
- Stipend amounts differ from one Municipality to the next. In some Municipalities the stipend is R1000 per month while in Municipalities such as Tsantsabane and Kgatelopele the Ward Committee member only receive R2000 per quarter ($R2000 \div 3 = R666,6$ per month). The matter has been escalated to COGHSTA and feedback is awaited.
- Ward Committees have reported the lack of adequate service delivery and in some rural areas there is no service delivery at all.

COMPONENT D CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

The ZF Mgcawu District Municipality's approach to Risk Management emphasizes a comprehensive and integrated strategy. By embedding Risk management across all departments and processes, the goal is to minimize risks effectively. The Risk Management Unit, situated within the Acting Municipal Manager's office, is key in coordinating activities and supporting Line Management and employees. Their role focuses on facilitating, advising, and supporting rather than directly managing risks, which remains the responsibility of Line Management. This top-down perspective helps in understanding the overall environment and activities of the District Municipality, ensuring that Risk management is aligned with the municipality's objectives. The Risk Management Unit consists of a Unit Manager and a Senior Risk Officer.

Risk Management at the ZF Mgcawu District Municipality involves identifying, assessing, and mitigating potential risks that could impact the municipality's ability to achieve its objectives and deliver services effectively. This process helps ensure that the municipality operates smoothly, minimizes potential negative impacts, and capitalizes on opportunities for improvement.

Annual Report 2023/2024

Key aspects of Risk Management in the District Municipality include:

Identification of risks: Recognizing potential risks that could affect the municipality, such as financial risks, operational risks, legal risks, environmental risks, and reputational risks.

Assessment and analysis: Evaluating the likelihood and impact of identified risks. This involves understanding how likely a risk is to occur and the potential consequences if it does.

Mitigation strategies: Developing and implementing strategies to reduce or manage identified risks. This might involve creating contingency plans and implementing controls.

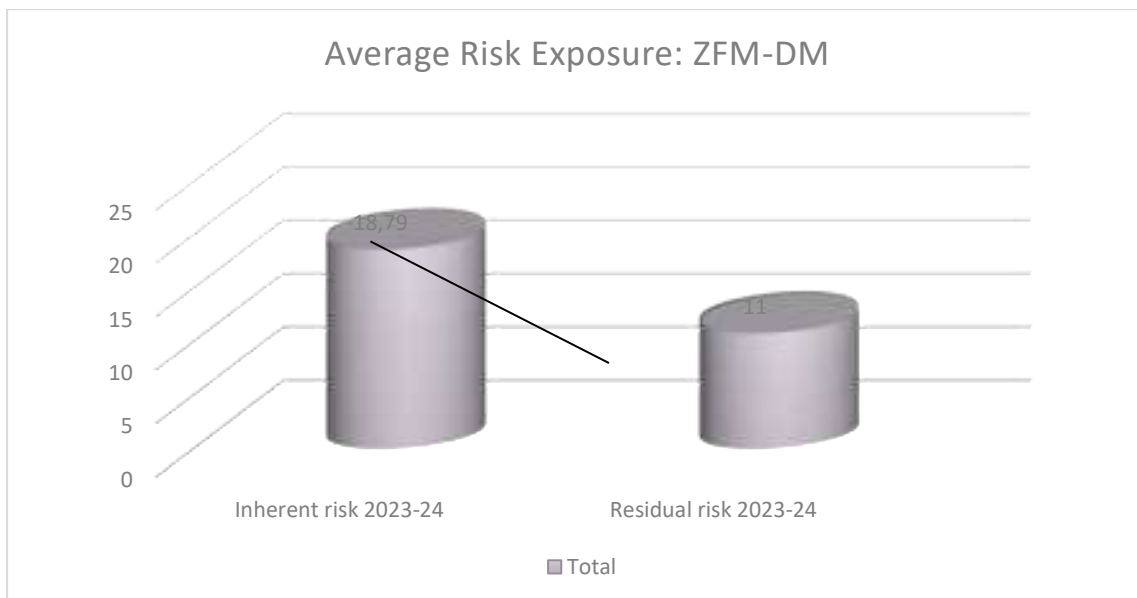
Monitoring and review: Continuously monitoring Risk Management activities to ensure they are effective and making adjustments as necessary. This also involves regularly reviewing the risk environment to identify new risks. The District Municipality has a fully functional Risk Management Committee with an external Chairperson. The following Policy documents have been approved by the Council for the year under review:

- a) Risk Management Policy
- b) Risk Management Framework
- c) Risk Management Committee Charter

During the 2023/2024 financial year the District Municipality's risks were based on Strategic, Operational and Project Risk categories respectively. Based on the risk ratings as per our methodology process above, risks have been prioritized as follows:

Risk ranking	Risk priority
1 – 9	Low
10 – 15	Medium
16 - 25	High

Figure A.2 Average Risk exposure for Z.F. Mgcawu DM:



The graph above (Overall Risk Exposure) could be interpreted as follows;

The overall risk, before controls were rated at an average of 18.79 for 2023/2024 which was of a high priority (in terms of the set criteria of the District Municipality), whereas overall risks after controls were rated at an average of 11 which is at a medium level for the end of the financial year. This meant that the controls in place, did not adequately minimize the risks identified and that the mitigating controls were not working as intended.

The Districts controls requires moderate attention for improvement. This means that Management must monitor these identified risks, as the risk environment is continually changing and there are some noted high risks on the risk register which has major impact on the District Municipality, if these risks were to realize/materialize. That said, the District Municipality is in moderate need of rectification of the current risk exposure and must obtain measures to source funds to address the financial shortcomings.

Top Ten High Risks of the ZFM District Municipality

At the residual risk exposure, the following are **top Operational risks** that the Municipality considers as major focus area. (without necessarily implying that other risks falling outside the tolerance level need no attention):

Annual Report 2023/2024

<u>Risk no.</u>	<u>Component/ Unit</u>	<u>Objectives</u>	<u>Consequences</u>	<u>Root Cause</u>	<u>Risk</u>
d9	Environmental Health	To strengthen the environmental health services within the District.	A possible outbreak of diseases and human casualties.	1. The minimum inspection frequency cannot be diligently performed due to understaffed EHP's within the ZFM-DM region. 2. Possible ineffective monitoring of EH services. 3. Non-compliance with norms and standards and the Environmental Health act of 2003 (There must be one operational health EHP must be provided for every 10 000 people within a region).	Human casualties.
c15	Asset Management	Effective management of council vehicles	Misuse of council vehicles	Log sheet incomplete, possible unauthorized use of council vehicles, no inspection of vehicle before and after trip commences. Possible misuse of council vehicles.	Financial losses.
c17	Asset Management	Effective and timely pay-outs of claims submitted to the insurance company.	Financial losses suffered by the municipality, due to the insurance company's refusing to pay out claims which was submitted late	Possibility that insurance claims might be reported late to the insurance office.	Financial losses.

Annual Report 2023/2024

<u>Risk no.</u>	<u>Component/ Unit</u>	<u>Objectives</u>	<u>Consequences</u>	<u>Root Cause</u>		<u>Risk</u>
b16	OHS	To render occupational health and safety services according to the occupational health and safety act.	Non-compliance with all applicable legislation.	Insufficient budget for OHS. Lack of trained SHE representatives.		Legal and financial implications.
b17	OHS	To protect the workforce against occupational health and safety.	Unsafe Work Environment. Out of sync with industry standards	Untrained/unskilled safety. Reps. Unsafe Work Environment		Legal and financial implications.
b32	Information, Communication and Technology (ICT)	Business continuity	Infrastructure Damage Business Disruptions	Possible loss of systems or data, due to power output		Loss of power/ electricity.
a6	Internal audit	Compliance with IA National Treasury framework and IIA standards. Ensure that an External Quality Assurance review is conducted.	Findings with the AG Non-Compliance with legislation No independent review of internal audit work to ensure compliance with the Standards of the IIA.	Lack of funds to perform Quality Assurance Review (QAR).		Failure to perform QAR may result in regression in Audit Opinion.

Annual Report 2023/2024

a12	Strategic management	Fully fledged unit	Operations within the unit are malfunctioning	The unit is under capacitated (Shortage of staff within the unit).	The unit is not up to standard to provide effective services.
a22	PMS	To set targets, monitor and review performance based on indicators linked to the Integrated Development Plan (IDP)	Non-achievement of set KPIs in the SDBIP and the annual performance report.	Remedial actions are not implemented. Possible non-achievement of municipal targets.	Regression in audit opinion.
a26	Co-ordination of Support to category B's	Co-ordinate support to the Category B municipalities.	Unspent of budget. Non-achievement of set targets in the IDP and SDBIP.	Availability and cooperation of the Category B Municipalities. Possible non-adherence to the support program.	Non-compliance with Structures Act 88 2(a) to provide support to B-Municipalities upon request.

2.7 ANTI-FRAUD AND CORRUPTION

The ZF Mgcawu District Municipality takes a comprehensive and proactive approach to combating fraud and corruption, guided by relevant legislative frameworks. Several laws in South Africa specifically address Anti-fraud and Corruption measures in Municipalities. The Municipal Finance Management Act of 2003 is designed to secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local government sphere.

Section 112(1)(m)(i) requires Municipalities to implement Supply Chain Management practices that prevent fraud, corruption, favoritism, and unfair practices. Section 115(1) mandates that the Accounting Officer must take all reasonable steps to ensure the separation of duties within the Supply Chain Management system to minimize the risk of corruption and fraud.

The Prevention and Combating of Corrupt Activities Act, 2004 provides a comprehensive legal framework to prevent, combat, and regulate corruption in the public and private sectors.

The Prevention and Combating of Corrupt Activities Act criminalizes corrupt activities related to public officers, including municipal officials and establishes various offenses relating to the abuse of public office, procurement corruption, and corrupt activities involving contracts.

The District Municipality has taken a step further to conduct a survey during the fraud awareness program to test awareness and knowledge of key aspects of the reaction to fraud and corruption. The results of the survey prompt us to expand our programs especially to the interns and new learners in our organization. Debates during the quarterly awareness sessions are continued to tackle the possible daily deterrents head-on; this also forms part of induction for new incumbents as we address ethics in the workplace.

In summary, Anti-fraud and Corruption measures are essential for maintaining the integrity, efficiency, and effectiveness of municipal operations, ensuring that District Municipality fulfills its responsibilities to the public while safeguarding public resources.

The following Anti-Fraud and Corruption Policies and strategic documents for the 2023/2024 financial year were tabled and approved by Council:

Policies & Strategic Documents approved for 2023/2024

Policies & Strategic Documents approved for 2023/2024	Date Approved
Anti-Fraud and Corruption Policy	31 May 2023
Fraud Ethics Policy	31 May 2023
Fraud Prevention Plan	31 May 2023
Fraud Prevention Strategy	31 May 2023
Fraud Risk Register	31 May 2023
Fraud Register	31 May 2023
Fraud Response Plan	31 May 2023
Fraud Risk Management Framework and Implementation Plan	31 May 2023
Whistle Blower Policy	31 May 2023
Whistle Blower Plan	31 May 2023

2.8 SUPPLY CHAIN MANAGEMENT

Regulation 6(2)(a)(i) of the Municipal Supply Chain Management Regulations, which is promulgated under the Municipal Finance Management Act (MFMA) of 2003, deals with the framework for the Supply Chain Management (SCM) processes within Municipalities. This regulation requires that the municipal Supply Chain Management Policy should provide for an effective and efficient Supply Chain Management system.

The regulation mandates Municipalities to establish a Demand Management system that must ensure that the resources required to support the strategic and operational commitments of the Municipality are delivered at the right time, at the right place, and at the right cost, so that the Municipality can deliver on its objectives effectively. Integrated Supply Chain Management aims to

Annual Report 2023/2024

add value at each stage of the process – from the demand for goods and services to their acquisitions, managing the logistics process, and finally, after use, to their disposal. In doing so, it addresses deficiencies in current procurement and contract management practices.

The Bid Committees held bi-weekly meetings. The Specification Committee meetings took place on Mondays, the Evaluation Committee on Wednesdays and the Tender Committee on Fridays when Tenders are considered. The Supply Chain Management Policy review for 2023/2024 was approved by the Council on 30 June 2023. All the Municipality's bid documents (MBDs) are in place in compliance with MFMA Circular 25 and include specifications and evaluation criteria as recommended by the Specification Committee.

Supply Chain Management Unit (Staff)

The staff component of the Supply Chain Management Unit is as follows:

- 1x Assistant Director SCM, Payroll and Expenditure
- 1x Senior Procurement Officer
- 1x Demand, Acquisition and Logistics Officer (Buyer)
- 1x Intern

The Assistant Director of SCM and Senior Procurement Officer are busy with their excellent diploma in Public accountability. The Assistant Director SCM and Assistant Accountant Procurement have completed the Municipal Minimum Competency Training as mandated by the Municipal Regulations on Minimum Competency levels (Government Gazette 29967, 2007)

Preferential Procurement Regulations, 2022

The Preferential Procurement Regulations, 2022, demonstrates a commitment to fostering an inclusive and transformative business environment. This policy aligns with the broader governmental goals of economic transformation and empowerment, particularly for Historically Disadvantaged Individuals (HDIs) and Small, Medium, and Micro Enterprises (SMMEs). A core objective is to ensure that historically disadvantaged individuals have better access to municipal contracts. This is crucial in addressing historical inequalities and promoting economic inclusion.

The policy actively encourages the participation of SMMEs in procurement processes. This not only supports small businesses but also drives local economic growth and innovation. This policy not only aligns with national objectives but also plays a pivotal role in driving local economic

Annual Report 2023/2024

empowerment, fostering business growth, and addressing historical imbalances within the ZF Mgcawu District Municipality.

All Tenders for 2023/2024

NR	TENDER	DESCRIPTION	CLOSING DATE OF BID	PROGRESS
1.	Tender 1 2023/2024	Acquisition of official vehicle for the Executive Mayor	11 August 2023	Tender awarded to Upington Haval
2.	Tender 3 2023/2024	Appointment of service provider to conduct quality assurance review for internal audit.	15 November 2023	Tender awarded to Excellent Mind Institute
3.	Tender 4 2023/2024	Mscoa Performance Management System	07 November 2023	Tender awarded to CCG
4.	Tender 5 2023/2024	Insurance for the period 1 December 2023 till 30 November 2024	07 November 2023	Tender awarded to Kunene Makopo
5.	Tender 6 2023/2024	Appointment of a skills development panel for ZF Mgcawu District Municipality for 3 years	04 December 2023	All service providers who tendered were approved to form part of the panel. Fachs, Nemalale Eagles, Pioneer Business Consulting, Dru a FET college , Edufleet ,Vari Holdings Tirisano Yabakwea, Aldabri Tag 443 Shybrand Resonance Edu- house Doughtful

Price Written Quotation Register 2023/2024

#	<u>Quotation Nr</u>	<u>Date advertised</u>	<u>Date closed</u>	<u>Date awarded (order)</u>	<u>Description</u>	<u>Quotation awarded to</u>	<u>Quotation Amount</u>
1	Quotation 3-2023-2024	19-July-23	26-July 23	12-Sep-2024	Request for formal Written Quotation for renewal of ESET Protect Endpoint Protection Advance	URB ICT	R61215.00
2	Quotation 4-2023-2024	20-July-23	26-July 23	28-Jul-2023	Request for formal Written Quotation for 250 Blankets for Mandela Day	BWM cleaning services	R65000.00
3	Quotation 9-2023-2024	08-Sept-23	15-Sept-23	27-Sept-23	Request for formal Written Quotation for PPE for EPWP Project	BWN Cleaning Services	R180000.00
4	Quotation 10-2023-2024	08-Sept-23	15-Sept-23	18-Oct-2023	Request for Formal Written Quotation for Acquisition of Laptops	Thaboera IT solutions	R122570.00
5	Quotation 13-2023-2024	08-Sept-23	15-Sept-23	21-Sept-23	Request for formal Written Quotation for Procurement for material for EPWP Water Leakage Project	Kordoms Trading	R120094.00
6	Quotation 14-2023-2024	26-Sept-23	04-Oct-23	13-Oct-23	Request for formal Written Quotation for Procurement for 98 Performance Vouchers	Checkers	R69597.00
7	Quotation 16-2023-2024	16-Oct-23	23-Oct-23	15- Nov-23	Request for formal Written Quotation for renewal Of Kerio License	Thaboera IT Solutions	R59600.00
8	Quotation 17-2023-2024	16-Oct-23	23-Oct-23	21-Nov-23	Request for formal Written Quotation for Procurement of Renewal of CIBECS Endpoint Cloud Solution for 12 Months	URB ICT	R89617.20

Price Written Quotation Register 2023/2024

#	<u>Quotation Nr</u>	<u>Date advertised</u>	<u>Date closed</u>	<u>Date awarded (order)</u>	<u>Description</u>	<u>Quotation awarded to</u>	<u>Quotation Amount</u>
9	Quotation 19-2023-2024	17-Oct-23	23-Oct-23	03- Nov-23	Request for formal Written Quotation For Transport For Youth Empowa	N KASIMBUNGUE	R56000.00
10	Quotation 20-2023-2024	17-Oct-23	23-Oct-23	01-Nov-23	Request for formal Written Quotation For catering for Youth Empowa	BFK PROJECTS	R150 000.00
11	Quotation 21-2023-2024	30-Oct-23	07-Nov-23	17-Nov-23	Request for formal Written Quotation For Installation Of Security Gates	Hillgrow Construction and General services	R44204.00
12	Quotation 23-2023-2024	17-Nov-23	24-Nov-23	06-Dec-23	Request for formal Written Quotation for 89 Performance Vouchers	Black Pay finance co	R69810.00
13	Quotation 24-2023-2024	21-Nov-23	28-Nov-23	30-Nov-23	Request for formal Written Quotation for Supply of Cleaning Material	Sominia Holdings	R55000.00
14	Quotation 25-2023-2024	28-Nov-23	05-Dec-23	06-Dec-23	Request for Formal Written Quotation for Supply of Long Service Voucher	Checkers	R59100.00
15	Quotation 26-2023-2024	28-Nov-23	05-Dec-23	05-Dec-23	Request for Formal for Supply of Wellness Day Vouchers.	Checkers Upington	R39000.00
16	Quotation 28-2023-2024	12-Dec-2023	19-Dec-2023	21-Dec-23	Request for formal Written Quotation for 89 Performance Vouchers for Cleaning of Gutters at the ZFM DM Head Office	New Heaven enterprise	R69850
17	Quotation-29-2023-2024	12-Dec-2023	19-Dec-2023	21-Dec-23	Request for Formal Written Quotation for Repairs and Maintenance at Head Office	BWN Cleaning services	R81000.00

Price Written Quotation Register 2023/2024

#	<u>Quotation Nr</u>	<u>Date advertised</u>	<u>Date closed</u>	<u>Date awarded (order)</u>	<u>Description</u>	<u>Quotation awarded to</u>	<u>Quotation Amount</u>
18	Quotation 30-2023-2024	05-February 2024	12 February 2024	20-Feb-24	Request for formal Written Quotation For Fortigate 100 E Firewall Licence Renewal	Fist Technology	R37145.00
19	Quotation 32-2023-2024	04- March-2023	11-March 2024	15/03/2024	Request for formal Written Quotation for Back to School Campaign	Monalisa Catering	R87795.00
20	Quotation 34-2023-2024	05-April-2024	12-April -2024	06-Jun-2024	Request for formal Written Quotation for the Acquisition of HP Hard Disk Drive 1.2 Tb	BSA Rekenardienste	R31500.00
21	Quotation 37-2023-2024	22-April-2024	29-April-2024	03/05/2024	Request for Formal Written Quotation for the Acquisition of Laptops	Mufasa OJM Trading	R112881.48
22	Quotation 39-2023-2024	09 May-2024	16-May-2024	21/05/24	Request for Formal Written Quotation for Skills Development	Pioneer Consulting	R583260.00
23	Quotation 40-2023-2024	09 May-2024	16-May-2024	21/05/24	Request for Formal Written Quotation for Skills Development	Pioneer Consulting	R770000.00
24	Quotation 41-2023-2024	09 May-2024	16-May-2024	05/06/24	Request for Formal Written Quotation for Skills Development	Pioneer Consulting	R440 000.00
25	Quotation 42-2023-2024	09 May-2024	16-May-2024	25/05/24	Request for Formal Written Quotation for Skills Development	Pioneer Consulting	R583260.00
26	Quotation 43-2023-2024	09-May-24	16-May-24	17/05/24	Request for Formal Written Quotation for Wellness Day Vouchers	Checkers	R111375.00
27	Quotation 44-2023-2024	10-June-24	17-June-24	25/06/ 24	Request for Formal Written Quotation for 101 F Enterprise License Renewal	Siraha Group	R58210.65

Price Written Quotation Register 2023/2024

<u>#</u>	<u>Quotation Nr</u>	<u>Date advertised</u>	<u>Date closed</u>	<u>Date awarded (order)</u>	<u>Description</u>	<u>Quotation awarded to</u>	<u>Quotation Amount</u>
28	Quotation 45- 2023-2024	13-June- 2024	20-June-2024	25/06/ 24	Request for formal Written Quotation for Metro Ethernet Connection for 12 Months	URB ICT	R171840.00

2.9 WEBSITE

Municipal Website: Content and Currency of Material	
Documents published on the ZFM DM Website	Yes / No
Current Annual and Adjustments Budgets and all Budget-Related documents	Yes
All Current Budget-Related Policies	Yes
The previous Annual Report 2022/2023	Yes
The Annual Report 2023/2024 to be published in 2025	Yes
All current Performance Agreements 2023/2024 required in terms of Section 57(1)(B) of the Municipal Systems Act	Yes
All Service Delivery Agreements 2023/2024	Yes
All Long-Term Borrowing Contracts 2023/2024	N/A
All Supply Chain Management Contracts above a prescribed value R100 000 for 2023/2024	Yes
An information statement containing a list of Assets over a prescribed value that have been disposed of in terms of Section 14 (2) or (4) during 2023/2024	Yes
Contracts agreed in 2023/2024 to which subsection (1) of Section 33 applies, subject to subsection (3) of that section	N/A
Public-Private Partnership Agreements referred to in section 120 made in 2023/2024	N/A
All Quarterly Reports tabled in the Council in terms of section 52 (d) during 2023/2024	Yes

Comment on Municipal Website content and access:

Section 75(1) of the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003) outlines the responsibilities of Municipalities regarding the publication of certain documents on their official websites. This section is a key part of promoting transparency, accountability, and public access to important financial information within municipalities. The ZF Mgcawu District Municipality has a fully functional Website that is maintained and updated by the Communication Unit. The Website Policy for the 2023/2024 financial year was reviewed and approved by the

Annual Report 2023/2024

Council on the 31st of 30th of June 2023.

The Section 75 documents are made available online to ensure that the public has access to the District Municipality's financial operations and decisions. This transparency allows residents and other stakeholders to be informed and engaged in the District Municipality's financial management and planning processes and this can also be seen as a way of holding municipal officials accountable for their financial management decisions and performance.

Section 75(1) of the MFMA ensures that Municipalities comply with the legal requirements for the disclosure of financial and operational operations.

2.10 INTERNAL AUDIT

The ZF Mgcawu District Municipality's Internal Audit Unit plays a pivotal role in ensuring that the municipality operates with a high level of integrity, efficiency, and accountability. As mandated by Section 165(1) of the Municipal Finance Management Act (MFMA), No. 56 of 2003, this Unit functions as an independent body, providing objective assurance and advisory services to enhance the municipality's operations.

Key Responsibilities and Functions of the Internal Audit Unit

Risk-Based Audit Plan (Section 165(2)(a))

The Internal Audit Unit is required to prepare a risk-based audit plan and an internal audit program for each financial year. This plan is designed to prioritize areas of highest risk to the municipality, ensuring that resources are focused on critical areas where assurance is most needed.

Advisory and Reporting Duties (Section 165(2)(b))

The Internal Audit Unit provides advice to the Accounting Officer and reports to the Audit Committee on a wide range of matters, including:

Internal Audit: Evaluating the effectiveness of the District Municipality's Internal Audit processes and ensuring they align with best practices.

Internal Controls: Assessing the adequacy and effectiveness of internal controls in place to safeguard municipal assets and ensure reliable financial reporting.

Accounting Procedures and Practices: Reviewing the District Municipality's accounting procedures to ensure they comply with applicable standards and regulations.

Risk and Risk Management: Evaluating the District Municipality's Risk Management

Annual Report 2023/2024

processes and providing recommendations for improvement.

Performance Management: Reviewing Performance Management Systems to ensure they effectively measure and support the achievement of the District Municipality's objectives.

Loss Control and Compliance: Monitoring and advising on measures to prevent and control losses and ensure compliance with the MFMA, the annual Division of Revenue Act, and other applicable legislation.

Mission and Approach:

The mission of the Internal Audit Unit, as articulated in the 2023/2024 Internal Audit Charter, is to provide independent, objective assurance and consulting services that add value and improve the municipality's operations. By employing a systematic, disciplined approach, the Internal Audit Unit aims to:

- **Enhance Risk Management:** Continuously evaluate and contribute to the improvement of Risk Management processes within the District Municipality.
- **Strengthen Control Mechanisms:** Ensure that internal controls are robust and effective in mitigating risks and safeguarding assets.
- **Promote Good Governance:** Support the District Municipality's governance structures by providing insights and recommendations that uphold accountability and corporate values.

Alignment with Professional Standards:

The Internal Audit Unit's approach is aligned with the definition provided by the Institute of Internal Auditors (IIA), which emphasizes the importance of internal auditing in adding value and improving an organization's operations through a systematic evaluation of risk management, control, and governance processes.

Through its comprehensive audit activities, the Internal Audit Unit of the ZF Mgcawu District Municipality ensures that the District Municipality's operations are conducted transparently, efficiently, and in accordance with applicable laws and regulations. This not only helps the District Municipality achieve its objectives but also preserves the public trust by promoting accountability and integrity within the organization.

Quality Assurance Review

According to the Institute of Internal Auditor's (IIA's) standards, external assessments should be conducted at least once every five years. The Quality Assurance Review determines whether an organization's internal audit program meets the expectations of the IIA's International Standards for the Professional Practice of Internal Audit.

Any organization that states its audits are "conducted in accordance with the IIA standards" must meet this five-year review requirement.

Annual Report 2023/2024

The ZF Mgcawu District Municipality appointed a Service Provider to conduct a full External Quality Assurance Review to assess whether the ZFM District Municipality conforms with the mandatory elements of the International Professional Practice Framework (IPPF); namely; the definition of internal auditing; the core principles governing the practice of internal auditing; the standards and IIA's Code of ethics and offer opportunities for improvement. The approach followed with the review included analyzing documentation provided by the Internal Audit Unit, and completed surveys of the Audit Committee Chairperson, Acting Municipal Manager and Internal Auditors.

According to the Institute of Internal Auditors (IIA), the standards required for conformance with its Code of Ethics comprise of four principles, namely, integrity, objectivity, confidentiality, and competency. Each principle is accompanied by rules of conduct that Internal Auditors must implement to properly demonstrate the principle.

The overall assessment from the External Quality Assurance Review is that the Internal Audit Unit of the ZF Mgcawu District Municipality obtained a Generally Conform (GC) status, therefore the District Municipality generally conforms to mandatory internal auditing requirements of the International Professional Practice Framework (IPPF).

In terms of the Quality Assurance Report issued by the External Quality Assurer, the ZFM Internal Audit Unit have conformed with amongst others the Code of Ethics and core Principles for the Professional Practice of Internal Auditing.

Policies approved for 2023/2024

Policies approved for 2023/2024	Date Approved
Audit Committee Charter	Audit Committee: 17 April 2023 Council: 31 May 2023
Internal Audit Charter	Audit Committee: 26 June 2023 Council: 30 June 2023
Internal Audit Manual and Methodology	Audit Committee: 17 April 2023
Internal Audit Strategic and Operational Plans	Audit Committee: 26 June 2023 Reviewed on 05 December 2023

Annual Report 2023/2024

Internal Audit Programme

The Internal Audit Programme is included in the approved Operational Plan which was approved by the Audit Committee on the 26th of June 2023. All activities within the plan were executed. The Internal Audit Unit was also evaluated on its performance every quarter.

Internal Audit Reports 2023/2024

Quarterly Reports according to the approved Internal Audit Plan	Presented to the Audit Committee
Quarter 1 Internal Audit Reports completed	10 October 2023
Quarter 2 Internal Audit Reports completed	05 December 2023
Quarter 3 Internal Audit Reports completed	15 April 2024
Quarter 4 Internal Audit Reports completed	24 June 2024

Internal Audit Unit (Staff)

Six Staff members	Qualification	Years of Experience in Audit
GB Cloete Deputy Director: Internal Audit	1. Baccaluareus Commercii, 2. Higher Diploma in Education 3. Certificate in Advanced Program Risk Management 4. Certificate Programme in Management Development for Municipal Finance (CPMD) 5. Internal Audit Technician (IAT) 6. Professional Internal Audit (PIA) Assessment to be completed	20 Years
J Shorty Unit Manager Internal Audit	1. Bachelor of Theology Degree 2. Diploma in Education 3. Certificate in Professional Practice for Internal Auditors 4. Certificate in Municipal Finance 5. National Certificate in Municipal Finance Management 6. Internal Audit Technician (IAT) 7. Professional Internal Audit (PIA) Assessment to be completed	21 Years
J van der Westhuizen Internal Auditor	1. Diploma in Internal Auditing 2. Internal Audit Technician (IAT)	15 Years (Transferred on

	3. Professional Internal Audit (PIA) Assessment to be completed	01 May 2024)
B Clarke Internal Auditor	1. National Diploma: Internal Auditing 2. Municipal Finance Management Program 3. Internal Audit Technician (IAT) 4. Professional Internal Audit (PIA) Assessment to be completed	15 Years
BS Mabala Internal Auditor	1. National Diploma: Internal Auditing 2. Registered Professional Accountant Diploma	6 Years
R Malgas Intern: Internal Audit	1. National Diploma: Internal Auditing	3 Years and 6 Months

2.11 AUDIT COMMITTEE

The ZF Mgcawu District Municipality's Audit Committee plays a crucial role in maintaining and enhancing the governance framework of the District Municipality. Established in accordance with Section 166 of the Municipal Finance Management Act (MFMA) No. 56 of 2003, this Committee serves as an independent advisory body, contributing significantly to the way the District Municipality is directed and controlled.

Key Responsibilities and Functions of the Audit Committee:

The Audit Committee advises the Council, the Accounting Officer, and Management on various critical matters, including:

Internal Financial Control and Internal Audits: Ensuring that financial controls are robust and that internal audits are conducted effectively to safeguard municipal assets and ensure accurate financial reporting.

Risk Management: Evaluating the District Municipality's Risk Management strategies to ensure that risks are identified, assessed, and mitigated appropriately.

Accounting Policies: Reviewing and advising on the adoption and implementation of accounting policies that comply with relevant standards and regulations.

Annual Report 2023/2024

Financial Reporting: Assessing the adequacy, reliability, and accuracy of financial reporting and information, ensuring transparency and accountability in the District Municipality's financial practices.

Performance Management: Monitoring and evaluating the Performance Management System to ensure that it effectively supports the District Municipality in achieving its strategic objectives.

Governance: Promoting effective governance practices, ensuring that the District Municipality operates within the framework of applicable laws and regulations, including the MFMA.

Legislative Compliance: Reviewing the District Municipality's compliance with the MFMA, Local Government: Municipal Planning and Performance Management Regulations, 2001, and other relevant legislation.

Performance Evaluation: Assessing the District Municipality's overall performance, including financial and service delivery outcomes, to provide a credible view of its efficiency and effectiveness.

The Audit Committee plays a vital role in promoting accountability by monitoring the District Municipality's response to risks and overseeing the effectiveness of the internal control environment. This includes evaluating both financial and performance reporting to ensure that the District Municipality meets its service delivery objectives.

Review of Annual Financial Statements:

The Audit Committee is responsible for reviewing the District Municipality's annual financial statements. This review is critical for providing an authoritative and credible assessment of the District Municipality's financial health, efficiency, effectiveness, and compliance with legislation.

Compliance with Statutory Responsibilities:

The Audit Committee of the ZF Mgcawu District Municipality adheres to its statutory responsibilities as outlined in:

Section 166(2) of the MFMA: This section outlines the composition, duties, and responsibilities of the Audit Committee, emphasizing its role in advising on financial management, governance, and performance.

Annual Report 2023/2024

Regulation 14(4) of the Local Government: Municipal Planning and Performance Management Regulations, 2001:

This regulation reinforces the Committee's role in performance management and its duty to monitor and review the District Municipality's performance and compliance with legislative requirements.

2023/2024 Approved Audit Committee Charter: This charter details the specific duties, powers, and responsibilities of the Audit Committee, ensuring that it operates within a clear and defined framework.

The Audit Committee is integral to the ZF Mgcawu District Municipality's governance and oversight processes. By fulfilling its advisory and monitoring roles, the Committee ensures that the District Municipality operates efficiently, complies with applicable laws, and meets its service delivery objectives. This ultimately enhances the Municipality's accountability, transparency, and overall effectiveness in serving its community.

Members of the Audit Committee

Name of Member	Qualifications	Period of Appointment	Experience
Mrs. Maré Venter	B. Accounting Professional Accountant (SA)	01 January 2018 – 31 December 2020 01 January 2021 – 31 December 2023	6 Years
Khotso Abel Nkoe	B Com Degree Advance Diploma in Accounting Chartered Accountant Certified Risk Management Professional (Board 2 exam)	01 January 2023 – 31 December 2025	7 Years and 6 months
Ursula Thys	Post Graduate Diploma in Law Certificate in Business Management Honours in Industrial Psychology BA Personnel Management	01 January 2023 – 31 December 2025	1 Year and 6 months
Lekuka Simon More	Baccalaureus Legum (LLB)	01 January 2024 – 31 December 2026	6 months

Audit Committee Meetings 2023/2024

Date	Activity	Status
21 - 22 August 2023	Review of the Annual Financial Statements, Annual Report and Annual Performance Report	The meeting took place as scheduled
10 October 2023	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 1 and all standing items.	The meeting took place as scheduled
15 November 2023	Handover Meeting	Special Audit Committee meeting
05 December 2023	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 2 and all standing items.	The meeting took place as scheduled
17 April 2024	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 3 and all standing items.	The meeting took place as scheduled
24 June 2024	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 4 and all standing items.	The meeting took place as scheduled

Audit Committee Reports tabled to Council

The Audit and Performance Committee reports only twice in a financial year to Council as determined in the approved Audit Committee Charter. The Audit and Performance Committee Charter determined that the Audit and Performance Committee should report to Council in March and in August of each financial year. The Audit Committee reported to the Council on the 30th of August 2023. Due to the vacant position of Chairperson and Audit Committee member, the Audit Committee only reported to Council on 31st of May 2024. A resolution was also taken during the Audit Committee meeting of 24 June 2024 that the Audit Committee will report to Council on a quarterly basis.

2.12 PERFORMANCE MANAGEMENT

The ZF Mgcawu District Municipality's approach to Performance Management is guided by the requirements of Section 38(a)(b)(c) of the Municipal Systems Act, 32 of 2000. This section mandates that each Municipality establish a Performance Management System (PMS) that is appropriate for its resources, best suited to its specific circumstances, and aligned with the priorities, objectives, indicators, and targets outlined in its Integrated Development Plan (IDP). The aim is to promote a culture of Performance Management across all levels of the District Municipality, ensuring that it operates in an economical, effective, efficient, and accountable manner.

Key Requirements of Section 38 of the Municipal Systems Act:

The PMS must be designed to match the District Municipality's available resources, ensuring that it is both practical and sustainable. The Performance Management System should be tailored to the unique circumstances of the District Municipality, taking into account its size, capacity, and the specific challenges it faces.

The Performance Management System must be directly linked to the priorities, objectives, indicators, and targets set out in the District Municipality's Integrated Development Plan, ensuring that all efforts are focused on achieving the strategic goals of the District Municipality.

Roles and Responsibilities:

Council: The Municipal Systems Act places the responsibility on the Council to adopt the Performance Management System. The Council is responsible for ensuring that the system is in place and that it effectively drives the District Municipality's strategic objectives.

Executive Mayor: The Executive Mayor is tasked with the development and management of the PMS. However, this responsibility is often delegated to the Acting Municipal Manager.

Acting Municipal Manager: The Acting Municipal Manager is responsible for the overall development, implementation, and management of the Performance Management System. This

Annual Report 2023/2024

includes ensuring that the system is operational and that it meets the legal and strategic requirements set out in the Municipal Systems Act.

Senior Management: Senior Managers are responsible for executing the Performance Management System within their respective Departments. They ensure that their teams adhere to the system and work towards the targets and objectives set out in the Integrated Development Plan (IDP).

Responsibilities of the Performance Management Unit:

The Performance Management Unit ensures that all legal aspects of Chapter 6 of the Municipal Systems Act are implemented and adhered to. This includes aligning the PMS with the legal requirements and ensuring ongoing compliance. The Performance Management Unit is responsible for the continuous development and refinement of the PMS. As the District Municipality's needs evolve, the system must be updated to reflect these changes and remain relevant. The Unit provides continuous support to the District Municipality in implementing, assessing, reviewing, monitoring, and reporting on performance. This support ensures that the Performance Management System is applied effectively across all Departments.

The Performance Management Unit ensures the general application of performance management within the District Municipality. This includes training and supporting staff to understand and use the system effectively. The Unit monitors the implementation of the Performance Management System to ensure that it is applied fairly and correctly. This includes checking that performance evaluations are conducted objectively and that all aspects of the system are functioning as intended.

The establishment and operation of a Performance Management System in the ZF Mgcawu District Municipality are essential for achieving its strategic goals and ensuring good governance. By adhering to the requirements of Section 38 of the Municipal Systems Act and the roles and responsibilities outlined in this framework, the District Municipality can maintain a high standard of performance, accountability, and service delivery.

Annual Report 2023/2024

Service Delivery and Budget Implementation Plan (SDBIP)

Section 1 of the Municipal Finance Management Act defines the Service Delivery and Budget Implementation Plan (SDBIP) as a comprehensive strategy endorsed by the Mayor of a Municipality to facilitate the delivery of services and the execution of its annual budget. The SDBIP is crucial in translating the goals outlined in the Integrated Development Plan (IDP) into actionable projects and ensuring alignment with the budget of the District Municipality, as mandated by the Municipal Finance Management Act.

Section 53(1)(c)(ii) of the Municipal Finance Management Act places the responsibility on the Executive Mayor to approve the District Municipality's SDBIP within 28 days of the budget approval. The SDBIP for the 2023/2024 financial year was endorsed by the Council on May 31, 2023, and formally approved by the Executive Mayor on June 11, 2023.

The SDBIP presents projects as 'indicators' that are in line with the strategies, objectives, and developmental priorities of the District Municipality, it enables the monitoring of budget spending through the Performance Management System and it breaks down indicators into quarterly targets for ongoing performance monitoring, with some indicators requiring monitoring on a semi-annual or annual basis.

Performance Management Reports 2023/2024

The Quarterly Report, prepared as part of the SDBIP, is the primary method of reporting progress to both the Council and the community. This report provides a transparent and accurate account of the District Municipality's performance against its quarterly targets. It serves as a communication tool, ensuring that all stakeholders are informed about the progress made and the challenges encountered.

When reporting back on performance, it is crucial to provide a clear and comprehensive account of the progress made, particularly in relation to the targets set in the Service Delivery and Budget Implementation Plan (SDBIP). The Performance Management Unit reports to the Council quarterly on both the qualitative and quantitative outcomes of the evaluations. The report to the Council does amongst others compares the actual performance against the set targets to highlight successes and areas of improvement.

Effective performance reporting is essential for maintaining accountability, transparency, and continuous improvement within the ZF Mgcawu District Municipality. By detailing achievements, addressing unmet targets, and outlining corrective measures, the District Municipality can ensure that it remains on track to meet its strategic goals and fulfil its commitments to the community.

Annual Report 2023/2024

The Quarterly Report, as part of the SDBIP, plays a critical role in this process, providing a structured and consistent method for reporting progress to both the Council and the broader community.

- The Quarter One Report was tabled to Council on 24 November 2023
- The Quarter Two Report was tabled to Council on 24 February 2024
- The Quarter Three Report was tabled to Council on 31 May 2024
- The Quarter Four Report has not been tabled to Council by year-end

Performance Audit Committee

The Performance Audit Committee is a Committee that the Performance Management Unit should report to on performance-related matters. The ZF Mgcawu District Municipality does not have a Performance Audit Committee; therefore, the existing Audit Committee is used to perform this function.

Panel Review for the Acting Municipal Manager Section 54 and Section 56 Employees

The ZF Mgcawu District Municipality has established a structured process for evaluating the performance of its senior managers, specifically those in Section 54 (Acting Municipal Manager) and Section 56 (other senior managers) positions. This process is guided by the Performance Management Framework, which details the composition of the Performance Evaluation Committees and outlines the steps involved in the performance evaluation process.

The Performance Evaluation Committees are responsible for determining the percentage of performance bonuses awarded to senior managers. These Committees are composed according to the guidelines set out in the Performance Management Framework, ensuring that evaluations are conducted fairly and transparently.

The performance review of the Acting Municipal Manager is conducted by the Executive Mayor. During this review, the Acting Municipal Manager's performance is discussed, and ratings are assigned based on the agreed-upon performance indicators and targets. The performance review for Section 56 employees is conducted by the Acting Municipal Manager, with each senior manager reviewing their performance against the set targets.

After the initial review and rating, the evaluations are further assessed by a panel composed of specific individuals as outlined in the Performance Management Framework. This panel is responsible for ensuring that the ratings are consistent and that the evaluation process adheres to

Annual Report 2023/2024

the established guidelines. The performance evaluations for the Acting Municipal Manager and Section 56 employees took place on March 14, 2024. During these evaluations, the respective committees and panels reviewed the performance of the senior managers, providing a basis for determining performance bonuses and identifying areas for improvement.

This structured approach ensures that the performance of senior managers is evaluated rigorously and that any bonuses awarded are reflective of their contributions to the District Municipality's objectives. The involvement of the Executive Mayor, Acting Municipal Manager, and a designated evaluation panel provides a balanced and comprehensive review process, fostering accountability and continuous improvement within the municipality's leadership team.

Performance Evaluation of Section 54 Employees

Name of Member	Capacity/Position
Cllr. M.C Basson	Chairperson [Executive Mayor]
Cllr. A. Johnson	Councillor
Dr. E. Ntoba	Municipal Manager Dawid Kruiper Local Municipality
Mr. L. More	Chairperson Audit Committee

Performance Evaluation of Section 56 Employees

Name of Member	Capacity/Position
Mr A.K Tieties	Acting Municipal Manager: ZF Mgcawu District Municipality
Cllr. A. Johnson	Councillor
Mr. L. More	Chairperson Audit Committee
Dr. E. Ntoba	Municipal Manager Dawid Kruiper Local Municipality

Performance Bonuses

The Council of the ZF Mgcawu District Municipality adopted the recommendations of the Performance Evaluation Committees at a Council meeting held on the 25th of March 2024. We herewith report on the performance bonuses awarded to Section 54 and 56 employees as follows:

Annual Report 2023/2024

Item	Status
Names of section 54 and 56 Managers that were awarded bonuses	- AK Tieties I. De Waal - D.J. Van Zyl E. Isaacs
The number of bonuses awarded to section 54 and 56 managers	Acting Municipal Manager (AK Tieties) R 108 180.08
	Director of Corporate Services (DJ Van Zyl) R 182 872.57
	Director of Financial Services (E. Isaacs) R 141 317.93
	Director of Planning and Development (I De Waal) R 141 317.93
TOTAL ACTUAL	R 573 688.51

The ZF Mgcawu District Municipality did make provision in its 2023/2024 Annual Budget for the awarding of performance bonuses to Senior Management.

2.13 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

During the year under review, the District Municipality did not engage in any public satisfaction surveys.

2.14 OVERSIGHT COMMITTEE

The ZF Mgcawu District Municipality has done away with its Oversight Committee and has established a Municipal Public Accounts Committee (MPAC) in line with the guidelines issued by the National Treasury and the Department of Cooperative Governance.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

3.1 HOUSING

The Housing Unit of the ZF Mgcawu District Municipality derives its mandate from Section 26(1)(2) of the Constitution of South Africa, which states that;

- 1) Everyone has a right to have access to adequate housing, and
- 2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.

The role of the Housing Unit in the District is to plan and manage the Human Settlement Development Programmes and Projects, Beneficiary Management and providing Technical Quality Control amongst others.

ZF Mgcawu District Municipality is an Accredited Level 2 Municipality with the responsibility to perform Human Settlement functions on behalf of the 4 Local Municipalities, which are, Kai !Garib, !Kheis, Tsantsabane and Kgatelopele Local Municipalities within the District. Dawid Kruiper Municipality, which came out of the amalgamation between Mier and //Khara Hais Municipalities, is also an Accredited level 2 Municipality and is responsible for the planning and implementation of the projects within their Jurisdiction. However, the District still supports the Dawid Kruiper Municipality including playing an oversight role in the implementation of their projects.

The Housing Unit has been actively engaged with Local Municipalities to support the implementation of the District Municipality's mandate to deliver housing within the Framework of

Annual Report 2023/2024

Sustainable Human Settlements. This collaboration ensures that housing needs are adequately addressed across the District and that projects are implemented effectively.

During the 2023/2024 financial year, the District has embarked on the following programmes and projects:

Housing Needs Register Database

As part of Beneficiary Management, the Housing Unit conducted the National Needs Register Roadshows to the Local Municipalities during each quarter. The purpose of the National Housing Needs Register (NHNR) Roadshows is to inform and encourage the communities to register their housing need on the National database which assists in the planning and budgeting for the implementation of various housing human settlement programmes.

During the NHNR Roadshows, the communities were able to register their housing needs and those that were already registered were also able to update their status on the system. Due to the repetition of the filling of manual NHNR Forms where the beneficiaries were found to have registered more than one time in the system, the Housing Unit resolved to move away from manual capturing and do the electronic capturing of the forms on site.

Housing Consumer Education

The Housing Unit has conducted Housing Consumer Education programs in Kgatelopele, Tsantsabane, !Kheis, and Kai !Garib Local Municipalities. These sessions are specifically designed for beneficiaries of ongoing housing projects. The objective of Housing Consumer Education is to inform beneficiaries about their rights, responsibilities, and the processes involved in owning and maintaining their homes. This initiative is part of a broader national priority program aimed at educating beneficiaries who have received houses from the government since 1994.

While Housing Consumer Education was aimed at beneficiaries who are linked to the projects, the Housing Unit also conducted Housing Consumer Education to those members of the communities who have not benefited from the housing subsidies to inform them about the different housing opportunities available. This also assists the beneficiaries to be able to identify their housing needs and making an informed decision when registering their needs on the NHNR database.

The following are the manual topics that were presented during the process of conducting Housing Consumer Education Sessions with the Local Municipalities:

Annual Report 2023/2024

1. Maintaining and caring for your home

This module consists of ten tips that teach homeowners how to care for and maintain their houses

2. What is Title Deeds

This module taught the beneficiaries about the importance of Title Deed as a legal document that proves ownership including the process involved in transferring the property into one's name.

3. Owning a House

This Module is of very importance for beneficiaries who have just received their new houses to understand the economic values of being a homeowner. It also advises homeowners on the importance of leaving a Will which records what should happen when they pass away.

4. FLISP (First Time Home Owner)

This Module is aimed at the so-called 'missing middle' who are home seekers who cannot qualify for a subsidy house and at the same time does not qualify to buy a house through a mortgage loan.

The following is the summary of the roadshows that were conducted during the 2023/2024 financial year;

MUNICIPALITY	AREA	DATES OF NHNR SESSIONS
Kai! Garib	Kakamas	22 September 2023
Kai! Garib	Hash Valley	28 & 29 September 2023
Kgatelopele	Danielskuil	08 November 2023
Tsantsabane	Postmasburg	09 November 2023
Tsantsabane	Postmasburg & Carnation	19 & 20 March 2024
Kgatelopele	Danielskuil	04-12 April 2024
Kai! Garib	Lennertsville	08-10 May 2024

Title Deeds Restoration Programme

The Department of Human Settlements in the Northern Cape appointed a team of Conveyancers to serve in each of the Local Municipalities in the ZF Mgcawu District. The Conveyancers were introduced by the Department in Upington on the 30th of January 2024. The follow-up sessions were held with the Conveyancers, COGHSTA and the Municipalities on the 15th of May 2024 where discussions were held regarding the scope of work for the appointed conveyancers and information that is or will be required from each party.

Annual Report 2023/2024

The District Municipality, together with COGHSTA and the Local Municipalities are actively engaged in the Title Deeds Restoration Programme and have prioritized the eradication of the Title Deeds backlog, especially the old stock, pre- and post-1994.

The appointed Conveyancers will be assisting in the implementation of the Programme, especially in resolving the disputes over the properties.

During the NHNR Roadshow in Kakamas (Hash Valley), Kai! Garib, on the 28th and 29th of September 2023 the District and COGHSTA embarked on a Title Deeds Rectification Programme. This Programme was aimed at verifying the beneficiaries on the sites where they were residing against the Municipality and Human Settlement database or records. There were discrepancies that were identified and these are some of the issues that are to be elevated to the Conveyancers for resolution.

Support for Housing Project Implementation:

The Housing Unit supports Local Municipalities in the implementation of housing projects, ensuring that they align with the standards set for quality and sustainability. This support includes quality control measures to ensure that the housing projects meet the required specifications and standards.

Challenges in Project Implementation:

Despite the ongoing support, there are challenges in the implementation of both new and existing housing projects. Some projects have experienced delays, and these delays are often due to issues with the approval process, funding allocations, or project readiness. Housing projects in the District are generally implemented in phases, with subsidies approved by the Province based on the demand database. However, the phased allocation of resources can sometimes slow down the completion of projects.

Collaborative Efforts with COGHSTA:

To address these challenges, the ZFMDM Housing Unit, in collaboration with the Department of Cooperative Governance, Human Settlements, and Traditional Affairs (COGHSTA), has engaged with Local Municipalities to discuss the Project Pipeline and Project Readiness Matrix. These engagements are designed to assess the readiness of identified projects to receive funding and commence implementation. By ensuring that projects are ready for execution, the District

Annual Report 2023/2024

Municipality can more effectively fulfil its accreditation mandate and expedite the delivery of housing.

This collaborative approach aims to streamline the process of housing delivery, ensuring that the needs of communities within the District are met efficiently and that housing projects are completed within the anticipated timelines. The ongoing support and engagement with Local Municipalities and COGHSTA are crucial in overcoming challenges and achieving the District Municipality's housing goals.

Accreditation and Allocation Committees

The District Municipality established the Allocation Committees in partnership with the Kai! Garib, !Kheis, Tsantsabane, and Kgatelopele Local Municipalities. These Allocation Committees are responsible for developing criteria for selecting beneficiaries for new housing projects. This approach replaces the previous system of using a waiting list for beneficiary allocations.

Projects

The Department of Human Settlement in the Northern Cape embarked on a developmental strategy to get the projects ready for Housing development. According to the Project Readiness Matrix (PRM) and the Project Pipeline, the housing projects can only be implemented in those areas that have satisfied the requirements of readiness. The Construction of houses were halted from sites that are not serviced to allow for the Township establishments and Civil Services to be implemented first before the houses are built. Currently, many sites are serviced and ready to receive the houses.

The President of South Africa launched an R1 Billion Housing Project in the whole of Northern Cape during his visit to Kimberley on the 18th of January 2024. The ZF Mgcawu District Municipality received 500 Houses in this project which are in the Dawid Kruiper Municipality (450) and !Kheis Municipality (50) respectively.

The MEC of Human Settlement in the Northern Cape, Honorable Bentley Vass visited the ZFM District on the 09th of March 2024 to introduce the 500 housing project to the Municipalities within the District. A separate function was held by the MEC to introduce the Contractor for the 200 Houses in Rosedale and Smarties locations, which is part of the 500 allocation to the District.

There were challenges regarding the selection of these projects for implementation because the projects were selected due to the state of readiness, where the Services are fully available. The areas where these services were installed are mainly the new informal settlements which has

Annual Report 2023/2024

resulted in the older settlements being left out of the development. In most cases, these new settlements have a lot of young Households than the older settlements which have the majority of older persons.

The other challenge that the District is facing is regarding the previous projects that have been approved and were being implemented in phases but could not continue with the other phases. These projects are in a situation where currently they have to undergo the town establishment and services installation before they can be implemented as they no longer qualify in the Project Readiness Matrix.

In addition, there are blocked projects, currently in Skeyfontein and Wegdraai in the Tsantsabane and !Kheis Municipalities, that had the contracts terminated due to the non-performance of the Contractors. These Projects have non-compliances that are not easy for the next contractor to accept and continue to bring the projects to completion. The District will be engaging with the Human Settlement Department so that the District can be in a position to implement some of these projects as part of our Accreditation mandate.

Township Establishment Projects in ZFM

Town	Amount
Wegdraai	360 plots
Topline	248 plots
Opwag	730 plots
Grobbershoop	1517 plots
Boegoeberg	550 plots
Gariep	135 plots
Grootdrink	387 plots
Plangeni/Blaauwskop	50 hectare
Gamakor	1541 plots
Danielskuil	3000 plots
Pensfontein (Postmasburg)	1500 plots

Civil Services Projects

A total of 7846 stands were serviced and are ready for house construction as per the Project Readiness Matrix. In addition, a total of 4460 stands were being serviced in the Tsantsabane

Annual Report 2023/2024

Municipality and will also be ready for a Mixed Development Project.

MUNICIPALITY	Town	Total Serviced Stands
Kai! Garib	Gamakor	1500
!Kheis	Opwag	748
!Kheis	Grobbershoop	1539
Dawid Kruiper	Jurgenskamp	165
Dawid Kruiper	Smarties	324
Dawid Kruiper	Rosedale 1	400
Dawid Kruiper	Rosedale 2	438
Dawid Kruiper	Rosedale 3	452
Dawid Kruiper	Paballelo North East	990
Dawid Kruiper	Paballelo	881
Dawid Kruiper	Dakota Road	409

New Housing Projects

These are projects that are part of the R1 Billion Housing Projects in the Northern Cape that have been allocated to the ZF Mgcawu District Municipality

MUNICIPALITY	Town	Total Houses Allocated
!Kheis	Opwag	50
Dawid Kruiper	Jurgenskamp	50
Dawid Kruiper	Smarties	50
Dawid Kruiper	Rosedale 1	50
Dawid Kruiper	Rosedale 2	50
Dawid Kruiper	Rosedale 3	50
Dawid Kruiper	Paballelo North East	50
Dawid Kruiper	Paballelo	50
Dawid Kruiper	Paballelo (Makwetla Valley)	50
Dawid Kruiper	Dakota Road	50

Below are the new allocations within the ZF Mgcawu District in the Dawid Kruiper Municipality which are still to commence and for which Contractors have already been appointed for these projects.

Annual Report 2023/2024

MUNICIPALITY	Town	Total Houses Allocated
Dawid Kruiper	Various Towns – Leerkrans (12), Ntsikelelo (12), Karos (12), Lambrachtdrift (12)	48
Dawid Kruiper	Military Veterans Houses	14
Dawid Kruiper	Rietfontein Rectification	191
Dawid Kruiper	Individual Houses	5

Blocked Housing Projects

The blocked Projects are a challenge to the District Municipality due to the impact it has on the beneficiaries that were waiting for their houses to be completed.

MUNICIPALITY	Town	Total Houses
!Kheis	Wegdraai	50
Dawid Kruiper	Military Veterans Houses	185

Discontinued Housing Projects

The following are the Projects that were previously approved but cannot continue to their next Phases or are currently on hold. Attention must be drawn to these projects so that they are successfully completed.

MUNICIPALITY	Town	Total Approved
Tsantsabane	Maranteng	300
Tsantsabane	Groenwater	485
!Kheis	Grootdrink	248
!Kheis	Topline	122
!Kheis	Wegdraai	178
Kgatelopele	Danielskuil	835

3.2 SPATIAL PLANNING AND LAND USE MANAGEMENT

The ZF Mgcawu District Joint Municipal Planning Tribunal, established under the Spatial Planning and Land Use Management Act (SPLUMA) 16 of 2013, plays a crucial role in managing land development within the District. Hosted by the ZF Mgcawu District Municipality, this tribunal ensures that land development applications submitted to Local Municipalities are reviewed and decided upon in a timely and structured manner.

The ZF Mgcawu District Municipality was responsible for the establishment of the Joint Municipal Planning Tribunal. This involved coordinating with various Local Municipalities within the district to ensure that the tribunal was set up in accordance with the requirements of SPLUMA.

The District Municipality successfully hosted quarterly tribunal sittings throughout the 2023/2024 financial year. These sittings were essential for the disposal of land development applications, ensuring that decisions were made efficiently and within the required timeframes.

During the tribunal sittings, the applications for land development submitted by the Local Municipalities were thoroughly reviewed. The tribunal's decisions aimed to facilitate orderly development while adhering to the principles of spatial planning and sustainable land use management.

The ZF Mgcawu District Municipality has taken on a crucial role in supporting Local Municipalities in the management and processing of Land Development Applications (LDAs) under the framework established by the Spatial Planning and Land Use Management Act (SPLUMA) 16 of 2013. The District Municipality ensured that all LDAs were fully completed and ready for consideration as prescribed by SPLUMA. A Professional Town Planner provided recommendations on these applications to ensure compliance with planning regulations and policies. The District Municipality has assumed responsibility for managing all processes related to the lodgement of LDAs, ensuring that applications are complete and meet the necessary requirements for tribunal consideration.

Support Provided by the District Municipality

Establishing Appeal Tribunals

The District Municipality assisted Local Municipalities in establishing appeal tribunals and adopting appeal procedures to ensure that applicants have a fair process for challenging decisions.

Land Use Management Systems

Support was provided for the approval and implementation of Land Use Management Systems, including training on SPLUMA-related matters for Local Municipality officials. The District Municipality also drafted capital contributions for LDAs and evaluated Spatial Development Frameworks (SDFs) and Land Use Schemes (LUS), ensuring they were SPLUMA-compliant.

Legislative and Procedural Guidance

The District Municipality helped Local Municipalities adopt Land Use Management Bylaws in line with SPLUMA, provided inputs on township establishment in collaboration with the Department of Cooperative Governance, Human Settlements, and Traditional Affairs (COGHSTA), and Heads of Departments, and facilitated the signing of Memorandums of Understanding. The District Municipality served as a member of committees responsible for reviewing SDFs and LUS, providing critical oversight and input to ensure that planning documents were aligned with national and provincial guidelines.

Through these efforts, the ZF Mgcawu District Municipality has significantly enhanced the capacity of Local Municipalities to manage land development effectively, ensuring that applications are processed efficiently and in compliance with SPLUMA and other relevant legislation. This proactive approach has been crucial in addressing the challenges faced by applicants and in promoting sustainable development across the District.

3.3 LOCAL ECONOMIC DEVELOPMENT AND TOURISM

3.3.1 LOCAL ECONOMIC DEVELOPMENT (LED)

The Local Economic Development (LED) Unit within the ZF Mgcawu District Municipality plays a vital role in fostering economic growth and improving the quality of life for residents by encouraging local collaboration and strategic initiatives. The goal of LED is to create sustainable economic development that leads to tangible benefits and an improved quality of life for all residents within the District Municipality. This approach allows local people, businesses, and government entities to work together towards common economic objectives.

The LED Unit offers direct assistance to provincial and local government in implementing economic development initiatives. This support is crucial for ensuring that economic policies and strategies are effectively translated into action at the local level. A significant focus of the LED Unit is on building the capacity of local stakeholders, including government officials, community leaders, and businesses. By enhancing their skills and knowledge, the LED Unit empowers local actors to contribute more effectively to the economic development of the area. The LED Unit plays a central role in facilitating and coordinating donor-funded programmes. It ensures that these programmes are aligned with local economic priorities and monitors their implementation to maximize their impact on the community.

The LED Strategy of the ZF Mgcawu District Municipality was adopted in May 2018. The strategy outlines the District Municipality's approach to stimulating local economic growth and development. It was developed in collaboration with the Provincial Department of Economic Development and Tourism (DEDaT) and incorporated inputs from various stakeholders across the District through consultative sessions.

Annual Report 2023/2024

The implementation of the LED strategy faces challenges, particularly in terms of securing the necessary human and financial resources. Without adequate resources, it is difficult to execute the initiatives and achieve the goals set out in the strategy.

Functionality of LED Forum and dates of meetings for 2023/2024

i. Transformation and Job Creation Implementation Forum

This forum was established by the Provincial Department of Economic Development and focuses on driving transformation and job creation initiatives within the District. It serves as a platform for discussing and coordinating efforts to enhance economic opportunities for local residents.

ii. Economic Collaborative Forum

Formed by the Dawid Kruiper Municipality LED Unit, this forum aims to foster collaboration among various economic stakeholders within the Municipality. It plays a crucial role in ensuring that local economic initiatives are aligned and that stakeholders work together towards common goals.

LED Forum Meetings for 2023/2024	
Transformation and Job Creation Implementation Forum	Economic Collaborative Forum
19 – 20 July 2023 Virtual Platform	28 March 2024 Dawid Kruiper Council Chambers
02 November 2023 Virtual Platform	
22 February 2024 Virtual Platform	
22 May 2024 Virtual Platform	

LED Projects

The Department of Science and Innovation (DSI), in partnership with the Technology Innovation Agency (TIA), has tasked the Human Sciences Research Council (HSRC), to appraise and map out the innovation landscape (i.e. innovation infrastructure, entrepreneurs, businesses, organizations, their networks and all other relevant institutions) of the Karoo region. The Department of Science

Annual Report 2023/2024

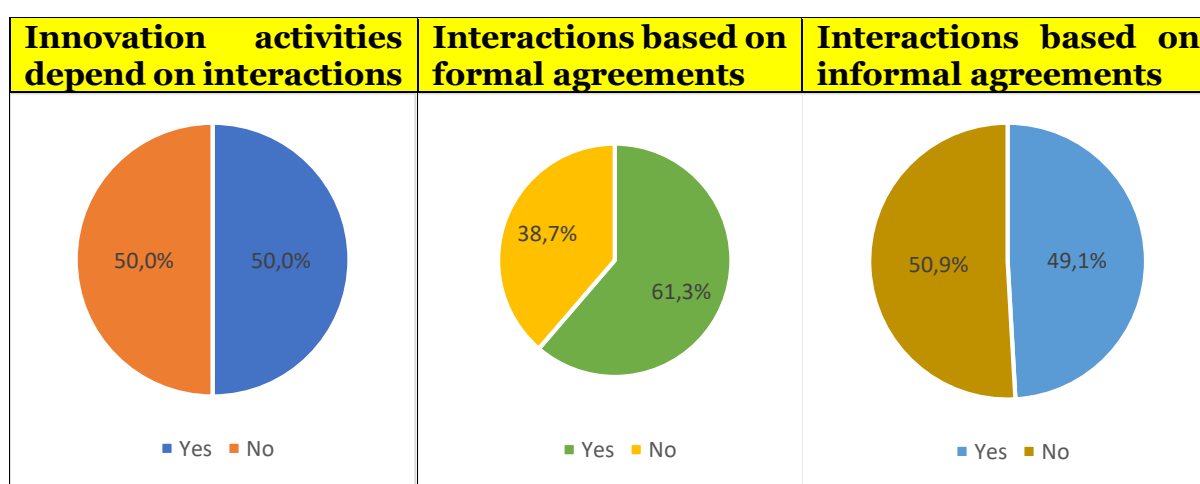
and Innovation and the Technology Innovation Agency requires this information to for the development of an inclusive and locally grounded regional innovation strategy, in support of SALGA's initiative on Small-Town Regeneration and Regional Economic Development (STR & RED Programme) project which started in 2022.

Networks drive Innovation in ZF Mgcawu District Municipality

Innovators in ZF Mgcawu District Municipality see relationships and interactions with stakeholders outside their enterprises as key drivers of their innovation performance. How these relationships and interactions are built for innovation offers critical insights into the types of networking that drive innovation. One direct benefit of innovation networks is the expansion of the pool of new ideas, knowledge, and information. In the long term, the positive spillovers from networking that enhance innovative performance can range from job creation to promoting greater socioeconomic equality.

One in two innovators in ZF Mgcawu say that networking drives the inputs they use to innovate and how they share their innovations. This demonstrates the importance of networking in the District and more importantly, it demonstrates the form of networking among the minority of innovators who interact with external actors who aid innovation.

Networking is mainly through formal interactions and relationships, as about one in three of innovators are involved in networks build around formal contracts (see figure below). Informal networks are equally important, with about half of the innovators indicating that they are engaged in interactions without formal agreements



What is to be done?

Strengthening networks for innovation in ZF Mgcawu must draw on learnings from innovators who have succeeded in building agile relationships with external partners in their innovation setting. Both formal and informal networks are crucial. Non-formal networking is often free from barriers, which means that innovators can join such networks with ease and also exit without restrictions. However, in order for innovation networks in ZF Mgcawu to yield more benefits, it is crucial for innovators and their supporters to transform existing networks into self-sustaining networks for innovation.

LED Training and Awareness Drive

Training of SMME's in the ZF Mgcawu District Municipality on how to apply for Township and Rural Entrepreneurship Programme (TREP) conducted by Department of Small Business Development (DSBD) together with its agencies Small Enterprise Development Agency (SEDA) and Small Enterprise Finance Agency (SEFA) the ZF Mgcawu District Municipality played an important part in liaising with the stakeholders in organizing the training for the SMME's. Below are the dates of the training in each Local Municipality:

DATE	LOCAL MUNICIPALITY	TIME	VENUE
20 November 2023	Kgatelopele	10H00	Town Hall
20 November 2023	Tsantsabane	12H00	Town Hall
21 November 2023	Kai !Garib (Kakamas)	09H00	Council Chambers
21 November 2023	Kai !Garib (Keimoes)	12H00	Library
22 November 2023	Dawid Kruiper	10H00	Piet Thole Community Hall
23 November 2023	!Kheis	10H00	Love Life Centre

ZF Mgcawu District Municipality in partnership with Empowa Youth hosted a three-day Youth and Investment Summit focusing on Youth empowerment and opportunities within key economic sectors. The summit took place from 26 – 28 October 2023 in Upington.

Through its LED Unit, the ZF Mgcawu District Municipality is committed to driving sustainable economic growth by leveraging local resources, fostering collaboration, and overcoming challenges in strategy implementation. The active participation of local stakeholders and the functionality of LED forums are crucial to achieving the goals set out in the LED strategy.

3.3.2 TOURISM

Tourism activities and campaigns during 2023/2024

Meeting	Date	Venue
Tourism Provincial Marketing Meeting by the Northern Cape Tourism Authority	20 October 2023	Virtual Platform
Tourism Monitors Programme in the Northern Cape	23 January 2024	Evelina De Bruyn Boardroom
Northern Cape Tourism Programme Strategic Planning Session	30 - 31 January 2024	Repa Boutique Guest lodge, Kimberley
Tourism Project Initiative by the Regional Department of Economic Development and Tourism	21 February 2024	Virtual Platform
The Northern Cape Local Government Tourism Peer Learning by the National Department of Tourism and SALGA	11- 12 June 2024	Virtual Platform
Establishment of the Northern Cape Provincial Tourism Safety Forum by the Provincial Department of Economic Development and Tourism	14 June 2024	Virtual Platform

Activities and Campaigns

The Green Kalahari office within the ZF Mgcawu District Municipality had a productive and impactful 2023/2024 financial year, marked by a series of activities and campaigns aimed at promoting tourism in the region. Below is an overview of the key activities and campaigns undertaken during the year:

Annual Tourism Awareness Campaign

The ZF Mgcawu Tourism Unit together with Dawid Kruiper conducted the Annual Tourism Awareness Campaign. The campaign took place on the 29th of September 2023 and it aimed to raise awareness about local tourism offerings and market various tourism entities within the

Annual Report 2023/2024

District. Tourists entering the town were welcomed at different petrol stations located on the entrance and exit routes of the town.

The campaign coincided with the Kalahari Kuierfees, a popular event that attracts numerous tourists to the area, making it an ideal time to engage with visitors. The campaign successfully reached 687 tourists who were in Upington for the Kalahari Kuierfees and the school holidays. This engagement helped promote local tourism businesses and increased awareness of the District's attractions.

Facility Visits

The annual Facility Visits program took place from the 13th of December 2023 to the 20th of December 2023 and aims to gather information on tourism facilities across the district, focusing on marketing opportunities and challenges faced by these establishments. The Green Kalahari Tourism Unit visited various tourism facilities throughout the District. The team collected data on the facilities' marketing efforts and identified challenges that needed addressing. The information gathered was compiled into a report, which was presented at the Tourism Provincial Marketing Forum meeting. This report provided valuable insights into the state of tourism facilities and helped inform future marketing and support initiatives.

Caravan Show

The Tourism Unit attended the Caravan Show, an event comparable to Europe's Salon Dusseldorf, where the latest caravans, trailers, motorhomes, and accessories are showcased. The Unit had the opportunity to represent and promote the Green Kalahari region at Southern Africa's largest caravan and motorhome exhibition. The Green Kalahari region received exposure to a broad audience of potential tourists and buyers, highlighting the area's tourism potential and attractions. The Caravan Show was held at the Gallagher Estate on the 23rd -25th February 2024.

Africa's Travel Indaba

The Green Kalahari office and the Dawid Kruiper Municipality collaborated in attending the annual Africa's Travel Indaba at the Durban International Convention Centre (ICC) from the 14-16 May 2024. The 2024 Indaba was successful, with high levels of activity and engagement from buyers and sellers, reminiscent of the event's most prosperous years. This participation helped reinforce the Green Kalahari's presence in the broader tourism market and fostered valuable connections with industry stakeholders.

These activities and campaigns underscore the commitment of the Green Kalahari office to promoting tourism in the ZF Mgcawu District and supporting local tourism entities. By engaging with tourists, visiting facilities, and participating in major exhibitions, the District has strengthened its tourism profile and laid the groundwork for future growth.

3.4 EXTENDED PUBLIC WORKS PROGRAMME (EPWP)

The Expanded Public Works Programme (EPWP) is a key initiative in South Africa designed to alleviate poverty and provide income relief through temporary employment, particularly targeting the unemployed and poor segments of the population. The program plays a critical role in empowering individuals by offering them the opportunity to participate in socially beneficial activities while gaining valuable work experience and skills.

The EPWP aims to provide immediate income relief by creating work opportunities for unemployed individuals, particularly in marginalized and impoverished communities. The program focuses on equipping participants with practical skills and work experience that enhance their employability, improving their chances of securing long-term employment or starting their own businesses. The participants in the programme are engaged in activities that benefit the community and public services, ensuring that the work carried out under the EPWP contributes to social and economic development.

The EPWP provides unemployed individuals with access to temporary work, enabling them to earn a stipend while contributing to community development projects. Participants receive on-the-job training and are often involved in skills development programs that are tailored to the specific work being undertaken. This training is intended to build the competencies needed to improve participants' future job prospects. By participating in the EPWP, individuals gain work experience, build a work history, and develop new skills, all of which are intended to improve their chances of finding sustainable employment or starting their own businesses in the future. Overall, the EPWP is an essential tool in South Africa's efforts to address unemployment, reduce poverty, and promote social inclusion by providing meaningful work and training opportunities to those in need.

Annual Report 2023/2024

The ZF Mgcawu District Municipality received R 999 000 allocation for the 2023/2024 financial year as an EPWP Incentive Grant with a 13 Full-Time Equivalent target

A total of 6 projects were identified and approved by the Northern Cape Province which are as follows:

1. Water leakage repair-Kheis
2. Small Business Support-Bakery
3. Routine maintenance ZFM head office
4. Roof and gutter repairs
5. Thembelihle Old Age Day Care Centre support
6. Cleaning of illegal dumping sites

The District Municipality undertook several impactful initiatives under the Expanded Public Works Programme (EPWP) during the 2023/2024 financial year to support local communities and address various needs. Here's an overview of the projects:

The District decided to assist! Kheis Local Municipality with the water leakage project given the fact that they did not receive an EPWP Incentive Grant for the 2023/2024 financial year. The project yielded much-needed results and a lot of appreciation, given its impact at other Local Municipalities where it was implemented with the focus on continuation in terms of job creation and addressing the sanitation need. The project focused on creating job opportunities and addressing crucial sanitation needs, demonstrating the effectiveness of the EPWP in improving community infrastructure and livelihoods.

We also identified the small business support of a bakery to assist an upcoming bakery business trying to establish them in the community of Paballelo. With the identification of routine maintenance, we decided to continue with the routine maintenance given the lack of workers for executing routine maintenance at both the Head Office and its Satellite Office

The District Municipality extended its support to the social sector by assisting Thembelihle Old Age Home. This involved funding extra labour for cleaners and gardeners, ensuring that the facility remained well-maintained for its residents. This support was crucial in maintaining the quality of care provided at the old age home, reflecting the District's commitment to the well-being of its vulnerable residents. The District Municipality concluded its EPWP activities with an initiative focused on cleaning illegal dumping sites.

These initiatives highlight the District Municipality's commitment to addressing local needs through the EPWP, creating job opportunities, supporting small businesses, maintaining public

Annual Report 2023/2024

infrastructure, and improving the quality of life for its residents.

Project Aims:

- Providing temporary job opportunities for the youth and unemployed
- Reservation of our natural water resource
- Repair household water leakages
- Restore dignity of our people by replacing broken dysfunctional toilet pans and cisterns.
- Alleviating poverty by creating temporary jobs for the unemployed
- Assist upcoming small business
- Waste management
- Assist in providing labour at the Thembelihle old age home for the assistance in cleaners and gardeners.

Project Completion

1. Water Leakage repairs in !Kheis Local Municipality

- Identified temporary EPWP workers were 42 throughout the project duration
- Project duration: 18 July 2022 to 26 August 2022
- Temporary EPWP Workers were inducted by the Independent Development Trust
- Toolboxes were handed over to project supervisors for continuing their trade and create an income for themselves after project completion as a form of capacitation.
- Participants were identified by the province enterprise sector to be capacitated within their trade and through other value added means and completed capacitating programmes provided by the province
- Workers received protective clothing
- Households water leakages and pots were installed
- Water taps were installed
- Basin traps prepared
- Water access from outside connections to some household were installed.

A total number of 8 FTE's were created

2. Small Business Support-Bakery

Identified temporary EPWP workers were 6 throughout the project duration

Project duration: 01 February 2024 to 03 May 2024

Salaries for the workers were paid during the project.

A total number of 1.6 FTE's were created

Annual Report 2023/2024

3. Routine maintenance ZFM head office

- Identified temporary EPWP workers were 03 for the 2023/2024 financial year
- All workers conducted daily routine maintenance work at Head Office and Satellite Office

A total number of 3 FTE's were created

4. Roof and Gutters repairs

- Service provider appointed
- Service provider appointed 06 workers for project duration
- Cleaning of gutters and reparation as well as replacing downpipes
- General Roof repairs and patches.

A total number of 0.52 FTE's were created

5. Thembelihle Old Age Day Care Centre support

- Employed 8 temporary EPWP workers during project duration
- Project duration 13 November 2023 until 23 January 2024
- Assisted Thembelihle Old Age Day Care Centre by employing people that would assist with gardening and cooking

A total number of 1.66 FTE's were created

6. Cleaning of illegal dumping sites

- Employed 43 temporary workers during project duration
- Project duration 15 September 2023 until 06 October 2023
- Engaged with cleaning litter and waste.

A total number of 2.8 FTE's were created

Annual Report 2023/2024

FTE Summary

Project	Duration	Work Opportunities	Days Worked	FTE's
!Kheis Water Leakage Repairs	14 August 2023- 27 October 2023	42	44	08
Small Business Support-Bakery	01 February 2024- 03 May 2024	06	63	1.6
Cleaning of Illegal Dumping Sites Kai !Garib	15 September 2023- 06 October 2023	43	15	2.80
Support Thembelihle Old Age Home	13 November 2023- 23 January 2023	08	48	1.66
Refurbishment of ZFM DM offices (Service Provider appointed)	02 January 2024- 29 January 2024	06	20	0.52
ZFM Routine Maintenance	01 July 2023- 30 June 2024	03	230	03
Total		108	420	17.58

3.5 RURAL ROADS ASSET MANAGEMENT SYSTEM GRANT (RRAMS)

The Rural Roads Asset Management Systems (RRAMS) Grant is a strategic initiative aimed at strengthening the capacity of District Municipalities in managing road assets, particularly in rural areas. The primary purpose of the RRAMS Grant is to assist District Municipalities in establishing and improving their Road Asset Management Systems. This includes the collection of road and traffic data, which is crucial for making informed decisions about road maintenance and infrastructure investment. The program aligns with the Road Infrastructure Strategic Framework for South Africa (RISFSA), ensuring that the data collected and the systems developed are in line with national standards and strategic objectives.

The RRAMS Grant includes a graduate recruitment program focused on recruiting qualified candidates, especially in civil engineering or related fields, to participate in a job graduate development program. This program primarily targets graduates who need practical experience to fulfill graduation requirements, aligning with their academic and career goals. The initiative is designed to build road sector management capacity at the Local Government level, ensuring that Municipalities have skilled professionals to manage and maintain road infrastructure effectively.

The ZF Mgawu District Municipality is currently at level II in terms of its Road Asset Management Systems. This indicates a certain level of maturity in the management of road assets, though there may still be areas for further development and improvement.

The RRAMS program aims to improve the accuracy and comprehensiveness of data on municipal rural roads, which is essential for guiding infrastructure maintenance and investment. Improved data quality can lead to reduced vehicle operating costs and better road management.

The program involves developing asset inventories and Fixed Asset Registers (FAR) that conform to national guidelines. These inventories consider the attributes, extent, and location of road assets, based on both existing data and field observations during data collection activities.

This initiative is crucial for the sustainable management of rural road infrastructure, ensuring that resources are effectively allocated and that road networks are maintained to support economic

Annual Report 2023/2024

activities and improve the quality of life in rural areas. The RRAMS Grant not only enhances road management but also provides valuable professional development opportunities for young graduates entering the field.

Inventory Assessment

The Rural Roads Asset Management Systems (RRAMS) Inventory Assessments are a critical component of the RRAMS Grant, focusing on the comprehensive evaluation and documentation of road assets within the District Municipality. These assessments provide the necessary data to guide maintenance, investment, and management decisions for rural roads.

There were no inventory assessments conducted in the 2023/2024 financial year. The graduates will only conduct assessments where there is an upgrade, construction of a new road and maintenance of an ancillary asset.

Visual Assessments

Technical Methods for Highway Manual for Visual Assessment

The Technical Methods for Highway Manual (TMH9) for Visual Assessment of road pavements is the guiding tool for visual assessments of the condition of the roads at the network level for use in pavement management systems.

This tool allows for the District Municipality to determine the following:

- The condition indices
- The maintenance and rehabilitation needs, and
- The priorities at the Network level

The process involves analysis of the stress upon the road network whereby visual characteristics are classified under Attributes of Distress (Type, Degree, Extent and Spacing/Activity where applicable).

The District Municipality used the Fulcrum system to capture the information collected while conducting visual assessments within the Local Municipalities of the ZF Mgcawu District Municipality.

Assessed Local Municipalities

The table below shows the length of the road network assessed for the 2023/2024 financial year. The focus for the financial year was on the visual roads assessments for unpaved roads as stipulated in the Business plan.

Local Municipality	Road Network Length (km)		
	Earth	Gravel	Total
Kgatelopele	9.38	37.91	47.29
Kai !Garib	147.44	55.60	203.04
Tsantsabane	56.44	116.79	173.23

The RRAMS Visual Assessments for unpaved roads were conducted in Kgatelopele Local Municipalities, Kai !Garib Local Municipality and Tsantsabane Local Municipality. The visual assessment condition for paved roads will be conducted in the 2024/2025 financial year for the two Local Municipalities which are!Kheis Local Municipality and Dawid Kruiper Local Municipality. The Gravel Roads Management System (GRMS) reports were compiled by the graduate technicians and will be handed to the three Local Municipalities during one one-on-one meetings.

RRAMS Traffic Counts

Traffic monitoring and axle load is the process of measuring and collecting various traffic and vehicle characteristics such as traffic count and axle loads. These characteristics are mainly intended for use in engineering management, planning, and design of road networks and infrastructure. Traffic counts were not conducted in the 2023/2024 financial year. Traffic counts are planned to be conducted in the 2024/2025 financial year in two Local Municipalities which are Tsantsabane and Kai !Garib.

RRAMS Training Report

Many Local Municipalities are facing a situation where experienced engineers are nearing retirement. This creates a skills gap that needs to be filled by the next generation of engineers. The loss of skilled engineers who seek opportunities abroad further exacerbates the shortage of technical expertise within Local Municipalities. This trend underscores the urgent need for developing new talent within the country. The RRAMS Programme actively recruits young graduates, particularly those with qualifications in civil engineering or related fields, to participate in the Programme.

This recruitment not only provides immediate assistance in managing road assets but also prepares these graduates for future roles within local government. The Programme ensures that

these graduates work alongside experienced engineers, allowing for hands-on learning and the transfer of critical skills. This mentorship is essential for developing the technical proficiency and practical knowledge needed for effective infrastructure management.

Improved technical capacity within District Municipalities directly translates into better service delivery. With a strong team of engineers, Municipalities can more effectively manage road assets, reducing the likelihood of infrastructure failures and improving overall road safety and accessibility.

The graduate's technician attended one training or short course of Spatial intelligence data science in the 2023/24 financial year as one of the training stipulated in the Business Plan.

The RRAMS Grant's prioritization of graduate appointments is a strategic approach to addressing the current challenges in the engineering field within District Municipalities. By focusing on capacity building, the Programme ensures that the necessary skills are retained and developed locally, which is vital for maintaining and improving infrastructure in the long term.

3.6 ENVIRONMENTAL HEALTH AND AIR QUALITY MANAGEMENT

3.6.1 ENVIRONMENTAL HEALTH

Environmental Health Services (EHS) is a function of District and Metropolitan Municipalities in South Africa in terms of Section 32 (1) of the National Health Act 2003 (Act 61 of 2003), as amended and stipulates that "Every Metropolitan and District Municipality must ensure that appropriate municipal health services are effectively and equitably provided in their respective areas."

The ZF Mgcawu District Municipality provides the surveillance and prevention of communicable diseases, general hygiene monitoring, health surveillance of premises, disposal of the dead, and water quality management.

Annual Report 2023/2024

Environmental Health comprises those aspects of human health (including the quality of life) which are determined by physical, chemical biological, social, and psycho-social factors in the environment. It also refers to the theory and practice of ascertaining, correcting, controlling, minimizing, and preventing those factors in the environment that can potentially harm the health of the present and future generations.

Functions of Environmental Health Services:

(a) Surveillance and Prevention of Communicable Diseases

The District Municipality is responsible for monitoring the spread of communicable diseases and implementing measures to control and prevent outbreaks. This includes vaccination campaigns, health education, and the management of quarantine facilities when necessary. The EHS team is trained to respond swiftly to disease outbreaks, conducting investigations and coordinating with health authorities to mitigate the impact on the population.

(b) General Hygiene Monitoring

Inspection of Public Spaces: Regular inspections of public spaces such as markets, schools, and food establishments are conducted to ensure compliance with health regulations. This helps prevent the spread of diseases and maintains high hygiene standards.

Enforcement of Hygiene Standards: The EHS Unit enforces hygiene standards by issuing notices and penalties to non-compliant entities. This includes ensuring that food handling, waste management, and sanitation facilities meet required standards.

(c) Health Surveillance of Premises

Premises Inspections: The health of the community is closely tied to the condition of the premises where they live, work, and socialize. The EHS unit conducts inspections of residential, commercial, and industrial premises to identify and rectify any health hazards.

(d) Disposal of the Dead

Management of Burial Sites: The District Municipality oversees the management of burial sites and crematoriums to ensure they are operated according to health and safety standards. This includes the proper handling and disposal of human remains to prevent environmental contamination.

Annual Report 2023/2024

Regulation of Funeral Services: The EHS Unit regulates funeral services, ensuring that all practices meet legal and health requirements. This includes the transportation and storage of bodies, as well as the operation of funeral parlours.

(e) Water Quality Management:

Water Monitoring: Ensuring the quality of water sources is a critical function of EHS. Regular testing and monitoring of drinking water sources are conducted to ensure they are free from contaminants and safe for consumption.

Pollution Control: The unit works to prevent water pollution by monitoring industrial discharges and agricultural runoff, as well as enforcing regulations related to wastewater treatment and disposal.

Public Health Education: The EHS team educates the community about the importance of water conservation and proper sanitation practices to maintain water quality.

The ZF Mgcawu District Municipality, through its Environmental Health Services, plays a vital role in safeguarding public health by addressing environmental factors that could harm the health of its residents. The effective management of these services is essential for the well-being of the community, ensuring that both current and future generations enjoy a healthy environment.

Area of jurisdiction

ZF Mgcawu District rendered Environmental Health Services in the Dawid Kruiper,! Kheis, Kai !Garib, Tsantsabane and Kgatelopele local municipal areas during the financial year 2023/2024

Current Operations

There are 8 EHP's (Environmental Health Practitioners) operating in the ZF Mgcawu District Municipal area. Of these EHPs, 2 are in management positions, which leaves 6 operational EHPs which gives an average of 1 EHP to every 42000 of the population. The national norm is 1 EHP for every 10 000 of the population.

The vast distances in the province of 102 484km² make it even more of a challenge to render a proper Environmental Health Service. This risk was added to the Risk Register. The operations of environmental health form part of the IDP and comprise the rendering of Municipal Health Services in the region, according to the Scope of the profession of Environmental Health as

Annual Report 2023/2024

described in Regulation No. R. 698 of 26 June 2009.

Planning

The Environmental Health Unit compiles an Annual Strategic Operational Plan for every financial year and this EH Strategic Plan 2023/2024, guided the operations of the Environmental Health Unit in the ZF Mgcawu District Municipality.

Health Indicator	Definition
Water	Water Quality Monitoring
Sanitation	Monitor state of general sanitation in the community and monitoring of sewage treatment works
Waste Management	Waste site monitoring, clean environment, and health care waste monitoring.
Food Control	Regular inspections of food premises and compliance with Regulation R638 regarding hygiene on food premises.
Hygiene	The general hygiene of premises and the state of the environment at Pre, primary and Secondary schools, Early Childhood Development Centers, Guest Houses, Old age homes, Retirement villages etc.

Reporting

The Environmental Health Unit report on its operations as follow:

- Monthly DHIS (District Health Information System) to the Department of Health.
- Monthly to the Mayoral Committee of ZF Mgcawu District Municipality.
- Quarterly a comprehensive Environmental Health Report were send to every Local Municipality where the ZF Mgcawu District Municipality renders an Environmental Health service and these Environmental Health Quarterly Reports addresses all issues under the scope of practice for Environmental Health Practitioners.

Evaluation

Operations and production of the Environmental Health Unit as indicated in the IDP and then unpacked in the SDBIP, is reviewed quarterly through the performance management and SDBIP evaluation systems on all environmental health operations in the ZF Mgcawu District Municipality.

Annual Report 2023/2024

There is also a Risk Management profile for the EH Unit in ZFM and the control measures on that is also monitored quarterly.

Auditing

The Environmental Health Unit was also audited by the Internal Audit Unit of ZFM for the 2023/2024 financial year. The EH Unit was also audited by the External Auditor Board of the National Department of Environmental Health in February 2024 and scored a proud and remarkable 85 %

Environmental Health Operational Campaigns 2023/2024

Compliance Monitoring of Tuckshops

The Environmental Health Unit participated in an Inter-Provincial Cross Border Operation consisting of different stakeholders such as the South African Police Service (SAPS), Immigration/Home Affairs, Liquor Board, and the Department of Labour. The Operation was held in Upington on the 21 -22 of February 2024.

On 29 February 2024, the Environmental Health Unit participated in a Cross Border Operation held in the Kalahari area, to conduct monitoring compliance at Tuckshops situated in that area.

The purpose of the Operations was to monitor compliance of food premises with regards to Regulation R638 of the Foodstuffs, Cosmetics, and Disinfectants Act, 1972 (Act No.54 of 1972) and to educate the South African Police Service Station Commanders and Business Owners within ZFM on expired goods and best before dates. The Environmental Health Unit also conducted Joint Compliance Monitoring of Tuck shops at the ZFM District Service Delivery Programme which was led by the Executive Mayor and Ward Councillors. These joint Operations took place in the Dawid Kruiper Municipality, Kai !Garib Municipality and !Kheis Municipality.

Challenges

- Food premises operating without a permit from the Local Municipalities.
- Food premises without a valid Certificate of Acceptability.
- Inaccurate database of all Tuckshops for all Local Municipal areas.
- The absence of Municipal By-Laws on the regulation of Tuckshops in all Municipal areas
- The absence of law enforcement of these local municipal By-Laws.
- Ineffective to non-existing pest control programmes, using animals such as cats as a means of pest control.
- Food that has passed the expiry dates was found on the shelves.

Annual Report 2023/2024

- Selling of food products that were not properly labelled in accordance with the Labelling Act

The Environmental Health Unit conducted radio segments on the local station to raise awareness about loadshedding and its effects on food safety, the integrity of the food chain, and the importance of maintaining proper temperature control.

Events Hosted in the ZF Mgcawu District

The Environmental Health Unit played an active role in food control during events, Ministerial and Presidential programs, as well as social and sports events hosted within the District, and facilitated by the South African Police Service.

Participation during the Food outbreak in South Africa on a District level during March 2024

Weekly meetings were held with the South African Police Service, Border Control representatives, the Liquor Board, the Gambling Board, the Consumer Protector, Local Economic Development Departments of Local Municipalities, various other Departments, the Senior State Prosecutor, and many more. Several operations were carried out in the District, during which tuck shops were inspected. Certain food products were seized and destroyed, and prohibition orders were issued to tuck shops found to be non-compliant.

Water Monitoring

In addition to continuous monthly water quality monitoring, Environmental Health initiated an additional monitoring campaign, since various purified water premises opened during 2023/2024. Environmental Health evaluated, set requirements, took samples and submitted samples to an accredited local laboratory for analyses in terms of Water Legislation. Certificates of Acceptability were issued to compliant premises.

Notifiable Diseases

Environmental Health is a profession rooted in proactiveness and prevention. During the 2023 Cholera outbreak, Environmental Health actively participated in local awareness campaigns through the distribution of flyers and information dissemination at the District, School, and Health facilities, in collaboration with the Provincial Department of Health. A contingency plan was implemented and presented to the Mayoral Committee to update the Council on the status and occurrences of the outbreak, as well as to outline precautionary measures for Cholera prevention

3.6.2 AIR QUALITY MANAGEMENT

Air Quality Management is a mandated function of Metro and District Municipalities, including the ZF Mgcawu District Municipality. This responsibility is guided by the National Environmental Management – Air Quality Management Act 39 of 2004 and the National Dust Regulations, R827 of 1 November 2013. Within the ZF Mgcawu District Municipality, Air Quality Management is an integral part of the Environmental Health function, overseen by a designated Air Quality Officer (AQO) appointed under Section 14 of the National Environmental Management Air Quality Act 2004 (Act no. 39 of 2004). The Air Quality Officer operates within the Environmental Health Services staff component.

The powers and functions of Air Quality Management are stipulated as follows:

Constitution of the Republic of South Africa (Act 108 of 1996):

Part B of Schedule 4 lists air pollution as a Local Government matter, as detailed in sections 155(6)(a) and (7). Section 156(1)(a) indicates that a Municipality has the right to administer Local Government matters listed in Part B of Schedule 4 and Part B of Schedule 5, including Air Quality matters.

National Health Act (Act 61 of 2003):

Notice 1229 of 2015, National Environmental Health norms and standards, Chapter 1, Section 4(2) includes the National Environmental Management Air Quality Act, 2004 (Act no. 39 of 2004) as part of the legislative framework for Environmental Health norms and standards. Chapter 2, Section 10 of the Norms and Standards for Environmental Health describes Air Quality Management as part of the Scope of Practice for Environmental Health under environmental pollution control of premises.

The ZF Mgcawu District Municipality, through its AQO and EHP staff, ensures compliance with these legislative frameworks to maintain and improve air quality, thereby protecting public health and the environment.

Annual Report 2023/2024

Key functions and main activities for the financial year ending 30 June 2024 were:

- The second generation Air Quality Management Plan 2024 and the Air Quality Management By-Laws were developed for the ZF Mgcawu District Municipality and it was approved by Council on the 27th of June 2024. The Air Quality Management By-Laws will be published in the Northern Cape Provincial Gazette during the 2024/2025 financial year.
- Public participation in the Air Quality Management Plan (AQMP) and By-laws included stakeholder meetings, notifications to internal and external stakeholders, awareness initiatives for local municipalities, and advertisements on the ZFM website and in local newspapers

The Air Quality Unit enjoys good partnerships with the Provincial Department of Agriculture, Environmental Affairs, Rural Development and Land Reform through the Provincial Quarterly Air Quality Management Forum meetings.

The Department serves as the custodian of this forum, which is designed to fulfil the following functions:

- The forum is held quarterly and rotates through the 5 Districts in the Northern Cape.
- The meetings alternate between on-site visits to air-quality licensed facilities and formal boardroom meetings.
- The forum also serves as an educational platform utilized by the Department to disseminate best practices, raise awareness, and ensure that Air Quality Officers at Provincial and District levels are consistently informed about the latest developments in the complex and ever-evolving field of Air Quality Management in South Africa.

Forum Meetings 2023/2024

Air Quality Forum Meetings 2023/2024
21 September 2023
07 November 2023
06 March 2024
20 June 2024

Awareness

The Air Quality Management Unit conducted quarterly awareness campaigns in the community relating to air quality, environmental management and climate change. The awareness campaigns take on the form of distributing pamphlets from door to door and at libraries.

During the last quarter of the year under review, the awareness campaigns focused primarily on the development of the current Air Quality Management Plan and the accompanying By-Laws.

Challenges

The primary challenges facing Air Quality Management (AQM) in ZFM District include:

Funding: AQM is a highly specialized field that necessitates advanced training and equipment. This requires additional funding for monitoring tools and ongoing staff training to keep up with new developments. However, the current budget for ZFM is constrained, and budget cuts and cost-saving measures limit the ability to fully implement and manage AQM activities.

Appointment of Air Quality Officials: Given that Air Quality Management (AQM) is a highly scientific and rapidly evolving field, it is crucial to continuously educate and train Air Quality Officers. ZFM should prioritize the training of new AQ officers to ensure they are fully qualified and capable within the next five years, as the current officer is expected to retire by then.

3.7 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The ZF Mgcawu District Municipality's Information and Communication Technology (ICT) Unit is a vital component of the organization, providing essential ICT services and support to all Departments, Employees, and Councillors. The ICT Unit is responsible for managing the architecture, hardware, software, and networking of the District Municipality's computer systems, ensuring that all employees have the necessary access to perform their duties efficiently.

Functions of the Information and Communication Technology (ICT) Unit

Network Infrastructure: Planning, designing, procuring, implementing, managing, and maintaining the District Municipality's information and communication technology network infrastructure.

Server Management: Configuring, procuring, implementing, managing, and maintaining municipal application servers, file servers, and print servers.

Procurement: Procuring ICT equipment and software for all Directorates, ensuring that the technology meets the organization's needs.

Installation and Repair: Installing and repairing all ICT equipment to ensure continuous functionality and support for the organization's operations.

System Maintenance and Backups: Planning, designing, and developing daily, weekly, and monthly back-end processing procedures, including the maintenance and system backups of all servers to ensure data integrity and availability.

Access Control and Policy Enforcement: Maintaining and monitoring access to municipal ICT facilities, ensuring adherence to Council policies related to ICT.

The priorities of the Unit include but are not limited to ICT Risk Management, ICT security management, safeguarding of ICT assets, disaster recovery and continuity of operations as well as rendering support to Local Municipalities.

Improvements to the Information Technology Infrastructure

- The Municipality went out on Tender and implemented new Conference and Recording system for the council room, which integrates with internet for virtual meetings as well.
- The continuous procurement and acquisition of laptops was done to replace laptops of employees and upgrade to new windows 11 Pro operating systems to ensure its compatible and eligible for security updates and meet the current requirements to be compatible with the ICT environment

Annual Report 2023/2024

- The District Municipality implemented the Human Resource, the Supply Chain Management module on the new Mscoa system. Payroll and asset module will follow in the 2024/2025 financial year.

Policies and procedures that were implemented

All existing policies were reviewed and approved during the 2023/2024 financial year.

Policies reviewed and approved for 2023/2024	Date Approved
ICT User Account Management Policy	31 May 2023 and 30 June 2023
ICT Backup Policy	
ICT Change Control Policy and Procedure	
ICT Helpdesk Policy	
ICT Infrastructure Capacity Planning Policy	
IT Governance Charter	
IT Risk Management Policy	
Prince 2 Project Management Policy	
IT Service Level Agreement Policy	
ICT Security Controls Management Policy	
ICT Disaster Recovery Policy	
IT Strategic Plan Policy	
IT Waste Management Policy	
IT Governance Framework (Cobit 5)	
ICT Business Impact Risk Analysis	

ICT Units' Capacity

Four ICT Interns provided by the Vodacom training were appointed to assist the ICT Department from 1 April 2024 – 31 July 2024.

One ICT Intern is on a program of LGSETA from 1 September 2023.

The District Municipality will try and make use of ICT interns regularly, to minimize the personnel costs and to assist with the transfer of skills to other people.

ICT Meetings and Reporting Structures

The ICT Steering Committee and the IT Advisory Committee meetings were held every quarter to address IT functions and to monitor progress made on the IT Audit Recovery.

ICT forms part of the Risk Management Committee and Audit Committee, where ICT reports on IT Risks and Audit issues. These meetings occur quarterly. The ICT Unit reports on challenges experienced within the Unit pertaining and matters related to ICT risks, audits, capacity, training, security, infrastructure and funding constraints among others.

Quarterly risk assessments are conducted to identify, mitigate and monitor any ICT risks.

Challenges Experienced by the ICT Unit of ZF Mgcawu District Municipality

During the year under review, the ICT Unit of the ZF Mgcawu District Municipality faced several significant challenges, which impacted their ability to provide optimal support and services. These challenges were, amongst others:

Requirements for Improvements and Upgrades

Funding

The ICT Unit needs consistent funding to ensure continuous improvements, maintenance, and upgrades of their systems. Without adequate funding, it is challenging to keep up with technological advancements and ensure the systems remain efficient and up-to-date.

Training

Financial resources are necessary to provide training for staff, enabling them to stay current with the latest technologies and best practices.

Business Continuity and Security:

Additional controls and measures need to be implemented to enhance business continuity and improve overall security. These measures also require funding to be effectively put in place.

Additional Personnel:

There is a critical need for more staff to improve and support the ICT infrastructure. The current staffing levels are insufficient to handle the growing demands and complexities of maintaining the

Annual Report 2023/2024

ICT systems within the District Municipality. To sustain and maintain the ICT infrastructure and environment effectively, the existing ICT personnel require enhanced training. This training is necessary to build the capacity of the team, ensuring they have the skills and knowledge to manage and support the technology effectively.

IT Support to Local Municipalities

IT Security assessments were completed for !Kheis Local Municipality and Kgatelopele Local Municipality during the 2023/2024 financial year.

Quarterly IT Advisory meetings were held to assist, advise, support, and monitor IT Functions within B municipalities in the District.

IT Advisory Meetings for 2023/2024
20 September 2023
9 November 2023
23 February 2024
10 May 2024

Challenges Experienced with Local Municipalities

- No funding and budgets available for ICT infrastructure.
- The importance of ICT within the Municipalities is not realized as a value delivery and driver.
- Municipalities do not have sufficient ICT personnel and capacity training for supporting ICT environment.
- The attendance of IT Advisory meetings and availability of ICT officials from Local Municipalities is not up to standard.
- Local Municipalities do not always cooperate with ICT Security assessments that need to be conducted.

3.8 DISASTER MANAGEMENT

The Disaster Management Act, 57 of 2002, provides a comprehensive framework for managing disasters in South Africa. The Act emphasizes the importance of an integrated and coordinated approach to Disaster Management, which includes the following key components:

Integrated Disaster Management Policy

The Act focuses on preventing and reducing the risk of disasters through proactive measures. It also highlights the importance of emergency preparedness, ensuring that communities and authorities are ready to respond rapidly and effectively when disasters occur. Post-disaster recovery and rehabilitation are also critical components, aimed at restoring normalcy and reducing the long-term impact of disasters.

Municipal Disaster Management Centres

The Act mandates the establishment of Municipal Disaster Management Centres, which are responsible for coordinating disaster management activities within their jurisdictions. These centres operate within a defined framework and are tasked with liaising with municipalities and relevant stakeholders to manage disaster-related issues effectively.

It must be noted that the District Municipality does not have a Disaster Management Centre and the Local Municipalities also do not have Disaster Centres. Local Municipalities are not able to deal with any disasters due to financial difficulties and a lack of personnel.

District Municipality's Responsibility under Section 42

Section 42 of the Act places a specific responsibility on District Municipalities to establish and implement a Disaster Management Framework. This framework must ensure an integrated and uniform approach to disaster management across the District Municipality and its Local Municipalities. The framework should cover all aspects of disaster management, from prevention and mitigation to response and recovery, ensuring that all levels of government and relevant stakeholders work together cohesively.

Annual Report 2023/2024

Consultation and Alignment with National and Provincial Frameworks:

According to Section 42(2) of the Act, the District Municipality must consult with the Local Municipalities within its area when establishing the Disaster Management Framework. The framework must be aligned with the national and provincial Disaster Management Frameworks to ensure consistency and coordination across all levels of government. This approach ensures that disaster management efforts are cohesive, comprehensive, and tailored to the specific needs of the district while adhering to broader national and provincial strategies. The emphasis on consultation and alignment helps to foster collaboration among various stakeholders, enhancing the overall effectiveness of disaster management efforts.

The provisions made in these Legislations are aimed at ensuring a systematic and coordinated approach to managing disasters, enhancing the resilience of communities, and ensuring effective responses and recovery efforts.

The ZF Mgcawu District Municipality does not have a Disaster Management Framework and the District Disaster Plan was not reviewed for the year under review. The National Disaster Management Centre is in the process of making amendments to the National Disaster Management Framework after which the District Municipality will align and amend its own District Disaster Management Framework accordingly.

Disasters and disaster-related incidents

1) Veld fires in Danielskuil

On the 20th of September 2023 a runaway veld fire occurred $\pm$ 10km between Danielskuil and Kuruman, but due to strong winds the fire got out of control and spread rapidly to the neighbouring towns. The fire lasted until the 23rd of September 2023.

Assistance & Support from Stakeholders to mitigate the impact of the disasters

The provincial Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) provided assistance. The national Department of Forestry, Fisheries and Environment provided aerial support (two choppers and spotters). Support was also received from the following stakeholders:

- Fire team from John Taolo Gaetsewe District Municipality

Annual Report 2023/2024

- South African National Defence Force
- North West Province Fire Teams
- Department of Agriculture and Rural Development

Damages due to the Veld fires in Danielskuil

The veld fires in Danielskuil have caused significant damage, affecting both residential properties and the agricultural sector. Several houses have been destroyed, leaving families without shelter and personal belongings. The farming community has also suffered greatly, with many farmers losing cattle, which are vital to their livelihoods.

This disaster underscores the importance of coordinated disaster management efforts, including immediate response, relief, and long-term recovery strategies to support those affected.

Addressing such damages will require collaboration between local authorities, emergency services, and community organizations to provide the necessary assistance and resources for rebuilding and recovery.

Activities for 2023/2024

The following activities took place for the year under review:

- An organization called Working on Fire trained farmers in Mier on the prevention of veld fires and how to mitigate fires when they occur
- First Aid training was given to learners at a High School in Kakamas (Kai !Garib Local Municipality)
- The Fire Brigade trained the officials at the Correctional Services on various factors related to firefighting
- Awareness campaigns were conducted on the cold and extreme heat weather conditions following the heat waves in the District that led to deaths and heat exhaustion and the extreme cold temperatures prompted awareness to communities on how to stay safe during the winter season.

Challenges

Here are the key challenges related to Disaster Management in the ZFM District:

Annual Report 2023/2024

Limited Availability of dedicated officials: Currently, there are no dedicated Disaster Management officials except for Kai !Garib, and some officials are unavailable for emergencies after hours.

Poor Attendance at District Forum Meetings: Departments and Municipalities often fail to attend District Forum meetings, hindering coordination and communication.

Non-compliance with the Act: Municipalities are required by the Disaster Management Act to budget for Disaster Management and appoint officials specifically for this purpose. However, many Municipalities either do not allocate a budget for Disaster Management or have limited funding.

Lack of Reports: There is a lack of reporting from Local Municipalities and sector Departments, which affects the overall management and response to disasters and makes it difficult to assess the current situation and needs.

Insufficient Fire Equipment: Municipalities lack the necessary fire equipment to handle domestic and veld fires, contributing to poor fire services in the District.

Poor Fire Services: Fire services within the District are inadequate, which impacts response capabilities.

There is a clear need for intervention from the Provincial Disaster Management Centre to address these issues and improve the management of disaster-related matters.

These points suggest a critical need for better organization, communication, and resource allocation in Disaster Management within the ZF Mgcawu District Municipality

3.9 MUNICIPAL SUPPORT

Section 83 and 84 of the Local Government: Municipal Structures Act, 117 of 1998, specifically in Chapter 5, outlines the functions and powers of municipalities, with a particular focus on the role of district municipalities. These sections emphasize the district municipality's responsibility to achieve integrated, sustainable, and equitable social and economic development across its jurisdiction. The Structures Act tasks the District Municipality to ensure that development

Annual Report 2023/2024

planning is integrated across the District. This means coordinating planning efforts to create a cohesive strategy that benefits the entire District rather than isolated parts.

The District Municipality is responsible for building the capacity of Local Municipalities within its area. This is particularly important when Local Municipalities lack the capacity to perform their functions or exercise their powers effectively. The District Municipality must provide support, training, and resources to help Local Municipalities fulfill their roles.

The core values of the ZF Mgcawu District Municipality are primarily shaped by the moral fibre of the administrative and political leadership of our municipality, guidance by the Batho Pele service delivery principles and the strategic compass provided to us by the Northern Cape Provincial Government through its Draft Strategic Plan, which reflects the core values of the Provincial Government.

The following core values give character to the organizational culture of the ZF Mgcawu District Municipality:

1. Commitment to the development of people
2. Integrity in the performance of our duty
3. Respect for our natural resources
4. Transparency in accounting for our actions
5. Regularly consult with customers on the level and quality of services
6. Ensure higher levels of courtesy and professionalism in the workplace
7. Efficient spending and responsible utilization of municipal assets

The Municipal Support Unit is a newly established Unit that has the responsibility to coordinate and facilitate the capacity building and support efforts of the District Municipality to all the Local Municipalities within the District.

The Municipal Support Unit, along with various Departments conducted an interactive consultation session with the Kgatelopele Local Municipality. The session was very productive and Kgatelopele Municipality had the opportunity to consult directly with the departments that were present. The Acting Municipal Manager and the Chief Financial Officer were also part of the delegation that attended this consultation session. It is the hope that in the future all Directors will be able to attend these consultative sessions.

Annual Report 2023/2024

The session took place from 08 – 12 April 2024 at the Library in Daniekskuil in the Kgatelopele Local Municipality. Herewith follows the support report of the Units that attended the consultation program, the support requested by the Municipality, the support rendered by the District Municipality and the recommendations made to the Municipality.

Annual Report 2023/2024

UNIT	TYPE OF SUPPORT NEEDED	TYPE OF SUPPORT RECEIVED	RECOMMENDATIONS FROM ZFM UNITS
PERFORMANCE MANAGEMENT	▪ Set KPI and targets for the administrative units and employees ▪ APR review and alignment ▪ Align IDP, Budget & SDBIP : Strategic Objectives aligned with the Budget ▪ Compilation of Performance Management Framework and approval by Council ▪ Quarterly assessment taking place and reports tabled to Council ▪ Performance plans developed for Section 56&57 employees ▪ SDBIP Compilation and sets targets by the SMART principle ▪ Performance Management been roll - out to the Section 66 employees	All support that was requested was given. The Municipal Official had a few outstanding issues such as evaluations and implementation of the new regulations, that will receive ongoing attention Zoom sessions will be scheduled if additional Support is needed	▪ Outstanding issues such as evaluations and implementation of the new regulations, will receive ongoing attention ▪ The Municipality must acquire the module for individual performance.
ARCHIVES AND REGISTRY	▪ Advice on lack of storage areas, as there was some documentation in boxes on the floor and on counters, due to not having files and filing boxes. ▪ Access to the Registry office and storage space are not controlled as unauthorized persons have easy access to it. ▪ The IMIS records management system does not adequately assist in the scanning process and filing system.	All support that was requested was given.	▪ That the necessary files and boxes be procured. ▪ The office should be rebuilt to limit access into it. ▪ The option of using Mscoa for the records management function was proposed to the staff, which they will take up with their management. ▪ That a Senior official be appointed/delegated to oversee

Annual Report 2023/2024

	▪ The Municipality does not have a Director of Corporate Services or Administration manager. ▪ Lack of support from Management, limited funding for needs of Registry. ▪ No regular staff meetings. ▪ Lack of adherence to Records Management Policy and Records Procedure Manual by staff as no records are channeled through the Registry: ▪ original records are not sent to Registry for file referencing and filing on appropriate files. ▪ No Records Control Schedule (videos, maps, publications, etc.) and Retention Schedule. Inadequate safekeeping of audio-recordings of Council meetings. ▪ No Disposal schedule ▪ No regular training for registry staff by the Provincial Archives.		the Records management function at the Municipality (Records Manager) ▪ As the Municipality has an approved Records Management Policy, the Municipal Manager must instruct all staff members to adhere to the provisions thereof. ▪ That pro-forma records controls, Retention schedules be sourced from the National Archives website and Provincial Archives. ▪ That the Provincial Archives be approached for training opportunities and that the staff members register for formal studies.
SUPPLY CHAIN	Establish of SCM Committees Procurement plan SCM policy SCM processes Tender registers Evaluation of tenders	All support that was requested was given. Zoom sessions will also be scheduled if additional Support is needed	▪ The CFO had discussions with all finance officials. ▪ Additional needs identified were as follow: ▪ SARS Training (VAT and PAYE) to be provided by SARS officials at the District Municipality for Local Municipalities.

Annual Report 2023/2024

ASSET MANAGEMENT	▪ Fixed asset register ▪ Movable Assets verified for existence – Extrapolated misstatement ▪ Insurance of assets ▪ Proper way of write off of assets ▪ PPE: Are asset not in working condition written off ▪ Damaged asset impaired ▪ Complete listing of land ▪ Can ownership of assets confirmed ▪ monthly reconciliations between the general ledger and asset register. ▪ Reassessment of useful lives (Movables Assets)	All support that was requested was given. Zoom sessions will also be scheduled if additional Support is needed	▪ Asset Management Official requested training on the calculation of Remaining Useful Lives of Assets. ▪ CFO advised finance officials to communicate their training needs and formal communication to be send to ZFMMDM to benchmark
HOUSING & SPLUMA (TOWN PLANNING)	SPLUMA (Land Use Management) ▪ Land development application management. ▪ Land use management. ▪ Establishment of the Joint Municipal Planning Tribunal. ▪ Quarterly Joint Municipal Tribunal Sitzings arranged and chaired by ZFM. ▪ Implementation of Capital Contributions for the municipality. ▪ Calculation of capital contributions. ▪ Develop restrictions inputs as per LUMS for building plans. ▪ SPLUMA Appeal Authority readiness. ▪ Township establishment and land transfer. ▪ Review of the Land Use Management System (LUMS).	All support that was requested was given. This however, is consultation that is on-going and will be closely monitored. The Municipality requested the assistance with housing issues (Beneficiary Management) including the Title Deeds related issues. The Housing Unit provided support in Housing Consumer Education. Beneficiaries were captured into the system while others had to confirm their registration details. No houses	▪ ZFM provides daily support on all SPLUMA related matters, and any additional support is made available on request. Funding for the SPLUMA (Town Planning) Unit remains a challenge. ▪ Housing responsibilities are met as per the Implementation protocol. Service Level Agreements are to be reviewed. ▪ The District will facilitate the process of Title Deeds Restoration with the assistance of the appointed Conveyancers for the area.

Annual Report 2023/2024

	- Review of the Spatial Development Framework. Housing (Human Settlement) - Housing Consumer Education - National Housing Needs Register and capturing of beneficiaries. - Quality assurance on houses built. - Title Deed program assistance. - Management of township establishment projects by COGHSTA	are being built currently hence there was no quality assurance/inspections done on houses.	Municipality must prioritise the establishment of a Housing Unit with dedicated Housing officials responsible for the housing issues. Currently the pay office is dealing with housing matters without a specific designated housing official.
ENVIRONMENTAL HEALTH	- Information sharing on Water Quality - Waste management and Landfill sites - Safe disposal of condemned products - Procedures on the disposal of the dead/ Reburials at cemeteries. - Illegal dumping - Training on Basic Food principles in cooperation with the LED department	- Waste Management - established open and continuous communication with regards to waste management - Close working relationship with regards to Condemnations/ disposal of damaged goods that needed to be conducted within the area of Danielskuil. Environmental Health also engaged on illegal dumping that was taking place next to the main road at the Waste water treatment plant. - LED Office- LED officer organized SMME's awareness training on Basic Food Principles (training was conducted by both	- The Municipality to comply with South African National Standard for Drinking water (SANS 241) - The Municipality to comply with National Environmental Management Act 107 of 1998 and Municipal By-laws to be in place and enforced accordingly with regards to illegal dumping. - The LED office to have Informal Trading Policy and By-Laws in place and enforce them. Tuckshops as a major concern in the Municipality, they need to be regulated by the Local municipality.

		Department of Health EHP's and ZFMDM EHP). ▪ Due to the challenges around the issue of Tuck-shops, Environmental Health Services engaged with the LED Officer at a joint operation briefing that took place in November 2023 to start with the process of regulating the tuck-shops in Kgatelopele. ▪ Kgatelopele Local Municipality- on the 20th of November 2023, together with Station Commander from Danielskuil SAPS, Environmental Health organized a joint operation that was mainly focused on Wholesalers, Supermarkets and tuck-shops. ▪ On 12 April 2024 & 15 May 2024 another Tuckshop joint operation was conducted by ZFM EHP, DOH EHP, Danielskuil Police Service and the Kgatelopele Municipality LED office. ▪ Concerns around the management on Disposal of human remains were addressed (R363 of 2013)	▪ Continuous joint operation to be conducted. ▪ Regulations in place was shared with the official and all Exhumation and Reburial application forms were shared with the Kgatelopele Official

Annual Report 2023/2024

		Exhumations and Reburials processes were discussed and all documentations shared with the office	
HUMAN RESOURCE MANAGEMENT	Leave Provision: Completeness Leave balances Background checks Verification of new employees Leave recovery Plan Leave Policies and new regulation	All requested support was given.	Human Resource Management
HUMAN RESOURCE DEVELOPMENT	- Discretionary grant - Employment Equity - WSP - District Skills Forum meeting - Training intervention M & E	All support that was requested was given. Zoom sessions will be scheduled if additional Support is needed	Human Resource Development
INFORMATION TECHNOLOGY	ICT Governance - Assist with the development of ICT Policies, framework and procedures. Audit Recovery Plan- Assist with drafting of IT Audit recovery plan and monitoring	An IT Advisory meeting (zoom) was held on the 10 th of May 2024. IT Audit Recovery Plans were discussed for all Municipalities. Additional support will be given as needed	ICT officials to submit draft IT Audit Recovery Plans.
OCCUPATIONAL HEALTH AND SAFETY	- No OHS budget - Lack of awareness and training. - First aid box. - Lack of first aid training.		That the appointed official be trained

Annual Report 2023/2024

	▪ No disposable paper towels, hot air blowers or clean towels. ▪ Liquid soap or cleansing agent not available at washbasins. ▪ Fire extinguishers not serviced timeously. ▪ Health and safety committee and representatives. ▪ Fire drill and emergency exit procedures. ▪ Sewer drain overflows into offices. ▪ Cleaning of offices and collection of dustbins. ▪ Cashiers door not password/fingerprint protected. ▪ Electrical wiring must be fixed. ▪ Stacking of files.		▪ That council appoint a second official to assist the senior official ▪ Hazard Identification and Risk Assessment be done.

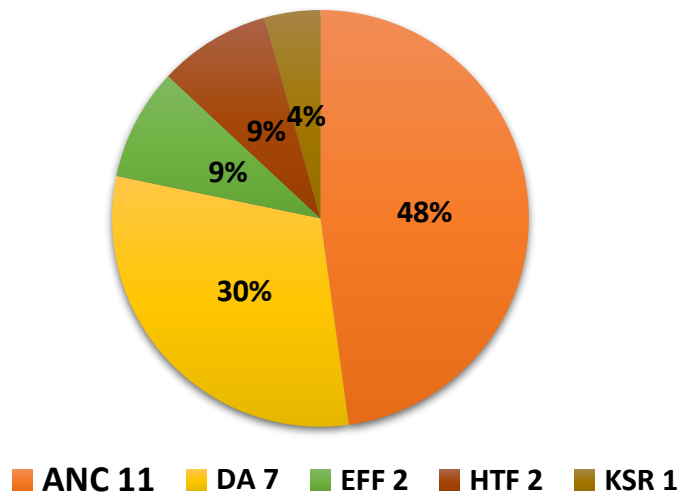
3.10 ASSET MANAGEMENT

This matter is dealt with in greater detail in Chapter 5 of this document.

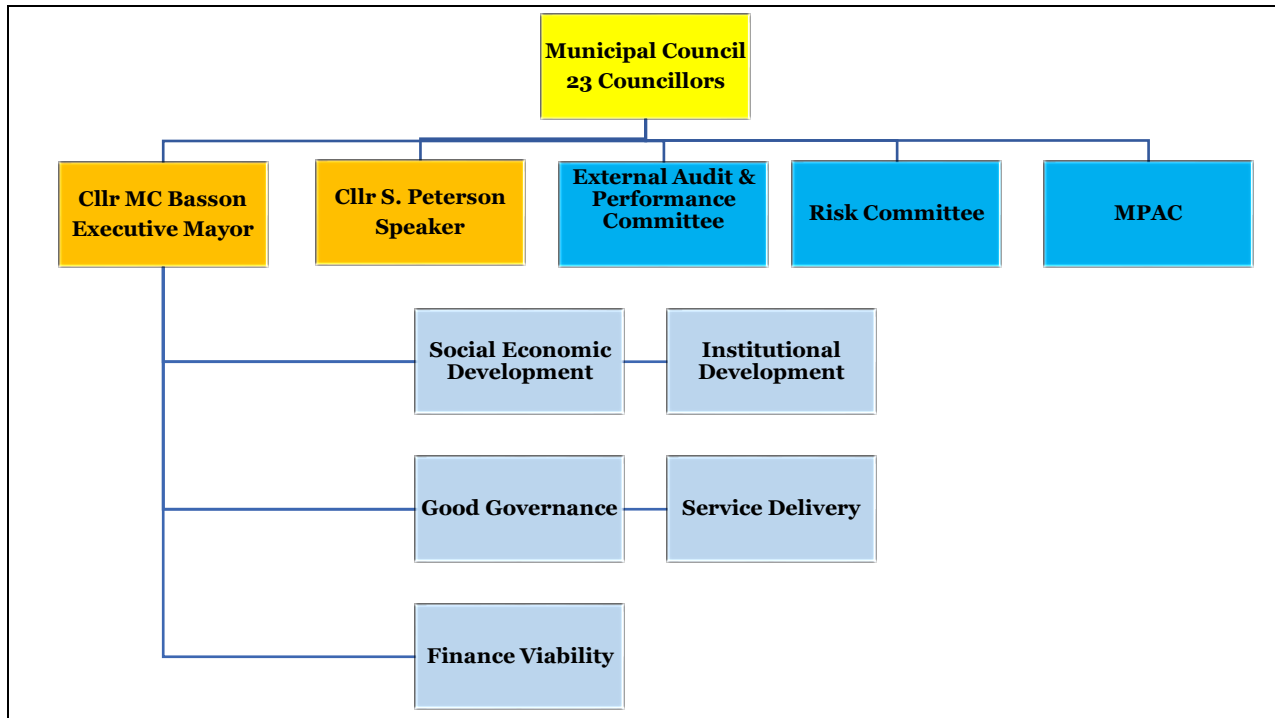
3.11 EXECUTIVE AND COUNCIL

The Council of the ZF Mgcawu District Municipality, consisting of 23 Councillors, has a dual role, encompassing both legislative and executive functions. While it focuses on legislative, oversight, and participatory roles, the executive responsibilities have been delegated to the Executive Mayor and the Mayoral Committee. The Council remains highly engaged in overseeing the operations of the District Municipality, ensuring that its functions are carried out effectively and in line with its legislative mandates.

ZFM Council Composition



Annual Report 2023/2024



Compliance with Legislation

KPI	Unit of Measurement	Target	Actual
Annual Report and Oversight Report 2022/2023 submitted to Council in March 2024	Reports submitted	31 March 2024	25 March 2024
The effective functioning of the Council is measured in terms of the number of Council meetings	No of Council meetings per annum	4	9
The effective functioning of the Mayoral Committee	No of Mayoral Committee meetings	11	11
Adjustment budget approved by Council	Adjustment budget approved by Council	28 February 2023	24 February 2023
Draft Budget 2023/2024 approved by Council	Draft Budget approved by Council	31 March 2023	27 March 2023
Main Budget 2023/2024 approved by Council	Final Annual Budget approved	31 May 2023	31 May 2023

Annual Report 2023/2024

Effectiveness of the Audit Committee	No of Audit Committee meetings	4	6
Effectiveness of Portfolio Committees	No of meetings held	4	4
Effectiveness of MPAC	No of meetings held	4	5

Dates of Council and Other Meetings

Council Meetings	Special Council Meetings	Portfolio Committee Meetings	MPAC Meetings
1 July 2023	31 July 2023	29 August 2023	29 August 2023
30 August 2023	30 April 2024	23 November 2023	24 November 2023
30 October 2023		19 March 2024	25 January 2024
24 November 2023		24 May 2024	19 March 2024
26 January 2024			24 May 2024
28 February 2024			
25 March 2024			
31 May 2024			
27 June 2024			

MAYORAL COMMITTEE MEETINGS

Mayoral Committee Meetings 2023/2024	
Month	Date
July 2023	28 July 2023
August 2023	29 August 2023
September 2023	28 September 2023
October 2023	26 October 2023
November 2023	23 November 2023
December 2023	N/A
January 2024	25 January 2024
February 2024	27 February 2024
March 2024	20 March 2024
April 2024	24 April 2024
May 2024	24 May 2024
June 2024	26 June 2024

CHAPTER 4

HUMAN RESOURCE SERVICES

COMPONENT A: HUMAN RESOURCE MANAGEMENT

The Human Resource division is a vital component of the Corporate Services Department at the ZF Mgcawu District Municipality. It is divided into two core units:

- Human Resource Management Unit
- Human Resource Development and Training Unit

This section will focus on the functions of the Human Resource Management Unit. Human Resource Management is responsible for overseeing the comprehensive Human Resource Management Policies and processes, ensuring compliance with legislation and best practices, and efficiently managing Human Resource Systems and procedures within the Municipality.

The operational responsibilities of the Human Resource Management Unit include, but are not limited to:

Administration: Managing personnel records, compiling statistics, and processing personnel information.

Remuneration: Conducting job analysis, job evaluation, structuring salaries and wages, implementing fringe benefit schemes, and developing incentive systems.

Leave: Monitoring and processing leave taken on a daily basis, and reconciling all types of leave on a monthly basis.

Human Resource Provisioning and Recruitment: Planning for human resource needs, recruiting, selecting, placing, transferring, promoting, and dismissing employees. This involves developing job descriptions, advertising vacant positions, sourcing candidates, and onboarding new employees.

The Human Resource Management Unit plays a crucial role in the functioning of the institution. It ensures effective recruitment and retention of employees, making it the heart and soul of the District Municipality as it cares for its most valuable resource - human capital.

COMPONENT B: HUMAN RESOURCE DEVELOPMENT AND TRAINING

The Human Resource Development and Training Unit of the ZF Mgcawu District Municipality is dedicated to enhancing the human capital potential of the municipality. This unit is essential for ensuring that the municipality can perform its functions and exercise its powers economically, effectively, efficiently, and accountably, in compliance with the Skills Development Act, 81 of 1998. The Municipal Systems Act further mandates that municipalities allocate budget provisions for the development and implementation of training programs.

Key Responsibilities of the Human Resource Development and Training Unit:

Training and Development: The Human Resource Development and Training Unit is responsible for implementing training programs that align with the District Municipality's goals and legislative requirements and to ensure continuous skills development for employees and Councillors to enhance service delivery.

Capacity Building: The Unit must focus on building the capacity of staff to perform their roles effectively and develop programs aimed at enhancing the knowledge and skills of employees, ensuring they are well-equipped to meet the demands of their positions.

Annual Report 2023/2024

The Unit strives to empower employees through personal and professional development initiatives and creates opportunities for staff to grow and advance within the organization, fostering a motivated and capable workforce.

Vision of the Unit:

The Human Resource Development and Training strives to create a world-class competent staff capable of delivering high-quality services and to empower the staff members through targeted skills development, capacity building, and personal empowerment initiatives.

The Human Resource Development and Training Unit is integral to the District Municipality's commitment to improving service delivery and maintaining a highly competent workforce. By focusing on continuous development and empowerment, this Unit ensures that the ZF Mgcawu District Municipality can meet its objectives and serve its community effectively

Human Resource Development Documents for 2023/2024

Item	Date of submission
Date of 2023/2024 Work Place Skills Plan tabled and approved by Council	20 March 2024 to Training Committee 20 March 2024 to Mayoral Committee 31 May 2024 approved by Council
Submission Date of 2023/2024 Workplace Skills Plan (WSP) to LGSETA	30 April 2024
Date Annual Training Report 2023/2024 was tabled and approved by Council	27 June 2024

The Human Resource Development and Training Unit of the ZF Mgcawu District Municipality is dedicated to enhancing the skills, knowledge, and abilities of its employees. By providing coaching and creating training platforms, the unit ensures that employees are well-equipped to carry out their responsibilities efficiently and effectively. This focus on development aligns with Section 152 of the Constitution, which mandates Local Government to deliver services to communities in a sustainable manner, achievable only through a well-prepared and competent workforce.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees 2023/2024					
Description	Year 2023/2024	Year 2023/2024			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Office of the Executive Mayor	2	2	2	0	0
Office of the Speaker	3	3	3	0	0
The Municipal Manager	0	1	0	1	10
Office of the Municipal Manager	1	1	1	0	0
Strategic Management	6	6	6	0	0
Performance Management (PMS)	1	2	2	0	0
Internal Audit	5	5	4	1	10
Risk Management	2	2	2	0	0
The CFO	1	1	1	0	0
Office of the CFO	1	1	1	0	0
AFS, Assets & Reporting	5	6	5	1	10
Budget and Reporting	3	3	2	1	10
Expenditure; SCM & Payroll Management	7	8	7	1	10
Director: Municipal Support	1	1	1	0	0
Municipal Support	7	8	7	1	10
Corporate Service Director	1	1	1	0	0
Administration	6	6	5	1	10
Communication	3	3	3	0	0
Asst Director: LR; OHS; Security & Cleaning Services	14	15	14	1	10
ITC	3	3	3	0	0
Human Resource Development& Training	2	2	2	0	0
Human Resource Management Unit	3	3	3	0	0
Director: Planning & Development	1	1	1	0	0
Office of Planning & Development Director	0	1	0	1	10
Town Planning; Housing & DDM	4	4	4	0	0
LED; Tourism & PMU	8	8	8	0	0

Annual Report 2023/2024

Environmental Health	8	9	9	0	0
Disaster Unit	8	8	8	0	0
Totals	104	112	104	8	
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June 2020					
T4.1.1					

Vacancy Rate: Year 2023/2024

Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	108.3	0.433
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	2	0	0
Other S57 Managers (Finance posts)	0	0	0
Senior management: Levels 1-3 (excluding Finance Posts)	13	250	1
Senior management: Levels 1-3 (Finance posts)	2	0	0
Highly skilled supervision: levels 4-5 (excluding Finance posts)	17	0	0
Highly skilled supervision: levels 4-5 (Finance posts)	2	0	0
Total			

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T4.1.2

Turn-over Rate

Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2023/2024	3	5	1.67
2022/2023	5	2	0.4
* Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year			
T4.1.3			

4.2 POLICIES

Name of Policy	Date Adopted or Reviewed by Council
HR Policy Manual from Department of Cooperative Government, Version 01 of 2022 ▪ Part B: Employment Practices ▪ Chapter 4: Recruitment, Selection and Appointment Policy ▪ Chapter 5: Promotion, Transfer, Secondment and Acting Appointment Policy (Read with Circular 4/2023 of SALGBC RE. Conflict between Collective Agreement and Regulations) ▪ Chapter 6: Placement Policy ▪ Chapter 7: Termination of Service ▪ Chapter 9: Working Hours and Punctuality Policy ▪ Chapter 15: Incapacity due to ill Health/Injury Policy ▪ Chapter 16: Incapacity due to Operational Requirements Policy ▪ Part F: Staff Member Retention ▪ Chapter 17: Remuneration Policy ▪ Chapter 19: Overtime Allowance Policy ▪ Chapter 21: Leave Policy	31 May 2023

4.3 INJURIES AND SICKNESS

Number and Cost of Injuries on Duty				
	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee
Type of injury	Days	No.	%	Days
Required basic medical attention only	37	1	0.4	0.5
Temporary total disablement	0			
Permanent disablement	0			
Fatal				
Total	37	1	0.4	0.5

Number of days and Cost of Sick Leave (excluding injuries on duty)				
Salary band	Total sick leave	Employees using sick leave	Total employees in post*	*Average sick leave per Employees
	Days	No.	No.	Days
Lower skilled (Levels 13-16)	0	0	0	0
Skilled (Levels 10-12)	158	35	22	7.18
Highly skilled production (levels 7-9)	136	5	58	2.34
Highly skilled supervision (levels 4-6)	121	13	19	6.36
Senior management (Levels 0-3)	152	8	15	10.13
MM and S57	77	4	4	19.25
Total	644	65	118	45.26

4.4 EMPLOYEE SALARY INCREASES

Number of Employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 12-10)	Female	
	Male	
Skilled (Levels 9-7)	Female	
	Male	
Highly skilled production (Levels 6-5)	Female	
	Male	
Highly skilled supervision (Levels 4)	Female	
	Male	
Senior Management (Levels 3-1)	Female	
	Male	
Municipal Manager and Section 57	Female	
	Male	
Total		0

4.5 LR, OHS, CLEANING AND SECURITY SERVICES

The importance of Labour Relations, Security Services, Cleaning Services, and Occupational Health and Safety in a municipality like the ZF Mgcawu District Municipality cannot be overstated. Each of these functions plays a crucial role in maintaining a well-managed, safe, and productive work environment, which in turn supports the District Municipality's ability to deliver essential services to the community.

Labour Relations

The ZF Mgcawu District Municipality understands that effective labour relations are essential for maintaining harmony between management and employees. Good relations help prevent disputes, strikes, and other disruptions that could hinder the District Municipality's operations.

Labour relations ensures that the District Municipality complies with labour laws, regulations, and collective agreements, thus avoiding legal disputes and penalties and by addressing grievances and ensuring fair treatment, labour relations contributes to higher employee morale and job

Annual Report 2023/2024

satisfaction, leading to better service delivery.

Security Services

The Security services are responsible for safeguarding the municipal properties, assets, preventing theft, vandalism and other crimes that could disrupt operations. Security services protect municipal employees and visitors from potential threats, creating a safe environment in which to work and conduct business. The District Municipality's security services helps to reduce the Municipality's liability by mitigating risks and threats. The security services are crucial in emergency situations, helping to manage and contain incidents that could otherwise escalate.

Cleaning Services

The cleaning services at the ZF Mgcawu District Municipality play a pivotal role in preventing the spread of infectious diseases within municipal facilities. A clean workplace contributes to the health and well-being of employees, reducing sick days and enhancing productivity. The District Municipality ensures that it meets public health standards and avoids fines or shutdowns due to unsanitary conditions, also being fully aware that clean and well-maintained facilities reflect positively on the institution and fosters confidence among visitors.

Occupational Health and Safety (OHS)

Occupational Health and Safety programs ensures that employees work in a safe environment, reducing the risk of accidents, injuries, and occupational illnesses. It is important to note that adherence to occupational health and safety regulations is mandatory, and non-compliance can lead to severe penalties, legal action, and reputational damage.

Occupational Health and Safety is responsible for developing a safe work environment, promoting good health in the workplace, reducing severities and injuries, identifying and mitigating hazards to prevent accidents, improving efficiency and productivity by minimizing employee absences due to illness or injury, enhancing employee relations and morale, and ultimately reducing costs for the municipality.

The ZF Mgcawu District Municipality recognizes that by ensuring a safe, clean, and well-regulated working environment, the municipality can maximize its efficiency, comply with legal requirements, and maintain the trust and confidence of its employees and the public. This holistic approach ultimately leads to better service delivery and the sustainable development of the District Municipality.

Labour Relations Report 2023/2024

NO	NAME	APPLICANT	NATURE	OUTCOME
1	W. Saulse	SAMWU	Deserting & AWOL	Final Written Warning
2	P. Simanga	SAMWU	AWOL	Final Written Warning
3	G. Booysen	IMATU	AWOL	Final Written Warning
4	E. Ndala	SAMWU	AWOL	Final Written Warning

Disciplinary actions taken on cases of Financial Misconduct

Position	Nature of alleged misconduct and Rand value of any loss to the Municipality	Disciplinary action taken	Date finalized
None	None	None	None

4.6 SKILLS DEVELOPMENT AND TRAINING

New Reporting Template- Gazette 41996 of 26 October 2018

This report is based on the new reporting template annexure - C - Gazette 41996 (Gazette 41996 of 26 October 2018) is an amendment to Gazette 29967 of 15 June 2007. The Gazette only warrants that the District Municipality report on the following positions:

1. CEO (entity)
2. CFO (municipality)
3. CFO (entity)
4. Senior Managers (MSA Section 56)
5. Middle Manager (of finance only)

The Municipal Finance Management Act, 56 of 2003 stipulates that a Municipality that appoints a Municipal Manager must subject themselves to the provisions of the Act; in that no Acting or appointed Municipal Manager can be appointed without at least a Bachelor's Degree or a relevant qualification registered on the National Qualification Framework at NQF level 7 with a minimum of 360 credit plus Leading Competencies prescribed in the Annexure -A- Local Government: Competency Framework for Senior Managers as published under Government notice No. 21 in Government Gazette No. 37245 of 17 January 2014. Below is Annexure C Minimum Competency Regulation template as at 30 June 2024

Annual Report 2023/2024

DECLARATION: The Municipal Manager/ Chief Executive Officer certifies that this information is true and correct as it reflects the latest records on Competency Levels for officials in the municipality and/or municipal entity, respectively.										
Surname	Name	ID Number	Position (select from scroll button)	Date of Employment (before or on/after Gazette 41996)	Higher Education Qualification (New NQF Levels)	All Relevant Work Related Experience (select from scroll button)	Performance Agreements and FM & SCM levels (select from scroll button)	Financial and Supply Chain Management Competency Areas (Do not complete as this column is automated with column F)	Insert the number of relevant Unit Standards Completed	Remaining Unit Standards
Tieties	Alfred Kevin (Acting Municipal Manager)	8402155185085	Accounting Officer	on/after 26 Oct 2018	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	18 Unit Standards needed	24	-6
De Waal	Isak	7908155102087	Senior Manager (MSA S56)	on/after 26 Oct 2018	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	15 Unit Standards needed	15	0
Isaacs	Eloise	8403070127087	CFO Municipality	on/after 26 Oct 2018	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	20 Unit Standards needed	20	0
Van Zyl	Jacobus	6104275004087	Senior Manager (MSA S56)	before 3 Feb 2017	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	15 Unit Standards needed	16	-1
Kitching	Albert	8411245070082	Middle Manager:	between 3 Feb 2017 and 2 Aug	NQF Level 7 - Bachelor Degree (min	7 years and more	Performance Agreement not required, FM &	15 Unit Standards needed	15	0

Annual Report 2023/2024

			Finance	2018	360 credits)		SCM levels completed			
Phete	Annzonia	8602210215088	SCM Head	before 3 Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreement not required, FM & SCM levels completed	16 Unit Standards needed	17	-1
Visagie	Julandy	8001070163048	Middle Manager: Finance	before 3 Feb 2017	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreement not required, FM & SCM levels completed	15 Unit Standards needed	15	0
Wolf	Marshall	8908085364087	Middle Manager: Finance	On/after 26 October 2018	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreement not required, FM & SCM levels completed	15 Unit Standards needed	16	-1

4.6.1 COMMENT ON SKILLS DEVELOPMENT

The ZF Mgcawu District Municipality's Training and Skills Development Committee plays a crucial role in ensuring that the municipality meets the requirements set by the Local Government Sector Education and Training Authority (LGSETA). By having a dedicated Skills Development Facilitator and representatives from each department, the committee ensures that the Work Skills Plan is effectively implemented and aligned with the municipality's goals.

The existence of this Committee is particularly important for several reasons:

Compliance with LGSETA Requirements

The LGSETA mandates that municipalities with a workforce of more than 50 people must establish a Training Committee. This ensures that the District Municipality complies with sectoral training and development regulations, which are essential for accessing grants and funding from LGSETA.

The Training Committee ensures that the Work Skills Plan, which is a critical tool for reporting and planning training activities, is accurately completed and submitted annually. This plan helps the Municipality identify and address skills gaps, enhancing overall service delivery.

Enhanced Workforce Development

The Training Committee plays a key role in identifying the training needs of the District Municipality's workforce, ensuring that employees receive relevant and targeted training that enhances their skills and competencies. By implementing the Work Skills Plan, the Committee contributes to the professional development of municipal employees, equipping them with the necessary skills to perform their duties effectively.

The Committee's structure, which includes representatives from each department, ensures that all areas of the District Municipality are considered when planning and implementing training initiatives. This promotes a holistic approach to workforce development.

Annual Report 2023/2024

The Training and Skills Development Committee of the ZF Mgcawu District Municipality is a vital component in fostering a skilled, compliant, and effective workforce. Through its work, the District Municipality can better serve its community, achieve its objectives, and maintain compliance with LGSETA requirements.

Item	Status
Training/Skills Development Committee	Yes
Levy paid to LGSETA (Yes/No)	Yes
List of training programmes implemented during 2023/2024	1. NC: Public Administration NQF Level 5 2. Public Administration 3. Essential Elements of the Internal Auditing process (EEIP) 4. Presentation by Northern Cape Provincial Treasury on Combined Assurance Model 5. Public Relations 6. Public Administration Honours 7. Project Management 8. Business Administration 9. Financial Modeling and analysis online short course 10. Advance diploma in Public Administration 11. Payroll Administrator 12. Professional Accounting 13. Advanced Diploma Public Accountability 14. Bachelor in Public Admin Honours 15. Occupational Certificate: Supply Chain Practitioner 16. Bachelor of Commerce in Human Resource Management 17. Bachelor of Public Administration 18. Business Management 19. National Diploma in Public Administration

Annual Report 2023/2024

Number of employees trained	31
Number of unemployed trained with LGSETA funds	3
Number of Councilors trained	3
Total cost of the training	R551011.26
Total Interns appointed	2
Total Work Integrated Learners	11
Costs related to training and source of funding	LGSETA =R467 325 LGSETA WIL-HR =R60712.50 LGSETA WIL-FIN =R136262.5
Number of skills programs implemented and details-even those from other stakeholders other than the LGSETA	LGSETA =1 1. Northern Cape Provincial Treasury 2. Institute of Internal Auditors
LG Seta discretionary grant - provide details of how it was used in the municipality	Skills program It was used to provide training for the employed and unemployed

The ZF Mgcawu District Municipality is committed to fulfilling its legislative mandate to develop and enhance the skills of its workforce, as outlined in the Skills Development Act No 97 of 1998. The District Municipality focuses on equipping its employees with the necessary skills to perform their duties effectively, thereby improving the overall efficiency and effectiveness of the organization. By investing in education and training, the District Municipality seeks to maximize the return on this investment, ensuring that the workforce remains capable and productive. The ZF Mgcawu District Municipality ensures that its workforce is well-prepared, capable, and diverse, ultimately enhancing service delivery to the community by adhering to the principles of the Skills Development Act.

CHAPTER 5

FINANCIAL INFORMATION

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENT OF FINANCIAL PERFORMANCE

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Note	Actual 2024 R	2023 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	18	88 401 654	88 401 864
Impairment Gains	25	200 532	3 453 148
Revenue from Exchange Transactions			
Rental from Fixed Assets	19	9 780	9 314
Finance Income	20	1 746 081	1 234 722
Operational Revenue	21	1 470 956	1 104 594
Gains on Disposal of Capital Assets	31	-	-
Total Revenue		91 829 004	92 203 643
EXPENDITURE			
Employee Related Costs	22	62 595 030	56 711 427
Remuneration of Councillors	23	5 261 639	5 270 695
Depreciation and Amortisation	24	1 544 322	1 263 327
Impairment Losses	25	765 296	298 774
Finance Costs	26	3 958 480	4 247 067
Contracted Services	27	6 366 496	4 724 056
Inventory Consumed	28	516 838	399 716
Transfers and Subsidies Paid	29	491 452	910 863
Operational Costs	30	13 402 134	12 283 339
Loss on Disposal of Capital Assets	31	30 543	116 783
Total Expenditure		94 932 234	89 226 046
SURPLUS / (DEFICIT) FOR THE YEAR		(3 103 230)	2 977 597

Refer to Budget Statement for explanation of budget variances (page 24 - 38)

5.2 STATEMENT OF FINANCIAL POSITION

ZF MCGAWU DISTRICT MUNICIPALITY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Note	2024 R	Actual 2023 Restated R
ASSETS			
Current Assets		1 312 204	2 524 821
Receivables from Exchange Transactions	2	271 488	224 591
Statutory Receivables from Exchange Transactions	3	7 963	3 605
Receivables from Non-exchange Transactions	4	-	126 207
VAT Receivable	5	565 341	448 235
Cash and Cash Equivalents	6	451 829	1 705 742
Current Portion of Long-term Receivables	7	15 583	16 441
Non-Current Assets		22 954 029	22 875 273
Property, Plant and Equipment	8	21 083 112.58	21 602 242
Intangible Assets	9	70 383.10	108 712
Non-current Investments	10	1 719 010	1 070 386
Long-term Receivables	11	81 524	93 933
Total Assets		24 266 233	25 400 094
LIABILITIES			
Current Liabilities		10 100 328	10 626 065
Provisions	12	3 422 070	3 121 597
Payables from Exchange Transactions	13	6 398 202	8 853 362
Unspent Conditional Grants and Receipts	14	-	-
Current Portion of Long-term Liabilities	15	280 056	651 106
Non-Current Liabilities		33 732 000	31 236 895
Long-term Liabilities	15	-	276 895
Employee Benefit Liabilities	16	33 732 000	30 960 000
Total Liabilities		43 832 328	41 862 959
Total Assets and Liabilities		(19 566 095)	(16 462 865)
NET ASSETS		(19 566 095)	(16 462 865)
Accumulated Surplus / (Deficit)	17	(19 566 095)	(16 462 865)
Total Net Assets		(19 566 095)	(16 462 865)

5.3 CASH FLOW STATEMENT

ZF MGCAWU DISTRICT MUNICIPALITY CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Note	Actual 2024 R	2023 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies		88 401 654	88 401 854
Rental from Fixed Assets	19	9 780	9 314
Finance Income	20	1 746 061	1 234 722
Other Receipts		1 429 661	1 076 055
Payments			
Employee Related Costs		(64 033 795)	(61 179 052)
Remuneration of Councilors	23	(5 261 639)	(5 270 695)
Finance Costs Paid	26	(155 480)	(450 068)
Suppliers Paid		(7 338 497)	(6 561 320)
Other Payments		(13 750 113)	(13 215 981)
NET CASH FLOWS FROM OPERATING ACTIVITIES		1 047 653	2 044 840
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	8	(1 287 176)	(1 369 534)
Purchase of Intangible Assets	9	(53 230)	(49 162)
Proceeds on Disposal of Property, Plant and Equipment		323 000	0
Decrease / (Increase) in Non-current Investments		(648 624)	(558 338)
Decrease / (Increase) in Long-term Receivables		12 409	14 652
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1 653 621)	(1 962 380)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(647 945)	(503 124)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(647 945)	(503 124)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1 253 913)	(420 664)
Cash and Cash Equivalents at Beginning of Period		1 705 742	2 126 406
Cash and Cash Equivalents at End of Period	6	451 829	1 705 742

5.4 GRANTS

	2024 R	2023 R
18 TRANSFERS AND SUBSIDIES RECEIVED		
Capital Grants and subsidies		
Allocations Gazetted	-	-
Operational Grants and subsidies	88 401 654	86 401 864
Allocations Not Gazetted	1 693 654	2 193 864
Allocations Gazetted	86 718 000	84 208 000
Total Government Grants and Subsidies	88 401 654	86 401 864
18.1 Operational Grants		
National Revenue Fund:	81 190 000	78 618 000
Equitable Share Grant	81 190 000	78 618 000
National Governments:		
Allocations Gazetted:	5 278 000	5 340 000
Expanded Public Works Programme Integrated Grant	999 000	1 073 000
Local Government Financial Management Grant	1 200 000	1 200 000
Road Asset Management Systems Grant	3 079 000	3 067 000
Allocations Not Gazetted:	933 654	1 693 864
National Treasury Subsidy for External Audit Fees	933 654	1 693 864
Provincial Government:		
Allocations Gazetted:	250 000	250 000
Housing Grant	250 000	250 000
Allocations Not Gazetted:	750 000	500 000
HIV and AIDS Grant (Provincial Health Department)	250 000	500 000
Economic Growth Summits (Department of Finance, Economic Development and Tourism)	500 000	-
	88 401 654	86 401 864
18.2 Capital Grants and subsidies		
Provincial Government:		
Allocations Gazetted:	-	-
Other	-	-
Total Operational Grants Received	88 401 654	86 401 864

ZF MGCWU DISTRICT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
18.3 Reconciliation per Grant Source		
18.3.1 National Governments: Financial Management Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	1 200 000
Conditions met - transferred to Revenue: Operating Expenses	(1 200 000)	(1 200 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the District Municipality.

18.3.2 National Governments: Rural Road Asset Management Systems Grant

Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	3 079 000	3 067 000
Conditions met - transferred to Revenue: Operating Expenses	(2 701 632)	(1 877 070)
Conditions met - transferred to Revenue: Capital Expenses	(377 368)	(1 189 930)
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-

To assist rural district municipalities to set up Rural Road Asset Management Systems (RRAMS), and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

18.3.3 National Governments: EPWP Incentive Grant

Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	999 000	1 073 000
Conditions met - transferred to Revenue: Operating Expenses	(999 000)	(1 073 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

18.3.4 Provincial Government: Housing Accreditation DPLG National Grant

Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	250 000	250 000
Conditions met - transferred to Revenue: Operating Expenses	(250 000)	(250 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-

The purpose of this grant is to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes and to ensure effective management of human settlements programmes at the local government level, in line with the accreditation framework.

Annual Report 2023/2024

ZF MGCAWU DISTRICT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
18.3.5 Provincial Government: HIV/AIDS Grant (Provincial Health Department)		
Allocations Not Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	250 000	500 000
Conditions met - transferred to Revenue: Operating Expenses	(250 000)	(500 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-

The purpose of this grant is to sustain and extend coverage of the ward-based door-to-door education programme with referrals to local services, to build communities and support and utilise local services appropriately, and to support ward structures to address HIV/AIDS in the local community.

18.3.6 Summary of Conditional Grants:

Balance unspent at beginning of year	-	-
Current year receipts	5 778 000	6 090 000
Conditions met - transferred to Revenue: Operating Expenses	(5 400 632)	(4 900 070)
Conditions met - transferred to Revenue: Capital Expenses	(377 368)	(1 189 930)
Conditions still to be met - transferred to Liabilities	-	-
Grants classified under Receivables from Non-exchange Transactions	-	-
Unspent Conditional Grants - Current Liabilities (see Note 14)	-	-

5.5 ASSET MANAGEMENT

The Asset Management Unit within the Financial Services Directorate plays a crucial role in establishing a structured decision-making process for the acquisition, utilization, protection, and disposal of assets. The primary objective is to maximize the potential benefits and service delivery of assets while minimizing associated risks and costs throughout their lifecycle.

Asset Management within ZF Mgcawu District Municipality is governed by an Asset Management Policy that was initially adopted in 2010 and is subject to annual review. The Asset Management Policy for the 2023/2024 financial year was officially approved by the Council on the 31st of May 2023. The Policy is designed to ensure the consistent application of Asset Management Principles, implementation of accrual accounting, compliance with relevant legislation such as the Municipal Finance Management Act, and proper accounting for assets under the GRAP Accounting Framework. Additionally, the Policy focuses on safeguarding and controlling assets, as well as optimizing asset usage. Key elements addressed in the Asset Management Policy include asset recognition, initial measurement of assets, subsequent measurement of assets, recognition of inventory items, asset types, asset acquisition, maintenance, disposal, physical control, and financial control.

To oversee the implementation of the Asset Management Policy, an Asset Management Committee comprising of Directors and Senior Managers has been appointed. This committee assists the Acting Municipal Manager, who serves as the Accounting Officer of the District Municipality, in fulfilling his responsibilities related to Asset Management as outlined in the Municipal Finance Management Act. The Acting Municipal Manager has delegated asset custody and responsibility to the respective Directors. Throughout the year, the Asset Management Committee remained operational, convening quarterly meetings to address asset-related matters and ensure effective asset management practices within the District Municipality.

Acquisitions

Asset additions made during the year amounts to R1 340 406 which has been reconciled to the general ledger as at 30 June 2024 as required by section 63 of the Municipal Finance Management Act.

During the 4th Quarter of the 2023/2024 financial year the District Municipality approved the disposal of various movable assets including vehicles, computer equipment and furniture which were no longer in use due to being broken or obsolete.

5.6 PUBLIC-PRIVATE PARTNERSHIPS

The ZF Mgcawu District Municipality does not have any Public-Private Partnerships.

COMPONENT B: OTHER FINANCIAL MATTERS

5.7 SUPPLY CHAIN MANAGEMENT

This matter is dealt with in greater detail under Chapter 2 of this document.

5.8 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules, 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. The ZF Mgcawu District Municipality received its 10th Clean Audit for the 2022/2023 financial year.

5.9 BBBEE COMPLIANCE PERFORMANCE INFORMATION

5.9.1 Ownership and Management Control

The municipality has no shareholding or directors. The Categories are therefore excluded from the reporting below. There are also no dividends that was declared. All Managers are based in the Northern Cape.

			Senior Manageme nt	Middle Manageme nt	Junior Manageme nt
% or Number for each Category					
Race classification					
- African			0	0	N/A
- Coloured			3	0	N/A
- White			1	0	N/A
Gender					
- Male			3	0	N/A
- Female			1		N/A
Age					
- Youth (between the ages of 18 - 35)			0	0	N/A
- Middle aged (between the ages of 36 - 50)			22	0	N/A
- Senior (older than 50)			1	0	N/A
Disability					
- Male			0	1	N/A
- Female			0	1	N/A

5.9.2 Skills development

All skills development was conducted in the Northern Cape.

	Black Employees	Black Non- employees	Black People in Internship, Learnershi ps	Unemploye d Black People	Black People Absorbed
Number for each Category					
Race classification					
- African	15		11		
- Coloured	18		8		1
- White	1		-		
Gender					
- Male	15		6		
- Female	18		13		
Age					
- Youth (between the ages of 18 - 35)			23		
- Middle aged (between the ages of 36 - 50)					
- Senior (older than 50)	1				
Disability					
- Male					
- Female					
Total amount spent	551 011		-		30 000

5.9.3 Enterprise and Supplier Development

Contribution to Scorecard

	Race classification

Number of all participants

Gender

- Male
- Female

Location (number of participants per province)

- Gauteng
- Mpumalanga
- Freestate
- Limpopo
- Western Cape
- Eastern Cape
- Northern Cape
- Kwazulu-Natal
- North West

CHAPTER 6

AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL'S OPINION OF FINANCIAL STATEMENTS 2023/2024

6.1 AUDITOR-GENERAL'S REPORT 2023/2024

The audit outcomes for the ZFM District Municipality for the last 3 financial years are as follows:

Year	2021/2022	2022/2023	2023/2024
Status	Clean Audit Unqualified Audit Opinion	Clean Audit Unqualified Audit Opinion	Unqualified Audit with findings

The Auditor General's Report for the 2023/2024 financial year was released in November 2024 and can be found in Chapter 6 of this report. The ZF Mgcawu District Municipality received an Unqualified Audit Opinion with findings for the 2023/2024 financial year.

**Report of the auditor-general to the Northern Cape Provincial
Legislature and the council on ZF Mgcawu District Municipality**

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the ZF Mgcawu District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, 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, the financial statements present fairly, in all material respects, the financial position of the ZF Mgcawu 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 2022 (Dora).

Basis for opinion

3. 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.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 49 to the financial statements, which indicates that the three-year Medium Term Revenue Expenditure Framework (MTREF) reflected that the budget was unfunded for 2024/25, 2025/26 and 2026/27. The outcome of the cash back assessment from Provincial Treasury was negative for 2024/25 as well as negative for the two outer years 2025/26 and 2026/27. Further the cash flow challenges are experienced, as cash flow projections are compiled for the payment sequence of the equitable share which is

Annual Report 2023/2024

the largest portion of operational revenue source. As stated in note 49, these events or conditions, along with the other matters as set forth in note 49, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Other matters

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

Unaudited disclosure notes

9. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Unaudited supplementary schedules

10. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

11. 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.
12. 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

13. 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.

14. 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 8 of the annexure to the auditor's report, forms part of our auditor's report.

Report on the annual performance report

15. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following material performance indicators related to Basic Service Delivery and infrastructure presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

The assistant director Environmental health to conduct quarterly monitoring of drinking water quality at all Category B-municipalities and correspond any failures to the Category B-Municipality.

Assistant Director: PMU, LED, Tourism & EPWP to create 08 Full time equivalent for the financial year ending 30 October 2023 by repairing water leaks in Kheis Municipality.

Assistant Director: PMU, LED, Tourism & EPWP to create 1.9 Full time equivalent by 23 September 2023 cleaning townships waste management (illegal dumping).

17. I evaluated the reported performance information for the selected material performance indicators 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.

18. 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 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 reasons provided for any overachievement of targets.

19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
20. I did not identify any material findings on the reported performance information for the selected indicators.

Report on compliance with legislation

21. 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.
22. 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.
23. 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.
24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

25. Reasonable steps were not taken to prevent irregular expenditure amounting to R98 874 as disclosed in note 35.3 to the annual financial statements, as required by section 62 (1) (d) of the MFMA. The majority of the irregular expenditure was caused by key management personnel exceeding acting periods in terms of Section 56(1) (a) (ii) of Local Government: Municipal Systems Act.

Assets management

26. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by sections 14(2) (a) and 14(2) (b) of the MFMA.

Other information in the annual report

27. 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 material indicators in the scoped-in development priority presented in the annual performance report that have been specifically reported on in this auditor's report.
28. 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.
29. 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 material indicators in the scoped-in development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. 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

31. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation, my objective was not to express any form of assurance on it.
32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
33. Management did not put adequate measures in place to ensure compliance with relevant legislation are sufficiently review.

Auditor-General

Auditor General

Kimberley
29 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 material performance indicators 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.

Annual Report 2023/2024

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(2)(a), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), Sections 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii),
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)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 31

Annual Report 2023/2024

Legislation	Sections or regulations
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

6.2 COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

In terms of Section 71 of the MFMA, Municipalities are required to return a series of financial performance data to the National Treasury at specific intervals throughout the year. The Chief Financial Officer hereby states that these data sets have been returned according to the reporting requirements.

Signed by:  _____

Mrs. E. Isaacs

Chief Financial officer

APPENDICES

APPENDIX-A

COMMITTEE ALLOCATION

Annual Report 2023/2024

<u>MAYORAL COMMITTEE</u> ▪ Cllr. M.C. Basson (ANC) (Executive Mayor) ▪ Cllr. A. Johnson (ANC) (Chairperson: Institutional/LLF) ▪ Cllr. A. Matshimo (ANC) (Chairperson: Social/ Economic) ▪ Cllr. Silo (ANC) (Chairperson: Good Governance) ▪ Cllr. P. M. Mgcera (ANC) (Chairperson: Service Delivery)	<u>FINANCE VIABILITY</u> ▪ Cllr. M.C. Basson (ANC)(Chairperson) (Executive Mayor) ▪ Cllr. P.T. van der Steen (DA) ▪ Cllr. F. Basson (ANC) ▪ Cllr. S. Abel (ANC)
<u>MPAC [MUNICIPAL PUBLIC ACCOUNTS COMMITTEE]</u> ▪ Cllr. M.M Louw (ANC) (Chairperson)- Council endorsed the new MPAC Chairperson on 28 February 2024 ▪ Cllr. J. Balies (EFF) ▪ Cllr. F.L. Witbooi (DA) ▪ Cllr. D.R. Pienaar (ANC) ▪ Cllr. P.J. George (ANC) ▪ Cllr. K.G. Keorometswe (ANC)	<u>INSTITUTIONAL DEVELOPMENT</u> ▪ Cllr. A. Johnson (ANC)(Chairperson) (Mayoral Committee Member) ▪ Cllr. A.J. Ruiters (DA) ▪ Cllr. P.J. George (ANC) ▪ Cllr. F. Basson (ANC) ▪ Cllr. A.C. Kotzee (HFTF) ▪ Mayor & Speaker (ex-officio)
<u>SOCIAL ECONOMIC DEVELOPMENT</u> ▪ Cllr. A. Matshimo (ANC)(Chairperson) (Mayoral Committee Member) ▪ Cllr. D.H. de Koker (DA) ▪ Cllr. S. Sandlana (DA) ▪ Cllr. M.M. Louw ▪ Mayor & Speaker (ex-officio)	<u>SERVICE DELIVERY</u> ▪ Cllr. P.M. Mgcera (ANC)(Chairperson)(Mayoral Committee Member) ▪ Cllr. C.F.P. Bezuidenhout (DA) ▪ Cllr. M.H.B. van Zyl (DA) ▪ Cllr. M. Willemse (EFF) ▪ Cllr. F. Basson ▪ Cllr. J. Ballies ▪ Cllr. F.L. Witbooi (DA) ▪ Mayor & Speaker (ex-officio)
<u>GOOD GOVERNANCE</u> ▪ Cllr. J. Silo (ANC)(Chairperson)(Mayoral Committee Member) ▪ Cllr. D.H. de Koker (DA) ▪ Cllr. D.R. Pienaar (ANC) ▪ Cllr. K.G. Keorometswe (ANC) ▪ Cllr. S. Abels (ANC) ▪ Mayor & Speaker (ex-officio)	

APPENDIX-B

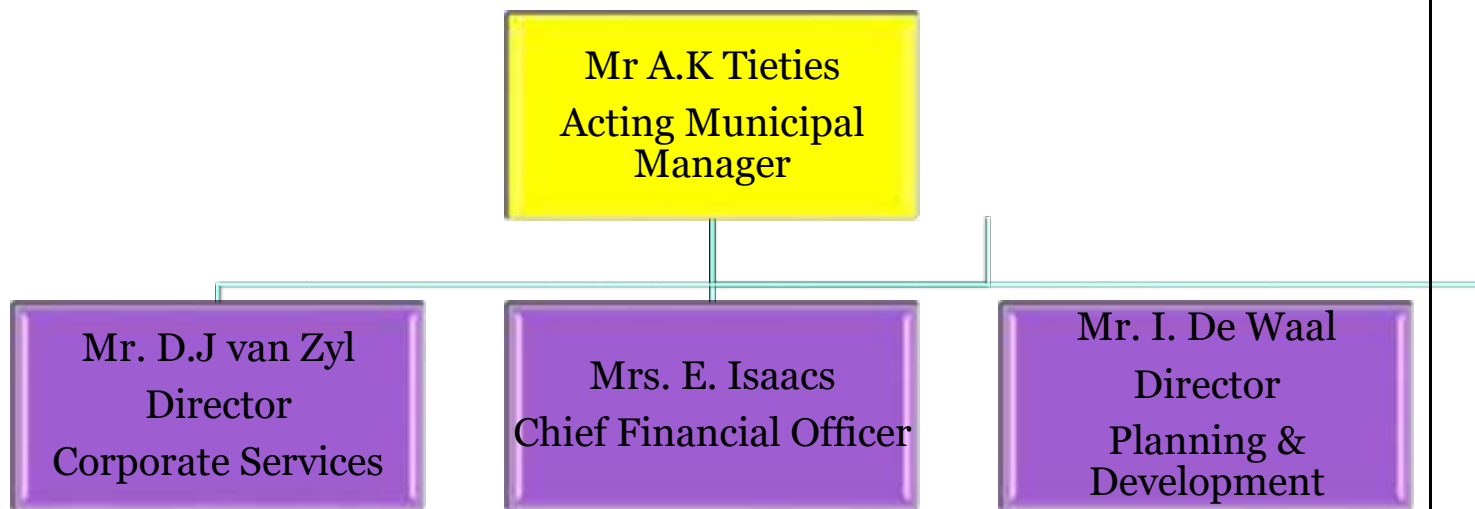
COMMITTEES AND COMMITTEE PURPOSES

COMMITTEES OTHER THAN MAYORAL AND THEIR PURPOSES

Institutional Development	This committee deals with institutional matters including administration and human resources
Service Delivery	This committee deals with service delivery issues also focusing on Local Municipalities
Social and Local Economic Development	Local Economic Development (LED) forms an important part of economic growth in the region and this committee deals with all LED programs in the District.
Good Governance and Public Participation	Matters relating to communication, ward committees, and public participation
Municipal Finance Viability	Finance related information (compliance reports and budgets)
Municipal Public Accounts Committee (MPAC)	Performs an oversight function dealing with matters such as evaluating the annual report, Fraud and Anti-Corruption, internal audit, risk management, and other finance-related matters.

APPENDIX-C

THIRD-TIER STRUCTURE



APPENDIX-D

MUNICIPAL FUNCTIONS

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building regulations	No	
Childcare facilities	No	
Electricity and gas reticulation	No	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Storm water management systems in built-up areas	No	
Trading regulations	No	
Water and sanitation services are limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	

APPENDIX-E

AUDIT COMMITTEE RECOMMENDATIONS

SUMMARY OF RESOLUTIONS AND RECOMMENDATIONS OF THE AUDIT COMMITTEE

<i>SUMMARY OF RESOLUTIONS AND RECOMMENDATIONS OF THE AUDIT COMMITTEE</i>					
<i>RESOLUTION & RECOMMENDATION LAUNCHED</i>		<i>RESOLUTIONS & RECOMMENDATIONS IMPLEMENT</i>		<i>RESOLUTION & RECOMMENDATION OUTSTANDING</i>	
QUARTER	NUMBER	QUARTER	NUMBER	QUARTER	NUMBER
Quarter 1	4	Quarter 1	4	Quarter 1	0
Quarter 2	11	Quarter 2	11	Quarter 2	0
Quarter 3	5	Quarter 3	5	Quarter 3	0
Quarter 4	6	Quarter 4	0	Quarter 4	6
LAUNCHED	26	IMPLEMENTED	20	OUTSTANDING	6

Detail summary of decisions taken by the Audit Committee during the 2023/2024 Financial Year

Date of Meeting	Resolutions	Implemen ted	Not Implem ented
22 August 2023	1. That Management submit the Service Delivery and Budget Implementation Plan to the Audit Committee for Review after amendments were made to ensure that the Key Performance Indicators were in line with the SMART principles. 2. That Management must provide the Audit Committee members with a schedule which states the - timeframes when the External Quality Assurance for the external quality review of the Internal Audit Unit will be procured.	1 &2	

Annual Report 2023/2024

10 October 2023 Meeting	1. That Unit Manager Performance Management System present the Quarter 4 Report of Performance Management System at the next Audit Committee meeting of 5 December 2023. 2. That the Acting Municipal Manager submit the Draft Support Plan to the members of the Audit Committee and the Internal Audit Unit.	1 & 2	None
5 December 2023 Meeting	1. That Management ensure that all Units within the Executive and Council Directorate who has implemented Internal Audit Recommendations make an arrangement with Internal Audit to present their evidence during an audit follow Up session by no later than 31 January 2024. 2. That Management ensure that all Units within the Planning and Development Directorate who has implemented Internal Audit Recommendations make an arrangement with Internal Audit to present their evidence during an audit follow Up session by no later than 31 January 2024. 3. That Management ensure that all Units within the Financial Services Directorate who has implemented Internal Audit Recommendations make an arrangement with Internal Audit to present their evidence during an audit follow Up session by no later than 31 January 2024. 4. That Management ensure that all Units within the Corporate Services Directorate who has implemented Internal Audit Recommendations make an arrangement with Internal Audit to present their evidence during an audit follow Up session by no later than 31 January 2024.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10 &11	None

Annual Report 2023/2024

	5. That the updated report on alleged double payment was reported at the previous Audit Committee meeting of 10 October 2023 be send to the members of the Audit Committee to provide feedback on the progress of the reported fraud. 6. That the copy of the approved Risk Register of 2023/2024 as well as the Directors Report which was tabled at the last Risk Management Committee of 1 December 2023 be send to all members of the Audit Committee. 7. That Management must report on the compilation of written system descriptions for all Units within the Corporate Services Directorate at the next Audit Committee meeting. 8. That Management must give feedback at the next Audit Committee why audit evidence requested for the Audit of Strategic Risks for Planning and Development was not provided for auditing purposes during the audit of Quarter 2 of 2023/2024. 9. That a virtual special Audit Committee be arranged for the Audit Committee members only after the appointment of the third Audit Committee member before the next scheduled Audit Committee meeting to update the new Audit Committee member on the business of the Audit Committee. 10. That feedback be provided at the next Audit Committee meeting on: Item 7.2.5 Report on Performance Information for Quarter 4 and 1; Item 7.2.6 Report on Support to B Municipalities and 7.2.7 Report on the timeline of the Combined Assurance Model.		

Annual Report 2023/2024

	11. That feedback be provided at the next Audit Committee meeting on: Item 7.3.3 Report on Irregular, Fruitless, Wasteful and Unauthorised Expenditure, 7.3.4 Cash Flow Position, 7.3.5 Operational and Capital Budget, 7.3.6 Compliance with DORA and 7.3.7 Report on mSCOA.		
15 April 2024 Meeting	1. That a meeting is arranged with all Assurance Services Providers within the ZF Mgcawu District Municipality to determine the responsible Assurance Service Provider to co-ordinate the Combined Assurance Process within the District Municipality 2. That all the Supervisors of the Units within the Directorate Executive and Council who have outstanding Internal Audit recommendations been summoned to report to the Audit Committee why these Internal Audit recommendations were not implemented yet. 3. That all the Supervisors of the Units within the Directorate Planning and Development who have outstanding Internal Audit recommendations been summoned to report to the Audit Committee why these Internal Audit recommendations were not implemented yet. 4. That all the Supervisors of the Units within the Directorate Financial Services who have outstanding Internal Audit recommendations been summoned to report to the Audit Committee why these Internal Audit recommendations were not implemented yet. 5. That all the Supervisors of the Units within the Directorate Corporate Services who have outstanding Internal Audit recommendations been summoned to	1, 2, 3, 4 & 5	None

Annual Report 2023/2024

	report to the Audit Committee why these Internal Audit recommendations were not implemented yet.		
24 June 2024 Meeting	1. That the Financial Sustainability of the ZF Mgcawu District Municipality be a standing item on the agenda of the Audit Committee meetings. 2. That the reporting of the Audit Committee to the Council of ZF Mgcawu District Municipal Council be conducted every quarter. 3. That the Internal Audit Unit conduct advisory Audit Follow Up sessions with all Directorates within the ZF Mgcawu District Municipality on the outstanding Internal Audit Recommendations. 4. That Management submit the Draft Annual Financial Statements of the financial year 2023/2024 to both the Audit Committee Members and the Internal Audit Unit by 12 August 2024 for review prior to submission to the Office of the Auditor General on 31 August 2024. 5. That Management submit the Draft Annual Performance Report of the financial year 2023/2024 to both the Audit Committee Members and the Internal Audit Unit by 12 August 2024 for review prior to submission to the Office of the Auditor General on 31 August 2024. 6. That Management submit the Draft Annual Report of the financial year 2023/2024 to both the Audit Committee Members and the Internal Audit Unit by 12 August 2024 for review prior to submission to the Office of the Auditor General on 31 August 2024.	None	1, 2, 3, 4, 5 & 6

APPENDIX-F

FINANCIAL DISCLOSURES

2023/2024

Annual Report 2023/2024

RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

41.1 Interest of Related Parties

Councillors and/or Management of the District Municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
W.R Peterson	Speaker	Director at China South Africa Mining International Development Director at Exclusive Access Trading 519 Director at Khoisan Heritage Director at Northern Cape Desert Dreams Corporation Member at Temla 107 Director at Xiri holdings
S Sandlana	Councillor	Director at K2020861781 Director at UCEDO 4+1 Organization Primary Co-operative LTD Director at ZFM Meter district Taxi organization
T Van Der Steen	Councillor	Director at Loodgieter Van Der Steen Member at Van Der Steen Pomp en Pyp Member at Jesu Nkosi Monuments
P Mgcera	Councillor	Director at Phathilizwe Enterprise
A Kotzee	Councillor	Director at Tierberg Kahamel
H De Koker	Councillor	Member at Tumelo Youth Farm
M Louw	Councillor	Director at Mawele Konstruksie
K.A Nkoe	Councillor	Director at Nkoe and Associates chartered certified accountants

Annual Report 2023/2024

Name of Related Person	Designation	Description of Related Party Relationship
A Johnson	Councillor	Director at A M J Professional Services Director at Aaron Renier Johnson Trading Director at Freshgrowth Primary Agrticultural co-operative limited Director at K2021416957 Director at Keimoes Gen Leisure Holdings Director at RV Gasp Primary Co-Operative limited Director at Youth first enterprise
K Keorometswe	Councillor	Director at Enkelo Enterprise Director at Katlo Ya Lona Projects Director at Month Baskets General trading
A Matshimo	Councillor	Member at Inyakhmeko Trading 1154
J Esau	Councillor	Director at Green Bird Construction and General Director at Jacks enterprise services Director at On Spot Construction and General
D Pienaar	Councillor	Director at Wonderers Youth Academy Director at Halala enterprise Director at Denha Cash loans Director at DRP Property Investments Director at Futu Holdings Director at Futu Investments Director at Phutanang Recycling Primary Corporative Limited Director at Kgatelopele Business forum Director at Likade trading Director at Phatsimo 101 Director at CFH Solutions
P Matthys	Councillor	Director at A and T Development
A Tieties	Acting Municipal Manager	Director at CC Mketsu Logistics Director at Khanya Solar Solution
J Visagie	Middle Manager	Director at Sakiwi5 Trading
GB Cloete	Middle Manager	Member at BC2S Construction Consulting and trading services
CM Mathe	Middle Manager	Director at O Mogolo Homes Director at Our Solid Foundation Director at O Mogolo Jehovah
M Manyehe	Middle Manager	Director at Brownsugar Communications
J Willemse	Middle Manager	Director at Brainwave Projects
E Van Der Westhuizen	Middle Manager	Director at Second Home Hostel
B Van Kratenburg	Middle Manager	Director at BMD Trading
JA Kitching	Middle Manager	Member ar Ablaze Trading 258 Director at ANSEC 133
J Linden	Middle Manager	Director at Hazfree Waste Management
FJ Strauss	Middle Manager	W J P Strauss Boerdery
H Mclauli	Middle Manager	Director at Christian Restoration Hour Radio Station Director at Investing in People Director at K2020805981
M Wolfe	Middle Manager	Director at GFTM Service and Advisory Director at Save a Child
G Booysen	SCM Official	Member at GSNF Construction
L De Klerk	Financial Intern	Director at SKYY Holdings
M Venter	Audit Committee	Director at Inkqbelo Director at CRC Cares Upington
U Thys	Audit Committee	Director at Mpamot Africa Director at PDNA Da Vinci Academy Director at Superlane 140
N Mchlauli	Managers Spouse	Director at Christian Restoration Hour Radio Station Director at Fearless Child Director at Investing in People Director at K2020805982 Director at K2022499848
K Kitching	Manager's Spouse	Director at ANSEC 133
J Van Der Westhuizen	Manager's Spouse	Director at Second Home Hostel
EE Job	Manager's Spouse	Director at Zwanofe Contractors
E Job	Managers Spouse	Director at Zwanofe Contractors

Annual Report 2023/2024

The following Councillors and/or Management of the District Municipality was in businesses but resigned from the business:

Name of Related Person	Designation	Description of Related Party Relationship
D Pienaar	Councillor	Director at Futu Renewal Energy park Director at JHD Enterprise Director at Kgosi Engineers Director at Vision Valley Technologies Director at Adonai Enterprize
MA Willemse	Councillor	Director at K2023735744 Director at Ubuntu Business investments
PJ George	Councillor	Director at Doods and George Trading Director at Philander and George Trading
J Willemse	Middle Manager	Director at Black Sparrow Trading
J Nengome	Middle Manager	Member at Sedzaphanda Building Construction Company Secretary at Macdonalds Transport Company Secretary at Mora Plase Company Secretary at Rich Rewards trading Company Secretary at Sivukile Transport Company Secretary at Summersow Investments Company Secretary at Victory Parade Trading 101
U Thys	Audit Committee	Member atAotipho Investments Director at Aspen Hills home owners association Director at Merz and Mclellan Director at Mott Macdonald Contracting Director at Mott Macdonald development SA Director at Mott Macdonald Holdings Director at PDNA Academy Director at PDNA Holdings Director at Phambili Merz
K Kitching	Managers Spouse	Director at Hemiprox
A Van Zyl	Directors Spouse	Director at Ansec Director at Hemiprox

The following Councillors and/or Management of the District Municipality have no relationships with businesses:

Name of Related Person	Designation	Description of Related Party Relationship
MC Basson	Executive Mayor	No relationship with businesses
CFP Bezuidenhout-Maasdorp	Councillor	No relationship with businesses
S Abel	Councillor	No relationship with businesses
FL Witbooi	Councillor	No relationship with businesses
A Ruiters	Councillor	No relationship with businesses
J Bailes	Councillor	No relationship with businesses
F Basson	Councillor	No relationship with businesses
MHB Van Zyl	Councillor	No relationship with businesses
J Silo	Councillor	No relationship with businesses
E Mompe	Councillor	No relationship with businesses
I De Waal	Director	No relationship with businesses
DJ Van Zyl	Director	No relationship with businesses
E Britz/Isaacs	Director	No relationship with businesses
A Phete	Middle Manager	No relationship with businesses
R Snyders	Middle Manager	No relationship with businesses
T Galloway	Middle Manager	No relationship with businesses
B Feris	Middle Manager	No relationship with businesses
B Knouwds	Middle Manager	No relationship with businesses
F Ruppig	Middle Manager	No relationship with businesses
J Shorty	Middle Manager	No relationship with businesses
G Present	Middle Manager	No relationship with businesses
T Job	Middle Manager	No relationship with businesses
H Theron	Middle Manager	No relationship with businesses
S Berend	Middle Manager	No relationship with businesses
G Kuun	Middle Manager	No relationship with businesses
T Louw	Middle Manager	No relationship with businesses
S Botha	Middle Manager	No relationship with businesses
C Swarts	SCM Official	No relationship with businesses

Annual Report 2023/2024

Name of Related Person	Designation	Description of Related Party Relationship
LCC Drawer	Financial Intern	No relationship with businesses
M Theron	Managers Spouse	No relationship with businesses
R Galloway	Manager's Spouse	No relationship with businesses
JM Snyders	Manager's Spouse	No relationship with businesses
LG Cloete	Manager's Spouse	No relationship with businesses
JP Berend	Manager's Spouse	No relationship with businesses
B Feris	Managers Spouse	No relationship with businesses
ND Isaacs	Manager's Spouse	No relationship with businesses
T Linden	Manager's Spouse	No relationship with businesses
AM Shorty	Manager's Spouse	No relationship with businesses

41.2 Services rendered to Related Parties

The District Municipality did not render any services during the year to anyone that can be considered as a related party.

41.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by ZF Mgcawu District Municipality.

41.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, to the Annual Financial Statements.

41.5 Purchases from Related Parties

The District Municipality did not purchase goods from anyone during the year that can be considered as a related party.

41.6 Related Parties of Spouses

The District Municipality performed CIPC checks on spouses of senior- and middle managers during the year to identify related party transactions but none were identified..

ANNEXURES AND VOLUMES

The following documents herewith form part of the Draft Annual Report 2023/2024 and are attached to this report in the following order:

Annexure A-Annual Performance Report

Annexure B-Audit Committee Report

VOLUME IIA-Annual Financial Statements

VOLUME IIB-Audit Recovery Plan

ANNEXURE A

ANNUAL

PERFORMANCE

REPORT

"Every poor performance is an opportunity for encouragement. Every great performance is an opportunity to reward and celebrate." - Jeffrey Gitomer



Annual Performance Report 2023/2024

CONTENTS

1. List of Abbreviations	2
2. Introduction	5
2.1 Legislation Requirements	5
2.2 Municipal Planning and reporting for 2023/24	5
3. Performance on key performance areas for the financial year 2023/2024	6
4. Performance on Service Delivery Targets for the financial year 2023/24	8
4.1 KPA: Basic Service Delivery	9
4.2 KPA: Local Economic Development	28
4.3 KPA: Municipal Financial Viability and Management	36
4.4 KPA: Municipal Transformation and Institutional Development	49
4.5 Top layer overall summary of Results	54
4.6 Graphic Comparison 2022/23 and 2023/24	55
5. Performance of national key performance indicators 2023/2024	56
6. Performance of Service Providers during 2023/24	59
7. Conditional Grant Activities for 2023/24	61
8. Progress with implementing recommendations of the 2022/23 APR	72
8.1 Remedial Actions 2022/23	72
9. Service Delivery priorities of the District	73
9.1 Support for the financial year 2023/24	74
10. Recommendations for improving institutional performance	75
Approval	76
Acknowledgement of receipt	77
Annexures	78

1. LIST OF ABBREVIATIONS

A

AFS	–	Annual Financial Statements
APR	–	Annual Performance Report

B

BSD	–	Basic Service delivery
BTO	–	Budget and Treasury Office

C

CPD	–	Continuous Professional Development
CFO	–	Chief Financial Officer
COGHSTA Affairs	–	Cooperative Governance Human Settlements and Traditional

D

DMA	–	Demarcation Municipal Areas

E

EHP		Environmental Health Practitioners
EPWP	–	Extended Public Works Programme

F

FTE's	–	Full time equivalents

H

HRM	–	Human Resources Management
HRD	–	Human Resource Development
HDA	–	Housing Development Agency

I

IT	–	Information Technology
IDP	–	Integrated Development Plan

J

JMPT	–	Joint Municipal Planning Tribunal
K		
KPI	–	Key Performance Indicator
KPA	–	Key Performance Area
L		
LED	–	Local Economic Development
LDA	–	Land Development Applications
LUS	–	Land use schemes
LG SETA	–	Local Government Sector Education Training Authority
M		
MFMA	–	Municipal Finance Management Act
mSCOA	–	Municipal Standard Chart of Accounts
N		
NHNR	–	National Housing Needs Register
Nr	–	Number
P		
PMS	–	Performance Management Support
PM	–	Performance Management
PMU	–	Project Management Unit
R		
RRAMS		Rural Roads Asset Management System
S		
SAMRAS	–	South African Municipal Resource System
SDBIP	–	Service Delivery Budget Implementation Plan
SMME's	–	Small Medium Micro Enterprises
SMART	–	Specific, Measurable, Attainable, Realistic, and Time bound
SPLUMA	–	Spatial Planning Land Use Management Act
SWOT	–	Strength, Weaknesses, Opportunities and Treats
SMMEs	–	Small Medium Micro Enterprises
SMART	–	Specific, Measurable, Attainable, Realistic, and Time-bound
SDF's	–	Skills Development Framework

SCM	-	Supply Chain Management
U		
UIF	–	Unemployment Insurance Fund
Y		
YTD	–	Year to Date
Z		
ZFM	–	ZF Mgcawu District Municipality

2. INTRODUCTION

2.1 LEGISLATION REQUIREMENTS

In terms of Section 46(1)(a) of the Municipal Systems Act:

A municipality must prepare for each financial year an annual report consisting of -

- a. *A performance report reflecting -*
 - i. *the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;*
 - ii. *the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and*
 - iii. *measures that were or are to be taken to improve performance;*

2.2 MUNICIPAL PLANNING AND REPORTING FOR 2023/24

Efforts have been made to ensure that this report is reflective of the above legislative requirements.

The 2023/24 performance of ZF Mgeawu District Municipality was monitored through the Service Delivery and Budget Implementation Plan (SDBIP). The SDBIP for 2023/24 was drafted in line with the approved IDP and Budget, after consultation sessions with all departments. The SDBIP contains the budget allocations per vote (revenue and expenditure) as well as service delivery targets expressed in terms of Key Performance Indicators (KPIs), programmes and projects per department.

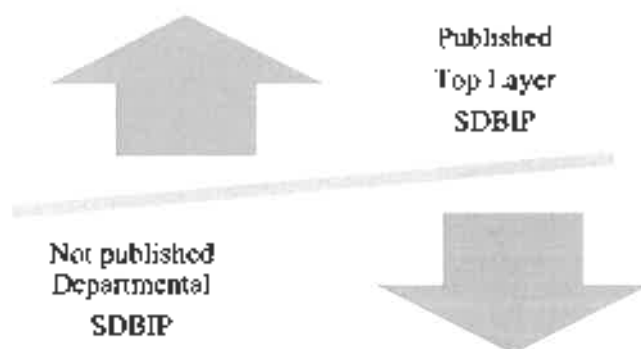
Quarterly SDBIP performance reports were submitted to Council to ensure that Council is kept up to date with the progress made in implementing the SDBIP.

The Annual Performance Report however considers the performance of the organisation at year end, an evaluation of overall performance for the 2023/24 financial year compared to the performance of the previous year (2022/23) and the report also reflects the reasons for deviation from the planned targets as well as efforts made to address performance, which was not met as planned.

3. PERFORMANCE ON KEY PERFORMANCE AREAS FOR THE FINANCIAL YEAR 2023/2024

MFMA Circular 13 states that ‘The SDBIP is a layered plan, with the Top Layer of the plan dealing with consolidated service delivery targets and in-year deadlines, and linking such targets to Top Management. Diagram 1 shows how only the Top Layer is published as the SDBIP.

Diagram 1



Once the top-layer targets are set, the Top Management is then expected to develop the next(lower) layer of detail of the SDBIP, by providing more detail on each output for which they are responsible for, and breaking up such outputs into smaller outputs and linking these to each middle-level and junior manager. Much of this lower layer detail will not be made public nor tabled to Council – whilst the Municipal Manager has access to such lower layer detail of the SDBIP, it will largely only be the Senior Manager in charge who will be using such detail to hold middle-level and junior-level managers responsible for various components of the Service Delivery Budget Implementation Plan and targets of the Municipality.

Only the highest layer of information on the SDBIP will be made public or tabled in the Council. The Top Layer SDBIP should include per ward information, particularly for key expenditure items on capital projects and service delivery – this will enable each Ward Councillor and Ward Committee to oversee service delivery in their ward”.

The Top Layer SDBIP is Chapter 6 of our IDP (Integrated Development Plan). The mandate of the District Municipality is to provide support to the Category B-Municipalities.

The needs are determined by the Public Participation processes with our B-Municipalities.

Key Performance Indicators are developed to determine whether the organisation will achieve its outputs, outcomes and whether the said KPI will make an impact on the organisation.

Total indicators achieved for the financial year 2023/2024 are 82.6% and 17.4% were not achieved. There is a 6.04% decrease in performance for the financial year 2023/2024.

Top Layer 2023/24

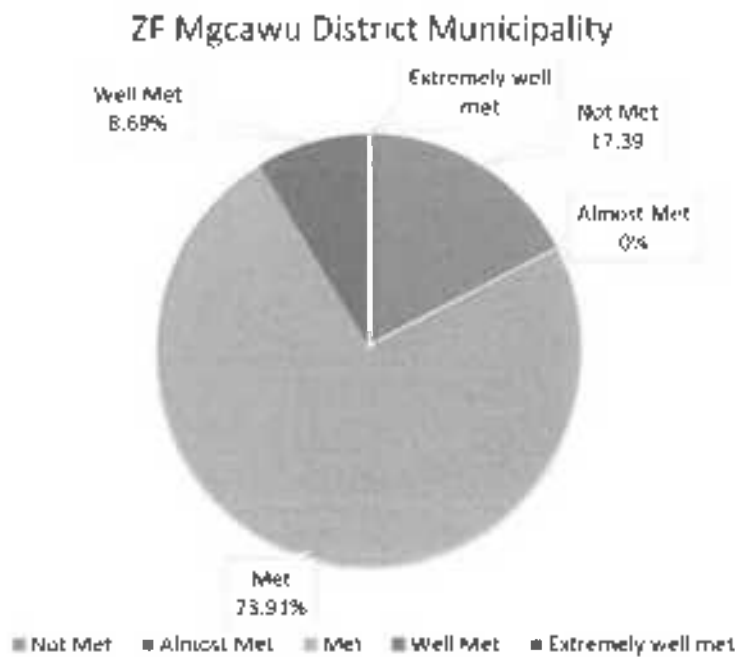
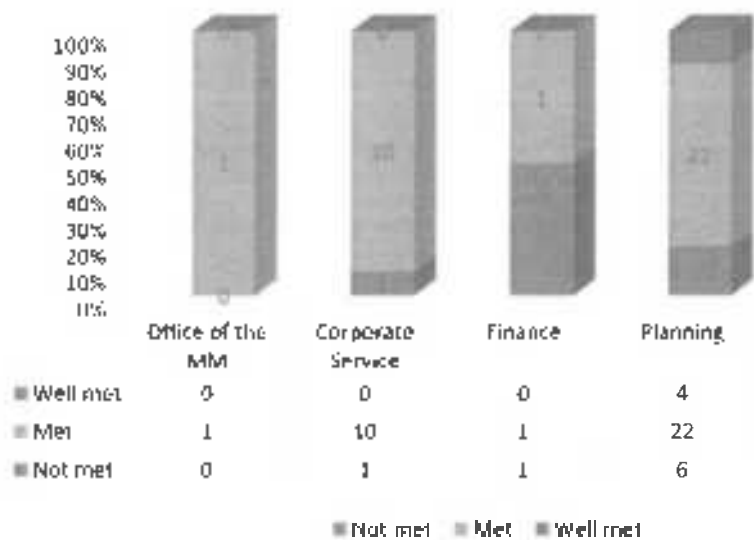


Chart Title



4. PERFORMANCE ON SERVICE DELIVERY TARGETS FOR THE FINANCIAL YEAR 2023/24

The implementation of ZF Mgeawu District Municipality Service Delivery and Budget Implementation Plan on the IDP is the monitoring tool to monitor service delivery within the District.

The Municipal Strategic Objectives and priorities are aligned to indicators. These indicators are monitored and evaluated on a quarterly basis, to determine the achievement of goals by the end of the financial year.

A quarterly Performance Report is tabled to Council on a quarterly basis. A Mid Term Performance Report is tabled to Council on the first six months' performance and is submitted during January. After all assessments have been completed for the financial year, an Annual Performance Report is compiled and submitted to Council and the Auditor-General with the District Annual Report and Annual Financial Statements.

Table 1 presents the progress made in achieving the performance target set for the objectives listed above during the period 1 July 2023 to 30 June 2024 compared to the previous year's performance.

4.1 KPA: BASIC SERVICE DELIVERY

Responsible Owner	Responsible Director	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
-Planning & Development Assistant Director: Disaster Management	Planning & Development	ZF Mgcawu is to provide sustained & coordinated district disaster management support to local municipalities by 30 June 2024	A quarterly report on disaster management support provided to local municipalities in the ZF Mgcawu district.	iv) To promote safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of fire and disaster risks	Quarterly report	1	4	4	4	4			Presentation on support provided to Local Municipalities, dated 12 September 2023, 21 November 2023, March 2024 and 19 June 2024, was submitted.
-Planning & Development Assistant Director: Disaster Management	Planning & Development	The Assistant Director: Disaster Management is to facilitate the training of disaster	The Assistant Director: Disaster Management is to facilitate the training of disaster	iv) To promote safety of communities in the ZF Mgcawu District through the proactive	Quarterly report to the Municipal Manager: attendance registers	0	1	1	1	1			Elementary Fire Fighting - 11 October 2023.

Responsible Owner	Responsible Director/ate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
		management volunteers by June 2024	management volunteers by June 2024	prevention, mitigation, identification and management of fire and disaster risks									
Planning & Development - Assistant Director: Disaster Management	Planning & Development Unit	The Assistant Director: Disaster Management to attend 4 provincial disaster management meetings by 30 June 2024	The Assistant Director: Disaster Management to attend 4 provincial disaster management meetings by 30 June 2024	iv) To promote safety of communities in the ZF Mgeau District through the proactive prevention, mitigation, identification and management of fire and disaster risks	Minutes and attendance registers	0	4	4	4	4	3		Minutes & attendance register obtained for 13 March 2024. Attendance registers obtained for 19 - 20 June 2024. Reason for variation unknown
													Ensure a contingency plan is compiled that will ensure the attendance of 4 meetings for the financial year. Ensure that the minutes and attendance registers for meetings attended is submitted as evidence.

Responsible Owner	Responsible Director	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
Planning & Development - Assistant Director: Disaster Management	The Assistant Director: Disaster Management To conduct Quarterly Awareness campaign (School visitations - information sessions & pamphlets community and weather office information to prevent and mitigate disasters & fire services at all B-Municipalities and submit a report to the municipal manager.	Conduct quarterly education and awareness campaigns to prevent and mitigate disasters and fire services at all B-Municipalities and submit a report to the Municipal Manager.	n-) To promote safety of communities in the ZF Mgeawu District through the proactive prevention, mitigation, identification and management of fire and disaster risks	Quarterly reports' emails	4	4	4	4	4			Q1: No Awareness was done for the Quarter Q2: An awareness campaign was conducted and report submitted to the Director Planning and development 06/01/2024 Q3: No Awareness was done for the Quarter. Q4: The report submitted contains little information that awareness campaigns	Ensure that a contingency plan is compiled to address the challenges experienced that prevent the unit from conducting awareness at the B-Municipalities.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
												were conducted at all the B-Municipalities. No evidence was provided that the report was submitted to the Municipal Manager. Reason for variation unknown	

Planning & Development nt Director	Planning & Development ent	Director: Planning & Development nt to Submit monthly expenditure report to the department of transport (According to the Grant requirement).	Submit 12 monthly expenditure reports to the department of transport.	(vi) To assess and monitor the status of infrastructure needs and requirements of 19 Municipalities	Monthly reports on expenditure	11	12	12	12	12	12	12	G	Q1 July - Monthly report submitted to the Department of transport 15 July 2023 August - Monthly report submitted to the department of transport 08 August 2023 Sept - Monthly report submitted to the department of transport 10 September 2023 Q2: Monthly report was submitted to the department of transport Oct - 10/11/2023 Nov - 12/12/2023 Dec - 10/01/2024

Planning & Development - Director	Planning & Development	Director: Planning & Development to facilitate the monthly	Submit a monthly report to the Municipal Manager on monthly	(vi) To assess and monitor the status of infrastructure needs	Monthly report: Proof of payment	12	12	12	12	12	9	Q1: Monthly report submitted 28 July 2023 31 August	Q3: 3 X monthly reports submitted to the Department of transport: January - 16 February 2024 February - 12 March 2024 March - 16 April 2024 Q4: Indicator achieved. April submitted 16 May 2024 May submitted 14 June 2024 June submitted 15 July 2024	That a contingency plan be put in place to ensure

Responsible Owner	Responsible Director	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				
										Target	Actual	R	Reason for Variation	Corrective Measures
		stipend of graduates by the service provide for the municipality	payments for graduates.	and requirements of B Municipalities									2023 29 September 2023 Q2: Monthly Salary advise available for the Payment of 2 Graduates Q3: Graduates received stipend for Jan - 31 Jan 2024 Feb - 29 Feb Mar - 29 March 2024 Q4: Indicator achieved. Monthly reports signed by the MM	indicators be achieved

Responsible Owner	Responsible Director	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Variance for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
Planning & Development Director	Planning & Development	Director: Planning & Development in with the graduates must set up minimum of 20 stations in major towns of specifically for projects identified by municipality for traffic count assessment per annum and submit a report to the Municipal Manager by the 30 June 2024	Submit a report to the municipal manager which pertain the minimum of 20 stations and volumes traffic per municipality per annum.	(vi) to assess and monitor the status of infrastructure needs and requirements of B Municipalities	Report on traffic volumes	1	1	1	1	1	0	Report does not contain detail on traffic volumes at different stations set up. Also could not see how many stations were set up in 2023/2024. Report refers to 37 stations set up in 2022/2023 Reason for variation unknown	Ensure that the reports contain detail on the number of stations set up per municipality as well as the volume of traffic counted per station within the financial year.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
Planning & Development Director	Planning & Development	Director: Planning & Development To ensure graduates receive basic training on a yearly basis as part of capacity building by 30 June 2024	Submit a report to the Municipal Manager pertaining to the training graduates received by 30 June 2024	(vi) To assess and monitor the status of infrastructure needs and requirements of B municipalities	Training report and print out of software that was uploaded on the computers of graduates Assistant Director Projects Management	1	1	1	1	1	1	3 graduates received training	
Planning & Development Unit Manager: Housing	Planning & Development	Unit Manager Housing and Building inspection to conduct one housing inspection per quarter for projects within the district municipality.	Submission of one quarterly report on housing inspections conducted to Regional COGHS) A and director planning & development	(i) To monitor and determine the housing backlog in the district as well as to inform the public on housing information	Quarterly report - Assistant Director Building Enforcement and Towns Planning	4	4	4	4	4	4	Q1: Quarterly report submitted to the Director Planning and development 29 September 2023. Q2: Housing inspection was done for the Quarter. Report submitted to	

Responsible Owner	Responsible Director	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
												the Director Q3: Site hand-over meeting was attended on 30 January 2024 Q4: Site inspection conducted in Dawid Kruijer Municipality. Report and attendance register submitted.	
Planning & Development Unit - Unit Manager: Housing	Planning & Development	Unit Manager Housing and Building inspection conduct Housing Consumer Education program 1 x per quarter at a category B - Municipality	Submit a Quarterly report on housing consumer education program per quarter at a category B - Municipality except for David Kruijer Municipality	(i) To monitor and determine the housing backlogs in the district as well as to inform the public on housing information	Quarterly reports and attendance registers housing consumer education that was provided. Assistant Director Building Enforcement and Town Planning	4	4	4	4	4	4	Q1: Housing Consumer education held in Kai Garib. Sessions were held on 28 September 2023. Q2: Housing consumer Education	

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				
										Target	Actual	R	Reason for Variation	Corrective Measures
		y except for Dawid Kruijer											conducted 08-09 November 2023 Q3: Housing Consumer education done at Teantshane Municipality 19-20 March 2024 Q4: Indicator achieved. Conducted at Kai Garib Municipality on 8 - 10 May 2024.	
- Planning & Development Unit Manager, Housing	Planning & Development Unit	Housing Unit Manager to facilitate the conduct of one annual National Housing Needs Register Roadshows for category B- Municipalities except for Dawid Kruijer	Conduct one annual Housing Needs Register Roadshow for category B- Municipalities except for Dawid Kruijer	(i) To monitor and determine the housing backlogs in the district as well as to inform the public on housing information	Report/Airtable registers.	1	1	1	1	1	1		Kgatelopele conducted 9 - 12 April 2024 Kai Garib conducted 8 - 10 May Tsanisbane conducted 19 - 20 March 2024. Kheis - 16	

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
- Planning & Development and Assistant Director Town Planning, Housing & DDM		B municipalities by 30 June 2024, except David Kruger municipality	Municipality									February 2024	
	Planning & Development Unit	Assistant Director to attend two housing accreditation meetings per annum	Assistant Director to attend two housing accreditation meetings per annum	(i) To monitor and determine the housing backlog in the district as well as to inform the public on housing information	Invite, Attendance register, - Responsible person Assistant Director Building Enforcement and Town Planning	2	2	2	2	1	2	Indicator achieved. Attended on meeting on 30 August 2023 and 14 May 2024.	
- Planning & Development Unit - Assistant Director Town Planning, Housing & DDM	Planning & Development Unit	Assistant Director Town Planning, Housing & DDM and other officials to attend one capacity building training	To attend one capacity building training session per annum for Assistant Director Town Planning, Housing & DDM and	(i) To monitor and determine the housing backlog in the district as well as to inform the public on housing information	Report Attendance register, - Responsible person Assistant Director Building Enforcement and Town Planning	1	1	1	1	1	0	Ass Dir attended SPLUMA forum on 22 November 2024. Housing officials attended training on 6 - 7 July 2023	

Responsible Owner	Responsible Director	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
		session per annum	other official										
- Planning & Development - Asst Director Environmental health	Planning & Development	The Assistant Director Environmental Health to ensure that all EHPs are trained as peace officers as required by the amended Health Professionals Act No. 56 of 1974 by 30 June 2024	The Assistant Director Environmental Health to ensure that all EHPs are trained as peace officers as required by the amended Health Professionals Act No. 56 of 1974 by 30 June 2024	(iii) To promote environmental health and safety of communities in the ZF Magawu District through the proactive prevention, mitigation, identification and management of environmental health	Report and attendance Registers	0	1	1	1	1	0	Peace Officer training not acquired due to budget constraints.	Ensure that the Peace Officer training is provided and attended by all EHP's

Responsible Owner	Responsible Director	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
				services, fire and disaster risks									
Planning & Development - Assistant Director Environmental health		The Assistant Director Environmental Health ensure that all EHPs complete a minimum of 60 CPD points as required by the amended Health Professionals Act No. 56 of 1974 by 30 June 2024	The Assistant Director Environmental Health to ensure that all EHPs complete a minimum 60 CPD points per annum	(iii) To promote environmental health and safety of communities in the Zizwe District through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks	Report and attendance Registers	1	1	1	1			6 EHP's completed a minimum of 60 CPD points 1 EHP did not comply only has 25 points 1 EHP has 11 points but was appointed April 2024	Ensure compliance with the 60 minimum CPD points by all EHP's

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
• Planning & Development • Assistant Director 24	Planning & Development	The Assistant Director environmental health to conduct quarterly monitoring of drinking water quality at all Category B-Municipalities and correspond any failures to the Category B-Municipality	To submit 4 quarterly reports on the sample results and failures on the water quality of Category B-Municipality	(iii) To promote environmental health and safety of communities in the ZF Mgeawu District through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks	Report submitted to B-Municipality	4	4	4	4	4	4	Indicator achieved Signed quarterly reports for all 4 LM were submitted on 13 October 2023, 15 January 2024, 18 April 2024 and 12 July 2024 to the Category B-Municipalities.	

Responsible Owner	Responsible Director	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
Planning & Development Assistant Director, LED, Tourism & EPWP	Planning & Development Unit	Assistant Director, LED, Tourism & EPWP Create 08 Full time equivalent for the financial year ending 30 October 2023 by repairing water leaks in Khets Municipality	Create 08 Full time equivalent for the financial year ending 30 October 2023 by repairing water leaks in Khets Municipality	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	EPWP report on number of jobs created (Payment report).	5.42 FTE's	8 FTE's	8 FTE's	8 FTE's	8 FTE's	8 FTE's	1 x Report on FTE's available	
Planning & Development Assistant Director, LED, Tourism & EPWP	Planning & Development Unit	Assistant Director, LED, Tourism & EPWP Create 1.6 Full time equivalent through the support of one small business (Bakery) for the financial year by 03 May 2024	Create 1.6 Full time equivalent through the support of one small business (Bakery) for the financial year by 03 May 2024	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	EPWP report on number of jobs created (Payment report).	0	1.6 FTE's	1.6 FTE's	1.6 FTE's	1.6 FTE's	1.6 FTE's	1.6 FTE's Created. Indicator achieved.	

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				
										Target	Actual	Reason for Variation	Corrective Measures	
Planning & Development • Assistant Director: LFD, Tourism & EPWP	Planning & Development	year by 03 May 2024												
		Assistant Director: LFD, Tourism & EPWP create 02 Full time equivalent for the financial year ending 30 June 2024 by routine maintenance of ZFM DM offices	02 Full time equivalent created for the financial year ending 30 June 2024 by routine maintenance of ZFM DM offices	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	EPWP report on number of jobs created /Payment report.	3 FTE's	2 FTE's	2 FTE's	2 FTE's	2 FTE's	03 FTE's created Indicator achieved.			
Planning & Development • Assistant Director: LFD, Tourism & EPWP	Planning & Development	Assistant Director: LFD, Tourism & EPWP create 1.5 Full time equivalent for the financial year ending 30 November 2023 by supporting Thembelile Old Age Home	Create 1.5 Full time equivalent for the financial year ending 30 November 2023 by supporting Thembelile Old Age Home	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	EPWP report on number of jobs created /Payment report.	1.3 FTE's	1.5 FTE's	1.5 FTE's	1.5 FTE's	1.5 FTE's	1.66 FTE's	1.5 Report on FTE's available		

Responsible Owner	Responsible Director	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				
										Target	Actual	Reason for Variation	Corrective Measures	
Planning & Development - Assistant Director. LED, Tourism & EPWP	Planning & Development	supporting Thembelohi & Old Age Home												
		Assistant Director. LED, Tourism & EPWP to create 0.5 Full time equivalent for the financial year ending 31 January 2024 by the refurbishment of ZFM offices	(vi) To assess and monitor the status of infrastructure needs and requirements of Municipalities	EPWP report on number of jobs created; Payment report.	1.6 FTE's	0.5 FTE's	0.5 FTE's	0.5 FTE's	0.52	1.66 FTE's Created				
Planning & Development - Assistant Director. LED, Tourism & EPWP	Planning & Development	Assistant Director. LED, Tourism & EPWP to create 1.9 Full time equivalent by 23 September 2023 cleaning townships waste management (illegal dumping)	Create 1.9 Full time equivalent by 23 September 2023 cleaning townships waste management (illegal dumping)	(vi) To assess and monitor the status of infrastructure needs and requirements of Municipalities	EPWP report on number of jobs created; Payment report.	0	1.9 FTE's	1.9 FTE's	1.9 FTE's	1.4 FTE's	2.8 FTE's	Total FTE's 2.80 created		

Responsibility Owner	Responsible Director	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	Reason for Variation	Corrective Measures
		waste management (illegal dumping)											

Summary of Results: Basic Service Delivery

Colour	Coding	Key to the Colour Codes	No of KPIs/Projects	% in category
N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period	0	0
R	KPI Not Met	0% <= Actual/Target <= 74.999%	6	27.27
OR	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	13	59.09
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	3	13.64
B	KPI Extremely Well Met	150.000% <= Actual/Target	0	0
	Total KPIs:		22	100

4.2 KPA: LOCAL ECONOMIC DEVELOPMENT

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
- Planning & Development - Assistant Director - Town Planning, Housing & DDM	Planning and Development	The Assistant Director Town Planning, Housing & DDM submit the Joint Municipal Planning Tribunal minutes and attendance register as proof of quarterly sitting conducted. (Quarter 3 and 4)	Minutes & attendance register of quarterly Municipal Planning Tribunal sittings conducted. (Quarter 3 and 4)	v) To Facilitate the Development of Sustainable regional land use, economic, Spatial and environmental planning frame works that will support and guide the development of a diversified, resilient and sustainable district economy	Provide minutes and attendance register of meeting.	1	1	2	2	2	3	G	Indicator achieved. Sitting was held on 28 February 2024, 13 March 2024 and 9 May 2024.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
Planning & Development - Assistant Director: LED, Tourism & LPWP	Planning and Development	Assistant Director, LED, Tourism & EPWP to attend four quarterly external LED related information meetings/workshop to gather relevant and beneficial information by 30 June 2024	Assistant Director, LED, Tourism & EPWP to attend quarterly external LED related information meetings/workshop as per requests by National and Provincial Stakeholder Departments by 30 June 2024	To Facilitate the Development of Sustainable regional land use, economic, Spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy.	Provide quarterly LED forum meetings minutes and attendance register	1	4	4	4	4	4	0	Q1: Meeting Held 28 September 2023 Q2: Meeting Held 28 November 2023 Q3: Meeting Held 5 March 2024 Q4: Achieved, Teams meeting attended on 7 May 2024.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
Planning & Development - Assistant Director: LED, Tourism & EPWP	Planning and Development	Assistant Director: LED, Tourism & EPWP to conduct Bi-Annual update of LED SME Database by the 31 December 2023 and 30 June 2024	Bi-annual update of LED SME database by the assistant tourism manager. 31 December 2023 and 30 June 2024	v) To Facilitate the Development of Sustainable regional land use. economic. Spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy	Updated database Report	1	2	2	2	2		G	Database updated by 31 December 2023 and 30 June 2024

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
Planning & Development • Assistant Director: LED, Tourism & EPWP	Planning and Development	Assistant Director: LED, Tourism & EPWP in conjunction with Dept Economic Development & Tourism and EMPOWA Youth, conduct the district youth summit for SMME support by 30 June 2024	Assistant Director: LED, Tourism & EPWP in conjunction with Dept Economic Development & Tourism and EMPOWA Youth, conduct the district youth summit for SMME support by 30 June 2024	v) To Facilitate the Development of Sustainable regional land use, economic, Spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy.	Report and Attendance Register	0	1	1	1	1	1		ZP Mgcawu District Municipality's Youth and Investment Summit took place from 26 to 28 October 2024

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
Planning & Development - Assistant Director: LED, Tourism & EPWP	Planning and Development	Assistant Director: LED, Tourism & EPWP to attend one Provincial Marketers Forum meetings.	Attend annual provincial marketers forum meeting	1) To Facilitate the Development of Sustainable regional land use, economic, Spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy.	Provide quarterly LED forum meetings minutes and attendance register	1	1	1	1	1	1	0	Marketers Meeting held 25 October 2023

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
Planning & Development - Assistant Director LED, Tourism & EPWP	Planning and Development	Assistant Director: LED, Tourism & EPWP to attend Local Tourism Show to promote the Green Kalahari by the Tourism Manager and submit a report to the Director Planning and Development before 31 March 2024.	Attend 1 Local Tourism Show to promote the Green Kalahari by the Tourism Manager and submit a report to the Director Planning and Development before 31 March 2024	v) To Facilitate the Development of Sustainable regional land use, economic, Spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy.	IX report on Local Show	1	1	1	1	1	1	0	'Annual Caravan show which was held 23-25 February 2024.
Planning & Development - Assistant Director LED, Tourism & EPWP	Planning and Development	Assistant Director: LED, Tourism & EPWP Bi-Annual update of Tourism Database by the 31 December 2023 and 30 June 2024	Bi- annual update of tourism database by the assistant tourism manager, 31 December 2023 and 30 June 2024	(v) To develop and co-ordinate tourism in the 21 Mgevu District.	Bi- annual updated data base	2	2	2	2	2	2	0	An update on the SMME database was conducted 27 Nov 2023 and 25 June 2024

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				
										Target	Actual	R	Reason for Variation	Corrective Measures
Planning & Development - Assistant Director LED, Tourism & EPWP	Planning and Development	Assistant Director LED, Tourism & EPWP to conduct an Annual Tourism Awareness Campaign within the Green Kalahari by 31 December 2023	Annual tourism awareness campaign conducted by the Tourism Manager by 31 December 2023 and within the Green Kalahari	(v) To market, develop and co-ordinate tourism in the ZF Mgevu District.	IX report on awareness campaign	1	1	1	1	1		G	An annual tourism awareness was conducted 29 September 2023	
Planning & Development - Assistant Director LED, Tourism & EPWP	Planning and Development	Assistant Director LED, Tourism & EPWP to attend 1 National Show to promote the Green Kalahari and submit a report to the Municipal Manager before 31 May 2024.	Attend 1 National Show to promote the Green Kalahari by the Tourism Manager and submit a report to the Municipal Manager before 31 May 2024	(v) To market, develop and co-ordinate tourism in the ZF Mgevu District.	IX report on National Show	1	1	1	1	1		G	Report was signed on 21 May 2024.	
Planning & Development - Assistant Director LED, Tourism & EPWP	Planning and Development	Assistant Director LED, Tourism & EPWP to Conduct an Annual Facility Visits at tourism entities within the Green Kalahari by 31 December 2023	Conduct annual Facility visits by 31 December 2023	(v) To market, develop and co-ordinate tourism in the ZF Mgevu District.	Report on facility visits conducted -	0	1	1	1	1		G	Report was submitted to the Municipal Manager 22 December 2023	

Summary of Results: Local economic Development

Colour	Coding	Key to the Colour Codes	No of KPIs/Projects	% in category
N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0	0
R	KPI Not Met	0% <= Actual/Target <= 74.999%	0	0
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	9	90
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	1	10
B	KPI Extremely Well Met	150.000% <= Actual/Target	0	0
	Total KPIs:		10	100

4.3 KPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2021/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
Corporate Services Unit Manager- HRD & Training	Corporate Service	The unit manager HRD & Training to ensure that Internal Audit officials complete 40 CPD hours by 30 June 2024	Internal Audit officials complete 40 CPD hours by 30 Jun 2024	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and attendance Register/ Certificate/ Proof of study	1	1	1	1	1			Indicator achieved. G.B Cloete - 74 CPD hours J. Sherry - 97 CPD hours S. Mabala - 41 CPD hours B. Clarke - 41 CPD hours J v/d Westhuizen - 41 CPD hours R. Madgas - 41 CPD hours

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
2023 Corporate Services - Unit Manager HRD & Training	Corporate Service	The unit manager HRD & Training must ensure that 30 CPD hours for risk management officials are completed by 30 June 2024	Risk Management officials must comply with the required 30 CPD hours by 30 June 2024	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the 7F Mgeawu District Municipality	Report and attendance Register; Certificate; Proof of study	1	1	1	1	1	0	R	Indicator not achieved, Mr. F. vd Westhuizen did not obtain the required amount CPD hours due to budget constraints. Mrs. R. Jiewa achieved her CPD hours through Guided Learning 11 hours- Postgraduate Diploma Public Finance Management. The report received from the Acting Director
													Ensure that the targets are achieved within the first two quarters of the financial year to ensure availability of funds. Ensure continuous communication with HRD

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
													Corporate Service presents a detailed synopsis on the achievement of the indicator
													Indicator is achieved with miss
- Corporate Services - Unit Manager- HRD & Training	Corporate Service	The unit manager HRD & training must ensure the training of supply chain management & expenditure system training by 30 June 2024	The unit manager HRD & training must ensure the training of supply chain management & expenditure system training by 30 June 2024	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and attendance Register/ Certificate/ Proof of study	1	1	1	1	1	1	G	Indicator is achieved with miss Chriszelda Swarts (study a Postgraduate Diploma Public Finance Management) and miss Anna Pieter (study an Advance Diploma Public

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
													Finance Management) achieved their CDP hours through Guided Learning hours. The report received from the Acting Director Corporate Service presents a detailed synopsis on the achievement of the indicator.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
Financial Services- CFO.	Finance	The CEO to ensure the compensation of 3 financial interns' salary each for duration of contract.	3 Interns' salaries paid each month	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgevu District Municipality	Monthly reports to the Municipal Manager and salary slips by the Chief Financial Officer.	12	12	12	12	6	R	Q1: Two interns received a salary for July - September 2023. The reason is that one of the interns was appointed permanently from May 2023. Q2: Monthly report on compensation paid to each intern has been submitted 15/01/2024 Only two Interns were compensated for each month. Q3: 3 Interns was paid for Jan-March 2024 Q4: Indicator achieved. 3	To review indicator with the next review of the SDBIP. To review indicator with the next review of the SDBIP. To adhere to the specifications of the indicator and to put a contingency plan in place in order to reach indicators.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				
										Target	Actual	R	Reason for Variation	Corrective Measures
													Interns salaries were paid April - June 2024	
- Corporate Services - Unit Manager- HRD & Training	Corporate Service	The unit manager HRD & Training to ensure that financial interns are trained in financial management and MSCOA systems by 30 June 2024	Financial interns are trained in financial management and MSCOA systems by 30 June 2024	(vi) To ensure efficient business operations and to fulfill the assurance statutory requirements of the ZF Migawu District Municipality	Report and attendance Register; Certificate Proof of study	1	1	1	1	1	G		Indicator is achieved both miss Lealt Drawer (study a Boon Finance through Guided Learning Hours) and miss Raylize Malgas achieved their CDP hours through Additional Learning	

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				
										Target	Actual	R	Reason for Variation	Corrective Measures
													hours The report received from the Acting Director Corporate Service presents a detailed synopsis on the achievement of the indicator.	
- Corporate Services - Unit Manager- HRD & Training	Corporate Service	The unit manager HRD & training to ensure that BTO officials are trained in budgeting & reporting by 30 June 2024	HRD Assistant Manager to ensure that BTO officials are trained in budgeting & reporting by 30 June 2024	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the 2F Mgeawu District Municipality	Report and attendance Register/ Certificate/ Proof of study	0	1	1	1	0	G		Indicator is achieved miss Mavis Seseta (study a Public Accountability in e through Guided Learning Hours) and Mr Marshall	

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
													Wolfe is studying a Postgraduate Diploma in Public Accountability and Miss Dinah Mekhetst is also studying a Bachelor of Business Administration. The report received from the Acting Director Corporate Service presents a detailed synopsis on the achievement of the indicator.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				Corrective Measures
										Target	Actual	R	Reason for Variation	
Corporate Services - Unit Manager- HRD & Training	Corporate Service	The unit manager HRD & Training to ensure that supply chain management training for SCM officials by 31 May 2024	The unit manager HRD & Training to ensure that supply chain management training for SCM officials by 31 May 2024	(via) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and attendance Register; Certificate; Proof of study	11	1	1	1	1				Indicator is achieved both miss Chriselda Swarts (study a Postgraduate Diploma Public Finance Management) and Mrs Anna Phete (study an Advance Diploma Public Finance Management) achieved their CDP hours through Guided Learning hours. The report received from

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				
										Target	Actual	R	Reason for Variation	Corrective Measures
													the Acting Director Corporate Service presents a detailed synopsis on the achievement of the indicator.	

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				
										Target	Actual	R	Reason for Variation	Corrective Measures
- Corporate Services - Unit Manager- HRD & Training	Corporate Service	The unit manager HRD & Training to ensure that IT administrative MSCOA training is provided by 30 June 2024	The unit manager HRD & Training to ensure that IT administrative MSCOA training is provided by 30 June 2024	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the 2 nd Mgcawu District Municipality	Report and attendance Register/ Certificate/ Proof of study	0	1	1	1	1			Indicator is achieved IT received an in house training on the systems The report received from the Acting Director Corporate Service presents a detailed synopsis on the achievement of the indicator.	
- Corporate Services - Unit Manager- HRD & Training	Corporate Service	The unit manager HRD & Training to ensure that AFS Module & training is provided by	The unit manager HRD & Training to ensure that AFS Module & training is provided by	(viii) To ensure efficient business operations and to fulfil the assurance	Training report and attendance registers of interns who	1	1	1	1	1			Indicator is achieved, Mr Mafshat Wolfe is studying a Postgraduate	

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				
										Target	Actual	R	Reason for Variation	Corrective Measures
		31 December 2023	31 December 2023	statutory requirements of the ZF Mgeeru District Municipality	attended the training								Diploma in Public Accountability and Miss Dinah Mkhabela is also studying a Bachelor of Business Administration. The report received from the Acting Director Corporate Service presents a detailed synopsis on the achievement of the indicator.	
- Corporate Services - Assistant Director: IT	Corporate Service	The Assistant Director: IT to facilitate the procurement	The procurement of laptops by 30 June 2024	(vii) To ensure efficient business operations	Invoices from Service providers for	1	1	1	1	1	1	0	Indicator achieved.	

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024				Corrective Measures
										Target	Actual	R	Reason for Variation	
		of computer equipment (laptops) by 30 June 2024		and to fulfil the assurance statutory requirements of the A/I Mogawo District Municipality	delivery of goods and services and acknowledgedgement of receipt									

Summary of Results: Municipal Financial Viability and Management

Colour	Coding	Key to the Colour Codes	No of KPIs/Projects	% In category
N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0	0
R	KPI Not Met	0% ≤ Actual/Target ≤ 74.999%	2	20
O	KPI Almost Met	75.000% ≤ Actual/Target ≤ 99.999%	0	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	8	80
G2	KPI Well Met	100.001% ≤ Actual/Target ≤ 149.999%	0	0
B	KPI Extremely Well Met	150.000% ≤ Actual/Target	0	0
	Total KPIs:		10	100

4.4 KPA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
- Corporate Services Assistant Director: IT	Corporate Service	The Assistant Director: IT to facilitate the procurement of UPS system by 30 June 2024	To facilitate the procurement of UPS system 30 June 2024	vii) To ensure efficient business operations and to fulfill the assurance statutory requirements of the ZF Magawa District Municipality	Invoices from Service providers for delivery of goods and services and acknowledgment of receipt	0	1	1	1	1	1	0	Indicator achieved.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
- Council & Executive - Executive Mayor's office	Council & Executive	The Executive Mayor's office to facilitate the purchase of office furniture & equipment (Air Conditioner) by 30 June 2024	The unit manager of assets to facilitate the purchase of office furniture by 30 June 2024	vi) To ensure efficient business operations and to fulfill the assurance statutory requirements of the ZF Mgeau District Municipality	Invoices from Service providers for delivery of goods and services and acknowledgment of receipt	0	1	1	1	1	0		Air conditioner was acquired for R 27 650

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
• Corporate Services - Assistant Director: IT	Corporate Service	The Assistant Director IT to facilitate the purchase & installation of council chamber sound system by 30 June 2024	The Assistant Director IT to facilitate the purchase & installation of council chamber sound system by 30 June 2024	vii) To ensure efficient business operations and to fulfill the assurance statutory requirements of the 7F Mgararu District Municipality	Invoices from Service providers for delivery of goods and services and acknowledgment of receipt	0	1	1	1	1	1	0	Indicator achieved.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2024			
										Target	Actual	R	Reason for Variation
- Financial Services - Unit Manager: (communication)	Finance	The unit manager of assets to facilitate the purchase of office furniture (camera & equipment) by 30 June 2024	The unit manager of assets to facilitate the purchase of office furniture (camera & equipment) by 30 June 2024	viii) To ensure efficient business operations and to fulfill the assurance statutory requirements of the ZF Mgcawu District Municipality	Invoices from Service providers for delivery of goods and services and acknowledgment of receipt	0	1	1	1	1		G	Indicator achieved.

Summary of Results: Municipal Transformation and Institutional Development

Colour	Coding	Key to the Colour Codes	No of KPIs/Projects	% in category
N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0	0
R	KPI Not Met	0% <= Actual/Target <= 74.999%	0	0
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	4	100
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	0	0
B	KPI Extremely Well Met	150.000% <= Actual/Target	0	0
	Total KPIs:		4	100

4.5 TOP LAYER OVERALL SUMMARY OF RESULTS

Overall Summary of Results

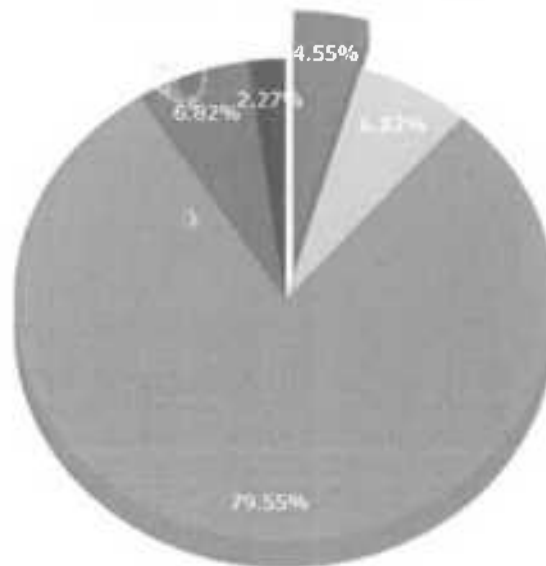
Colour	Coding	Key to the Colour Codes	No of KPIs/Projects	% in category
N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period	0	0
R	KPI Not Met	0% <= Actual/Target <= 74.999%	8	17.39
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	34	73.91
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	4	8.70
B	KPI Extremely Well Met	150.000% <= Actual/Target	0	
	Total KPIs:		46	100

4.6 GRAPHIC COMPARISON 2022/23 AND 2023/24

	2022/23	2023/24
Target met	88.64%	82.6%

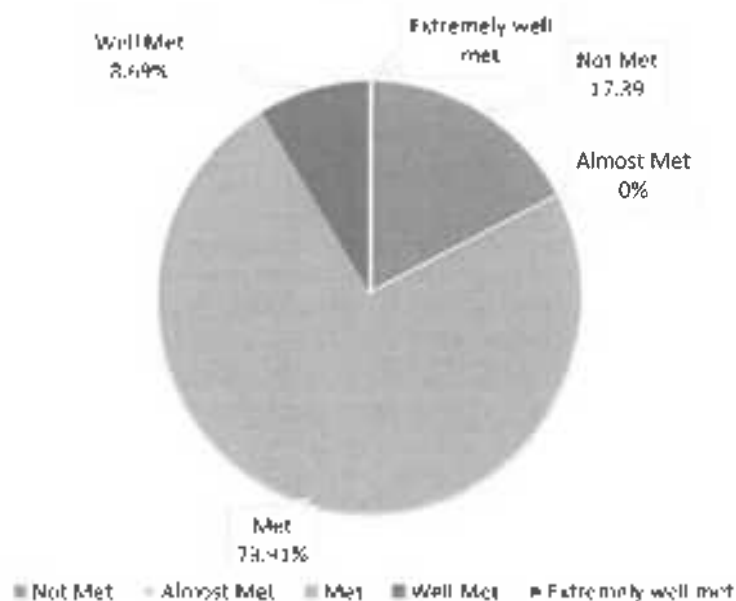
Annual Performance 2022/23

ZF Mgcawu District Municipality



Annual Performance 2023/24

ZF Mgcawu District Municipality



5. PERFORMANCE OF NATIONAL KEY PERFORMANCE INDICATORS 2023/2024

No.	INDICATOR	TARGET 2022/2023	ACHIEVE 2022/2023	TARGET 2023/2024	ACHIEVED 2023/2024	RATING	Reason for Variation - Positive or Negative	Remedial Action
	The percentage of households with access to basic level of:							
1.1	Water	N/A	N/A	The District Municipality does not provide basic services, as all DMA areas have been transferred to Local Municipalities				
1.2	Sanitation	N/A	N/A					
1.3	Electricity	N/A	N/A					
1.4	Solid Waste Removal	N/A	N/A					
2	Percentage of households earning less than 2X old age Grant per month with imputed expenditure with access to all free basic services	N/A	N/A					
3	For percentage of a Municipality's capital budget spent on capital projects identified for a particular financial year in terms of the Municipality's IDP	100%	100%	100%	100%			
4	The number of jobs created through the Municipality's Local economic development initiatives including capital projects	19.45 FTE's	23 FTE's	15.5 FTE's	17.58 FTE's			
	The 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.	1	4	0	1			
	The percentage of a Municipality's budget spent on implementing its workplace skills plan.	1%	1%	0.37%	0.37%			

No.	INDICATOR	TARGET 2022/2023	ACHIEVE 2022/2023	TARGET 2023/2024	ACHIEVED 2023/2024	RATING	Reason for Variation - Positive or Negative	Remedial Action
Financial viability as expressed by ratios:								
	Cost coverage	0.26	0.26		0.1		0.1	
	{Cash Available plus Investments} $A = \frac{B + C}{D}$ Where: A – represents cost coverage. B – represents all available cash at a particular time, and C – represents investments D - represents monthly fixed operating expenditure							

No.	INDICATOR	TARGET 2022/2023	ACHIEVE 2022/2023	TARGET 2023/2024	ACHIEVED 2023/2024	RATING	Reason for Variation - Positive or Negative	Remedial Action
	Debt coverage $A = \frac{B-C}{D}$ Where: A – represent Debt coverage, B – represents Total operating revenue received, and C – represents operating grants. D – represents Debt service payments (i.e. interest + redemptions) due within the financial year.	1.1	15.1	The District Municipality does not provide Basic services, as all DMA areas have been transferred to Local Municipalities – Thus no Outstanding Service Debtors				
	Outstanding service debtors to revenue $A = \frac{B}{C}$ Where: A – outstanding service debtors to revenue B – total outstanding service debtors C – annual revenue received for services	N/A	0.26%	The District Municipality does not provide Basic services, as all DMA areas have been transferred to Local Municipalities – Thus no Outstanding Service Debtors				

6. PERFORMANCE OF SERVICE PROVIDERS DURING 2023/24

The table below contains all the service providers appointed to assist ZF Mgcawu District Municipality during the 2023/24 financial year:

Table 11: Evaluation of Service Provider Performance for the Financial year 2023/2024														
Dept	Project name	Name of Service provider	Source of funding	Contract Start date	Contract End date	Physical Progress to date - <i>(Narrative reported on what work was done by service provider)</i>	Challenges with service provider performance and/or interventions	Assessment SCORE given to service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent				Assessment comments (reason for assessment score provided)	R-value of contract awarded	Expenditure (Year to date)
								Qtr 1	Qtr2	Qtr3	Qtr4			
IT	General voice equipment (Telephone system)	ITEC	Equitable Share	01/07/2021	10/06/2024	Telephone System	None	5	5	5	4	No challenges	2 423 383.40	614 335.00
IT	Copiers & Maintenance	ITEC	Equitable Share	01/06/2022	11/05/2025	Copiers	None	5	5	5	5	No challenges	1 193 206.19	372 105.23
Planning & Development	IMPLEMENTATION AND MANAGEMENT OF THE RURAL ROADS	PHATSIM O MANAGEMENT	RRAVMS	10/05/2023	19/04/2026	RURAL ROADS	None	4	4	4	4	No challenges	4 919 609.57	2 609 818.01
IA	QUALITY ASSURANCE REVIEW FOR INTERNAL AUDIT	EXCELLENT MIND INSTITUTE	Equitable Share	14/02/2024	12/06/2024	REVIEW FOR INTERNAL AUDIT	None	5	5	5	5	No challenges	79 350.00	79 350.00
ASSFS	INSURANCE	KUNENE MAKOPPO	Equitable Share	16/11/2023	11/06/2024	INSURANCE	None	5	5	5	5	No challenges	274 846.76	274 846.76
N/A	SKILLS DEVELOPMENT PANEL.	ALL SERVICE PROVIDERS WAS APPOINTED	N/A	19/01/2024		SKILLS DEVELOPMENT PANEL.	None	N/A	N/A	N/A	N/A	No challenges	0.00	0.00

Table 11: Evaluation of Service Provider Performance for the Financial year 2023/2024

Dept	Project name	Name of Service provider	Source of funding	Contract Start date	Contract End date	Physical Progress to date - <u>Narrative required on what work was done by service provider</u>	Challenges with service provider performance and/or interventions	Assessment SCORE given to service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent				Assessment comments (reason for assessment score provided)	R-value of contract awarded	Expenditure (Year to date)
								Qtr 1	Qtr 2	Qtr 3	Qtr 4			
PMS	PMS SYSTEM	CCC SYSTEMS (PTY) LTD	Equitable Share	01/01/2024	31/12/2023	PMS System	Service provider is slow with migration and implementation	3	3	3	3	It is a new system and the implementation is slow. Evaluation could be done on the system as it took 6 months to capture the SUBIR.	1 839 916.47	391 000.00
ASSET S	Vehicle	LIPINGTO N HAVAL	Equitable Share	01/01/2023	30/09/2023	Vehicle	None	5	5	5	5	No challenges	687 317.50	687 317.50

7: CONDITIONAL GRANT ACTIVITIES FOR 2023/24

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals expense less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
Improve the internal audit function of the district municipality	The unit manager HRD & training to ensure that Internal Audit officials complete 40 CPD hours by 30 June 2024	40000	53010	53010	-13010	0	Alignment with IDP, SDBIP and Business Plan
Risk Management officials must comply with the required CPD hours.	The unit manager HRD & training must ensure that 30 CPD hours for risk management officials are completed by 30 June 2024	30000	62864	62864	-32864	0	Alignment with IDP, SDBIP and Business Plan
Systems training for SCM & Expenditure officials	The unit manager HRD & training must ensure the training of supply chain management & expenditure system training by 30 June 2024	40000	543124	543124	503124	0	Alignment with IDP, SDBIP and Business Plan
Improve capacity in the finance department	The CFO to ensure the compensation of 3 financial interns' salary each for duration of contract	400000	309,999	309,999	90001	0	Alignment with IDP, SDBIP and Business Plan
Train financial interns on financial management and mSCOA systems	The unit manager HRD & training to ensure that financial interns are trained in financial management and MSCO A systems by 30 June 2024	40000	21980	21980	18020	0	Alignment with IDP, SDBIP and Business Plan

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals expense less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
Budget & Reporting Training	The unit manager HRD & training to ensure that BTO officials are trained in budgeting & reporting by 30 June 2024	40000	87512	87512	-47512	0	Alignment with IDP, SDBIP and Business Plan
Supply Chain Management Training	The unit manager HRD & training to ensure that supply chain management training for SCM officials by 31 May 2024		41511	41511	0	0	Alignment with IDP, SDBIP and Business Plan
IT administrative & MSCOA training	The unit manager HRD & training to ensure that IT administrative MSCOA training is provided by 30 June 2024		40000	40000	0	0	Alignment with IDP, SDBIP and Business Plan
AFS Modules & Training	The unit manager HRD & training to ensure that AFS Module & training is provided by 31 December 2023		40000	40000	0	0	Alignment with IDP, SDBIP and Business Plan
Insufficient computer equipment	The Assistant Director: IT to facilitate the procurement of computer equipment (laptops) by 30 June 2024	150000	116827	116827	33173	0	Alignment with IDP, SDBIP and Business Plan
Support IT infrastructure of the district municipality	The Assistant Director: IT to facilitate the procurement of UPS system by 30 June 2024	60000	33825	33825	26175	0	Alignment with IDP, SDBIP and Business Plan

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
Promotion of proper disaster management support to local municipalities in the District	2F Mgcawu is to provide sustained & coordinated district disaster management support local municipalities by 30 June 2024	46 500	70 500	70 500	-24 000	0	Alignment with IDP, SDBIP and Business Plan
Training of disaster management volunteers by 30 June 2024	The Assistant Director: Disaster Management to facilitate the training of disaster management volunteers by June 2024	82 500	97 500	97 500	-15 000	0	Alignment with IDP, SDBIP and Business Plan
Lack of Education Awareness; Communities not well informed regarding Disaster management and related matters in the District	The Assistant Director: Disaster Management to conduct Quarterly Awareness campaign (School visitations - information sessions - pamphlets community and weather office information to prevent and mitigate disasters & fire services at all B. Municipalities and submit a report to the municipal manager.	24 000	24 000	24 000	0	0	Alignment with IDP, SDBIP and Business Plan
Documentation and Reporting	Director: Planning & Development to Submit monthly expenditure report to the department of transport (According to the Grant requirement).	Included under the R1,205 000 project management fee	Included in R2 679 814. Part of Tender	261 9814	-147 4814	0	Alignment with IDP, SDBIP and Business Plan

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals expense less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
Remuneration of Graduates	Director. Planning & Development to facilitate the monthly stipend of graduates by the service provide or the municipality	500000	468000	468000	32000	0	Alignment with IDP, SDRIP and Business Plan
Traffic Data:- Update of Traffic Data count required to be done annually	Director. Planning & Development with the graduates must set up minimum of 20 stations in major towns or specifically for projects (identified by municipality) for traffic count assessment per annum and submit a report to the municipal Manager by the 30 June 2024	Included under the R1,205 000 project management fee	Included in R2 679 814. Part of Tender	2227376.66	-695000	-327,376.66	Alignment with IDP, SDRIP and Business Plan
Training of graduates	Director. Planning & Development to ensure graduates receive basic training on a yearly basis as part of capacity building by 30 June 2024						Alignment with IDP, SDRIP and Business Plan
Category B municipalities do not have housing inspectors to conduct housing inspections.	Unit Manager Housing and Building inspection to conduct one housing inspection per quarter for projects within the district municipality.	100000	8607	8607	1393	0	Alignment with IDP, SDRIP and Business Plan

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals expense less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
Housing consumers are not well informed about matters relevant to housing and housing development.	Unit Manager Housing and Building inspection conduct Housing Consumer Education program 1 x per quarter at a category B-Municipality except for Dawid Kruijer	96000	66233	66233	29767	0	Alignment with IDP, SDBIP and Business Plan
The housing sector plan requires that housing needs/demand is continuously updated.	Housing Unit Manager to facilitate the conduct of one annual National Housing Needs Register Roadshows for category B municipalities by 30 June 2024, except Dawid Kruijer municipality.	15000	6307	6307	8693	0	Alignment with IDP, SDBIP and Business Plan
Attending accreditation meetings and producing accreditation documents (HSP, ABP, etc.)	Assistant Director to attend two housing accreditation meetings per annum	21000	22828	22828	-1828	0	Alignment with IDP, SDBIP and Business Plan
Z.F. Mgeawu received level 1 and 2 accreditation and is expected to continuously capacitate its housing officials	Assistant Director Town Planning, Housing & DDM and other officials to attend one capacity building training session per annum	30000	48203	48203	-18203	0	Alignment with IDP, SDBIP and Business Plan

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals expense less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
The Health Professions Act, 1974 (Act No. 56 of 1974) (as amended) endorses Peace Officers Training as the means for maintaining and updating professional competence, to ensure that the public interest is always promoted and protected, as well as ensuring the best possible health care service to the community. The minimum nr of CPD points to be accumulated per year by EHP's practitioners who are active on the register are 30	The Assistant Director Environmental Health to ensure that all EHP's are trained as peace officers as required by the amended Health Professions Act No. 56 of 1974 by 30 June 2024	70000	70 000	70 000	0	0	Alignment with IDP, SDAP and Business Plan

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals expense less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
The Health Professions Act, 1974 (Act No. 56 of 1974) (as amended) endorses Continuing Professional Development (CPD) as the means for maintaining and updating professional competence, to ensure that the public interest is always promoted and protected, as well as ensuring the best possible health care service to the community. The minimum nr. of CPD points to be accumulated per year by EHP's practitioners who are active on the register are 30	The Assistant Director Environmental Health to ensure that all EHPs complete a minimum of 60 CPD points as required by the amended Health Professions Act No. 56 of 1974 by 30 June 2024	(Training covered under HR's training budget)	(Training covered under HR's training budget)	(Training covered under HR's training budget)			Alignment with IDP, SDEIP and Business Plan

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
The district municipality to promote environmental health practices with the district	The assistant director environmental health to conduct quarterly monitoring of drinking water quality at all Category B-Municipalities and correspond any failures to the Category B-Municipality	2000000	150526	150526	49474	0	Alignment with IDP, SDBIP and Business Plan
Purchase of office furniture & equipment	The Executive Mayor's office to facilitate the purchase of office furniture & equipment (Air Conditioner) by 30 June 2024	30000	17895	17895	12105	0	Alignment with IDP, SDBIP and Business Plan
Purchase of office furniture & equipment (council chambers sound system)	The Assistant Director II to facilitate the purchase & installation of council chamber sound system by 30 June 2024						Alignment with IDP, SDBIP and Business Plan
Purchase of office furniture & equipment (camera & equipment)	The unit manager of assets to facilitate the purchase of office furniture (camera & equipment) by 30 June 2024	50000	260541	260541	0	0	Alignment with IDP, SDBIP and Business Plan
Implementation of SPLUM by-laws and regulations in local municipalities	The Assistant Director Town Planning, Housing & DDM submit the Joint Municipal Planning Tribunal minutes and attendance register as proof of four quarterly sittings concluded.	105000	111600	111600	-61600	0	Alignment with IDP, SDBIP and Business Plan
			97822	97822	7178	0	

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals expense less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
Attend LED Meetings and workshops that relates to LED activities or opportunities that are beneficial for SMEs within B Municipalities	Assistant Director: LED, Tourism & EPWP to attend four quarterly external LED meetings/workshop to gather relevant and beneficial information by 30 June 2024	25000	25000	25000	0	0	Alignment with IDP, SDBIP and Business Plan
District EMPOWA Youth Summit (SMMF support)	Assistant Director: LED, Tourism & EPWP in conjunction with Dept. Economic Development & Tourism and EMPQWA Youth. conduct the district youth summit for SMMF support by 30 June 2024		97500	97500	0	0	Alignment with IDP, SDBIP and Business Plan
To promote and market tourism in the in the northern cape	Assistant Director: LED, Tourism & EPWP to attend one Provincial Marketers Forum meetings.	20000	20000	20000	0	0	Alignment with IDP, SDBIP and Business Plan
Promotion of tourism by attending one Local Tourism Show.	Assistant Director: LED, Tourism & EPWP to attend 1 Local Tourism Show to promote the Green Kalahari and submit a report to Municipal Manager before 31 March 2024.		50000	50000	0	0	Alignment with IDP, SDBIP and Business Plan

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals expense less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
Promotion of tourism by attending one National Tourism Show.	Assistant Director. LED, Tourism & EPWP to attend 1 National Show to promote the Green Kalahari and submit a report to Municipal Manager before 31 May 2024.	100000	185000	185000	-85000	0	Alignment with IDP, SDBIP and Business Plan
Poor promotion of tourism via the Green Kalahari brand	Assistant Director. LED, Tourism & EPWP to Conduct an Annual Facility Visits at tourism entities within the Green Kalahari by 31 December 2023	10000	10000	10000	0	0	Alignment with IDP, SDBIP and Business Plan
Water Leakages Repairs Khais	Assistant Director. LED, Tourism & EPWP Create 08 Full time equivalent for the financial year ending 30 October 2023 by repairing water leaks in Khais Mun.	510000	510000	510000	0	0	Alignment with IDP, SDBIP and Business Plan
Promotion of SMME's	Assistant Director. LED, Tourism & EPWP to create 1.6 Full time equivalent through the support of one small business (Bakery) for the financial year by 03 May 2024	80000	80000	80000	0	0	Alignment with IDP, SDBIP and Business Plan
ZFM Office Routine Maintenance	Assistant Director. LED, Tourism & EPWP create 02 Full time equivalent for the financial year ending 30 June 2024 by routine maintenance of ZFM DM offices	160000	160000	160000	0	0	Alignment with IDP, SDBIP and Business Plan

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance (Actuals expense less Budget)	Adjustment Variance (actual expense less adjustment budget)	Reasons for deviations
Support Thembelihle Old Age Home	Assistant Director: LED, Tourism & EPWP create 1.5 Full time equivalent for the financial year ending 30 November 2023 by supporting Thembelihle Old Age Home	90000	90000	90000	0	0	Alignment with IDP, SDBIP and Business Plan
Refurbishment of ZFM Head Office	Assistant Director: LED, Tourism & EPWP to create 1.5 Full time equivalent for the financial year ending 31 January 2024 by the refurbishment of ZFM DM offices	70000	70000	70000	0	0	Alignment with IDP, SDBIP and Business Plan
Cleaning of townships (waste management)	Assistant Director: LED, Tourism & EPWP to create 1.9 Full time equivalent by 23 September 2023 cleaning townships waste management (illegal dumping)	89000	89000	89000	0	0	Alignment with IDP, SDBIP and Business Plan

8. PROGRESS WITH IMPLEMENTING RECOMMENDATIONS OF THE 2022/23 APR

To ensure that key performance areas are achieved by the District Municipality the following remedial actions were implemented.

8.1 REMEDIAL ACTIONS 2022/23

Department	Key Performance Indicator	Corrective measure	Progress Made by 30 June	Comment
Planning and development	The Head Project Management Unit must submit monthly expenditure report to the Department of Transport (According to the Grant requirement).	The Unit is to adhere to indicators and to put a contingency plan in place in order to achieve targets	Implemented	Expenditure reports available
Planning and development	The Unit Manager of Air Quality Management to develop ZFM's Air Quality Management by-laws & publish them in the provincial gazette by 30 June 2023	Indicator to be amended in the SDBIP 2023/24. Unit to put a contingency plan in place to ensure targets are reached	Implemented	Indicator was removed from the SDBIP
Planning and development	Create 02 Full time equivalent for the financial year ending 30 June 2023 through ICT support services at ZFM DM	To adhere to indicators and to put a contingency plan in place to achieve targets.	Implemented	Indicator was Removed from the SDBIP as there was a change in business plan.
Planning and development	The Unit Manager of Air Quality Management to review the current ZFM Air Quality Management Plan by 30 June 2023	Unit to put a contingency plan in place to ensure targets are reached.	Implemented	Indicator was removed from the SDBIP
Financial Services	The CFO to ensure the compensation of 3 financial interns' salary each for duration of contract	To review indicator with the next Review of the SDBIP	Not yet implemented	Indicator was not achieved in the 2023/24 financial year

9. SERVICE DELIVERY PRIORITIES OF THE DISTRICT

Section 83 & 84 of the Local Government: Municipal Structures Act, 117/98 – Functions and Powers of Municipalities

A District Municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by-

Building capacity of Local Municipalities in its area to perform their functions and exercise their powers where such capacity is lacking.

The Vision of ZFM District Municipality is to provide quality support to deliver quality services.

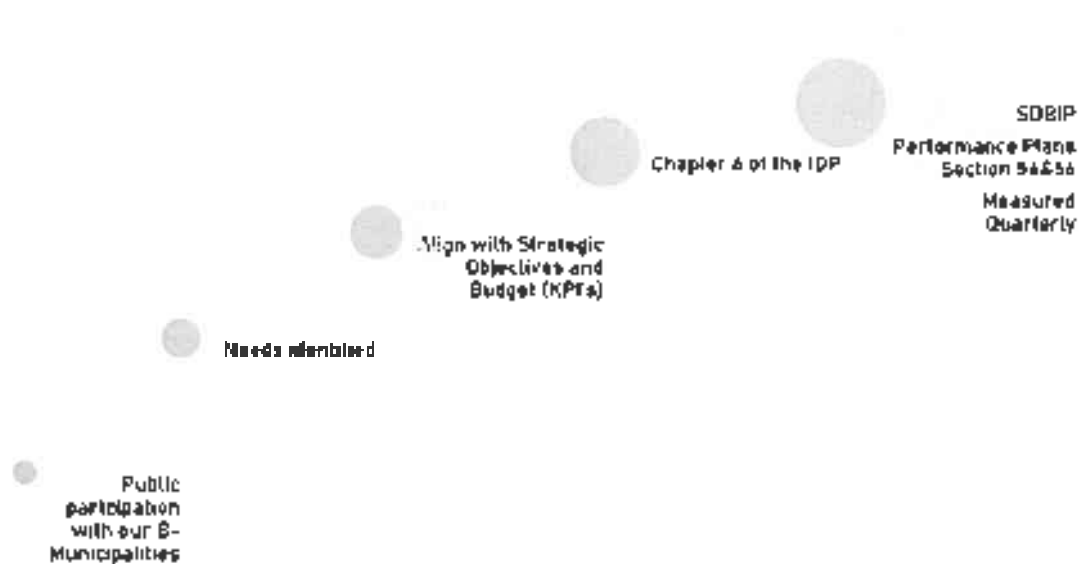
1. The Mission of ZFM District Municipality is to be a centre of excellence in providing quality basic services through support to Local Municipalities.

The Values of the District Municipality are:

- o Commitment to the development of people
- o Integrity in the performance of our duty
- o Respect for our natural resources
- o Transparency in accounting for our actions
- o Regularly consult with customers on the level and quality of services
- o Ensure higher levels of courtesy and professionalism in the workplace
- o Efficient spending and responsible utilization of municipal assets

During the Public Participation process at the Category B-Municipalities, support needs were identified, prioritised and aligned with the Strategic Objectives.

Please see diagram:



9.1 SUPPORT FOR THE FINANCIAL YEAR 2023/24

Support is categorised into Institutional Support and Mandatory Support. Institutional Support focuses on: Departmental Support such as Internal Audit, Risk Management, IT, HRM, Registry and Filing, Performance Management and Financial Service support.

Mandatory and Institutional Support were rendered to the Category B-Municipalities. The following services were rendered under Mandatory Support.

1. Disaster Management
2. Environmental Health
3. Housing
4. Local Economic Development
5. Tourism
6. Spatial Planning and Land Use Management
7. Project Management
 - a. EPWP
 - b. RRAMS

The following services was rendered under Institutional Support:

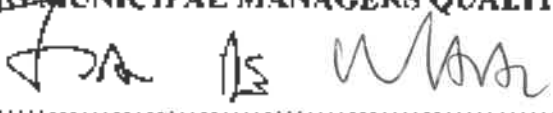
1. Performance Management
2. Human Resource Management
3. Financial Services
4. Council Administration
5. Labour Relations

10. RECOMMENDATIONS FOR IMPROVING INSTITUTIONAL PERFORMANCE

- The Municipality to consider adding KPI's that covers Project activities
- Performance Management Training for all Managers is recommended to capacitate them on applying SMART principles in the IDP.
- Establish a shared understanding of the institution's mission, vision, and objectives.
- Foster effective leadership that promotes a culture of excellence and accountability.
- Develop and implement a comprehensive strategic plan that aligns with the institution's goals.
- Establish relevant Key Performance Indicators (KPIs) to measure progress and identify areas for improvement.
- Encourage a culture of continuous learning, innovation, and improvement.
- Foster open communication, teamwork, and collaboration among stakeholders.
- Stay adaptable and responsive to changing environments and circumstances.
- Recognize and reward outstanding performance and achievements.

APPROVAL

ACTING MUNICIPAL MANAGERS QUALITY CERTIFICATE

I  Acting Municipal Manager of ZF Mgeawu District Municipality, hereby certify that the Annual Performance Report and supporting documentation have been prepared in accordance with the Municipal System Act 2000 and the Performance Regulations under the Act, and that the Performance Assessments have been done properly to ensure that is a true reflection of what has taken place with effect from 01 July 2023 to 30 June 2024 and is consistent with the Integrated Development Plan, Budget and SDBIP of the Municipality.

This Adjustments report has been submitted to the Executive Mayor on 30 August 2024 as required by the Municipal System Act, Section 46 and acknowledges receipt.

The Annual Performance Report has been submitted to the Auditor General on

30 August 2024

Print name

Acting Municipal Manager of ZFM District Municipality

Signature

Date

ACKNOWLEDGEMENT OF RECEIPT

I, Maureen Basson..... The Executive Mayor of ZF Mgcawu District Municipality acknowledges the receipt of the Annual Performance Report 2023/2024

This report has been submitted to the Executive Mayor on 30 August 2024 as required by the Municipal System Act, Section 46 and therefor acknowledges receipt.

Print name Maureen Basson.....

Executive Mayor of ZF Mgcawu District Municipality

Signature .....

Date 24/01/2025.....

- SDBIP 2023/2024
- Technical Indicator Library Descriptions

ANNEXURE B

AUDIT

COMMITTEE

REPORT

Audit Committee Report



For the year ending

30 June 2024

Audit and Performance Committee Report

Legislative requirements

The objective of this report is to convey to the Council the perspective of the Audit Committee (AC) regarding its oversight duties in accordance with section 166 of the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003, as amended), in conjunction with Circular 65 issued by the National Treasury for the fiscal year concluded on 30 June 2024.

The MFMA mandates that each municipality establish an independent audit committee, which is required to provide counsel to the municipal council, political office-bearers, the accounting officer, and the management personnel of the municipality, as well as the accounting entity, on issues pertaining to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability, and accuracy of financial reporting and information, performance management, effective governance, adherence to the MFMA, the annual Division of Revenue Act (DoRA), and any other relevant legislation, along with any additional matters referred to it by the municipality.

The Audit Committee (AC) operates under formal terms of reference, which are subject to annual review and ratification by the Council. The AC is honoured to submit its report for the fiscal year concluded on 30 June 2024.

Audit committee's responsibility

The AC has duly fulfilled its obligations as delineated in section 166 of the Municipal Finance Management Act (MFMA), in conjunction with MFMA Circular 65, and hereby reports that it has operated in accordance with the audit committee charter as aligned with the internal audit charter.

Audit Committee members

The constituents of the AC are exclusively independent representatives of the District Municipality. The individuals serving on the committee have been duly appointed by the District Municipality. The AC is comprised of the members enumerated below. It

is mandated by the ratified terms of reference for the AC members to convene a minimum of four times annually.

Audit and Performance Committee Members				
	Mr. L.S. More Chairperson	Mrs. M. Venter Member/ Chairperson	Ms U. Thys Member	Mr K. Nkoe Member
No of Ordinary meetings attended	1	3	5	5
No of Special meetings attended	1	1	1	1

The AC members can assertively report that they have conducted meetings with the Acting Municipal Manager in his capacity as the Accounting Officer, the Senior Management of the District Municipality, the Internal Audit function, and the Auditor General of South Africa (AGSA), both collectively and individually, regarding issues pertinent to governance, internal control, performance information, financial information and risk management within the municipality throughout the reporting period.

Upon invitation, the Audit Committee also provided comprehensive reports to the Council addressing governance, internal control, risk management, performance, financial information, and other significant matters relevant to the District Municipality.

Internal audit function

The Accounting Officer is mandated, pursuant to section 165 of the Municipal Finance Management Act (MFA), to ensure the municipality possesses and sustains systems of internal audit under the governance and oversight of the Audit Committee (AC).

The District Municipality has established a proficient Internal Audit function, directed by the Deputy Director Internal Audit serving in the role of the Chief Audit Executive (CAE). The Internal Audit function reports to the AC on a functional basis and to the Accounting Officer on an administrative basis.

The AC has ratified the internal audit plan for the financial period of 2023/2024 to facilitate the provision of assurance to those entrusted with governance, including the AC. The Internal Audit unit has operated with efficacy and efficiency throughout the current financial year under review, having completed all audits delineated in the approved annual audit plan.

In accordance with the Internal Audit (IA) standards for professional practice of internal audit 1300, the CAE is required to develop a Quality Assurance and Improvement Program (QAIP), which encompasses both internal and external assessments. The external assessment must be conducted at a minimum of every five years by an independent evaluator external to the organization, as stipulated by the IA standard. In the pursuit of adherence to the aforementioned standard, Excellent Minds Institute (Pty) was appointed to perform a comprehensive external assessment of the ZF Mgcawu District Municipality's IA operations. The objective of the external quality assurance review was to assess the IA activities in alignment with the obligatory components of the Internal Professional Practice Framework (IPPF).

The AC is pleased to report that the overall conclusion of the assessment of the IA is a General Conformance (GC). The GC signifies that the IA activities possess a charter, policies, processes, and procedures that are congruent with the IA best practices as delineated in the IPPF, adhering to the mandatory requirements of the IPPF.

It merits mentioning that the GC represents the pinnacle of results or the most favourable outcome that our IA has attained under the stewardship of Mrs. Gail Cloete. The AC wishes to extend its felicitations to the IA team for their unwavering and continuous commendable performance. It is noteworthy that the ZF Mgcawu District Municipality IA stands as the first municipality in the Northern Cape to undergo a quality review process as mandated by the standard and to achieve a favourable outcome.

Quarterly reports

The Audit Committee conducted a quarterly assessment of the performance information, financial information, risk management and other obligatory reports as stipulated by the terms of reference for the Audit Committee. The Audit Committee expresses its satisfaction regarding the substance and calibre of the quarterly reports that have been prepared and disseminated by the District Municipality's Management, notwithstanding the minor issues that may have been noted, which are deemed immaterial to the influence of the Audit Committee's report.

The Effectiveness of Internal Control

The Audit Committee duly acknowledges the efforts of Management and the Internal Audit function in the establishment and maintenance of strong internal controls within the district municipality. Therefore, as a direct outcome of the efficient internal controls implemented within the district, no further concerns were reported by the internal audit that would indicate a significant deficiency in the internal controls.

Risk Management

The AC additionally fulfils an oversight function in the realm of organizational risk management. The District Municipality has designated an independent chairperson for the Risk Management Committee to facilitate the resolution of critical risks that could impede the organization from achieving its strategic objectives as delineated for the financial period under scrutiny. For the purposes of combined assurance, the independent Chairperson of the Risk Management Committee is consistently invited to present or share her reports to the AC. The AC expresses its contentment regarding the manner in which the District Municipality is managing matters related to organizational Risk Management.

Evaluation of the Annual Financial Statements, Annual Performance Report and Annual Report

The AC has performed a desktop review or limited review of the Annual Financial Statements, Annual Performance Report and Annual Report. Except for the matters highlighted by the External Audit and the report from the Internal Auditors, the Audit Committee is satisfied that the Annual Financial Statements have been prepared in

compliance with the Generally Recognized Accounting Practice (GRAP) and the Municipal Finance Management Act (MFMA).

Auditor-General of South Africa

The AC has noted the Auditor General's report on the Annual Financial Statements. The committee has been involved throughout the audit process and has been thoroughly appraised of the matters raised by the external auditors. The committee has met with the AGSA to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the AGSA.



.....

Mr. Khotso Nkoe ACCA(UK)

Acting Audit Committee Chairperson

VOLUME IIA
ANNUAL
FINANCIAL
STATEMENTS

ZF MGCAWU DISTRICT Municipality



2023 / 2024

[These financial statements have been audited]

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2024**

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

INDEX

NO	CONTENTS	PAGE
1	Abbreviations	1
2	General Information	2- 3
3	Members of Council	4
4	Foreword	5
5	Report of the Auditor General	6 - 13
6	Report of the Chief Financial Officer	14 - 19
7	Statement of Financial Position	20
8	Statement of Financial Performance	21
9	Statement of Changes In Net Assets	22
10	Cash Flow Statement	23
11	Statement of comparison of Budget and Actual Amounts	24 - 38
12	Segmental analysis of Financial Performance	39 - 40
13	Accounting Policies	41 - 55
14	Notes to the Financial Statements	56 - 109
APPENDIXES - Unaudited		
15	A Schedule of External Loans	110
16	B Analysis of Property, Plant and Equipment	111
17	E (1) Reconciliation of Budgeted Financial Performance by Standard Classification	112
18	E (2) Reconciliation of Budgeted Financial Performance by Municipal Vote	113 - 114
19	E (3) Reconciliation of Budgeted Financial Performance	115
20	E (4) Reconciliation of Budgeted Cash Flow	116
21	F Disclosure of Grants and Subsidies in Terms of Section 123 of MFMA	117
22	G Statement of Remuneration of Councillors & Management	118 - 123
23	H Ratio Analysis Schedule	124 - 128

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

ABBREVIATIONS

ASB	Accounting Standards Board
B-BBEE	Broad-based black economic empowerment
CPMD	Continuous Professional Management Development
EPWP	Expanded Public Works Programme Integrated Grant
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education & Training Authority
LSA	Long Service Awards
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal System Improvement grant
PEMA	Post-retirement Health Care Benefits
PFMA	Public Finance Management Act
PMS	Performance Management System
PPE	Property, Plant, and Equipment
RRAMS	Rural Roads Asset Management Systems Grant
SALGA	South African Local Government Association
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SDL	Skills Development Levy
ZFM	ZF Mgcawu District Municipality

ZF MGCWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

GENERAL INFORMATION

EXECUTIVE MAYOR

M.C. BASSON

SPEAKER

W.R.S. PETERSON

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor: M.C. BASSON

Councillors: J. SILO
A. MATSHIMO
P.M. MGCERA
A. JOHNSON

GRADING OF THE LOCAL AUTHORITY

Grade 4

AUDITORS

External: Auditor-General South Africa
Internal: ZF Mgcawu District Municipality Internal Audit Unit

PRIMARY BANKER

ABSA

REGISTERED OFFICE

c/o Upington 26 Avenue & Dr Nelson Mandela Drive
Upington
8801

Private Bag X6039
Upington
8800

Telephone: (054) 337 2800
Fax: (054) 337 2888

E-Mail: admin@zfm-dm.gov.za
Website: www.zfm-dm.co.za

ACTING MUNICIPAL MANAGER

MR. A. TIETIES

CHIEF FINANCIAL OFFICER

MRS. E. ISAACS

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

GENERAL INFORMATION (continued)

REVIEW OF FINANCIAL STATEMENTS

The Annual Financial Statements were reviewed by the Audit & Performance Committee, Internal Audit Unit, MPAC, Provincial Treasury and Management before it was approved by the Acting Municipal Manager.

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 3 to 128, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the District Municipality.

These Annual Financial Statements will be presented to the Council for information on 30 August 2024.



MR. A. TIETIES
ACTING MUNICIPAL MANAGER
30 August 2024

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

MEMBERS OF COUNCIL

NAME	POSITION	PARTY	PERIOD
M.C. Basson	Executive Mayor	ANC	Commencement: 23/06/2022
W.R.S. Peterson	Speaker	KSR	Commencement: 14/12/2021
A. Johnson	Mayoral Committee	ANC	Commencement: 28/01/2022
A. Matshimo	Mayoral Committee	ANC	Commencement: 28/01/2022
P.M. Mgcera	Mayoral Committee	ANC	Commencement: 28/01/2022
J. Silo	Mayoral Committee	ANC	Commencement: 28/01/2022
P.H. Matthys	Chairperson of 79 Committee	HFTF	Commencement: 30/08/2022 Term ended: 27/02/2024
M.M. Louw	Chairperson of 79 Committee	ANC	Commencement: 28/02/2024
M.M. Louw	Direct Elected Councillor	ANC	Commencement: 23/06/2022 Term ended: 27/02/2024
J. Esau	Direct Elected Councillor	EFF	Commencement: 09/11/2021 Term ended: 23/11/2023
M. Willemse	Direct Elected Councillor	EFF	Commencement: 24/11/2023
H. De Koker	Direct Elected Councillor	DA	Commencement: 09/11/2021
M.H.B. Van Zyl	Direct Elected Councillor	DA	Commencement: 09/11/2021
F.L. Witbooi	Direct Elected Councillor	DA	Commencement: 09/11/2021
P.H. Matthys	Direct Elected Councillor	HFTF	Commencement: 28/02/2024 Term ended: 11/06/2024
E. Mompe	Direct Elected Councillor	HFTF	Commencement: 12/06/2024
F. Basson	Councillor	ANC	Commencement: 14/12/2021
P.J. George	Councillor	ANC	Commencement: 14/12/2021
K.G. Keorometswe	Councillor	ANC	Commencement: 14/12/2021
D.R. Pienaar	Councillor	ANC	Commencement: 14/12/2021
S. Abel	Councillor	ANC	Commencement: 28/01/2022
A.J. Ruiters	Councillor	DA	Commencement: 14/12/2021
C.F.P. Bezuidenhout	Councillor	DA	Commencement: 14/12/2021
P.T. Van der Steen	Councillor	DA	Commencement: 14/12/2021
S. Sandlana	Councillor	DA	Commencement: 14/12/2021
J. Balies	Councillor	EFF	Commencement: 14/12/2021
A.C. Kotzee	Councillor	HFTF	Commencement: 14/12/2021

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution and according to the Government Gazette 49142 dated 18/08/2023. This read with the Remuneration of Public Officer Bearers Act, Circular 40/2012 dated 10/12/2012 of SALGA and the Minister of Provincial and Local Government's determination in accordance with this Act.



MR. A. TIETIES
ACTING MUNICIPAL MANAGER
30 August 2024

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

FOREWORD

It is my pleasure to present the 2023/2024 Annual Financial Statements of the ZF Mgcawu District Municipality. These statements represent a comprehensive overview of our financial performance and accountability over the past fiscal year. We must maintain transparency and integrity in our financial reporting, as it serves as a reflection of our commitment to sound governance and stewardship of public funds. As we continue our journey towards realizing the goals set out in our strategic plan, we remain guided by our mandate to serve the people of the ZF Mgcawu District. The past year has been one of both challenges and achievements. Despite the obstacles, we have managed to uphold the principles of good governance and fiscal discipline.

Our focus on collaborative governance has been key to our success. By working closely with Local Municipalities, community stakeholders, and non-governmental organizations, we have been able to leverage our collective strengths to drive development and improve service delivery. This collaborative approach has not only enhanced our ability to meet the needs of our residents but has also strengthened the bonds within our communities.

The 2022/2023 audit results are a testament to the dedication and hard work of our administrative staff and public representatives. Achieving a Clean Audit is a significant milestone that reflects our unwavering commitment to managing public funds efficiently and upholding the highest standards of integrity. The Council's active oversight role, supported by the Municipal Public Accounts Committee, has been instrumental in ensuring that our administration remains accountable and transparent. Their efforts have significantly contributed to our success, and I extend my sincere gratitude for their unwavering commitment and dedication.

As we move forward, we remain committed to strive within our financial and administrative capacity to meet the objectives of Local Government as set out in the Constitution. Our vision is to build a District Municipality where every individual has the opportunity to thrive and contribute to a better South Africa.

I would like to express my deepest appreciation to all Councillors, the Mayoral Committee, and the Municipal Public Accounts Committee for their effective oversight and support. I also extend my gratitude to the Management and Staff for their tireless efforts and dedication to serve our community. Finally, I thank the Audit Committee for their invaluable guidance and oversight.



CLLR. M.C. BASSON
EXECUTIVE MAYOR
30 August 2024

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

REPORT OF THE AUDITOR GENERAL



AUDITOR-GENERAL
SOUTH AFRICA

The accounting officer
ZF Mgcawu District Municipality
Private Bag X6039
Upington
8800

29 November 2024

Reference: 21363REG23-24

Dear Sir

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of ZF Mgcawu District Municipality for the year ended 30 June 2024

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the auditor's report in the municipality's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the auditor's report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the auditor's report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

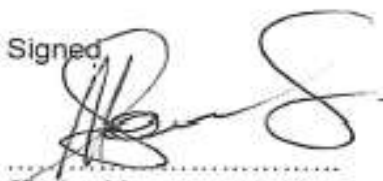
5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), members of the staff of the Auditor General (AG), or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party without the permission of the AG or his/her delegate, unless this is to a legislature or internal committee of a legislature or a court in a criminal matter..
7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Morakane Saule

Signed



Senior Manager: Northern Cape Business Unit

Enquiries: Gladwin Munnick
Telephone: (053) 836 8850
Fax: (053) 836 8899

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on ZF Mgcawu District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the ZF Mgcawu District Municipality set out on pages xx to xx which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ZF Mgcawu 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 Practise (Standards of GRAP) and the requirements of the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

3. 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.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of matter.
7. I draw attention to note 49 to the financial statements, which indicates that the three-year Medium Term Revenue Expenditure Framework (MTREF) reflected that the budget was unfunded for 2024/25, 2025/26 and 2026/27. The outcome of the cash back assessment from Provincial Treasury was negative for 2024/25 as well as negative for the two outer years 2025/26 and 2026/27. Further, cash flow challenges are experienced, as cash flow projections are compiled for the payment sequence of the equitable share which is the largest portion of operational revenue source. As stated in note 49, these events or conditions, along with the other matters

as set forth in note 49, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Other matters

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

Unaudited disclosure notes

9. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. It is not practicable to determine the completeness of such disclosure and to provide assurance on it.

Unaudited supplementary schedules

10. The supplementary information set out on pages XX to XX does not form part of the financial statement and is presented as additional information. I have not audited these schedules and accordingly, do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

11. 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.
12. 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

13. 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.
14. 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 8 of the annexure to the auditor's report, forms part of our auditor's report.

Report on the annual performance report

15. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following material performance indicators related to Basic Service Delivery and Infrastructure presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
- The assistant director Environmental health to conduct quarterly monitoring of drinking water quality at all Category B-municipalities and correspond any failures to the Category B –Municipality.
 - Assistant Director: PMU,LED,Tourism & EPWP to create 08 Full time equivalent for the financial year ending 30 October 2023 by repairing water leaks in Kheis Municipality.
 - Assistant Director: PMU,LED,Tourism & EPWP to create 1.9 Full time equivalent by 23 September 2023 cleaning townships waste management (illegal dumping).
17. I evaluated the reported performance information for the selected material performance indicators 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.
18. 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 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 reasons provided for any overachievement of targets.
19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
20. I did not identify any material findings on the reported performance information for the selected indicators.

Report on compliance with legislation

21. 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.
22. 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.
23. 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.
24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

25. Reasonable steps were not taken to prevent irregular expenditure amounting to R98 874 as disclosed in note 35.3 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by key management personnel exceeding acting periods in terms of Section 56(1) (a) (ii) of Local Government: Municipal Systems Act.

Assets management

26. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by sections 14(2) (a) and 14(2) (b) of the MFMA.

Other information in the annual report

27. 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 material indicators in the scoped-in development priority presented in the annual performance report that have been specifically reported on in this auditor's report.
28. 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.
29. 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 material indicators in the scoped-in development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. 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

31. 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.
32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
33. Management did not put adequate measures in place to ensure compliance with relevant legislation are sufficiently review.

Auditor-General

Auditor General

Kimberley

29 November 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of ZF Mgcawu District Municipality ending 30 June 2024.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2023/24 financial period is set out in Directive 5 issued by the ASB on 11 March 2009, as amended.

The Statement of Financial Position at 30 June 2024 indicates an increase in Non-Current Assets, a decrease in Current Assets, an increase in Non-Current Liabilities and a decrease in Current Liabilities.

The increase in Non-Current Assets is primarily as a result of the increase in the Non-current Investments. The decrease in Current Assets is primarily as a result of the decrease in Cash and Cash Equivalents.

The increase in Non-Current Liabilities is primarily as a result of the increase in Employee Benefit Liabilities. The decrease in Current Liabilities is primarily as a result of the decrease in Current Portion of Long-term Liabilities.

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

2. mSCOA IMPLEMENTATION PLAN

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

3. KEY FINANCIAL INDICATORS

The following indicators are the key indicators and is a comparison to prior year figures. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the District Municipality.

Financial Statement Ratios:

INDICATOR	2024 R	2023 R
Surplus / (Deficit) before Appropriations	(3 103 230)	2 977 597
Surplus / (Deficit) at the end of the Year	(19 566 095)	(16 462 865)
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	65.94%	66.92%
Remuneration of Councillors	5.54%	5.91%
Depreciation and Amortisation	1.63%	1.42%
Impairment Losses	0.81%	0.33%
Finance Costs	4.17%	4.76%
Contracted Services	6.71%	5.29%
Inventory Consumed	0.54%	0.45%
Transfers and Subsidies Paid	0.52%	1.02%
Operating Leases	0.00%	0.00%
Operational Costs	14.12%	13.77%
Loss on Disposal of Capital Assets	0.03%	0.13%

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

REPORT OF THE CHIEF FINANCIAL OFFICER

4. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Note 52, whilst operational results are included in Appendices E (1), E (2) and E (3).

5. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R1,340,406 (2022/23: R1,549,584). Full details of Assets are disclosed in Notes 8, 9, 51 and Appendix "B" to the Annual Financial Statements.

The capital expenditure of R1,340,406 was financed as follows:

DETAILS	Actual 2023/24 R	Actual 2022/23 R	Percentage Variance %	Budgeted 2023/24 R	Variance actual/ budgeted %
Finance Leases	-	130 889	(100.00)	-	-
Grants and Subsidies	377 368	1 189 930	(68.29)	377 368	-
Own Funds (Accumulated Surplus)	963 038	228 766	320.97	1 605 863	(40.03)
	1 340 406	1 549 584	(13.50)	1 983 231	(32.41)

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2024 %	2023 %
Finance Leases	-	8.45%
Grants and Subsidies	28.15%	76.79%
Own Funds (Accumulated Surplus)	71.85%	14.76%
	100.00%	100.00%

6. RECONCILIATION OF BUDGET TO ACTUAL

6.1 Operating Budget:

DETAILS	2024 R	2023 R
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	657 000	1 388 487
Revenue variances	(3 784 650)	3 800 643
Expenditure variances:		
Employee Related Costs	298	864 917
Remuneration of Councillors	43	25 859
Depreciation and Amortisation	59	1 367
Impairment Losses	-	(298 774)
Finance Costs	85	(3 797 000)
Contracted Services	4 375	687 022
Inventory Consumed	372	82 257
Transfers and Subsidies Paid	187	146 688
Operating Leases	-	-
Operational Costs	4 544	75 260
Loss on Disposal of Capital Assets	14 457	871
Actual surplus before appropriations	(3 103 230)	2 977 597

ZF MGCWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

REPORT OF THE CHIEF FINANCIAL OFFICER

DETAILS	2024 R	2023 R
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	657 000	1 388 487
Executive and Council	(248 732)	114 325
Finance and Administration (incl Bad Debt)	249 238	(1 752 462)
Internal Audit	1 357	(138 537)
Public Safety	161	54 285
Health	26	107 676
Planning and Development	3 541	(6 378)
Other	189	54 957
Add: Gains and Losses	(3 766 010)	3 155 245
Actual surplus before appropriations	(3 103 230)	2 977 597

Details of the operating results per segmental classification of expenditure are included in Note 52, whilst operational results are included in Appendices E(1), E(2) and E(3).

6.2 Capital Budget:

DETAILS	Actual 2023/24 R	Actual 2022/23 R	Variance actuals R	Budgeted 2023/24 R	Variance actual/ budgeted R
Executive and Council	803 574	28 043	775 531	803 574	-
Finance and Administration	441 035	706 089	(265 054)	1 083 860	(642 825)
Public Safety	-	9 565	(9 565)	-	-
Health	8 999	33 621	(24 622)	8 999	-
Planning and Development	86 798	-	86 798	86 798	-
	1 340 406	1 549 584	(209 178)	1 983 231	(642 825)

Details of the results per segmental classification of capital expenditure are included in Note 51.

7. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2024 amounted to R19,566,095 (30 June 2023: R16,462,865) and is made up as follows:

Accumulated Surplus

2024 R	2023 R
(19 566 095)	(16 462 865)
(19 566 095)	(16 462 865)

Refer to Note 17 and the Statement of Change in Net Assets for more detail.

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

REPORT OF THE CHIEF FINANCIAL OFFICER

	2024 R	2023 R
8. LONG-TERM LIABILITIES		
The outstanding amount of Long-term Liabilities as at 30 June 2024 was R0 (30 June 2023: R276,895) and is made up as follows:		
Finance Lease Liability	-	276 895
	<u>-</u>	<u>276 895</u>

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

Refer to Note 15 and Appendix "A" for more detail.

9. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R33,732,000 as at 30 June 2024 (30 June 2023: R30,960,000) and is made up as follows:

Post-retirement Health Care Benefits Liability	Note 16	25 684 000	23 453 000
Long Service Awards Liability	Note 16	8 048 000	7 507 000
		<u>33 732 000</u>	<u>30 960 000</u>

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the District Municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 16 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R10,100,328 as at 30 June 2024 (30 June 2023: R10,626,065) and is made up as follows:

Provisions	Note 12	3 422 070	3 121 597
Payables from Exchange Transactions	Note 13	6 398 202	6 853 362
Unspent Conditional Grants and Receipts	Note 14	-	-
Current Portion of Long-term Liabilities	Note 15	280 056	651 106
		<u>10 100 328</u>	<u>10 626 065</u>

Current Liabilities are those liabilities of the District Municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the District Municipality will not be able to meet its obligations.

Refer to Note 12, 13, 14, 15 for more detail.

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

REPORT OF THE CHIEF FINANCIAL OFFICER

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R21,083,113 as at 30 June 2024 (30 June 2023: R21,602,242).

Refer to Note 8, 51 and Appendix B for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R70,383 as at 30 June 2024 (30 June 2023: R108,712).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the District Municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 9 and Appendix "B" for more detail.

13. NON-CURRENT INVESTMENTS

The District Municipality held Investments to the value of R1,719,010 as at 30 June 2024 (30 June 2023: R1,070,386).

These investments are invested to improve the District Municipality's unfunded budget and going concern.

Refer to Note 10 for more detail.

14. LONG-TERM RECEIVABLES

Long-term Receivables of R81,524 at 30 June 2024 (30 June 2023: R93,933) is made up as follows:

		2024 R	2023 R
Finance Lease Receivable	Note 11	8 289	10 616
Staff Related Long Term Receivables	Note 11	88 818	99 759
CPMD Debtors		83 600	90 600
SCM Debtors		2 383	8 035
Maternity Leave Debtors		-	1 123
Payroll Debtors		2 835	-
		97 106	110 374
Less: Short-term portion included in Current Assets	Note 7	(15 583)	(16 441)
		81 524	93 933

The increase in the amount for Long-term Receivables is due to new debtors raised during 2023/24 financial year.

Refer to Note 11 for more detail.

15. CURRENT ASSETS

Current Assets amounted R1,312,204 as at 30 June 2024 (30 June 2023: R2,524,821) and is made up as follows:

Receivables from Exchange Transactions	Note 2	271 488	224 591
Statutory Receivables from Exchange Transactions	Note 3	7 963	3 605
Receivables from Non-exchange Transactions	Note 4	-	126 207
VAT Receivable	Note 5	565 341	448 235
Cash and Cash Equivalents	Note 6	451 829	1 705 742
Current Portion of Long-term Receivables	Note 7	15 583	16 441
		1 312 204	2 524 821

Refer to Note 2, 3, 4, 5, 6 and 7 for more detail.

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

REPORT OF THE CHIEF FINANCIAL OFFICER

16. INTER-GOVERNMENTAL GRANTS

The District Municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 14 and 18, and Appendix "F" for more detail.

17. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 46.

18. GOING CONCERN ASSESSMENT

Refer to management's going concern assessment disclosed in Note 49.

19. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Acting Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



MRS. E. ISAACS
CHIEF FINANCIAL OFFICER
30 August 2024

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

		Actual	
	Note	2024	2023
		R	Restated R
ASSETS			
Current Assets		1 312 204	2 524 821
Receivables from Exchange Transactions	2	271 488	224 591
Statutory Receivables from Exchange Transactions	3	7 963	3 605
Receivables from Non-exchange Transactions	4	-	126 207
VAT Receivable	5	565 341	448 235
Cash and Cash Equivalents	6	451 829	1 705 742
Current Portion of Long-term Receivables	7	15 583	16 441
Non-Current Assets		22 954 029	22 875 273
Property, Plant and Equipment	8	21 083 112.58	21 602 242
Intangible Assets	9	70 383.10	108 712
Non-current Investments	10	1 719 010	1 070 386
Long-term Receivables	11	81 524	93 933
Total Assets		24 266 233	25 400 094
LIABILITIES			
Current Liabilities		10 100 328	10 626 065
Provisions	12	3 422 070	3 121 597
Payables from Exchange Transactions	13	6 398 202	6 853 362
Unspent Conditional Grants and Receipts	14	-	-
Current Portion of Long-term Liabilities	15	280 056	651 106
Non-Current Liabilities		33 732 000	31 236 895
Long-term Liabilities	15	-	276 895
Employee Benefit Liabilities	16	33 732 000	30 960 000
Total Liabilities		43 832 328	41 862 959
Total Assets and Liabilities		(19 566 095)	(16 462 865)
NET ASSETS		(19 566 095)	(16 462 865)
Accumulated Surplus / (Deficit)	17	(19 566 095)	(16 462 865)
Total Net Assets		(19 566 095)	(16 462 865)

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

		Actual	
	Note	2024	2023
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	18	88 401 654	86 401 864
Impairment Gains	25	200 532	3 453 148
Revenue from Exchange Transactions			
Rental from Fixed Assets	19	9 780	9 314
Finance Income	20	1 746 081	1 234 722
Operational Revenue	21	1 470 956	1 104 594
Gains on Disposal of Capital Assets	31	-	-
Total Revenue		91 829 004	92 203 643
EXPENDITURE			
Employee Related Costs	22	62 595 030	59 711 427
Remuneration of Councillors	23	5 261 639	5 270 695
Depreciation and Amortisation	24	1 544 322	1 263 327
Impairment Losses	25	765 298	298 774
Finance Costs	26	3 958 480	4 247 067
Contracted Services	27	6 366 498	4 724 056
Inventory Consumed	28	516 838	399 716
Transfers and Subsidies Paid	29	491 452	910 863
Operational Costs	30	13 402 134	12 283 339
Loss on Disposal of Capital Assets	31	30 543	116 783
Total Expenditure		94 932 234	89 226 046
SURPLUS / (DEFICIT) FOR THE YEAR		(3 103 230)	2 977 597
Refer to Budget Statement for explanation of budget variances (page 24 - 38)			

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

Description	Share Premium	Total Reserves and Funds	Accumulated Surplus	Total Net Assets
	R	R	R	R
2023				
Balance at 30 June 2022	-	-	(19 428 561)	(19 428 561)
Correction of Error (Note 32)		-	(11 900)	(11 900)
Restated Balance at 30 June 2022	-	-	(19 440 461)	(19 440 461)
Published Surplus for the year			2 977 597	2 977 597
Surplus for the year (previously published)		-	3 064 416	3 064 416
Correction of Error (Note 32)	-	-	(86 819)	(86 819)
Restated Balance at 30 June 2023	-	-	(16 462 865)	(16 462 865)
2024				
Surplus / (Deficit) for the year		-	(3 103 230)	(3 103 230)
Balance at 30 June 2024	-	-	(19 566 095)	(19 566 095)

ZF MGCAWU DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

		Actual	
	Note	2024	2023
		R	Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies		88 401 654	86 401 864
Rental from Fixed Assets	19	9 780	9 314
Finance Income	20	1 746 081	1 234 722
Other Receipts		1 429 661	1 076 055
Payments			
Employee Related Costs		(64 033 795)	(61 179 052)
Remuneration of Councillors	23	(5 261 639)	(5 270 695)
Finance Costs Paid	26	(155 480)	(450 068)
Suppliers Paid		(7 338 497)	(6 561 320)
Other Payments		(13 750 113)	(13 215 981)
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>1 047 653</u>	<u>2 044 840</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	8	(1 287 176)	(1 369 534)
Purchase of Intangible Assets	9	(53 230)	(49 162)
Proceeds on Disposal of Property, Plant and Equipment		323 000	0
Decrease / (Increase) in Non-current Investments		(648 624)	(558 338)
Decrease / (Increase) in Long-term Receivables		12 409	14 652
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(1 653 621)</u>	<u>(1 962 380)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(647 945)	(503 124)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(647 945)</u>	<u>(503 124)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(1 253 913)</u>	<u>(420 664)</u>
Cash and Cash Equivalents at Beginning of Period		1 705 742	2 126 406
Cash and Cash Equivalents at End of Period	6	451 829	1 705 742

ZF MCGAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2024

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
FINANCIAL POSITION												
Current Assets												
Inventories	(10 000)	(419 900)	(429 900)	429 900	-	-	-	-	-	-	0.00	0.00
Receivables from Exchange Transactions	847 928	530 000	1 377 928	(1 103 337)	274 591	-	274 591	271 488	-	(3 103)	98.87	32.02
Statutory Receivables from Exchange Transactions	-	(20 000)	(20 000)	20 000	-	-	-	7 963	-	7 963	0.00	0.00
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	-	-	-	0.00	0.00
VAT Receivable	1 155 373	(1 891 540)	(736 167)	755 222	19 055	-	19 055	565 341	-	546 286	2 966.89	48.93
Cash and Cash Equivalents	825 942	2 412 297	3 238 239	(1 446 454)	1 791 785	-	1 791 785	451 829	-	(1 339 956)	25.22	54.70
Current Portion of Long-term Receivables	17 718	-	17 718	(1 277)	16 441	-	16 441	15 583	-	(858)	94.78	87.95
Non-Current Assets												
Property, Plant and Equipment	24 427 886	(309 000)	24 118 886	(1 129 058)	22 989 828	-	22 989 828	21 083 113	-	(1 906 715)	91.71	86.31
Intangible Assets	112 354	-	112 354	48 589	160 943	-	160 943	70 383	-	(90 560)	43.73	62.64
Non-current Investments	1 012 047	220 000	1 232 047	1 338 339	2 570 386	-	2 570 386	1 719 010	-	(851 376)	66.88	169.85
Long-term Receivables	108 586	-	108 586	(14 653)	93 933	-	93 933	81 524	-	(12 410)	86.79	75.08
Total Assets	28 497 834	521 857	29 019 691	(1 102 729)	27 916 962	-	27 916 962	24 266 233	-	(3 650 729)	86.92	85.15
Current Liabilities												
Provisions	2 637 376	250 000	2 887 376	239 220	3 126 596	-	3 126 596	3 422 070	-	295 474	109.45	129.75
Payables from Exchange Transactions	12 656 820	(3 402 344)	9 254 476	1 181 471	10 435 947	-	10 435 947	6 398 202	-	(4 037 745)	61.31	50.55
Payables from Non-exchange Transactions	(2 900 000)	3 800 000	900 000	(900 000)	-	-	-	-	-	-	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	-	-	-	0.00	0.00
VAT Payable	601 740	(562 180)	39 560	(39 560)	-	-	-	-	-	-	0.00	0.00
Current Portion of Long-term Liabilities	496 885	-	496 885	(349 744)	147 141	-	147 141	280 056	-	132 915	190.33	56.36
Non-Current Liabilities												
Long-term Liabilities	803 350	-	803 350	(797 926)	5 424	-	5 424	-	-	(5 424)	0.00	0.00
Employee Benefit Liabilities	32 541 000	11 651	32 552 651	(2 643 651)	29 909 000	-	29 909 000	33 732 000	-	3 823 000	112.78	103.66
Total Liabilities	46 837 171	97 127	46 934 298	(3 310 190)	43 624 108	-	43 624 108	43 832 328	-	208 220	100.48	93.58
Total Assets and Liabilities	(18 339 337)	424 730	(17 914 607)	2 207 461	(15 707 146)	-	(15 707 146)	(19 566 095)	-	(3 858 949)	0.00	0.00
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	(18 339 337)	424 730	(17 914 607)	2 207 461	(15 707 146)	-	(15 707 146)	(19 566 095)	-	(3 858 949)	0.00	0.00
Total Net Assets	(18 339 337)	424 730	(17 914 607)	2 207 461	(15 707 146)	-	(15 707 146)	(19 566 095)	-	(3 858 949)	0.00	0.00

ZF MGCWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

Did not budget for 'LGSETA debtor for funds not received by the Municipality before 20 June 2024..

Statutory Receivables Exchange Transactions

Statutory Receivables Exchange Transactions budget is included in Receivables from Exchange Transactions. The VAT Receivable budget amount anticipated was under budgeted for.

Receivables from Non-exchange Transactions:

Relates to UIF expenditure debtors and was not budgeted for.

VAT Receivable:

VAT Receivables budget is included in Receivables from Exchange Transactions.

Cash and Cash Equivalents:

The budget amount was over budgeted for.

Intangible Assets:

Did not take derecognition of Intangible Assets into account with the budgeted figure.

Non-current Investments:

Over budgeted for the Investments.

Long-term Receivables:

Recovered more fund than anticipated for.

Payables from Exchange Transactions:

The variance is due to improved cash flow during the financial year to settle outstanding creditors before year-end..

Current Portion of Long-term Liabilities:

Did not budget according to the amortisation tables.

Long-term Liabilities:

Did not budget according to the amortisation tables.

Employee Benefit Liabilities:

Under budgeted for Employee Benefit Liabilities due to PEMA actuarial losses recognised.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2024

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Transfers and Subsidies	90 968 000	(600 000)	90 368 000	(866 346)	89 501 654	-	89 501 654	88 401 654	-	(1 100 000)	98.77	97.18
Impairment Gains	-	-	-	3 300 000	3 300 000	-	3 300 000	200 532	-	(3 099 468)	6.08	0.00
Revenue from Exchange Transactions												
Rental from Fixed Assets	10 000	-	10 000	(9 000)	1 000	-	1 000	9 780	-	8 780	977.99	97.80
Finance Income	950 000	-	950 000	850 000	1 800 000	-	1 800 000	1 746 081	-	(53 919)	97.00	183.80
Operational Revenue	815 000	(535 000)	280 000	50 000	330 000	-	330 000	1 470 956	-	1 140 956	445.74	180.49
Gains on Disposal of Capital Assets	381 000	300 000	681 000	-	681 000	-	681 000	-	-	(681 000)	0.00	0.00
Total Revenue	93 124 000	(835 000)	92 289 000	3 324 654	95 613 654	-	95 613 654	91 829 004	-	(3 784 650)	96.04	98.61
Expenditure												
Employee Related Costs	64 509 119	(1 088 489)	63 420 630	(1 600 462)	61 820 168	775 160	62 595 328	62 595 030	-	(298)	100.00	97.03
Remuneration of Councillors	5 304 870	-	5 304 870	(13 688)	5 291 182	(29 500)	5 261 682	5 261 639	-	(43)	100.00	99.19
Depreciation and Amortisation	577 240	-	577 240	602 174	1 179 414	364 967	1 544 381	1 544 322	-	(59)	100.00	267.54
Impairment Losses	20 000	-	20 000	-	20 000	745 298	765 298	765 298	-	-	100.00	3 826.49
Finance Costs	400 000	-	400 000	3 555 565	3 955 565	3 000	3 958 565	3 958 480	-	(85)	100.00	989.62
Contracted Services	6 137 000	900 627	7 037 627	1 310 734	8 348 361	(1 977 488)	6 370 873	6 366 498	-	(4 375)	99.93	103.74
Inventory Consumed	777 000	(20 100)	756 900	(238 825)	518 075	(865)	517 210	516 838	-	(372)	99.93	66.52
Transfers and Subsidies Paid	465 000	3 002	468 002	(7 702)	460 300	31 339	491 639	491 452	-	(187)	99.96	105.69
Operational Costs	11 636 760	1 221 355	12 858 115	460 474	13 318 589	88 089	13 406 678	13 402 134	-	(4 544)	99.97	115.17
Loss on Disposal of Capital Assets	45 000	-	45 000	-	45 000	-	45 000	30 543	-	(14 457)	67.87	67.87
Total Expenditure	89 871 989	1 016 395	90 888 384	4 068 270	94 956 654	-	94 956 654	94 932 234	-	(24 420)	99.97	105.63
Surplus/(Deficit) for the Year	3 252 011	(1 851 395)	1 400 616	(743 616)	657 000	-	657 000	(3 103 230)	-	(3 760 230)	-	-

ZF MGCWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Impairment Gains

Budgeted according to prior year history but Impairment Gains did not realised during 2023/24 financial year.

Rental from Fixed Assets:

Budgeted figures were not updated with the latest amortisation tables.

Operational Revenue:

Under budget for funds received from LGSETA.

Loss on Disposal of Capital Assets:

Budgeted separately for gains and losses but the actual figures are combined. Income from auction was lower than expected.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2024

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
CAPITAL EXPENDITURE PER FUNCTION												
Executive and Council	-	-	-	-	-	803 574	803 574	803 574	-	-	100.00	0.00
Finance and Administration	2 040 000	(109 000)	1 931 000	52 231	1 983 231	(899 371)	1 083 860	441 035	-	(642 825)	40.69	21.62
Public Safety	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Health	-	-	-	-	-	8 999	8 999	8 999	-	-	100.00	0.00
Planning and Development	700 000	-	700 000	(700 000)	-	86 798	86 798	86 798	-	-	100.00	12.40
Corporate Services	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Capital Expenditure	2 740 000	(109 000)	2 631 000	(647 769)	1 983 231	0	1 983 231	1 340 406	-	(642 825)	67.59	48.92
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual												
Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:												
Finance and Administration: Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.												

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2024

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
CASH FLOW												
Cash Flows from/(used in) Operating Activities												
Transfers and Subsidies	88 068 000	1 700 000	89 768 000	(1 200 000)	88 568 000	-	88 568 000	88 401 654		(166 346)	99.81	100.38
Rental from Fixed Assets	-	-	-	-	-	-	-	9 780		9 780	0.00	0.00
Finance Income	150 000	80 000	230 000	70 000	300 000	-	300 000	1 746 081		1 446 081	582.03	1 164.05
Other Receipts	175 000	1 944 566	2 119 566	1 704 967	3 824 533	-	3 824 533	1 429 661		(2 394 872)	37.38	816.95
Employee Related Costs	(86 956 964)	(557 219)	(87 514 183)	(1 423 290)	(88 937 473)	-	(88 937 473)	(64 033 795)		24 903 678	72.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	-	(5 261 639)		(5 261 639)	0.00	0.00
Finance Costs	(400 000)	-	(400 000)	400 000	-	-	-	(155 480)		(155 480)	0.00	0.00
Suppliers Paid	-	-	-	-	-	-	-	(7 338 497)		(7 338 497)	0.00	0.00
Other Payments	-	(465 000)	(465 000)	4 700	(460 300)	-	(460 300)	(13 750 113)		(13 289 813)	2 987.21	0.00
Cash Flows from/(used in) Investing Activities												
Purchase of Property, Plant and Equipment	(2 710 000)	83 450	(2 626 550)	345 834	(2 280 716)	-	(2 280 716)	(1 287 176)		993 540	56.44	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	(53 230)		(53 230)	0.00	0.00
Decrease / (Increase) in Non-current Investments	(500 000)	(220 000)	(720 000)	(780 000)	(1 500 000)	-	(1 500 000)	(648 624)		851 376	43.24	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	-	12 409		12 409	0.00	0.00
Cash Flows from/(used in) Financing Activities												
Proceeds from Borrowings	-	-	-	-	-	-	-	-		-	0.00	0.00
Repayment of Borrowings	-	-	-	(928 001)	(928 001)	-	(928 001)	(647 945)		280 056	0.00	0.00
Cash and Cash Equivalents at End of the Year	(2 173 964)	2 565 797	391 833	(1 805 790)	(1 413 957)	-	(1 413 957)	(1 253 913)	-	160 044	0.00	0.00

ZF MGCWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Rental from Fixed Assets:

Not budgeted separately for under cash flow statement, included under the Other Receipts.

Finance Income:

Invested funds for a longer period than anticipated for.

Other Receipts

Under budget for funds received from LGSETA.

Employee Related Costs

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Remuneration of Councillors

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Finance Cost

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Suppliers Paid

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Other Payments

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Purchase of Property, Plant and Equipment:

Did not budget for additions on the new mSCOA budget format and Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Purchase of Intangible Assets:

NT Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

Decrease / (Increase) in Non-current Investments:

Over budgeted for the Investments.

Decrease / (Increase) in Long-term Receivables:

Did not be budget for on the new mSCOA budget format.

Proceeds from Borrowings:

Did not budget for leases because it was included under Contracted Services.

Repayment of Borrowings:

Did not budget for leases because it was included under Contracted Services.

Cash and Cash Equivalents at End of the Year:

All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2023

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
FINANCIAL POSITION												
Current Assets												
Receivables from Exchange Transactions	2 193 587	-	2 193 587	(1 801 000)	392 587	-	392 587	224 591	-	(167 996)	57.21	10.24
Statutory Receivables Exchange Transactions	-	-	-	-	-	-	-	3 605	-	3 605	0.00	0.00
VAT Receivable	-	-	-	-	-	-	-	448 235	-	448 235	0.00	0.00
Cash and Cash Equivalents	3 881 368	5 589 287	9 470 655	(2 289 728)	7 180 927	-	7 180 927	1 705 742	-	(5 475 185)	23.75	43.95
Current Portion of Long-term Receivables	15 563	-	15 563	-	15 563	-	15 563	16 441	-	878	105.64	105.64
Non-Current Assets												
Property, Plant and Equipment	22 350 740	228 000	22 578 740	(683 354)	21 895 386	-	21 895 386	21 602 242	-	(293 144)	98.66	96.65
Intangible Assets	397 161	35 000	432 161	-	432 161	-	432 161	108 712	-	(323 449)	25.16	27.37
Non-current Investments	250 000	-	250 000	250 000	500 000	-	500 000	1 070 386	-	570 386	214.08	428.15
Long-term Receivables	21 680	-	21 680	-	21 680	-	21 680	93 933	-	72 253	433.27	433.27
Total Assets	29 109 599	5 882 287	34 991 886	(4 555 179)	30 436 707	-	30 436 707	25 400 094	-	(5 036 613)	83.45	87.26
Current Liabilities												
Provisions	1 220 115	-	1 220 115	-	1 220 115	-	1 220 115	3 121 597	-	1 901 482	255.84	255.84
Payables from Exchange Transactions	15 243 400	(6 556 980)	8 686 420	6 208 096	14 894 516	-	14 894 516	6 853 362	-	(8 041 154)	46.01	44.96
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Current Portion of Long-term Liabilities	293 310	-	293 310	-	293 310	-	293 310	651 106	-	357 796	221.99	221.99
Non-Current Liabilities												
Long-term Liabilities	128 263	-	128 263	-	128 263	-	128 263	276 895	-	148 632	215.88	215.88
Employee Benefit Liabilities	32 569 298	(750 000)	31 819 298	1 037 505	32 856 803	-	32 856 803	30 960 000	-	(1 896 803)	94.23	95.06
Total Liabilities	49 454 386	(7 306 980)	42 147 406	7 245 601	49 393 007	-	49 393 007	41 862 959	-	(7 530 048)	84.75	84.65
Total Assets and Liabilities	(20 344 787)	13 189 267	(7 155 520)	(11 800 780)	(18 956 300)	-	(18 956 300)	(16 462 865)	-	2 493 435	0.00	0.00
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	(20 344 787)	13 189 267	(7 155 520)	(11 800 780)	(18 956 300)	-	(18 956 300)	(16 462 865)	-	2 493 435	0.00	0.00
Total Net Assets	(20 344 787)	13 189 267	(7 155 520)	(11 800 780)	(18 956 300)	-	(18 956 300)	(16 462 865)	-	2 493 435	0.00	0.00

ZF MGCWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

VAT Receivables budget is included in Receivables from Exchange Transactions. The VAT Receivable budget amount anticipated was under budgeted for.

Statutory Receivables Exchange Transactions

Statutory Receivables Exchange Transactions budget is included in Receivables from Exchange Transactions. The VAT Receivable budget amount anticipated was under budgeted for.

VAT Receivable:

VAT Receivables budget is included in Receivables from Exchange Transactions.

Cash and Cash Equivalents:

The budget amount was under budgeted for due to cost containment measures during COVID-19.

Current Portion of Long-term Receivables:

Budgeted figures were not updated with the latest amortisation tables.

Intangible Assets:

ZFM included additions as budgeted for but did not realise due to procurement challenges.

Long-term Receivables:

Budgeted figures were not updated with the latest amortisation tables.

Provisions:

Only budgeted for Leave Accrual. Budgeted amount of short-term portion of PEMA and LSA included under Non-Current Employee Benefit Liabilities.

Payables from Exchange Transactions:

The variance is due to improved cash flow during the financial year to settle outstanding creditors before year-end..

Unspent Conditional Grants and Receipts:

ZFM did not budget for Unspent Conditional Grants and Receipts as it was anticipated that all grants will be spent.

Current Portion of Long-term Liabilities:

Budgeted figures were not updated with the latest amortisation tables.

Long-term Liabilities:

Budgeted figures were not updated with the latest amortisation tables.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

ZF MGCWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2023

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Transfers and Subsidies	85 508 000	420 000	85 928 000	1 150 000	87 078 000	-	87 078 000	86 401 864	-	(676 136)	99.22	101.05
Impairment Gains	-	-	-	-	-	-	-	3 453 148	-	3 453 148	0.00	0.00
Revenue from Exchange Transactions												
Rental from Fixed Assets	10 000	-	10 000	-	10 000	-	10 000	9 314	-	(686)	93.14	93.14
Finance Income	950 000	-	950 000	-	950 000	-	950 000	1 234 722	-	284 722	129.97	129.97
Operational Revenue	1 665 000	-	1 665 000	(1 300 000)	365 000	-	365 000	1 104 594	-	739 594	302.63	66.34
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Revenue	88 133 000	420 000	88 553 000	(150 000)	88 403 000	-	88 403 000	92 203 643	-	3 800 643	104.30	104.62
Expenditure												
Employee Related Costs	62 070 555	(2 943 874)	59 126 681	(93 200)	59 033 481	1 542 862	60 576 343	59 711 427	-	(864 917)	98.57	96.20
Remuneration of Councillors	4 827 921	(56 000)	4 771 921	193 000	4 964 921	331 633	5 296 554	5 270 695	-	(25 859)	99.51	109.17
Depreciation and Amortisation	577 240	-	577 240	669 454	1 246 694	18 000	1 264 694	1 263 327	-	(1 367)	99.89	218.86
Impairment Losses	20 000	-	20 000	-	20 000	(20 000)	-	298 774	298 774	298 774	0.00	1 493.87
Finance Costs	140 000	364 000	504 000	3 700	507 700	(57 633)	450 067	4 247 067	3 797 000	3 797 000	943.65	3 033.62
Contracted Services	6 701 537	(1 162 390)	5 539 147	585 447	6 124 594	(713 516)	5 411 078	4 724 056	-	(687 022)	87.30	70.49
Inventory Consumed	476 000	(31 250)	444 750	50 249	494 999	(13 026)	481 973	399 716	-	(82 257)	82.93	83.97
Transfers and Subsidies Paid	315 000	580 000	895 000	162 543	1 057 543	8	1 057 551	910 863	-	(146 688)	86.13	289.16
Operational Costs	11 172 105	3 495 207	14 667 312	(1 102 731)	13 564 581	(1 205 982)	12 358 599	12 283 339	-	(75 260)	99.39	109.95
Loss on Disposal of Capital Assets	-	-	-	-	-	117 654	117 654	116 783	-	(871)	99.26	0.00
Total Expenditure	86 300 358	245 693	86 546 051	468 462	87 014 513	-	87 014 513	89 226 046	4 095 774	2 211 533	102.54	103.39
Surplus/(Deficit) for the Year	1 832 642	174 307	2 006 949	(618 462)	1 388 487	-	1 388 487	2 977 597	(4 095 774)	1 589 110	214.45	162.48

ZF MGCWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Impairment Gains

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Cost were retrospectively decreased by R642 626, Finance Cost were increased by R3 797 000, Impairment Gains was increased by R3 453 148 and Impairment Losses was increased by R298 774 on 30 June 2023. No unauthorised expenditure will be disclosed as it is only a prior year reclassification. The Municipality cannot approve virements between operational expenditure and revenue according to the virement policy.

Rental from Fixed Assets:

Budgeted figures were not updated with the latest amortisation tables.

Finance Income:

Over budgeted for. Funds were utilised to settle prior year Current Liabilities and could not be invested.

Operational Revenue:

Over budget for funds received from LGSETA.

Gains on Disposal of Capital Assets:

Budgeted separately for gains and losses but the actual figures are combined. Income from auction was lower than expected.

Impairment Losses:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Cost were retrospectively decreased by R642 626, Finance Cost were increased by R3 797 000, Impairment Gains was increased by R3 453 148 and Impairment Losses was increased by R298 774 on 30 June 2023. No unauthorised expenditure will be disclosed as it is only a prior year reclassification. The Municipality cannot approve virements between operational expenditure and revenue according to the virement policy.

Finance Costs:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Cost were retrospectively decreased by R642 626, Finance Cost were increased by R3 797 000, Impairment Gains was increased by R3 453 148 and Impairment Losses was increased by R298 774 on 30 June 2023. No unauthorised expenditure will be disclosed as it is only a prior year reclassification. The Municipality cannot approve virements between operational expenditure and revenue according to the virement policy.

Contracted Services:

Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Loss on Disposal of Capital Assets:

Budgeted separately for gains and losses but the actual figures are combined. Income from auction was lower than expected.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2023

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
CAPITAL EXPENDITURE PER FUNCTION												
Executive and Council	150 000	(147 000)	3 000	130 900	133 900	-	133 900	28 043	-	(105 857)	20.94	18.70
Finance and Administration	900 000	(900 000)	-	-	-	710 000	710 000	706 089	-	(3 911)	99.45	78.45
Internal Audit	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Public Safety	-	-	-	-	-	10 000	10 000	9 565	-	(435)	95.65	0.00
Environmental Protection	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Planning and Development	400 000	300 000	700 000	4 000	704 000	70 000	774 000	772 266	-	(1 734)	99.78	193.07
Corporate Services	-	975 000	975 000	(113 800)	861 200	(825 000)	36 200	-	-	(36 200)	0.00	0.00
Total Capital Expenditure	1 450 000	228 000	1 678 000	21 100	1 699 100	-	1 699 100	1 549 584	-	(149 516)	91.20	106.87
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual												
Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:												
Finance and Administration: Incorrectly budgeted for the new finance lease liabilities under Contracted Services.												

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2023

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
CASH FLOW												
Cash Flows from/(used in) Operating Activities												
Transfers and Subsidies	85 008 000	(230 000)	84 778 000	-	84 778 000	-	84 778 000	86 401 864	-	1 623 864	101.92	101.64
Rental from Fixed Assets	-	-	-	-	-	-	-	9 314	-	9 314	0.00	0.00
Finance Costs	150 000	-	150 000	-	150 000	-	150 000	1 234 722	-	1 084 722	823.15	823.15
Other Receipts	175 000	-	175 000	-	175 000	-	175 000	1 076 055	-	901 055	614.89	614.89
Employee Related Costs	(83 757 245)	6 106 287	(77 650 958)	(2 208 628)	(79 859 586)	-	(79 859 586)	(61 179 052)	-	18 680 534	76.61	0.00
Remuneration of Councillors	-	-	-	-	-	-	-	(5 270 695)	-	(5 270 695)	0.00	0.00
Finance Costs Paid	(140 000)	140 000	-	-	-	-	-	(450 068)	-	(450 068)	0.00	0.00
Suppliers Paid	-	-	-	-	-	-	-	(6 561 320)	-	(6 561 320)	0.00	0.00
Other Payments	(100 000)	-	(100 000)	100 000	-	-	-	(13 215 981)	-	(13 215 981)	0.00	0.00
Cash Flows from/(used in) Investing Activities												
Purchase of Property, Plant and Equipment	(1 450 000)	(263 000)	(1 713 000)	48 900	(1 664 100)	-	(1 664 100)	(1 369 534)	-	294 566	82.30	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	(49 162)	-	(49 162)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	0	-	0	0.00	0.00
Decrease / (Increase) in Non-current Investments	(250 000)	-	(250 000)	(250 000)	(500 000)	-	(500 000)	(558 338)	-	(58 338)	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	-	14 652	-	14 652	0.00	0.00
Cash Flows from/(used in) Financing Activities												
Repayment of Borrowings	-	-	-	-	-	-	-	(503 124)	-	(503 124)	0.00	0.00
Cash and Cash Equivalents at End of the Year	(364 245)	5 753 287	5 389 042	(2 309 728)	3 079 314	-	3 079 314	(420 664)	-	(3 499 978)	0.00	0.00

ZF MGCWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Rental from Fixed Assets:

Not budgeted separately for under cash flow statement, included under the Other Receipts.

Finance Costs

Over budgeted for. Funds were utilised to settle prior year Current Liabilities and could not be invested.

Employee Related Costs

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Remuneration of Councillors

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Finance Cost

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Suppliers Paid

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Other Payments

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Purchase of Property, Plant and Equipment:

Did not budget for additions on the new mSCOA budget format and Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Purchase of Intangible Assets:

NT Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

Proceeds on Disposal of Property, Plant and Equipment:

Did not be budget for on the new mSCOA budget format.

Decrease / (Increase) in Long-term Receivables:

Did not be budget for on the new mSCOA budget format.

Proceeds from Borrowings:

Did not budget for leases because it was included under Contracted Services.

Repayment of Borrowings:

Did not budget for leases because it was included under Contracted Services.

Cash and Cash Equivalents at End of the Year:

All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

ZF MGCWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2023/24	2022/23
	R	R
Net surplus/(deficit) per the statement of financial performance	(3 103 230)	2 977 597
Revenue from Non-exchange Transactions		
Transfers and Subsidies	1 100 000	676 136
Impairment Gains	3 099 468	(3 453 148)
Revenue from Exchange Transactions		
Rental from Fixed Assets	(8 780)	686
Finance Income	53 919	(284 722)
Operational Revenue	(1 140 956)	(739 594)
Gains on Disposal of Capital Assets	681 000	-
Expenditure		
Employee Related Costs	(298)	(864 917)
Remuneration of Councillors	(43)	(25 859)
Depreciation and Amortisation	(59)	(1 367)
Impairment Losses	-	298 774
Finance Costs	(85)	3 797 000
Contracted Services	(4 375)	(687 022)
Inventory Consumed	(372)	(82 257)
Grants and Subsidies Paid	(187)	(146 688)
Operational Costs	(4 544)	(75 260)
Loss on Disposal of Capital Assets	(14 457)	(871)
Net surplus/deficit per approved budget	657 000	1 388 487

The following budgets were approved by Council during 2023/24 financial year:

- 28 February 2024: Annual Adjustment Budget
- 30 June 2024: Special Adjustment Budget for the downwards adjustment of Audit Fees Revenue received from National Treasury.

ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE

30 June 2024

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Tourism	Total for District Municipality
R	R	R	R	R	R	R	R	R
REVENUE								
Revenue from Non-exchange Transactions								
Transfers and Subsidies	250 000	83 323 654	-	-	-	4 328 000	500 000	88 401 654
Impairment Gains		200 532						200 532
Revenue from Exchange Transactions								
Rental from Fixed Assets	-	9 780	-	-	-	-	-	9 780
Finance Income	-	1 746 081	-	-	-	-	-	1 746 081
Operational Revenue	-	1 470 956	-	-	-	-	-	1 470 956
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-
Total Revenue	250 000	86 751 004	-	-	-	4 328 000	500 000	91 829 004
EXPENDITURE								
Employee Related Costs	10 928 599	29 158 142	3 324 184	3 098 121	6 769 175	8 365 350	951 459	62 595 030
Remuneration of Councillors	5 261 639	-	-	-	-	-	-	5 261 639
Depreciation and Amortisation	-	1 544 322	-	-	-	-	-	1 544 322
Impairment Losses	-	765 298	-	-	-	-	-	765 298
Finance Costs	-	3 958 480	-	-	-	-	-	3 958 480
Contracted Services	320 302	2 210 832	249 467	6 500	-	3 279 397	300 000	6 366 498
Inventory Consumed	62 487	199 893	1 610	-	525	252 324	-	516 838
Transfers and Subsidies Paid	409 668	52 784	-	29 000	-	-	-	491 452
Operating Leases	-	-	-	-	-	-	-	-
Operational Costs	2 492 779	9 095 615	310 087	91 986	429 274	742 344	240 050	13 402 134
Loss on Disposal of Capital Assets	-	30 543	-	-	-	-	-	30 543
Total Expenditure	19 475 473	47 015 908	3 885 348	3 225 607	7 198 973	12 639 415	1 491 509	94 932 234
Surplus/(Deficit) for the Year	(19 225 473)	39 735 095	(3 885 348)	(3 225 607)	(7 198 973)	(8 311 415)	(991 509)	(3 103 230)

ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)

30 June 2023

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Tourism	Total for District Municipality
	R	R	R	R	R	R	R	R
REVENUE								
Revenue from Non-exchange Transactions								
Transfers and Subsidies	500 000	81 511 864	-	-	-	4 390 000	-	86 401 864
Impairment Gains	-	3 453 148	-	-	-	-	-	3 453 148
Revenue from Exchange Transactions								
Rental from Fixed Assets	-	9 314	-	-	-	-	-	9 314
Finance Income	-	1 234 722	-	-	-	-	-	1 234 722
Operational Revenue	-	1 104 594	-	-	-	-	-	1 104 594
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-
Total Revenue	500 000	87 313 643	-	-	-	4 390 000	-	92 203 643
EXPENDITURE								
Employee Related Costs	9 100 736	27 756 580	3 170 002	2 988 037	6 521 575	9 163 203	1 011 294	59 711 427
Remuneration of Councillors	5 270 695	-	-	-	-	-	-	5 270 695
Depreciation and Amortisation	-	1 263 327	-	-	-	-	-	1 263 327
Impairment Losses	-	298 774	-	-	-	-	-	298 774
Finance Costs	-	4 247 067	-	-	-	-	-	4 247 067
Contracted Services	410 727	2 014 451	303 621	-	21 739	1 973 518	-	4 724 056
Inventory Consumed	52 348	276 620	-	9 063	741	60 770	174	399 716
Transfers and Subsidies Paid	910 863	-	-	-	-	-	-	910 863
Operating Leases	-	-	-	-	-	-	-	-
Operational Costs	3 215 234	7 404 423	187 343	53 742	371 170	836 479	214 949	12 283 339
Loss on Disposal of Capital Assets	-	116 783	-	-	-	-	-	116 783
Total Expenditure	18 960 601	43 378 024	3 660 966	3 050 842	6 915 224	12 033 971	1 226 417	89 226 046
Surplus/(Deficit) for the Year	(18 460 601)	43 935 619	(3 660 966)	(3 050 842)	(6 915 224)	(7 643 971)	(1 226 417)	2 977 597

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the District Municipality's functional currency.

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2023 and 30 June 2024 the District Municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

With the adoption of mSCOA the District Municipality reclassified certain balances in order to comply with the instruction notes issued. The result of the reclassification is set out below and in the relevant Notes to the Annual Financial Statements.

1.3 Critical Judgements, Estimations and Assumptions

In the application of the District Municipality's Accounting Policies, which are described below, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that Management have made in the process of applying the District Municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.3.1 Revenue Recognition

Accounting Policy 7.2 on Revenue from Exchange Transactions and Accounting Policy 7.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the Management of the District Municipality.

In making their judgement, the Management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the District Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the District Municipality is satisfied that recognition of the revenue in the current year is appropriate.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

1.3.2 Impairment of Financial Assets

Accounting Policy 6.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the Management of the District Municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The Management of the District Municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**

The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

1.3.3 Useful lives of Property, Plant and Equipment and Intangible Assets

As described in Accounting Policies 3.3, and 4.2, the District Municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on Management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.3.4 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy N/A on Impairment of Assets, Accounting Policy 4.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the Management of the District Municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, Management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by Management.

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 8 and 9 to the Annual Financial Statements, if applicable.

1.3.5 Defined Benefit Plan Liabilities

As described in Accounting Policy 9.2 , Employee Benefits – Post-employment Benefits, the District Municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the District Municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.3.7 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2021.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis*.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the District Municipality:

Standard	Description	Effective date	Planned Date for Application by Municipality
GRAP 1	Presentation of Financial Statements (Revised)	01/04/2023	30/06/2024
GRAP 25	Employee Benefits (Revised)	01/04/2023	30/06/2024
GRAP 104	Financial Instruments (Revised)	01/04/2025	30/06/2025
IGRAP 7	The limit on a defined benefit asset, minimum funding requirements and their interaction	01/04/2023	30/06/2024
IGRAP 21	The Effect of Past Decisions on Materiality	01/04/2023	30/06/2024

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the District Municipality.

2. ACCUMULATED SURPLUS

The accumulated surplus of the District Municipality is affected by only the net profit or loss during the financial year and is maintained in terms of the relevant accounting policies.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the District Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

3.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. 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.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Buildings			Other	
	Improvements	25 - 100		Bins and Containers	5
	Community			Furniture and Fittings	5 - 10
	Recreational Facilities	15 - 60		Office Equipment	3 - 7
	Security	5		Other items of Plant and Equipment	2 - 5
				Other Vehicles	5 - 10
				Specialised Plant and Equipment	10 - 15
				Specialist Vehicles	5 - 20
				Watercraft	15

3.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

3.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the District Municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the District Municipality will obtain ownership by the end of the lease term.

3.7 Derecognition

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. Gains are not classified as Revenue.

4. INTANGIBLE ASSETS

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the District Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing computer equipment or repairing of existing intangible assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

Amortisation is charged on a *Straight-line Method* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years
	Computer Software Purchased	3 - 5

4.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

5. IMPAIRMENT OF ASSETS

The District Municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

5.1 Impairment of Cash Generating Assets

The District Municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The District Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

5.2 Impairment of Non-cash Generating Assets

The District Municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The District Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

6. FINANCIAL INSTRUMENTS

The District Municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The District Municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the District Municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
If the market for a Financial Asset is not active (and for unlisted securities), the Municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same,
- discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

6.1 Financial Assets – Classification

The District Municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

6.2 Financial Liabilities – Classification

The District Municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

6.3 Initial and Subsequent Measurement

6.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis*.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

6.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

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

Prepayments are carried at cost less any accumulated impairment losses.

6.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

6.4.1 Financial Assets at Amortised Cost

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

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is Management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

6.5 Derecognition of Financial Assets

The District Municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the District Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the District Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the District Municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the District Municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

6.6 Derecognition of Financial Liabilities

The District Municipality derecognises Financial Liabilities when, and only when, the District Municipality's obligations are discharged, cancelled or they expire.

The District Municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

7. REVENUE RECOGNITION

7.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the District Municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

7.2 Revenue from Exchange Transactions

7.2.1 Rentals Received

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

7.2.2 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in Surplus or Deficit:

- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

7.2.3 Sale of Goods (including Houses)

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

- (a) The Municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

7.3 Revenue from Non-exchange Transactions

7.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

7.3.2 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of Property, Plant and Equipment, when such items of property, plant and equipment are available for use.

7.3.2 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the District Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

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

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the District Municipality's interest, it is recognised as interest earned in Surplus or Deficit.

7.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual Unauthorised, Irregular, Fruitless and Wasteful Expenditure was incurred.

8. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the District Municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the Management of the District Municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

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

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

9. EMPLOYEE BENEFIT LIABILITIES

9.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.

The District Municipality recognises the expected cost of performance bonuses only when the District Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

The entity recognise the expected cost of bonus payments (13th cheques) when the District Municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made and the settlement will be within 12 months. Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

9.1.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the annual basic salary of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting but cannot exceed 48 days.

9.1.2 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

9.1.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipalities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

9.2 Post-employment Benefits

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

9.2.1 Defined Contribution Plans

The District Municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The District Municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

9.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The District Municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the District Municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the District Municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the District Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The District Municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the District Municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The District Municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Defined Benefit Pension Plans

The District Municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The District Municipality contributes monthly to the funds.

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

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

10. LEASES

10.1 The Municipality as Lessee

10.1.1 Operating Leases

The District Municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

10.2 The Municipality as Lessor

Amounts due from lessees under Finance Leases or instalment sale agreements are recorded as receivables at the amount of the District Municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the District Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

11. VALUE ADDED TAX

The District Municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

12. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit 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 Surplus or Deficit.

13. 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), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

14. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit 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 Surplus or Deficit.

15. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

16. COMMITMENTS

Commitments are future expenditure to which the District Municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and operational commitments.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

17. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other Managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

18. EVENTS AFTER THE REPORTING DATE

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

19. SEGMENT REPORTING

The mandate of the Municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal Management reporting is based on each service objective. The following components have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting):

- *The segment for Executive and Council*
- *The segment for Finance and Administration*
- *The segment for Internal Audit*
- *The segment for Public Safety*
- *The segment for Health*
- *The segment for Planning and Development*
- *The segment for Tourism*

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the Municipality as a whole.

The Municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

No changes were made from prior periods measurement methods used to determine reported segment surplus or deficit.

The Segmental Reporting is disclosed in Note 48 to the Annual Financial Statements.

20. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the District Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2023 to 30 June 2024.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by Management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy.

In such cases the District Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note N/A for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in Note 33 to the Annual Financial Statements where applicable.

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

Refer to Note 32 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

22. TREATMENT OF SUPPORT FUNDS RECEIVED

Funding received from Local Municipalities for support services are not recognised as revenue but are allocated to support accounts where the actual cost of support services (admin fees, shared service fee, travel costs and subsistence allowances) are deducted from. By using support accounts for each Local Municipality ZFM has more control over its support services and cannot overspend on support rendered.

23. STATUTORY RECEIVABLES

Statutory Receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset.

The municipality has the following Statutory Receivables from Exchange Transactions:

- VAT Receivable

23.1 Recognition and Initial Measurement

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be reliably measured.

The municipality recognises Statutory Receivables when they arise.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:

- VAT is levied and recovered in terms of the stipulations contained in the Value-Added Tax Act, 1991 (Act No. 89 of 1991) at rates determined by the Department of Finance and published in the Government Gazette.

23.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024

23.3 Impairment

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor.

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:

- VAT Receivable

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.

The municipality applies a discount rate to its statutory receivables as follows for each category of receivable:

- VAT Receivable
- LG Seta Subsidies

23.4 Derecognition

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.

The municipality derecognises a receivable if the municipality, despite having retained some significant risks and rewards of ownership, transfers control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality recognises separately any rights and obligations created or retained in the transfer. The carrying amount of and statutory receivables transferred is allocated between the rights and obligations retained and those transferred on the basis of the relative fair values at the transfer date. The municipality assesses whether any newly created rights and obligations are within the scope of GRAP 104 or another Standards of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, is recognised in surplus or deficit in the period transferred.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. GENERAL INFORMATION

ZF Mgcawu District Municipality (The District Municipality, formerly known as Siyanda District Municipality) is a local government institution in Upington, Northern Cape, and has 5 Local Municipalities under its jurisdiction. The registered address of its office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report ended 30 June 2024. The principal activities of the District Municipality are disclosed in the Annual Report.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Service Debtors:	271 488	-	271 488
Merchandising, Jobbing and Contracts	271 488	-	271 488
Total Receivables from Exchange Transactions	271 488	-	271 488
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Service Debtors:	224 591	-	224 591
Merchandising, Jobbing and Contracts	224 591	-	224 591
Total Receivables from Exchange Transactions	224 591	-	224 591

The District Municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the District Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and Receivables as well as the current payment ratios of the District Municipality's Receivables.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.

	2024 R	2023 R
2.1 Ageing of Receivables from Exchange Transactions		
Other Debtors: Ageing		
<u>Current:</u>		
0 - 30 days	84 480	150 542
<u>Past Due:</u>		
31 - 60 Days	-	15 546
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	187 008	58 503
Total	271 488	224 591

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
As at 30 June 2024				
<u>Current:</u>				
0 - 30 days	-	-	84 480	84 480
<u>Past Due:</u>				
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
+ 90 Days	-	-	-	-
+ 120 Days	-	88 954	98 054	187 008
Sub-total	-	88 954	182 534	271 488
Less: Provision for Impairment	-	-	-	-
Total Trade Receivables by Customer Classification	-	88 954	182 534	271 488

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
As at 30 June 2023				
<u>Current:</u>				
0 - 30 days	-	30 450	120 092	150 542
<u>Past Due:</u>				
31 - 60 Days	-	-	15 546	15 546
61 - 90 Days	-	-	-	-
+ 90 Days	-	-	-	-
+ 120 Days	-	58 503	-	58 503
Sub-total	-	88 954	135 638	224 591
Less: Provision for Impairment	-	-	-	-
Total Trade Receivables by Customer Classification	-	88 954	135 638	224 591

	2024 R	2023 R
2.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	-
<i>All Consumer Debtors</i>	-	-
Impairment Losses recognised	-	-
<i>All Consumer Debtors</i>	-	-
Impairment Losses reversed	-	-
<i>All Consumer Debtors</i>	-	-
Balance at end of year	-	-

2.4 Ageing of impaired Receivables from Exchange Transactions

No impairment loss was recognised on 30 June 2024.

2.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
3. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS		
VAT Accruals Receivable / (Payable) - Accruals	<u>7 963</u>	<u>3 605</u>
VAT Accruals (Payable) - Accruals		
As at 30 June:		
Gross Balances	7 963	3 605
Plus: Fines and Penalties	-	-
Less: Provision for Impairment	-	-
	<u><u>7 963</u></u>	<u><u>3 605</u></u>

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The Municipality has financial risk policies in place to ensure that payments are affected before the due date.

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

3.1 Ageing of Statutory Receivables from Exchange Transactions - VAT

Current:

0 - 30 days	7 963	3 605
<u>Past Due:</u>		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	-	-
Total	<u><u>7 963</u></u>	<u><u>3 605</u></u>

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	-	-	-
Total Receivables from Non-exchange Transactions	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	126 207	-	126 207
Total Receivables from Non-exchange Transactions	<u><u>126 207</u></u>	<u><u>-</u></u>	<u><u>126 207</u></u>

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

During the preparation of the 2023/24 Annual Financial Statements it was noted that a payment of R20 000 was incorrectly made to an employee in 2022/23 financial year with an irregular appointment letter. The Municipality investigated the appointment process and the money was paid back to the Municipality.

During the 2023/24 financial year it was noted that a former Councillor was employed as a contract worker simultaneously by the ZF Mgcawu District Municipality as well as the Department of Agriculture. The total contract value of ZFM was R106 207 and was paid back by the contract worker.

Refer to Note 35 on 'Fruitless and Wasteful Expenditure' for more details.

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Unauthorised, Irregular, Fruitless and Wasteful Expenditure:					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	-	-

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Unauthorised, Irregular, Fruitless and Wasteful Expenditure:					
Gross Balances	126 207	-	-	-	126 207
Less: Provision for Impairment	-	-	-	-	-
Net Balances	126 207	-	-	-	126 207

	2024 R	2023 R
5. VAT RECEIVABLE		
VAT	<u>565 341</u>	<u>448 235</u>
As at 30 June:		
Gross Balances	565 341	448 235
Plus: Fines and Penalties	-	-
Less: Provision for Impairment	-	-
	<u>565 341</u>	<u>448 235</u>

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The Municipality has strong controls in place to ensure that payments are affected before the due date.

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
6. CASH AND CASH EQUIVALENTS		
Current Investments	6	54 770
Bank Accounts	451 554	1 650 965
Cash and Cash Equivalents	268	7
Total Bank, Cash and Cash Equivalents	451 829	1 705 742

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Current Investments.

6.1 Current Investment Deposits

Call Deposits	6	54 770
Total Current Investment Deposits	6	54 770

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.5% to 7.9% per annum.

Deposits attributable to Deposit taking Institutions	6	54 770
KOF: ABSA Account 1045170264	6	54 770
Total Deposits attributable to Commitments of the District Municipality	6	54 770

ABSA Account 9358880080

Cash book balance at beginning of year	54 770	24 278
Cash book balance at end of year	6	54 770
Bank statement balance at beginning of year	54 770	24 278
Bank statement balance at end of year	6	54 770

6.2 Bank Accounts

Cash in Bank	451 554	1 650 965
Total Bank Accounts	451 554	1 650 965

The District Municipality has the following bank accounts:

Primary Bank Account

ABSA Bank Account 2240000035

Cash book balance at beginning of year	1 650 965	2 100 512
Cash book balance at end of year	451 554	1 650 965
Bank statement balance at beginning of year	1 650 965	2 100 512
Bank statement balance at end of year	451 554	1 650 965

The District Municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
6.3 Cash and Cash Equivalents		
Cash Floats and Advances	268	7
Total Cash on hand in Cash Floats, Advances and Equivalents	268	7

Petty Cash Bank Account

ABSA Bank Account 9266723639

Cash book balance at beginning of year	7	1 616
Cash book balance at end of year	268	7
Bank statement & Cash Float balance at beginning of year	7	1 616
Bank statement & Cash Float balance at end of year	7	7

The District Municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the District Municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the District Municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and financial institutions.

7. CURRENT PORTION OF LONG-TERM RECEIVABLES

Finance Lease Receivable	3 600	3 600
Staff Related Long Term Receivables	11 983	12 841
CPMD Debtors	7 200	7 200
SCM Debtors	2 383	4 518
Maternity Leave Debtors	-	1 123
Payroll Debtors	2 400	-
Total Current Portion of Long-term Receivables	15 583	16 441

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

8 PROPERTY, PLANT AND EQUIPMENT

30 June 2024

Reconciliation of Carrying Value

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Total
	R	R	R	R				R
Carrying values at 01 July 2023	17 976 000	452 174	18 428 174	690 233	251 296	1 072 225	1 160 314	21 602 242
Cost	17 976 000	2 056 000	20 032 000	2 381 434	1 828 743	2 244 668	1 613 405	28 100 250
Accumulated Depreciation:	-	(1 603 826)	(1 603 826)	(1 691 201)	(1 577 448)	(1 172 443)	(453 091)	(6 498 008)
Acquisitions	-	-	-	273 425	296 988	44 212	672 550	1 287 175.90
Cost	-	-	-	273 425	296 988	44 212	672 550	1 287 176
Leased	-	-	-	-	-	-	-	-
Depreciation:	-	(82 214)	(82 214)	(252 252)	(72 779)	(742 809)	(326 263)	(1 476 316)
Cost	-	(82 214)	(82 214)	(252 252)	(72 779)	(57 430)	(326 263)	(790 937)
Leased	-	-	-	-	-	(685 379)	-	(685 379)
Carrying value of Disposals:	-	-	-	(16 021)	(5 829)	(8 332)	(299 807)	(329 989)
- Cost	-	-	-	(190 209)	(61 429)	(79 350)	(713 492)	(1 044 480)
- Accumulated Depreciation	-	-	-	174 188	55 600	71 018	413 685	714 491
Carrying values at 30 June 2024	17 976 000	369 961	18 345 961	695 385	469 677	365 296	1 206 794	21 083 113
Cost	17 976 000	2 056 000	20 032 000	2 464 650	2 064 303	2 209 530	1 572 463	28 342 946
Accumulated Depreciation:	-	(1 686 039)	(1 686 039)	(1 769 265)	(1 594 626)	(1 844 234)	(365 669)	(7 259 833)

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2023

Reconciliation of Carrying Value

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Total
	R	R	R	R				R
Carrying values at 01 July 2022	17 976 000	534 388	18 510 388	664 759	253 604	1 324 047	676 328	21 429 126
Cost	17 976 000	2 056 000	20 032 000	2 396 590	2 022 640	1 809 800	1 109 072	27 370 103
Accumulated Depreciation:	-	(1 521 612)	(1 521 612)	(1 731 831)	(1 769 036)	(485 753)	(432 744)	(5 940 977)
Acquisitions	-	-	-	318 134	47 257	435 099	699 933	1 500 423
Cost	-	-	-	318 134	47 257	304 210	699 933	1 369 534
Leased	-	-	-	-	-	130 889	-	130 889
Depreciation:	-	(82 213)	(82 213)	(251 626)	(28 437)	(686 895)	(161 352)	(1 210 523)
Cost	-	(82 213)	(82 213)	(251 626)	(28 437)	(31 593)	(161 352)	(555 222)
Leased	-	-	-	-	-	(655 302)	-	(655 302)
Carrying value of Disposals:	-	-	-	(41 035)	(21 128)	(26)	(54 595)	(116 783)
- Cost	-	-	-	(333 291)	(241 154)	(231)	(195 600)	(770 276)
- Accumulated Depreciation	-	-	-	292 256	220 026	205	141 005	653 492
Carrying values at 30 June 2023	17 976 000	452 174	18 428 174	690 233	251 296	1 072 225	1 160 314	21 602 242
Cost	17 976 000	2 056 000	20 032 000	2 381 434	1 828 743	2 244 668	1 613 405	28 100 250
Accumulated Depreciation:	-	(1 603 826)	(1 603 826)	(1 691 201)	(1 577 448)	(1 172 443)	(453 091)	(6 498 008)

Refer to Note 51, Appendix B and E (4) for more detail on Property, Plant and Equipment, including those in the course of construction.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
8 PROPERTY, PLANT AND EQUIPMENT (Continued)		
8.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use		
At Carrying Amount:		
Computer Equipment	33 749	6 135
Furniture and Office Equipment	95 290	39 352
Intangible Assets	-	31 121
Machinery and Equipment	1 079	420
Gross Carrying Amount of PPE fully depreciated and still in use	130 117	77 029
8.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation		
Refer to Note 31 for Property, Plant and Equipment that were retired from active use and held for disposal during the financial year.		
8.3 Assets pledged as security		
The District Municipality did not pledge any of its assets as security, except for Leased Assets.		
8.4 Impairment of Property, Plant and Equipment		
No Property, Plant and Equipment were impaired from active use during the financial year.		
8.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed		
A change in the estimated useful life of various assets of the Municipality has resulted in the following decreases in depreciation for the mentioned departments for the financial year 2023/24:		
Administration	(13 214)	(1 082)
Budget and treasury office	(2 033)	-
Communication & Liaison	-	(2 561)
Council Administration	-	(381)
Council Services	(17 252)	(17 563)
Disaster Management	(2 033)	-
Engineering Services	(1 450)	(3 196)
Environmental Health	-	(363)
Expenditure Unit	(4 067)	-
Financial Services	(29 187)	(7 841)
Human Resources	(4 067)	-
Information Technology	(63 878)	(18 706)
Internal Audit	(11 110)	(192)
Municipal Manager	(6 100)	(80)
PIMMS	-	(266)
Property Services	-	(2 980)
Supply Chain Management	(2 033)	-
Total Change in Estimate for Useful Life of Property, Plant and Equipment	(156 424)	(55 211)

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2024
R

2023
R

8.6 Land and Buildings carried at Fair Value

The Municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

8.7 Repairs and Maintenance

Repairs and Maintenance expenditures of Property, Plant and Equipment are disclosed under Contracted Services, refer Note 27.

8.8 Compensation received for Losses

No compensation, included in Operating Surplus, was received from the Municipality's insurers for Property, Plant and Equipment lost during the year.

9 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

70 383

108 712

The movement in Intangible Assets is reconciled as follows:

30 June 2024

Carrying values at 01 July 2023

	Computer Software	Total
	108 712	108 712
Cost	703 077	703 077
Accumulated Amortisation	(594 365)	(594 365)
Acquisitions:	53 230	53 230
Purchased	53 230	53 230
Amortisation:	(68 006)	(68 006)
Purchased	(68 006)	(68 006)
Carrying value of Disposals:	(23 553)	(23 553)
- Cost	(41 609)	(41 609)
- Accumulated Amortisation	18 055	18 055
Carrying values at 30 June 2024	70 383	70 383
Cost	714 699	714 699
Accumulated Amortisation	(644 316)	(644 316)

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2023	Computer Software	Total
Carrying values at 01 July 2022	112 354	112 354
Cost	910 198	910 198
Accumulated Amortisation	(797 844)	(797 844)
Acquisitions:	49 162	49 162
Purchased	49 162	49 162
Amortisation:	(52 803)	(52 803)
Purchased	(52 803)	(52 803)
Carrying value of Disposals:	-	-
- Cost	(256 283)	(256 283)
- Accumulated Depreciation	256 283	256 283
Carrying values at 30 June 2023	108 712	108 712
Cost	703 077	703 077
Accumulated Amortisation	(594 365)	(594 365)

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of Financial Performance (see Note 24).

All of the District Municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the District Municipality.

No restrictions apply to any of the Intangible Assets of the District Municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

9.1 Significant Intangible Assets

The District Municipality's intangible assets only comprise of computer related software.

9.2 Intangible Assets with Indefinite Useful Lives

The District Municipality amortises all its Intangible Assets and none of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

9.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the District Municipality at the reporting date.

9.4 Change in Estimate - Useful Life of Intangible Assets reviewed

The estimated useful lives of Intangible Assets were reviewed but no changes were made by the District Municipality

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

10 NON-CURRENT INVESTMENTS

Financial Instruments

	2024 R	2023 R
Fixed Deposits	1 719 010	1 070 386
Total Investments		
All Investments	1 719 010	1 070 386
Less: Short-term Portion transferred to Current Investments	-	-
Total Non-current Investments	1 719 010	1 070 386

The Fixed Deposit of R500 000 in 2021/22 financial year is an investment with a maturity period of 3 years (ending 17 March 2025) and earns interest of 8.22% per annum.

The Fixed Deposit of R250 000 in 2022/23 financial year is an investment with a maturity period of 3 years (ending 10 November 2025) and earns interest of 9.94% per annum.

The Fixed Deposit of R250 000 in 2022/23 financial year is an investment with a maturity period of 3 years (ending 15 June 2026) and earns interest of 11.33% per annum.

The Fixed Deposit of R500 000 in 2023/24 financial year is an investment with a maturity period of 3 years (ending 13 July 2026) and earns interest of 8.00% per annum.

The Fixed Deposit of R1,719,010 (2023: R1,070,386) are invested to improve the District Municipality's unfunded budget and going concern position.

The Municipal Structures Act, Act 177 of 1998, requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

The management of the Municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the Municipality and financial institutions.

11 LONG-TERM RECEIVABLES

Gross Balances:

Finance Lease Receivable	8 289	10 616
Staff Related Long Term Receivables	88 818	99 759
CPMD Debtors	83 600	90 600
SCM Debtors	2 383	8 035
Maternity Leave Debtors	-	1 123
Payroll Debtors	2 835	-
	97 106	110 374

Less: Provision for Impairment:

Finance Lease Receivable	-	-
Staff Related Long Term Receivables	-	-
	-	-

Net Balances:

Finance Lease Receivable	8 289	10 616
Staff Related Long Term Receivables	88 818	99 759
CPMD Debtors	83 600	90 600
SCM Debtors	2 383	8 035
Maternity Leave Debtors	-	1 123
Payroll Debtors	2 835	-
Total Long Term Receivables	97 106	110 374

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
Less: Current Portion transferred to Current Receivables:		
Finance Lease Receivable	(3 600)	(3 600)
Staff Related Long Term Receivables	(11 983)	(12 841)
CPMD Debtors	(7 200)	(7 200)
SCM Debtors	(2 383)	(4 518)
Maternity Leave Debtors	-	(1 123)
Payroll Debtors	(2 400)	-
	(15 583)	(16 441)
Non-Current Portion of Long Term Receivables		
Finance Lease Receivable	4 689	7 016
Staff Related Long Term Receivables	76 835	86 917
	81 524	93 933

FINANCE LEASE RECEIVABLES

Finance Lease Receivables relate to Housing Selling Scheme Loans:

Loans were granted to the tenants of low cost housing erected by the District Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rented from the District Municipality. Loans are repaid over a period of twenty years and at an interest rate of 5% per annum.

STAFF RELATED LONG TERM RECEIVABLES

In terms of the MFMA no Study Cost Loans are granted anymore. The outstanding amount is in respect of:

i) CPMD Course Debtors

Three employees did not complete their CMPD course and Council will be reimbursed for all expenditures incurred. ZFM will recover the amount from employees over a 14 year period with no interest, ending 31 January 2036. ZFM is in the process to negotiate new terms.

ii) SCM Debtors

SCM officials accidentally paid a former employee and could not recover the money. ZFM will recover the amount from employees over a 3 year period with no interest, ending 31 March 2025.

iii) Maternity Leave Debtors

A salary was incorrectly paid out to an employee who was on maternity leave. ZFM recovered this amount from the employee over a 3 year period with no interest, ending 31 December 2023.

iv) Payroll Debtor

A nightshift allowance was incorrectly paid out to an employee. ZFM will recover this amount from employees over a 26 month period with no interest, ending 25 September 2025.

The District Municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the District Municipality's financial liabilities.

The fair value of Long-term Receivables was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties.

11.1 Leasing Arrangements

The District Municipality entered into finance Leasing Arrangements for the house selling scheme loans. All leases are denominated in Currency Units. The average term of Finance Leases entered into is twenty years.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

11.2 Amounts receivable under Finance Leases

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2024 R	2023 R	2024 R	2023 R
Within one year	3 600	3 600	3 600	3 600
In the second to fifth years, inclusive	5 138	7 863	5 138	7 863
Over five years	-	-	-	-
	<u>8 738</u>	<u>11 463</u>	<u>8 738</u>	<u>11 463</u>
Less: Unearned Finance Income	450	848	450	848
Present Value of Minimum Lease Payments Receivable	<u>8 289</u>	<u>10 616</u>	<u>8 289</u>	<u>10 616</u>
Provision for Uncollectable Lease Receivables	-	-	-	-
Total Finance Lease Receivables	<u>8 289</u>	<u>10 616</u>	<u>8 289</u>	<u>10 616</u>

	2024 R	2023 R
Included in the Annual Financial Statements as:		
Non-current Finance Lease Receivables	4 689	7 016
Current Finance Lease Receivables	3 600	3 600
Total Finance Lease Receivables	<u>8 289</u>	<u>10 616</u>

The interest rates inherent in the leases are fixed at the contract date of the entire lease term. The average effective interest rate contracted is approximately 5% (2023: 5%) per annum.

Management of the District Municipality is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Finance Lease Receivables were determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties as well as the current payment ratios of the District Municipality's debtors.

11.3 Ageing of Long-term Receivables

Current:

0 - 30 days

Past Due:

31 - 60 Days

61 - 90 Days

91 - 120 Days

+ 120 Days

Finance Lease Receivable	97 106	110 374
Staff Related Long Term Receivables	8 289	10 616
	<u>88 818</u>	<u>99 759</u>
Total	<u>97 106</u>	<u>110 374</u>

As at 30 June Long-term Receivables of R97,106 (2023: R110,374) were past due of which R0 (2023: R0) were impaired. No terms for payment have been re-negotiated.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
11.4 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	-
Impairment Losses recognised	-	-
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	-
Balance at end of year	<u>-</u>	<u>-</u>

In determining the recoverability of a Long-term Receivable, the District Municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The Provision for Impairment on Long-term Receivables exists predominantly due to the possibility that these debts will not be recovered. Long-term Receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment. However, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

12 PROVISIONS

Performance Bonus	675 070	531 597
Current Portion of Employee Benefit Liabilities (See Note 16):	2 747 000	2 590 000
Post-retirement Medical Aid Benefits Liability	1 896 000	1 649 000
Long-term Service Liability	851 000	941 000
Total Provisions	<u>3 422 070</u>	<u>3 121 597</u>

The movement in provisions is reconciled as follows:

Performance Bonus:

Opening Balance	531 597	553 376
Increases	689 893	502 860
Reductions	(546 419)	(524 640)
Balance at end of year	<u>675 070</u>	<u>531 597</u>

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Current Portion of Defined Benefit Liabilities:

	Medical Aid R	Long-term Service R
30 June 2024		
Opening Balance	1 649 000	941 000
Expenditure incurred	(1 664 298)	(815 468)
Contributions to provision	1 911 298	725 468
Balance at end of year	<u>1 896 000</u>	<u>851 000</u>
30 June 2023		
Opening Balance	1 552 000	782 000
Expenditure incurred	(1 553 852)	(1 038 774)
Contributions to provision	1 650 852	1 197 774
Balance at end of year	<u>1 649 000</u>	<u>941 000</u>

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
13 PAYABLES FROM EXCHANGE TRANSACTIONS		
Annual Bonus	1 924 324	1 862 450
Leave Accrual	3 494 900	3 320 639
Other Payables: Salary Clearing and Control	136 201	495 615
Salary Control	28 212	398 939
Medical Aid Control	107 989	96 676
Retentions	-	79 964
Salary Related Payables	-	905 472
PAYE Deductions	-	905 472
Trade Creditors	842 777	189 222
Payables and Accruals	842 777	189 222
Total Payables	6 398 202	6 853 362

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

Annual Bonuses accrue to the staff of the District Municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrues to the staff of the District Municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The District Municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the District Municipality.

The management of the District Municipality is of the opinion that the carrying value of Creditors approximates their fair values.

14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

14.1 Conditional Grants from Government

National Government	-	-
Provincial Government	-	-
Total Conditional Grants and Receipts	-	-

The Unspent Conditional Grants and Receipts are invested in a interest bearing account until utilised.

Refer to Note 18 for the reconciliation of Grants from Government Receipts. The District Municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Refer to Appendix "F" for more detail on Conditional Grants.

15 LONG-TERM LIABILITIES

Finance Lease Liability	-	276 895
Non-Current Portion of Long Term Liabilities	-	276 895
Plus: Current Portion transferred to Current Liabilities:-	280 056	651 106
Finance Lease Liability	280 056	651 106
Total Long-term Liabilities (Neither past due, nor impaired)	280 056	928 001

15.1 Finance Lease Liability

15.1.1 Summary of Arrangements

Finance Lease Liabilities relate to Copier Machines and Telephone System with lease terms of 3 years. Capitalised Lease Liabilities are secured over the items of copier machines leased.

Refer to Appendix "A" for more detail on Long-term Liabilities.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

15.1.2 Obligations under Finance Leases:

The District Municipality as Lessee:

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R783 000 as at 1 October 2018. The effective interest rate on Finance Leases is 19.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

The District Municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The lease is classified as a finance lease due to the substance of the transaction; The lease term is for the major part of the economic life of the asset and at the inception of the lease the present value of the minimum lease payments exceeded the fair value of the leased assets.

The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under the finance lease are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2024	2023	2024	2023
	R	R	R	R
Amounts payable under borrowings:				
Within one year	296 550	800 510	296 550	800 510
In the second to fifth years, inclusive	-	296 550	-	296 550
Over five years	-	-	-	-
	<u>296 550</u>	<u>1 097 060</u>	<u>296 550</u>	<u>1 097 060</u>
Less: Future Finance Obligations	16 494	169 059	16 494	169 059
Present Value of Minimum Lease Obligations	<u>280 056</u>	<u>928 001</u>	<u>280 056</u>	<u>928 001</u>
Less: Amounts due for settlement within 12 months (Current Portion)			(280 056)	(651 106)
Borrowings due for settlement after 12 months (Non-current Portion)			<u>-</u>	<u>276 895</u>

The District Municipality has finance lease agreements for the following significant classes of assets:

- Machinery and Equipment

	2024	2023
	R	R
Included in these classes are the following significant leases:		
(i) Copier Machines - 2021/22 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 660 000	660 000
- Accumulated Depreciation	R 458 333	238 333
- Net Carrying Amount	R 201 667	R 421 667
- Depreciation for the year	R 220 000	R 220 000
- Finance charge for the year	R 40 788	R 66 301
- Average period outstanding	11 months	23 months
- Average effective interest rate	12.4%	12.4%
- Average monthly instalment	R 21 820	R 21 820
(ii) Telephone System - 2021/22 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 950 000	950 000
- Accumulated Depreciation	R 950 000	633 333
- Net Carrying Amount	R 0	R 316 667
- Depreciation for the year	R 316 667	R 316 667
- Finance charge for the year	R 96 716	R 360 720
- Average period outstanding	0 months	12 months
- Average effective interest rate	73.1%	73.1%
- Average monthly instalment	R 53 000	R 53 000

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	R	R
(iii) Copier Machines - 2022/23 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 130 889	R 130 889
- Accumulated Depreciation	R 79 327	R 39 663
- Net Carrying Amount	R 51 562	R 91 226
- Depreciation for the year	R 39 663	R 39 663
- Finance charge for the year	R 15 062	R 19 086
- Average period outstanding	11 months	23 months
- Average effective interest rate	20.6%	20.6%
- Average monthly instalment	R 5 139	R 5 139

16 EMPLOYEE BENEFIT LIABILITIES

Post-retirement Health Care Benefits Liability	27 580 000	25 102 000
Long Service Awards Liability	8 899 000	8 448 000
Total Employee Benefit Liabilities	36 479 000	33 550 000
Less: Current Portion of Employee Benefit Liabilities	(2 747 000)	(2 590 000)
Post-retirement Health Care Benefits Liability	(1 896 000)	(1 649 000)
Long Service Awards Liability	(851 000)	(941 000)
Non-current portion of Employee Benefit Liabilities	33 732 000	30 960 000

16.1 Post-retirement Health Care Benefits Liability

Opening balance	25 102 000	26 566 000
Interest cost	2 894 000	2 968 000
Current service cost	483 000	575 000
Actual employer benefit payments	(1 664 298)	(1 553 852)
Actuarial loss/ (gain) recognised in the year	765 298	(3 453 148)
Balance at end of Year	27 580 000	25 102 000
Transfer to Current Provisions	(1 896 000)	(1 649 000)
Total Post-retirement Health Care Benefits Liability	25 684 000	23 453 000

The District Municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the District Municipality. According to the rules of the Medical Aid Funds, with which the District Municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the District Municipality is liable for a certain portion of the medical aid membership fee. The District Municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	55	54
In-service Non-members (Employees)	42	44
Continuation Members (Retirees, widowers and orphans)	26	24
Total Members	123	122

The liability in respect of past service has been estimated as follows:

In-service Members	7 809 000	7 353 000
In-service Non-members	963 000	788 000
Continuation Members	18 808 000	16 961 000
Total Liability	27 580 000	25 102 000

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The District Municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2024 is estimated to be R483,000, whereas the cost for the ensuing year is estimated to be R496 000 (30 June 2023: R575,000).

The Interest Cost for the year ending 30 June 2024 is estimated to be R2,894,000, whereas the cost for the ensuing year is estimated to be R3 175 000 (30 June 2023: R2,968,000).

	2024 R	2023 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	11.91%	11.91%
Health Care Cost Inflation Rate	7.43%	7.54%
Net Effective Discount Rate	4.17%	4.06%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening balance	25 102 000	26 566 000
Current service cost	483 000	575 000
Interest cost	2 894 000	2 968 000
Actual employer benefit payments	(1 664 298)	(1 553 852)
Actuarial loss/ (gain) recognised in the year	765 298	(3 453 148)
Total Recognised Benefit Liability	27 580 000	25 102 000

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	27 580 000	25 102 000
Fair value of plan assets	-	-
	<u>27 580 000</u>	<u>25 102 000</u>
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	27 580 000	25 102 000
Restrictions on asset recognised	-	-
Fair value of reimbursement rights recognised	-	-
Total Benefit Liability	27 580 000	25 102 000

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost & Past service cost	483 000	575 000
Senior Management	10 700	36 800
Municipal Staff	472 300	538 200
Interest cost	2 894 000	2 968 000
Senior Management	96 100	107 600
Municipal Staff	2 797 900	2 860 400
Employer Benefit Payments	(1 664 298)	(1 553 852)
Actuarial losses / (gains)	765 298	(3 453 148)
Senior Management	(42 400)	-
Municipal Staff	807 698	(3 453 148)
Total Post-retirement Benefit included in Employee Related Costs (Note 22)	2 478 000	(1 464 000)

Contribution to Actuarial losses / (gains):

Financial assumptions:	765 298	(3 453 148)
(Increase)/Decrease in net discount rates	(329 000)	(2 994 000)
Change in assumed in-service non-member medical aid option	-	234 000
Experience:		
Subsidy increases higher / (lower) than assumed	350 000	(321 000)
Changes to membership profile different from assumed	729 000	(374 000)
Actual benefits vested, (lower) / greater than expected	15 298	1 852

The actuarial gain attributable to membership changes arises primarily because, on average, members bought down to cheaper medical aid options, and there were more exits than expected since the last valuation.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The history of fair values are as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Present Value of Defined Benefit Obligation	27 580 000	25 102 000	26 566 000	28 284 000	25 695 000
Deficit	27 580 000	25 102 000	26 566 000	28 284 000	25 695 000
Experienced adjustments on Plan Liabilities	1 094 000	(693 000)	(3 021 000)	65 000	(1 139 000)

	2024 R	2023 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	3 842 000	4 073 000
Effect on the defined benefit obligation	30 827 000	28 119 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	2 994 000	3 111 000
Effect on the defined benefit obligation	24 855 000	22 576 000

The District Municipality expects to make a contribution of R1,896,000 (2023: R1,649,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 40, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the District Municipality's other retirement funds that is Provincially and Nationally administered.

16.2 Long Service Awards Liability

Opening Balance	8 448 000	7 809 000
Payments Made	(815 468)	(1 038 774)
Actuarial losses / (gains)	(200 532)	298 774
Increases (Passage of Time/Discounted Rate)	909 000	829 000
Increases (Outflow of Economic Benefits)	558 000	550 000
Balance at end of Year	8 899 000	8 448 000
Transfer to Current Provisions	(851 000)	(941 000)
Total Long Service Awards Liability	8 048 000	7 507 000

The District Municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, and every 1 year after 25 years of continuous service, to employees according to Collective Agreement Circular 1/2014 dated 27/10/2014 and the Council resolution in November 1996. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 97 (2023: 98) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2024 is estimated to be R558,000, whereas the cost for the ensuing year is estimated to be R564 000.

The Interest Cost for the year ending 30 June 2024 is estimated to be R909,000, whereas the cost for the ensuing year is estimated to be R945 000.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	11.13%	11.38%
Net Effective Discount Rate	4.57%	4.47%
Long-term general earnings inflation rate	6.28%	6.62%
Assumed General Earnings Increase	5.00%	5.40%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening Balance	8 448 000	7 809 000
Payments Made	(815 468)	(1 038 774)
Actuarial losses / (gains)	(200 532)	298 774
Increases (Passage of Time/Discounted Rate)	909 000	829 000
Increases (Outflow of Economic Benefits)	558 000	550 000
Total Recognised Benefit Liability	8 899 000	8 448 000

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	8 899 000	8 448 000
	<u>8 899 000</u>	<u>8 448 000</u>
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	8 899 000	8 448 000
Total Benefit Liability	8 899 000	8 448 000

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	558 000	550 000
Senior Management	14 800	14 400
Municipal Staff	543 200	535 600
Interest cost	909 000	829 000
Senior Management	10 700	9 100
Municipal Staff	898 300	819 900
Payments Made	(815 468)	(1 038 774)
Senior Management	(109 626)	(82 218)
Municipal Staff	(705 842)	(956 556)
Actuarial losses / (gains)	(200 532)	298 774
Senior Management	57 326	84 818
Municipal Staff	(257 858)	213 956
Total Post-retirement Benefit included in Employee Related Costs (Note 22)	451 000	639 000

Contribution to Actuarial losses / (gains):

Financial assumptions:	(200 532)	298 774
Decreases/(Increase) in net discount rates	(52 000)	(515 000)
Experience:		
Earnings increases higher/(lower) than assumed	(71 000)	14 000
Changes to employee profile different from assumed	48 000	(101 000)
Change in benefits valued for former Khara Hais employees (Note 1)	-	644 000
Actual benefits vesting, greater/(lower) than expected	(125 532)	256 774

The history of experienced adjustments is as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Present Value of Defined Benefit Obligation	8 899 000	8 448 000	7 809 000	7 450 000	7 160 000
Deficit	8 899 000	8 448 000	7 809 000	7 450 000	7 160 000
Experienced adjustments on Plan Liabilities	(148 532)	169 774	108 088	(65 254)	496 048

Above figures summarises the experience adjustments for the current period and the previous three periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

	2024 R	2023 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	1 580 000	1 491 000
Effect on the defined benefit obligation	9 499 000	9 040 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	1 366 000	1 279 000
Effect on the defined benefit obligation	8 352 000	7 912 000

The District Municipality expects to make a contribution of R851,000 (2023: R941,000) to the defined benefit plans during the next financial year.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
17 ACCUMULATED SURPLUS		
Accumulated Surplus / (Deficit) due to the results of Operations	(19 566 095)	(16 462 865)
Total Accumulated Surplus	(19 566 095)	(16 462 865)
Reconciliation of Accumulated Surplus:		
Opening Balance	(16 462 865)	(19 428 561)
Correction of Prior Period Error - Opening Balance	-	(11 900)
Published Surplus for the year	(3 103 230)	2 977 597
Surplus for the year (previously published)	-	3 064 416
Correction of Error (Note 32)	-	(86 819)
Total Accumulated Surplus	(19 566 095)	(16 462 865)
18 TRANSFERS AND SUBSIDIES RECEIVED		
Capital Grants and subsidies	-	-
Allocations Gazetted	-	-
Operational Grants and subsidies	88 401 654	86 401 864
Allocations Not Gazetted	1 683 654	2 193 864
Allocations Gazetted	86 718 000	84 208 000
Total Government Grants and Subsidies	88 401 654	86 401 864
18.1 Operational Grants		
National Revenue Fund:	81 190 000	78 618 000
Equitable Share Grant	81 190 000	78 618 000
National Governments:		
Allocations Gazetted:	5 278 000	5 340 000
Expanded Public Works Programme Integrated Grant	999 000	1 073 000
Local Government Financial Management Grant	1 200 000	1 200 000
Road Asset Management Systems Grant	3 079 000	3 067 000
Allocations Not Gazetted:	933 654	1 693 864
National Treasury Subsidy for External Audit Fees	933 654	1 693 864
Provincial Government:		
Allocations Gazetted:	250 000	250 000
Housing Grant	250 000	250 000
Allocations Not Gazetted:	750 000	500 000
HIV and AIDS Grant (Provincial Health Department)	250 000	500 000
Economic Growth Summits (Department of Finance, Economic Development and Tourism)	500 000	-
	88 401 654	86 401 864
18.2 Capital Grants and subsidies		
Provincial Government:		
Allocations Gazetted:	-	-
Other	-	-
Total Operational Grants Received	88 401 654	86 401 864

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
18.3 Reconciliation per Grant Source		
18.3.1 National Governments: Financial Management Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	1 200 000
Conditions met - transferred to Revenue: Operating Expenses	(1 200 000)	(1 200 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	<u>-</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the District Municipality.

18.3.2 National Governments: Rural Road Asset Management Systems Grant

Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	3 079 000	3 067 000
Conditions met - transferred to Revenue: Operating Expenses	(2 701 632)	(1 877 070)
Conditions met - transferred to Revenue: Capital Expenses	(377 368)	(1 189 930)
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	<u>-</u>	<u>-</u>

To assist rural district municipalities to set up Rural Road Asset Management Systems (RRAMS), and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

18.3.3 National Governments: EPWP Incentive Grant

Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	999 000	1 073 000
Conditions met - transferred to Revenue: Operating Expenses	(999 000)	(1 073 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	<u>-</u>	<u>-</u>

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

18.3.4 Provincial Government: Housing Accreditation DPLG National Grant

Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	250 000	250 000
Conditions met - transferred to Revenue: Operating Expenses	(250 000)	(250 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	<u>-</u>	<u>-</u>

The purpose of this grant is to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes and to ensure effective management of human settlements programmes at the local government level, in line with the accreditation framework.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
18.3.5 Provincial Government: HIV/AIDS Grant (Provincial Health Department)		
Allocations Not Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	250 000	500 000
Conditions met - transferred to Revenue: Operating Expenses	(250 000)	(500 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-

The purpose of this grant is to sustain and extend coverage of the ward-based door-to-door education programme with referrals to local services, to build communities and support and utilise local services appropriately, and to support ward structures to address HIV/AIDS in the local community.

18.3.6 Summary of Conditional Grants:

Balance unspent at beginning of year	-	-
Current year receipts	5 778 000	6 090 000
Conditions met - transferred to Revenue: Operating Expenses	(5 400 632)	(4 900 070)
Conditions met - transferred to Revenue: Capital Expenses	(377 368)	(1 189 930)
Conditions still to be met - transferred to Liabilities	-	-
Grants classified under Receivables from Non-exchange Transactions	-	-
Unspent Conditional Grants - Current Liabilities (see Note 14)	-	-

19 RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease Revenue

Other Fixed Assets	9 780	9 314
Property Plant and Equipment	9 780	9 314
Ad-hoc Rental Income from Other Fixed Assets	-	-
Total Rental of Facilities and Equipment	9 780	9 314

Rental income generated is at market related premiums. All rental income recognised is therefore market related.

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

20 FINANCE INCOME

External Investments:

Bank Account	146 950	204 794
Call Accounts	1 450 034	971 008
Non-current Investments	148 624	58 338
	1 745 608	1 234 139

Outstanding Exchange Receivables:

Long-term Debtors		
Housing & Housing Selling Schemes	473	583
	473	583
Total Exchange Interest Earned	1 746 081	1 234 722

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	R	R
21 OPERATIONAL REVENUE		
LGSETA Skills Programmes and Learnerships	188 663	583 843
Commission	84 458	63 428
SARS Refund	832 825	-
Merchandising, Jobbing and Contracts	242 910	344 971
Skills Development Levy Refund	122 100	112 354
Total Operational Revenue	1 470 956	1 104 594
LGSETA Skills Programmes and Learnerships were received for Student Education Programmes which were fully spent during 2023/24 financial year. SARS refund was disputed and resolved during 2023/24 financial year and the SARS payable was written off by SARS. Economic Growth and Investment Summits funding was received to provide a platform for stakeholders to engage in dialogue, analyze economic trends, and identify opportunities for sustained growth. Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.		
22 EMPLOYEE RELATED COSTS		
Salaries and Wages		
Basic	40 939 222	39 971 599
Senior Management	2 164 389	2 266 277
Municipal Staff	38 774 834	37 705 322
Bonuses	717 162	524 640
Senior Management - Performance Bonus	717 162	524 640
Shift Work Allowance	976 366	806 615
Municipal Staff	976 366	806 615
Allowances		
Acting and Post Related Allowances	728 653	522 398
Senior Management	218 384	93 505
Municipal Staff	510 268	428 893
Annual Bonus Allowance	3 553 975	3 296 733
Senior Management	257 096	139 192
Municipal Staff	3 296 879	3 157 541
Cellular and Telephone	440 419	385 850
Senior Management	90 000	52 600
Municipal Staff	350 419	333 250
Housing Benefits	256 383	295 086
Senior Management	-	-
Municipal Staff	256 383	295 086
Standby Allowance	10 200	10 200
Municipal Staff	10 200	10 200
Travel or Motor Vehicle	3 824 865	3 784 463
Senior Management	808 964	791 404
Municipal Staff	3 015 901	2 993 059
Uniform/Special/Protective Clothing	1 122	1 207
Municipal Staff	1 122	1 207
Social Contributions		
Bargaining Council	7 896	8 493
Senior Management	224	233
Municipal Staff	7 673	8 260
Medical	2 334 614	2 166 649
Senior Management	159 217	152 365
Municipal Staff	2 175 397	2 014 284
Pension	7 115 206	6 776 549
Senior Management	369 980	369 980
Municipal Staff	6 745 226	6 406 568
Unemployment Insurance	218 197	215 314
Senior Management	6 376	6 553
Municipal Staff	211 821	208 761
Total Employee Cost	61 124 281	58 765 796

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
Post-retirement Benefit		
Current Service Cost	483 000	575 000
Senior Management	10 700	36 800
Municipal Staff	472 300	538 200
Leave Gratuity	429 749	(179 369)
Senior Management	101 402	(150 692)
Municipal Staff	328 347	(28 677)
Long Term Service Awards	558 000	550 000
Senior Management	14 800	14 400
Municipal Staff	543 200	535 600
Total Post-retirement Benefit	1 470 749	945 631
Total Employee Related Costs	62 595 030	59 711 427

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager

Annual Remuneration	-	75 584
Acting Allowance	98 874	75 464
Performance Bonus	169 997	154 329
Car, Cell phone and Housing Allowance	-	31 589
Total	268 871	336 965

The post was vacant for the period 01 August 2022 to 30 June 2024. Acting Allowances were paid for the period.

Remuneration of Director: Financial Services

Annual Remuneration	739 217	752 772
Annual Bonus	100 000	57 096
Performance Bonus	141 318	105 593
Car, Cell phone and Housing Allowance	157 229	141 134
Company Contributions to Medical and Pension Funds	177 395	172 548
Total	1 315 159	1 229 143

Remuneration of the Director: Corporate Services

Annual Remuneration	685 149	685 149
Acting Allowance	119 511	18 041
Annual Bonus	100 000	25 000
Performance Bonus	121 055	159 786
Car, Cell phone and Housing Allowance	533 660	510 233
Company Contributions to Medical and Pension Funds	186 920	183 411
Total	1 746 295	1 581 620

Remuneration of the Director: Planning & Development

Annual Remuneration	740 023	752 772
Annual Bonus	57 096	57 096
Performance Bonus	141 318	126 712
Car, Cell phone and Housing Allowance	208 075	161 048
Company Contributions to Medical and Pension Funds	168 392	166 386
Total	1 314 903	1 264 014

Summary of Remuneration of Section 57 Employees:

Annual Remuneration	2 164 389	2 266 277
Annual Bonus	257 096	139 192
Acting Allowance	218 384	93 505
Performance Bonus	573 689	546 419
Car, Cell phone and Housing Allowance	898 964	844 004
Company Contributions to Medical and Pension Funds	532 707	522 345
Total Remuneration of Section 57 Employees	4 645 228	4 411 742

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
The following compensation was payable to key management personnel in terms of GRAP 25 as at 30 June:		
Staff Leave Benefits:-		
Municipal Manager	-	-
Director: Financial Services	46 590	21 925
Director: Planning & Development	19 184	13 703
Director: Corporate Services	35 628	5 481
Total	101 402	41 109

23 REMUNERATION OF COUNCILLORS

Executive Mayor	955 651	957 122
Speaker	462 090	462 801
Chief Whip	443 046	400 462
Executive Committee	2 584 609	2 999 237
Section 79 committee chairperson	416 916	325 275
Total for All Other Councillors	399 326	125 797
Total Councillors' Remuneration	5 261 639	5 270 695

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

Remuneration of Councillors:

In-kind Benefits

The Councillors occupying the positions of Executive Mayor and Speaker serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the District Municipality in order to enable them to perform their official duties.

Councillors may utilise official Council transportation when engaged in official duties.

The Executive Mayor has used a Council owned vehicle for official duties.

Refer to Appendix G for more detail.

24 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	1 476 316	1 210 523
Amortisation: Intangible Assets	68 006	52 803
Total Depreciation and Amortisation	1 544 322	1 263 327
24.1 Depreciation: Property, Plant and Equipment		
Other Assets	82 214	82 213
Computer Equipment	252 252	251 626
Furniture and Office Equipment	72 779	28 437
Machinery and Equipment	742 809	686 895
Own	57 430	31 593
Leased	685 379	655 302
Transport Assets	326 263	161 352
	1 476 316	1 210 523

25 IMPAIRMENT LOSSES / (GAINS)

Impairment (Gains) on Financial Assets	(200 532)	(3 453 148)
Impairment Losses on Financial Assets	765 298	298 774
Total Impairment Losses / (Gains)	564 766	(3 154 374)

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
25.1 Impairment Losses on Financial Assets		
Impairment Losses / (Gains)	564 766	(3 154 374)
Post-retirement Benefit - Actuarial Gains	-	(3 453 148)
Post-retirement Benefit - Actuarial Losses	765 298	-
Long Term Service Awards - Actuarial Gains	(200 532)	-
Long Term Service Awards - Actuarial Losses	-	298 774
Reversal of Impairment Losses	-	-
Trade and Other Receivables from Exchange Transactions	-	-
Long Term Receivables	-	-
Impairment Losses Recognised (written off during the current year):	-	-
Trade and Other Receivables from Exchange Transactions	-	-
Long Term Receivables	-	-
	564 766	(3 154 374)

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

26 FINANCE COSTS

Finance Leases	152 565	446 108
Overdue Accounts	2 915	3 960
Interest on Employee Benefit Liabilities	3 803 000	3 797 000
Post-retirement Health Care Benefits	2 894 000	2 968 000
Long Service Awards	909 000	829 000
Total Interest Expense	3 958 480	4 247 067
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Finance Cost	3 958 480	4 247 067

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

27 CONTRACTED SERVICES

Included in Contracted Services are the following:

Business and Advisory	1 097 166	1 375 202
Catering Services	534 393	293 880
Cleaning Services	271 988	182 543
Clearing and Grass Cutting Services	-	337 524
Employee Wellness	97 826	
Graphic Designers	18 910	20 780
Infrastructure and Planning	2 369 577	299 739
Legal Cost	-	11 232
Maintenance of Buildings and Facilities: Operational Buildings	1 123 771	1 356 100
Maintenance of Equipment	290 105	224 923
Furniture and Office Equipment	74 880	81 342
Transport Assets	215 225	143 581
Maintenance of Unspecified Assets: Intangible Assets	390 762	531 217
Plants, Flowers and Other Decorations	22 000	21 416
Stage and Sound Crew	150 000	-
Transportation	-	69 500
	6 366 498	4 724 056

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
28 INVENTORY CONSUMED		
Consumables	130 153	213 987
Materials and Supplies	386 685	185 729
	<u>516 838</u>	<u>399 716</u>

29 TRANSFERS AND SUBSIDIES PAID

Operational Grants	491 452	910 863
Allocations In-kind	-	-
Monetary Allocations	491 452	910 863
Total Transfers and Subsidies Paid	<u>491 452</u>	<u>910 863</u>

29.1 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2024	2023	2024	2023
Households	-	-	491 452	910 863
Total Operational Grants Paid	<u>-</u>	<u>-</u>	<u>491 452</u>	<u>910 863</u>
	2024 R		2023 R	

30 OPERATIONAL COSTS

Included in Operational Costs are the following:

Achievements and Awards	181 720	274 321
Advertising, Publicity and Marketing	92 084	102 328
External Audit Fees	2 330 191	2 163 617
Bank Charges, Facility and Card Fees	104 448	104 629
Bargaining Council	727 845	634 764
Bursaries (Employees)	244 265	209 924
Courier and Delivery Services	-	968
Communication	406 697	450 557
Entertainment	3 015	23 115
External Computer Service	1 716 505	1 366 886
Insurance Underwriting	775 906	316 158
Learnerships and Internships	234 315	947 457
Licences	8 717	11 184
Municipal Services	861 456	706 741
Registration Fees	39 714	58 995
Professional Bodies, Membership and Subscription	74 464	96 563
Skills Development Fund Levy	622 999	578 595
Search Fees	-	5 595
Toll Gate Fees	63	-
Transport Provided as Part of Departmental Activities	241 050	-
Travel and Subsistence	3 485 329	3 320 626
Uniform and Protective Clothing	180 000	40 804
Vehicle Tracking	11 926	4 141
Wet Fuel	511 955	368 195
Workmen's Compensation Fund	336 472	288 331
Samples and Specimens	152 068	123 716
Fines and Penalties	10 202	26 969
Entrance Fees	48 730	58 157
Total Operational Costs	<u>13 402 134</u>	<u>12 283 339</u>

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
30.1 Travel and Subsistence		
Accommodation & Daily Allowance	1 500 925	1 451 287
Accommodation	1 360 446	1 335 433
Daily Allowance	140 479	115 854
Transport without Operator	1 856 175	1 742 860
Transport with Operator	13 367	5 360
Domestic	3 370 467	3 199 507
Non-employees	114 862	121 118
Total of Travel and Subsistence	3 485 329	3 320 626

No other extra-ordinary expenses were incurred.

31 GAINS / (LOSSES) ON DISPOSAL OF CAPITAL ASSETS

Gains/(Losses) on write-offs of Property, Plant and Equipment	(6 989)	(116 783)
Gains/(Losses) on write-offs of Intangible Assets	(23 553)	-
Total Gains / (Losses) on Disposal of Capital Assets	(30 543)	(116 783)
Total Gains on Disposal of Capital Assets	-	-
Total Losses on Disposal of Capital Assets	30 543	116 783

32 CORRECTION OF ERROR

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

The implementation of mSCOA as stated above resulted in certain descriptions and figures being restated.

Other corrections were also made during the previous financial years. Details of the corrections are described below:

32.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus have been restated to correctly disclose the monies held by the District Municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	Accumulated Surplus R
Balances published as at 30 June 2022	(19 428 561)
Correction of Error:	(11 900)
Correction of VAT Receivable	-
Correction of Trade and Other Payable Exchange Transactions	(11 900)
Restated Balances as at 30 June 2022	(19 440 461)
Transactions incurred for the Year 2022/23	3 064 416
Correction of Error:-	(86 819)
Correction of Trade and other Receivables from Exchange Transactions	-
Correction of Receivables from Non-exchange Transactions	106 207
Correction of VAT Receivable	-
Correction of Property, Plant and Equipment: Machinery and Equipment	-
Correction of Property, Plant and Equipment: Leased Assets	-
Correction of Trade and Other Payable Exchange Transactions	(193 026)
Restated Balances as at 30 June 2023	(16 462 865)

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

32.2 Reclassification of Revenue

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Correction of Error	Restated Amount 2022/23
Transfers and Subsidies	86 401 864	-	86 401 864
Impairment Gains	-	3 453 148	3 453 148
Rental from Fixed Assets	776	8 538	9 314
Interest & Rent on Land	1 234 722	-	1 234 722
Operational Revenue	1 113 132	(8 538)	1 104 594
	88 750 495	3 453 148	92 203 643

Impairment Gains:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Costs were retrospectively decreased by R642 626, Finance Costs were increased by R3 797 000, Impairment Gains were increased by R3 453 148 and Impairment Losses were increased by R298 774 on 30 June 2023.

Rental from Fixed Assets:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose all rentals under Rentals from Fixed Assets. Therefore Rentals from Fixed Assets were retrospectively increased by R8 538 and Operational Revenue was decreased by R8 538 on 30 June 2023.

Operational Revenue:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose all rentals under Rentals from Fixed Assets. Therefore Rentals from Fixed Assets were retrospectively increased by R8 538 and Operational Revenue was decreased by R8 538 on 30 June 2023.

32.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the District Municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Correction of Error	Restated Amount 2022/23
Employee Related Costs	60 477 724	(766 297)	59 711 427
Remuneration of Councillors	5 060 204	210 491	5 270 695
Depreciation and Amortisation	1 263 327	-	1 263 327
Impairment Losses	-	298 774	298 774
Finance Costs	450 068	3 797 000	4 247 067
Contracted Services	5 482 523	(758 467)	4 724 056
Inventory Consumed	399 716	-	399 716
Transfers and Subsidies Paid	910 863	-	910 863
Operational Costs	11 524 872	758 467	12 283 339
Loss on Disposal of PPE	116 783	-	116 783
	85 686 079	3 539 967	89 226 046

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

Employee Related Costs:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Costs were retrospectively decreased by R642 626, Finance Costs were increased by R3 797 000, Impairment Gains were increased by R3 453 148 and Impairment Losses were increased by R298 774 on 30 June 2023.

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an employee's salary as a receivable due to the Municipality. Therefore Receivables from Non-exchange Transactions were retrospectively increased by R106 203, Payable from Exchange Transactions were decreased by R28 765 and Employee Related Costs were decreased by R134 972 on 30 June 2023.

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an official's back-pay received from December 2021 as Trade and Other Payable Exchange Transactions on 30 June 2023. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R11 300 and Employee Related Costs were increased by R11 300 on 30 June 2023.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Remuneration of Councillors:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality received the 2022/23 salary increases for Councillors which paid to Councillors during the 2023/24 financial year. Therefore Payable from Exchange Transactions were retrospectively increased by R210 491 and Remuneration of Councillors were increased by R210 491 on 30 June 2023.

Finance Cost:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Costs were retrospectively decreased by R642 626, Finance Costs were increased by R3 797 000, Impairment Gains were increased by R3 453 148 and Impairment Losses were increased by R298 774 on 30 June 2023.

Contracted Services:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose license fees under Operational Costs. Therefore Operational Costs were retrospectively increased by R758 467 and Contracted Services were decreased by R758 467 on 30 June 2023.

Impairment Losses:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Costs were retrospectively decreased by R642 626, Finance Costs were increased by R3 797 000, Impairment Gains were increased by R3 453 148 and Impairment Losses were increased by R298 774 on 30 June 2023.

Operational Costs:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose license fees under Operational Costs. Therefore Operational Costs were retrospectively increased by R758 467 and Contracted Services were decreased by R758 467 on 30 June 2023.

32.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the Municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Correction of Error	Restated Amount 2022/23
Current Assets			
Receivables from Exchange Transactions	224 591	-	224 591
Receivables from Non-exchange Transactions	20 000	106 207	126 207
Statutory Receivables from Exchange Transactions	3 605	-	3 605
VAT Receivable	448 235	-	448 235
Cash and Cash Equivalents	1 705 742	-	1 705 742
Current Portion of Long-term Receivables	16 441	-	16 441
Non-Current Assets			
Property, Plant and Equipment	21 602 242	-	21 602 242
Intangible Assets	108 712	-	108 712
Long-term Receivables	93 933	-	93 933
	Prior Year 2022/23 Audited	Correction of Error	Restated Amount 2022/23
Current Liabilities			
Provisions	3 121 597	-	3 121 597
Payables from Exchange Transactions	6 648 436	204 926	6 853 362
Unspent Conditional Grants and Receipts	-	-	-
Current Portion of Long-term Liabilities	651 106	-	651 106
Non-Current Liabilities			
Long-Term Liabilities	276 895	-	276 895
Retirement Benefit Liabilities	30 960 000	-	30 960 000
Net Assets			
Accumulated Surplus / (Deficit)	(16 364 146)	(98 719)	(16 462 865)
	<u>-</u>	<u>-</u>	<u>-</u>

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

Receivables from Non-exchange Transactions:

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an employee's salary as a receivable due to the Municipality. Therefore Receivables from Non-exchange Transactions were retrospectively increased by R106 203, Payable from Exchange Transactions were decreased by R28 765 and Employee Related Costs were decreased by R134 972 on 30 June 2023.

Payables from Exchange Transactions:

Opening Balance adjustment

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an official's back-pay received from December 2021 as Trade and Other Payable Exchange Transactions on 30 June 2022. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R11 900 and Accumulated Surplus was increased by R11 900 on 30 June 2022.

Closing Balance adjustment

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an employee's salary as a receivable due to the Municipality. Therefore Receivables from Non-exchange Transactions were retrospectively increased by R106 203, Payable from Exchange Transactions were decreased by R28 765 and Employee Related Costs were decreased by R134 972 on 30 June 2023.

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality received the 2022/23 salary increases for Councillors which paid to Councillors during the 2023/24 financial year. Therefore Payable from Exchange Transactions were retrospectively increased by R210 491 and Remuneration of Councillors were increased by R210 491 on 30 June 2023.

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an official's back-pay received from December 2021 as Trade and Other Payable Exchange Transactions on 30 June 2023. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R11 300 and Employee Related Costs were increased by R11 300 on 30 June 2023.

	2024 R	2023 R
33 CHANGE IN ACCOUNTING ESTIMATES		
33.1 Depreciation Expenditure:		
The estimated useful lives and depreciation method were reviewed at 30 June 2024 and no changes were made for the 2023/24 financial year.		
Adjustments were made to the remaining useful lives and residual values in the current year and affected the amount of depreciation for the 2023/24 financial year. The adjustments are as follows:		
Increase / (Decrease) in Depreciation due to adjustments to Residual Values of PPE	-	-
Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of PPE	(156 424)	(55 211)
Increase / (Decrease) in Depreciation of PPE	(156 424)	(55 211)
Depreciation as previously stated	1 700 747	1 318 537
Adjustment due to Change in Accounting Estimate	(156 424)	(55 211)
Depreciation as per Note 24	1 544 322	1 263 327

34 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	(3 103 230)	2 977 597
Adjustment for:		
Depreciation and Amortisation	1 544 322	1 263 327
Losses / (Gains) on Disposal of Property, Plant and Equipment	6 989	116 783
Losses / (Gains) on Disposal of Intangible Assets	23 553	-
Contribution to Post-retirement Employee Benefits Liabilities	4 142 298	89 852
Expenditure incurred from Post-retirement Employee Benefits Liabilities	(1 664 298)	(1 553 852)
Contribution to Long Service Awards Liability	1 266 468	1 677 774
Expenditure incurred from Long Service Awards Liability	(815 468)	(1 038 774)
Contribution to Provisions - Current: Performance Bonus	(546 419)	(524 640)
Expenditure incurred from Provisions - Current: Performance Bonus	689 893	502 860
Bad Debts Written-off: Receivables from Exchange Transactions	-	-
Operating surplus before working capital changes	1 544 108	3 510 927

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
Decrease/(Increase) in Receivables from Exchange Transactions	(46 897)	(5 402)
Decrease/(Increase) in Statutory Receivables from Exchange Transactions	(4 358)	9 166
Decrease/(Increase) in Receivables from Non-exchange Transactions	126 207	(126 207)
Decrease/(Increase) in VAT Receivable	(117 106)	92 627
Decrease/(Increase) in Current Portion of Long-term Receivables	859	1 277
Increase/(Decrease) in Payables from Exchange Transactions	(455 160)	(1 437 548)
Increase/(Decrease) in Conditional Grants and Receipts	-	-
Cash generated by / (utilised in) Operations	1 047 653	2 044 840

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

35.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance	-	-
Unauthorised Expenditure identified in current year	-	-
Approved by Council	-	-
Transfer to receivables for recovery (refer Note 2)	-	-
Unauthorised Expenditure awaiting authorisation	-	-

No Unauthorised Expenditures incurred for 2023/24 financial year.

No Unauthorised Expenditures incurred for 2022/23 financial year.

Condonement of non-compliance of a regulation:

In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:

ZF Mgcawu District Municipality has investigated all unauthorised expenditures. Each instance and reason for the items that lead to unauthorised expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these unauthorised expenditures and must be written off during the financial year.

	2024 R	2023 R
35.2 Fruitless and Wasteful Expenditure		
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	23 608	9 439
Fruitless and Wasteful Expenditure identified in current year	119 324	23 608
Expenditure investigated and approved by Council	(16 725)	(9 439)
To be recovered – Receivables from Non-Exchange Transactions (refer Note 4.)	(126 207)	-
To be recovered – Long-term Receivables (refer Note 11)	-	-
Recouped from Salaries Payable	-	-
Fruitless and Wasteful Expenditure awaiting condonement	-	23 608

Fruitless and Wasteful expenditure summary for 2023/24 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
A former Councillor was employed as a contract worker simultaneously by the ZF Mgcawu District Municipality as well as the Department of Agriculture.	Investigated & Recovered	106 207
SARS: PAYE, UIF & SDL Penalties & Interest on the late payment of 2023/24 SARS assessments.	Written of by Council in 2023/24	13 117
Total:		119 324

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Fruitless and Wasteful expenditure summary for 2022/23 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Compensation Commissioner: Penalties & Interest on the late payment of 2022/23 assessments.	Written of by Council in 2023/24	3 608
Debit order deducted from bank account without ZFM's approval. This was reported as fraud and the investigation by SAPS & ZFM is still in progress.	Investigated & Recovered	20 000.00
Total:		23 608

Fruitless and Wasteful expenditure summary for 2021/22 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount R
Compensation Commissioner: Penalties & Interest on the late payment of 2021/22 assessments.	Written of by Council in 2022/23	8 062
SARS: PAYE, UIF & SDL Penalties & Interest on the late payment of 2021/22 SARS assessments.	Written of by Council in 2022/23	1 377
Total:		9 439

Condonement of non-compliance of a regulation:

In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:

ZF Mgcawu District Municipality has investigated all fruitless and wasteful expenditures. Each instance and reason for the items that lead to fruitless and wasteful expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these fruitless and wasteful expenditures and must be written off during the financial year.

	2024 R	2023 R
35.3 Irregular Expenditure		
Reconciliation of Irregular Expenditure:		
Opening balance	25 422	-
Irregular Expenditure identified in current year	98 874	25 422
Written off by Council	(124 296)	-
Irregular Expenditure awaiting condonement	<u>-</u>	<u>25 422</u>

Irregular Expenditure summary for 2023/24 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Municipal Manager from July 2023 to 30 June 2024.	Written of by Council in 2023/24	98 874
Total:		98 874

Irregular Expenditure summary for 2022/23 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Municipal Manager from November 2022 to January 2023 and June 2023 (R16 292). - DJ van Zyl: Irregular acting period as Municipal Manager during May 2023 (R9 130).	Written of by Council in 2023/24	25 422
Total:		25 422

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Condonement of non-compliance of a regulation:

In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:

ZF Mgcawu District Municipality has investigated all irregular expenditures. Each instance and reason for the items that lead to irregular expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these irregular expenditure and must be written off during the 2022/23 financial year.

36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

36.1 Contributions to organised local government - SALGA (incl.VAT)

	2024 R	2023 R
Opening Balance	-	-
Council Subscriptions	715 140	634 764
Subscriptions Amount Paid - current year	(720 140)	(639 764)
Subscriptions Amount Paid - previous years	(7 705)	-
Council Members Assembly and Levies	12 705	5 000
Balance Unpaid (included in Payables from Exchange Transactions)	-	-

36.2 Audit Fees (incl. VAT)

Opening Balance	-	-
Current year Audit Fee	2 679 720	2 488 159
Amount Paid by National Treasury	(1 073 702)	(1 947 943)
Amount Paid - current year	(1 606 018)	(540 216)
Amount Paid - previous years	-	-
Balance Unpaid (included in Payables from Exchange Transactions)	-	-

36.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

36.4 PAYE, Skills Development Levy and UIF

Opening Balance	905 472	946 645
Current year Payroll Deductions	11 581 020	11 037 996
Amount Paid - current year	(11 581 020)	(10 851 981)
Amount Paid - previous years	(905 472)	(227 188)
Balance Unpaid (included in Payables from Exchange Transactions)	-	905 472

Balance Unpaid - Prior year	-	719 457
Balance Unpaid - June	-	186 015
Balance Unpaid (included in Payables from Exchange Transactions)	-	905 472

36.5 Pension and Medical Aid Deductions

Opening Balance	96 676	133 689
Current year Payroll Deductions and Council Contributions	14 860 811	14 154 298
Amount Paid - current year	(14 752 822)	(14 057 622)
Amount Paid - previous years	(96 676)	(133 689)
Balance Unpaid (included in Payables from Exchange Transactions)	107 989	96 676

The unpaid balance refer to June month's outstanding balance and is payable before 7 July 2024.

36.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

36.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

36.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Acting Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

Deviations from the tender stipulations in terms of the District Municipality's Supply Chain Management Policy were submitted to Council quarterly, which condoned the various cases.

The following deviations from the tender stipulations in terms of the District Municipality's Supply Chain Management Policy were ratified by the Acting Municipal Manager and reported to Council:

Department	Successful Tenderer	Occasions	Reason	Amount
EXECUTIVE AND COUNCIL	Various	2	Single provider only	38 739
	Various	24	Impractical for procurement processes	186 386
26 Occasions during the year amounts to R225,125				
FINANCE AND ADMINISTRATION	Various	40	Single provider only	2 939 851
	Various	87	Impractical for procurement processes	1 890 104
	Various	2	Emergency	155 530
129 Occasions during the year amounts to R4 985 485				
Total:				5 210 610

36.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

The Electricity and Water functions were transferred to the Local Municipalities. Thus no material Electricity and Water Losses occurred.

37 ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

38 COMMITMENTS FOR EXPENDITURE

38.1 Capital Commitments

The District Municipality had no capital commitments at year-end.

38.2 Operational Commitments

- Approved and Contracted for:-

General Voice Equipment
 LGSETA Learnerships Programmes - TAG443
 Copier Machine Rentals
 PMS System
 Rural Road Management - Phatsimo Management

2024 R	2023 R
3 847 470	6 438 138
-	619 335
-	467 325
404 463	776 569
1 468 916	-
1 974 090	4 574 909

- Approved but Not Yet Contracted for:-

General Voice Equipment

-	-
-	-

Total Operational Commitments

3 847 470	6 438 138

This expenditure will be financed from:

Government Grants
 LGSETA
 Own Resources

1 974 090	4 574 909
-	467 325
1 873 380	1 395 904
3 847 470	6 438 138

General Voice Equipment:

The District Municipality has an agreement with ITEC to rent and maintain a telephone system from 1 July 2021 to 30 June 2024. There are only annual escalations on the maintenance contract and the total tender value of R2 423 385 (incl. VAT) was awarded in April 2021.

On 30 June 2024 the outstanding commitment to ITEC was R0 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

LGSETA Skills Programmes and Learnerships - TAG443:

The District Municipality had a contracted value of R938 000 (incl. VAT) with LGSETA which will be payable to ZF Mgcawu District Municipality. The District Municipality has awarded a tender to TAG443 to implement a skills programme and learnerships in the ZF Mgcawu District. There are no annual escalations and the tender was awarded in April 2018. LGSETA terminated all programs and the new approved tender value is R0 (incl. VAT).

On 30 June 2024 the outstanding commitment to TAG443 was R0 (incl. VAT). TAG 443 was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Copier Machines:

The District Municipality has a rental and maintenance agreement with ITEC for copier machines from 1 June 2022 to 31 May 2025. There are only annual escalations on the maintenance contract and the total tender value of R1 193 206 (incl. VAT) was awarded in June 2022.

On 30 June 2024 the outstanding commitment to ITEC was R404,463 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

PMS System:

The District Municipality has a rental and maintenance agreement with CCG Systems for a PMS System from 1 January 2024 to 31 December 2026. There are no annual escalations and the total tender value of R1 859 916 (incl. VAT) was awarded in January 2024.

On 30 June 2024 the outstanding commitment to CCG Systems was R1,468,916 (incl. VAT). CCG Systems was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Outstanding Orders:

The District Municipality had no outstanding orders at year-end for services and goods not yet delivered. Therefore the District Municipality had no commitments with suppliers to render services or goods after year-end.

		2024 R	2023 R
39 FINANCIAL INSTRUMENTS			
39.1 Classification			
FINANCIAL ASSETS:			
In accordance with GRAP 104.13 the Financial Assets of the District Municipality are classified as follows:			
<u>Financial Assets</u>	<u>Classification</u>		
Non-current Investments			
Fixed Deposits	Amortised cost	1 719 010	1 070 386
Long-term Receivables			
Finance Lease Receivable	Amortised cost	4 689	7 016
Staff Related Long Term Receivables	Amortised cost	76 835	86 917
CPMD Debtors	Amortised cost	76 400	83 400
SCM Debtors	Amortised cost	-	3 517
Payroll Debtors	Amortised cost	435	-
Receivables from Exchange Transactions			
Merchandising, Jobbing and Contracts	Amortised cost	271 488	224 591
Receivables from Non-exchange Transactions			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	Amortised cost	-	126 207
Cash and Cash Equivalents			
Call Deposits	Amortised cost	6	54 770
Bank Balances	Amortised cost	451 554	1 650 965
Cash Floats and Advances	Fair value	268	7
Current Portion of Long-term Receivables			
Finance Lease Receivable	Amortised cost	3 600	3 600
Staff Related Long Term Receivables	Amortised cost	11 983	12 841
CPMD Debtors	Amortised cost	7 200	7 200
SCM Debtors	Amortised cost	2 383	4 518
Maternity Leave Debtors	Amortised cost	-	1 123
Payroll Debtors	Amortised cost	2 400	-
SUMMARY OF FINANCIAL ASSETS			

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

		2024 R	2023 R
Financial Assets at Amortised Cost:			
Non-current Investments	Fixed Deposits	1 719 010	1 070 386
Long-term Receivables	Finance Lease Receivable	4 689	7 016
Long-term Receivables	Staff Related Long Term Receivables	76 835	86 917
Receivables from Exchange Transactions	Property Rental Debtors	271 488	224 591
Receivables from Non-exchange Transactions	Unauthorised, Irregular, Fruitless and	-	126 207
Current Portion of Long-term Receivables	Finance Lease Receivable	3 600	3 600
Current Portion of Long-term Receivables	Staff Related Long Term Receivables	11 983	12 841
Cash and Cash Equivalents	Call Deposits	6	54 770
Cash and Cash Equivalents	Bank Balances	451 554	1 650 965
		<u>2 539 165</u>	<u>3 237 293</u>
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	268	7
		<u>268</u>	<u>7</u>
Total Financial Assets		<u>2 539 433</u>	<u>3 237 300</u>

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the District Municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	-	276 895
Payables from Exchange Transactions			
Other Payables: Salary Clearing and Control	Amortised cost	136 201	495 615
Retentions	Amortised cost	-	79 964
Salary Related Payables	Amortised cost	-	905 472
Trade Creditors	Amortised cost	842 777	189 222
Payables from Non-exchange Transactions			
Current Portion of Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	280 056	651 106
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Lease Liabilities	-	276 895
Payables from Exchange Transactions	Other Payables	136 201	495 615
Payables from Exchange Transactions	Retentions	-	79 964
Payables from Exchange Transactions	Salary Related Payables	-	905 472
Payables from Exchange Transactions	Trade Creditors	842 777	189 222
Current Portion of Long-term Liabilities	Finance Lease Liabilities	280 056	651 106
		<u>1 259 034</u>	<u>2 598 273</u>
Total Financial Liabilities		<u>1 259 034</u>	<u>2 598 273</u>

39.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL LIABILITIES

Measured at Amortised Cost:

	1 259 034	1 259 034	2 598 273	2 598 273
Finance Lease Liabilities	-	-	276 895	276 895
Trade and Other Payables:				
- Payables from Exchange Transactions	978 978	978 978	1 670 273	1 670 273
- Current Portion of Long-term Liabilities	280 056	280 056	651 106	651 106
Total Financial Liabilities	1 259 034	1 259 034	2 598 273	2 598 273
Total Financial Instruments	1 280 399	1 280 399	639 027	639 027
Unrecognised Gain / (Loss)		-		-

No Financial Instruments of the District Municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2024

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	268	-	268
Total Financial Assets	-	268	-	268
Total Financial Instruments	-	268	-	268

30 June 2023

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	7	-	7
Total Financial Assets	-	7	-	7
Total Financial Instruments	-	7	-	7

39.3 Capital Risk Management

The District Municipality manages its capital to ensure that the District Municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The District Municipality's overall strategy remains unchanged from 2023.

The capital structure of the District Municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in the Statement of Changes in Net Assets.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Gearing Ratio

	2024 R	2023 R
The gearing ratio at the year-end was as follows:		
Debt	280 056	928 001
Cash and Cash Equivalents	(451 829)	(1 705 742)
Net Debt	<u>(171 773)</u>	<u>(777 741)</u>
Equity	<u>(19 566 095)</u>	<u>(16 462 865)</u>
Net debt to equity ratio	<u>0.88%</u>	<u>4.72%</u>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the District Municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

39.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the District Municipality's Risk Management Framework. The District Municipality's Risk Management policies are established to identify and analyse the risks faced by the District Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, Municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the District Municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The District Municipality does not enter into or trade financial instruments for speculative purposes.

Internal Audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the District Municipality's Audit & Performance Committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

39.5 Significant Risks

It is the policy of the District Municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the District Municipality is exposed on the reporting date.

The District Municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the District Municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the District Municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the District Municipality's receivables from customers and investment securities.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Liquidity Risk

Liquidity Risk is the risk that the District Municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The District Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the District Municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 39.8 to the Annual Financial Statements.

39.6 Market Risk

The District Municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 39.7 below). No formal policy exists to hedge volatilities in the interest rate market.

39.6.1 Foreign Currency Risk Management

The District Municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

39.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 39.8 below:

39.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the District Municipality. The District Municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The District Municipality uses its own trading records to assess its major customers. The District Municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The District Municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the District Municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors were transferred to the Local Municipalities.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The District Municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The District Municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The District Municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The District Municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The District Municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

	2024	2023
	R	R
Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the District Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:		
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	1 719 010	1 070 386
Long-term Receivables	97 106	110 374
Receivables from Exchange Transactions	271 488	224 591
Receivables from Non-exchange Transactions	-	126 207
Bank, Cash and Cash Equivalents	451 829	1 705 742
Maximum Credit and Interest Risk Exposure	<u>2 539 433</u>	<u>3 237 300</u>

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

39 FINANCIAL INSTRUMENTS (Continued)

39.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the District Municipality's short, medium and long-term funding and liquidity management requirements. The District Municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note N/A C67 is a listing of additional undrawn facilities that the District Municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The District Municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the District Municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the District Municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2024								
Non-interest Bearing		0%	6 398 202	6 398 202	-	-	-	-
- Payables from Exchange transactions	13	0%	6 398 202	6 398 202	-	-	-	-
Fixed Interest Rate Instruments		35%	280 056	149 816	130 240	-	-	-
- Long-term Liabilities	15	35%	280 056	149 816	130 240	-	-	-
			6 678 258	6 548 017	130 240	-	-	-
30 June 2023								
Non-interest Bearing		0%	6 853 362	6 853 362	-	-	-	-
- Payables from Exchange transactions	13	0%	6 853 362	6 853 362	-	-	-	-
Fixed Interest Rate Instruments		43%	928 001	372 930	278 176	276 895	-	-
- Long-term Liabilities	15	43%	928 001	372 930	278 176	276 895	-	-
			7 781 363	7 226 292	278 176	276 895	-	-

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The following table details the District Municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the District Municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
30 June 2024	#	%	R	R	R	R		R
Non-interest Bearing		0%	368 594	279 279	7 791	15 583	65 941	-
- Long-term Receivables			97 106	7 791	7 791	15 583	65 941	-
- Trade Receivables from Exchange Transactions			271 488	271 488	-	-	-	-
- Trade Receivables from Non-exchange Transactions			-	-	-	-	-	-
Variable Interest Rate Instruments		2.5%	451 561	451 561	-	-	-	-
- Call Deposits		9.0%	6	6	-	-	-	-
- Bank Account		2.5%	451 554	451 554	-	-	-	-
Fixed Interest Rate Instruments		9.4%	1 719 010	1 719 010	-	-	-	-
- Fixed Deposits		9.4%	1 719 010	1 719 010	-	-	-	-
			2 539 165	2 449 850	7 791	15 583	65 941	-
30 June 2023								
Non-interest Bearing		0%	461 172	359 019	8 221	16 441	77 491	-
- Long-term Receivables			110 374	8 221	8 221	16 441	77 491	-
- Trade Receivables from Exchange Transactions			224 591	224 591	-	-	-	-
- Trade Receivables from Non-exchange Transactions			126 207	126 207	-	-	-	-
Variable Interest Rate Instruments		2.7%	1 705 735	1 705 735	-	-	-	-
- Call Deposits		9.0%	54 770	54 770	-	-	-	-
- Bank Account		2.5%	1 650 965	1 650 965	-	-	-	-
Fixed Interest Rate Instruments		9.8%	1 070 386	1 070 386	-	-	-	-
- Fixed Deposits		9.8%	1 070 386	1 070 386	-	-	-	-
			3 237 293	3 135 139	8 221	16 441	77 491	-

39.9 Other Price Risks

The District Municipality is not exposed to equity price risks arising from equity investments as the District Municipality does not trade these investments.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

40 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The District Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the District Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the District Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R1 664 298 (2023: R1 553 852) represents contributions payable to these plans by the District Municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED CONTRIBUTION SCHEMES

LA Retirement Fund/Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the District Municipality. The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2021 indicated that the defined benefit scheme of the fund is in a sound financial position, with assets amounting to R1 486 (2020: R1 421) million, with a funding level of 104,9% (2020: 100,0%).

Consolidated Retirement Fund::

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

The actuarial valuation report at 30 June 2021 revealed that the net assets of the fund amounted to R34 148 (30 June 2020: R28 424) million with a funding level of 100,5% (30 June 2020: 101,0%). The contribution rate paid by the members (7,5% or 9,0%) and the employer (19,5% or 18,0%) is sufficient to fund the benefits accruing from the fund in the future.

The fund is in a sound financial condition at the valuation date.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2015.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short monatorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made a final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months;.

National Fund for Municipal Workers - Provident Fund:

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

Members contribute at a rate of not less than 7,5% of salaries, as required by the Rules. Employers contribute at a total rate of not less than 18,0%. The statutory valuation performed as at 30 June 2019 revealed that the net assets of the fund amounted to R17 107 (30 June 2018 : R15 394) million, with funding levels of 100,40% (30 June 2018: 100,46%).

The fund is in the process of amending its rules to give the ability to self-insure all or part of the risk benefits, which is not inappropriate given the membership structure of the fund. Consideration must, however, be given to both the financial and operational implications for the Fund, it's administrator as well as the various participating employers.

The assets of the fund are sufficient to cover the members' liabilities and the fund is hence financially sound.

None of the above mentioned plans are State Plans.

41 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

41.1 Interest of Related Parties

Councillors and/or Management of the District Municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
W.R Peterson	Speaker	Director at China South Africa Mining International Development Director at Exclusive Access Trading 519 Director at Khoisan Heritage Director at Northern Cape Desert Dreams Corporation Member at Temla 107
S Sandlana	Councillor	Director at Xiri holdings Director at K2020861781 Director at UCEDO 4+1 Organization Primary Co-operative LTD Director at ZFM Meter district Taxi organization
T Van Der Steen	Councillor	Director at Loodgieter Van Der Steen Member at Van Der Steen Pomp en Pyp Member at Jesu Nkosi Monuments
P Mgcera	Councillor	Director at Phathilizwe Enterprise
A Kotzee	Councillor	Director at Tierberg Kahamel
H De Koker	Councillor	Member at Tumelo Youth Farm
M Louw	Councillor	Director at Mawele Konstruksie
K.A Nkoe	Councillor	Director at Nkoe and Associates chartered certified accountants

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Name of Related Person	Designation	Description of Related Party Relationship
A Johnson	Councillor	Director at A M J Professional Services Director at Aaron Renier Johnson Trading Director at Freshgrowth Primary Agrticultural co-operative limited Director at K2021416957 Director at Keimoes Gen Leisure Holdings Director at RV Gasp Primary Co-Operative limited Director at Youth first enterprise
K Keorometswe	Councillor	Director at Enkelo Enterprise Director at Katlo Ya Lona Projects Director at Month Baskets General trading
A Matshimo	Councillor	Member at Inyakmeko Trading 1154
J Esau	Councillor	Director at Green Bird Construction and General Director at Jacks enterprise services Director at On Spot Construction and General
D Pienaar	Councillor	Director at Wonderers Youth Academy Director at Halala enterprise Director at Denha Cash loans Director at DRP Property Investments Director at Futu Holdings Director at Futu Investments Director at Phutanang Recycling Primary Corporative Limited Director at Kgatelopele Business forum Director at Likade trading Director at Phatsimo 101
P Matthys	Councillor	Director at CFH Solutions
A Tieties	Acting Municipal Manager	Director at A and T Development Director at CC Mketsu Logistics Director at Khanya Solar Solution
J Visagie	Middle Manager	Director at Sakiwi5 Trading
GB Cloete	Middle Manager	Member at BC2S Construction Consulting and trading services
CM Mathe	Middle Manager	Director at O Mogolo Homes Director at Our Solid Foundation Director at O Mogolo Jehovah
M Manyehe	Middle Manager	Director at Brownsugar Communications
J Willemse	Middle Manager	Director at Brainwave Projects
E Van Der Westhuizen	Middle Manager	Director at Second Home Hostel
B Van Kratenburg	Middle Manager	Director at BMD Trading
JA Kitching	Middle Manager	Member ar Ablaze Trading 258 Director at ANSEC 133
J Linden	Middle Manager	Director at Hazfree Waste Management
FJ Strauss	Middle Manager	W J P Strauss Boerdery
H Mclauli	Middle Manager	Director at Christian Restoration Hour Radio Station Director at Investing in People Director at K2020805981
M Wolfe	Middle Manager	Director at GFTM Service and Advisory Director at Save a Child
G Booysen	SCM Official	Member at GSNF Construction
L De Klerk	Financial Intern	Director at SKYY Holdings
M Venter	Audit Committee	Director at Inkqbelo Director at CRC Cares Upington
U Thys	Audit Committee	Director at Mpamot Africa Director at PDNA Da Vinci Academy Director at Superlane 140
N Mchlauli	Managers Spouse	Director at Christian Restoration Hour Radio Station Director at Fearless Child Director at Investing in People Director at K2020805982 Director at K2022499848
K Kitching	Manager's Spouse	Director at ANSEC 133
J Van Der Westhuizen	Manager's Spouse	Director at Second Home Hostel
EE Job	Manager's Spouse	Director at Zwanofe Contractors
E Job	Managers Spouse	Director at Zwanofe Contractors

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The following Councillors and/or Management of the District Municipality was in businesses but resigned from the business:

Name of Related Person	Designation	Description of Related Party Relationship
D Pienaar	Councillor	Director at Futu Renewal Energy park Director at JHD Enterprise Director at Kgosi Engineers Director at Vision Valley Technologies Director at Adonai Enterprize
MA Willemse	Councillor	Director at K2023735744
PJ George	Councillor	Director at Ubuntu Business investments Director at Doods and George Trading Director at Philander and George Trading
J Willemse	Middle Manager	Director at Black Sparrow Trading
J Nengome	Middle Manager	Member at Sedzaphanda Building Construction Company Secretary at Macdonalds Transport Company Secretary at Mora Plase Company Secretary at Rich Rewards trading Company Secretary at Sivukile Transport Company Secretary at Summersow Investments Company Secretary at Victory Parade Trading 101
U Thys	Audit Committee	Member atAotipho Investments Director at Aspen Hills home owners association Director at Merz and Mclellan Director at Mott Macdonald Contracting Director at Mott Macdonald development SA Director at Mott Macdonald Holdings Director at PDNA Academy Director at PDNA Holdings Director at Phambili Merz
K Kitching	Managers Spouse	Director at Hemiprox
A Van Zyl	Directors Spouse	Director at Ansec Director at Hemiprox

The following Councillors and/or Management of the District Municipality have no relationships with businesses:

Name of Related Person	Designation	Description of Related Party Relationship
MC Basson	Executive Mayor	No relationship with businesses
CFP Bezuidenhout-Maasdorp	Councillor	No relationship with businesses
S Abel	Councillor	No relationship with businesses
FL Witbooi	Councillor	No relationship with businesses
A Ruiters	Councillor	No relationship with businesses
J Balies	Councillor	No relationship with businesses
F Basson	Councillor	No relationship with businesses
MHB Van Zyl	Councillor	No relationship with businesses
J Silo	Councillor	No relationship with businesses
E Mompe	Councillor	No relationship with businesses
I De Waal	Director	No relationship with businesses
DJ Van Zyl	Director	No relationship with businesses
E Britz/Isaacs	Director	No relationship with businesses
A Phete	Middle Manager	No relationship with businesses
R Snyders	Middle Manager	No relationship with businesses
T Galloway	Middle Manager	No relationship with businesses
B Feris	Middle Manager	No relationship with businesses
B Knouwds	Middle Manager	No relationship with businesses
F Ruppig	Middle Manager	No relationship with businesses
J Shorty	Middle Manager	No relationship with businesses
G Present	Middle Manager	No relationship with businesses
T Job	Middle Manager	No relationship with businesses
H Theron	Middle Manager	No relationship with businesses
S Berend	Middle Manager	No relationship with businesses
G Kuun	Middle Manager	No relationship with businesses
T Louw	Middle Manager	No relationship with businesses
S Botha	Middle Manager	No relationship with businesses
C Swarts	SCM Official	No relationship with businesses

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Name of Related Person	Designation	Description of Related Party Relationship
LCC Drawer	Financial Intern	No relationship with businesses
M Theron	Managers Spouse	No relationship with businesses
R Galloway	Manager's Spouse	No relationship with businesses
JM Snyders	Manager's Spouse	No relationship with businesses
LG Cloete	Manager's Spouse	No relationship with businesses
JP Berend	Manager's Spouse	No relationship with businesses
B Feris	Managers Spouse	No relationship with businesses
ND Isaacs	Manager's Spouse	No relationship with businesses
T Linden	Manager's Spouse	No relationship with businesses
AM Shorty	Manager's Spouse	No relationship with businesses

41.2 Services rendered to Related Parties

The District Municipality did not render any services during the year to anyone that can be considered as a related party.

41.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by ZF Mgcawu District Municipality.

41.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, to the Annual Financial Statements.

41.5 Purchases from Related Parties

The District Municipality did not purchase goods from anyone during the year that can be considered as a related party.

41.6 Related Parties of Spouses

The District Municipality performed CIPC checks on spouses of senior- and middle managers during the year to identify related party transactions but none were identified..

42 CONTINGENT LIABILITIES

The District Municipality was not engaged in any transaction or event during the year under review involving Contingent Liabilities.

43 CONTINGENT ASSETS

The District Municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

44 IN-KIND DONATIONS AND ASSISTANCE

The District Municipality did not receive any In-kind Donations and Assistance during the year under review.

45 PRIVATE PUBLIC PARTNERSHIPS

The District Municipality was not a party to any Private Public Partnerships during the year under review.

46 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2024.

47 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 33).

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

48 SEGMENT REPORTING

For management purposes the District Municipality is broadly organised into business units based on the nature of operations and the services they provide. The Municipality has the following primary reportable segments:

- **The segment for Executive and Council**
This segment consists of services such as executive services and support services.
- **The segment for Finance and Administration**
This segment consists of all services for the financial management corporate and communication services of all the municipal services.
- **The segment for Internal Audit**
This segment consists of all services to provide assurance that internal controls in place are adequate to mitigate the risks, governance processes are effective and efficient, and organizational goals and objectives are met.
- **The segment for Public Safety**
This segment consists of all services for disaster management to effectively prepare for and responding to disasters.
- **The segment for Health**
This segment consists of all services for environmental health and safety regulations.
- **The segment for Planning and Development**
This segment consists of infrastructure services such as engineering services, SPLUM regulations and housing services.
- **The segment for Tourism**
This segment consists of services such as tourism services.

No individually material operating segments have been aggregated to form the above reportable operating segments. The Municipality does not monitor segments geographically.

Management does not monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. However, the Municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

The segmental information for Capital Assets of the Municipality is disclosed in Note 51.

49 GOING CONCERN ASSESSMENT

Management considered the following matters in relation to the Going Concern position of ZF Mgcawu:

- (i) On 27 May 2024 Council adopted the 2024/25 to 2026/27 annual final budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) fund the elementary operations of the District Municipality to perform its legal mandate and reflected that the budget was unfunded for 2024/25, 2025/26 and 2026/27. The second adjustments budget for the financial year 2023/24 was tabled to Council on 27 June 2024.
- (ii) The District Municipality's draft budget of 2024/25 was subjected to an independent assessment process by Provincial Treasury to assess its cash-backing status and other budgetary key performance indicators. The outcome of the cash back assessment was negative for 2024/25 as well as negative for the two outer years 2025/26 and 2026/27.
- (iii) Strict daily cash management processes are embedded in the District Municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash flow forecast supporting the budget. The cash management processes is complemented by regular reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted. Cash flow reporting has been refined by building in cash back figures to portray the net cash flow positions on a bi-weekly basis.
- (iv) The District Municipality developed a cost containment and budget monitoring yardstick in order to measure operational and capital budget performance on a monthly basis. The cost containment policy had been adopted by Council on 27 May 2024. Cash flow challenges are experienced because cash flow projections are compiled for the payment sequences of the equitable share which is our largest portion of operational revenue source.
- (v) The District Municipality is in a material sense grant dependent and renders mainly mandatory support to local municipalities in the ZF Mgcawu district. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions are instituted.
- (vi) An operational efficiency plan has been develop by management to ensure that operations are effected in the most cost-effective manner possible whilst still ensuring that quality is not compromised.
- (vii) Business plans have been compiled by management to obtain funds from external parties to increase our revenue resources in order to fund the operations and to render municipal support services on a shared services basis to the local municipalities in the district.
- (viii) Alternative sourcing of funding and the attainment of projects by ZF Mgcawu District Municipality is a high priority to address the shortage of funding that is a legacy challenge of the past.
- (ix) Innovative strategic management is deployed to better the financial health of ZF Mgcawu District Municipality in the long term.
- (x) All outstanding creditors up to 30 June 2024 were included in ZFM's 2024/25 cash management report.
- (xi) Council has also adopted an implementation plan on how to get from an unfunded budget to a funded budget.
- (xii) To address above mentioned challenges a budget implementation plan was adopted by Council and the recommendations are implemented.
- (xiii) Political intervention and strategic direction is given to the municipal administration by the Executive Mayor of ZF Mgcawu District Municipality to sustain the financial health of the District Municipality.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on a going concern basis.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

51 SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2024

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Executive and Council											
<i>Council Administration</i>	115 457	-	-	(15 732)	99 725	(81 645)	(8 904)	-	14 174	(76 376)	23 349
<i>Council Services</i>	1 460 257	760 750	-	(731 693)	1 489 314	(929 713)	(211 014)	-	428 391	(712 337)	776 977
<i>Municipal Manager</i>	301 795	42 824	-	-	344 619	(248 804)	(19 445)	-	-	(268 249)	76 370
Finance and Administration											
<i>Administration</i>	189 160	194 387	-	(1 229)	382 318	(146 154)	(36 129)	-	1 113	(181 170)	201 148
<i>Asset Management Unit</i>	15 241	24 342	-	-	39 583	(14 022)	(2 079)	-	-	(16 101)	23 482
<i>Budget & Treasury Office</i>	14 985	-	-	-	14 985	(10 788)	(973)	-	-	(11 761)	3 224
<i>Expenditure Unit</i>	19 479	-	-	-	19 479	(10 611)	(2 665)	-	-	(13 276)	6 203
<i>Financial Services</i>	768 576	46 766	-	(26 418)	788 924	(647 723)	(28 153)	-	24 270	(651 606)	137 318
<i>Human Resources</i>	151 596	8 999	-	(2 278)	158 317	(124 052)	(7 674)	-	2 095	(129 632)	28 686
<i>Information Technology</i>	3 952 991	166 540	-	(162 223)	3 957 309	(2 427 523)	(925 653)	-	129 893	(3 223 283)	734 026
<i>Property Services</i>	20 352 592	-	-	(79 350)	20 273 242	(1 889 993)	(83 763)	-	71 018	(1 902 739)	18 370 504
<i>Risk Management</i>	13 398	-	-	-	13 398	(4 724)	(3 785)	-	-	(8 508)	4 890
<i>Supply Chain Management</i>	10 595	-	-	(1 643)	8 952	(6 750)	(972)	-	1 511	(6 211)	2 741
<i>Vehicles</i>	-	-	-	-	-	-	-	-	-	0	0
Health											
<i>Environmental Health</i>	115 546	8 999	-	(32 776)	91 769	(77 836)	(16 165)	-	30 189	(63 813)	27 957
Planning and Development											
<i>Communication & Liaison</i>	19 991	26 460	-	-	46 452	(8 285)	(6 756)	-	-	(15 042)	31 410
<i>Engineering Services</i>	849 435	51 339	-	(2 854)	897 921	(113 932)	(159 065)	-	2 568	(270 429)	627 492
<i>Housing Accreditation</i>	55 787	8 999	-	(9 967)	54 819	(42 236)	(6 163)	-	9 074	(39 325)	15 494
<i>LED</i>	1 444	-	-	-	1 444	(1 298)	(1)	-	-	(1 299)	145
<i>PIMMS</i>	9 957	-	-	-	9 957	(8 831)	(244)	-	-	(9 075)	882
<i>Performance Management</i>	106 690	-	-	(17 166)	89 524	(72 908)	(13 598)	-	15 759	(70 747)	18 777
<i>Technical Support Services</i>	55 567	-	-	-	55 567	(50 241)	(3)	-	-	(50 244)	5 323
Internal Audit											
<i>Internal Audit</i>	156 219	-	-	-	156 219	(124 391)	(6 356)	-	-	(130 747)	25 471
Other											
<i>Tourism</i>	40 183	-	-	(2 762)	37 421	(36 179)	(17)	-	2 493	(33 703)	3 717
Public Safety											
<i>Disaster Management</i>	26 388	-	-	-	26 388	(13 733)	(4 745)	-	-	(18 478)	7 910
Total Asset Register	28 803 327	1 340 406	-	(1 086 089)	29 057 645	(7 092 373)	(1 544 322)	-	732 546	(7 904 149)	21 153 496

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

52 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

2023 Actual Income	2023 Budgeted Income	2023 Actual Expenditure	2023 Budgeted Expenditure	2023 Surplus/ (Deficit)	Description	2024 Actual Income	2024 Budgeted Income	2024 Actual Expenditure	2024 Budgeted Expenditure	2024 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
500 000	500 000	18 960 601	19 074 926	(18 460 601)	Municipal Governance and Administration	250 000	500 000	19 475 473	19 476 741	(19 225 473)
83 860 495	83 743 000	42 962 467	41 092 510	40 898 028	Executive and Council	86 550 471	86 304 654	46 220 068	46 223 489	40 330 403
-	-	3 660 966	3 522 429	(3 660 966)	Finance and Administration	-	-	3 885 348	3 886 705	(3 885 348)
-	-	3 050 842	3 105 127	(3 050 842)	Internal Audit	-	-	3 225 607	3 225 768	(3 225 607)
-	-	6 915 224	7 022 900	(6 915 224)	Community and Public Safety	-	-	7 198 973	7 198 999	(7 198 973)
4 390 000	4 160 000	12 033 971	11 797 593	(7 643 971)	Public Safety	4 328 000	4 328 000	12 639 415	12 642 956	(8 311 415)
-	-	1 226 417	1 281 374	(1 226 417)	Health	500 000	500 000	1 491 509	1 491 698	(991 509)
					Economic and Environmental Services					
					Planning and Development					
					Other					
88 750 495	88 403 000	88 810 489	86 896 859	(59 994)	Sub-Total	91 628 471	91 632 654	94 136 393	94 146 356	(2 507 922)
3 453 148	-	415 557	117 654	3 037 591	Gains and Losses	200 532	3 981 000	795 841	810 298	(595 308)
92 203 643	88 403 000	89 226 046	87 014 513	2 977 597	Total	91 829 004	95 613 654	94 932 234	94 956 654	(3 103 230)

APPENDIX A
ZF MGCAWU DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2023	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2024	Carrying Value of Property, Plant & Equip	Other Costs in accordance with MFMA
	R				R	R	R	R	R	R
CAPITAL LEASE LIABILITIES										
COPIERS - 2021/22	660 000	12.4%	-	01/05/2025	449 133	-	(221 052)	228 081	201 667	-
TELEPHONE SYSTEM - 2021/22	950 000	73.1%	-	01/06/2024	380 284	-	(380 284)	0	(0)	-
COPIERS - 2022/23	130 889	20.6%	-	01/05/2025	98 583	-	(46 608)	51 975	51 562	-
Total Capital Lease Liabilities	1 740 889				928 001	-	(647 945)	280 056	253 229	-

Copier Machine Leases:

Finance Lease Liabilities relate to Copier Machines with a lease term of 36 months with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Telephone System with a lease term of 36 months with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

The District Municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The lease is classified as a finance lease due to the substance of the transaction; The lease term is for the major part of the economic life of the asset and at the inception of the lease the present value of the minimum lease payments exceeded the fair value of the leased assets.

APPENDIX B
ZF MGCAWU DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2024

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Land:											
Land	17 976 000	-	-	-	17 976 000	-	-	-	-	-	17 976 000
Other Assets:											
Buildings	2 056 000	-	-	-	2 056 000	(1 603 826)	(82 214)	-	-	(1 686 039)	369 961
Land and Buildings	20 032 000	-	-	-	20 032 000	(1 603 826)	(82 214)	-	-	(1 686 039)	18 345 961
Computer Equipment											
Computer Hardware	2 381 434	273 425	-	(190 209)	2 464 650	(1 691 201)	(252 252)	-	174 188	(1 769 265)	695 385
Furniture and Office Equipment											
Cabinets And Cupboards	257 580	-	-	(4 800)	252 780	(231 686)	(75)	-	4 320	(227 441)	25 340
Chairs	322 166	3 043	-	(10 080)	315 129	(281 525)	(7 364)	-	9 073	(279 817)	35 312
Furniture	12 164	-	-	-	12 164	(10 949)	-	-	-	(10 949)	1 215
Office Machines & Other	278 250	-	-	(29 222)	249 028	(243 377)	(6 183)	-	26 833	(222 727)	26 301
Other Furniture	480 204	293 945	-	(6 597)	767 552	(383 399)	(55 747)	-	4 599	(434 547)	333 005
Printer, Fax, Copier	21 232	-	-	(2 770)	18 462	(15 524)	(2 954)	-	3 441	(15 038)	3 425
Tables And Desks	457 147	-	-	(7 961)	449 186	(410 987)	(455)	-	7 334	(404 108)	45 078
Machinery and Equipment											
Fire Fighting Equipment	1 200	-	-	-	1 200	(1 080)	-	-	-	(1 080)	120
Medical Equipment	6 300	-	-	-	6 300	(5 670)	(0)	-	-	(5 670)	630
Other Equipment	298 597	44 212	-	-	342 809	(1 886)	(45 315)	-	-	(47 201)	295 608
Radio Equipment	3 000	-	-	-	3 000	(2 700)	-	-	-	(2 700)	300
Security Equipment	194 682	-	-	(79 350)	115 332	(153 351)	(12 115)	-	71 018	(94 448)	20 885
Leased Assets	1 740 889	-	-	-	1 740 889	(1 007 756)	(685 379)	-	-	(1 693 135)	47 754
Transport Assets											
Motor Cars	1 613 405	672 550	-	(713 492)	1 572 463	(453 091)	(326 263)	-	413 685	(365 669)	1 206 794
	8 068 250	1 287 176	-	(1 044 480)	8 310 946	(4 894 182)	(1 394 103)	-	714 491	(5 573 794)	2 737 152
Total PPE	28 100 250	1 287 176	-	(1 044 480)	28 342 946	(6 498 008)	(1 476 316)	-	714 491	(7 259 833)	21 083 113
Intangible Assets											
Computer Software	703 077	53 230	-	(41 609)	714 699	(594 365)	(68 006)	-	18 055	(644 316)	70 383
Total Intangible Assets	703 077	53 230	-	(41 609)	714 699	(594 365)	(68 006)	-	18 055	(644 316)	70 383
Total Asset Register	28 803 327	1 340 406	-	(1 086 089)	29 057 645	(7 092 373)	(1 544 322)	-	732 546	(7 904 149)	21 153 496

APPENDIX E(1)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2024

Description	2023/24												2022/23
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
REVENUE - STANDARD	R	R	R	R	R	R		R	R	R	R	R	R
Municipal Governance and Administration													
Executive and Council	500 000	-	500 000	-	500 000	-	500 000	250 000	-	(250 000)	50.00	50.00	500 000
Finance and Administration	87 665 000	(1 385 000)	86 280 000	24 654	86 304 654	-	86 304 654	86 550 471		245 817	100.28	98.73	83 860 495
Community and Public Safety													
Public Safety	-	-	-	-	-	-	-	-		-	0.00	0.00	-
Economic and Environmental Services													
Planning and Development	4 578 000	(250 000)	4 328 000	-	4 328 000	-	4 328 000	4 328 000		-	100.00	94.54	4 390 000
Total Revenue - Standard	92 743 000	(1 135 000)	91 608 000	24 654	91 632 654	-	91 632 654	91 628 471	-	(4 183)	0.00	98.80	88 750 495
EXPENDITURE - STANDARD													
Municipal Governance and Administration													
Executive and Council	19 634 931	268 458	19 903 389	(896 659)	19 006 730	470 011	19 476 741	19 475 473	-	(1 268)	99.99	99.19	18 960 601
Finance and Administration	42 080 130	553 925	42 634 055	4 469 860	47 103 915	(115 128)	46 988 787	46 220 068	-	(768 719)	98.36	109.84	42 962 467
Internal Audit	4 377 654	50 001	4 427 655	(210 436)	4 217 219	(330 514)	3 886 705	3 885 348	-	(1 357)	99.97	88.75	3 660 966
Community and Public Safety													
Public Safety	3 282 992	522 956	3 805 948	(503 535)	3 302 413	(76 645)	3 225 768	3 225 607	-	(161)	100.00	98.25	3 050 842
Health	7 806 258	(361 470)	7 444 788	(121 290)	7 323 498	(124 499)	7 198 999	7 198 973	-	(26)	100.00	92.22	6 915 224
Economic and Environmental Services													
Planning and Development	11 413 249	(230 477)	11 182 772	1 263 909	12 446 681	196 275	12 642 956	12 639 415	-	(3 541)	99.97	110.74	12 033 971
Other	1 231 775	213 002	1 444 777	66 421	1 511 198	(19 500)	1 491 698	1 491 509	-	(189)	99.99	121.09	1 226 417
Total Expenditure - Standard	89 826 989	1 016 395	90 843 384	4 068 270	94 911 654	-	94 911 654	94 136 393	-	(775 261)	0.00	104.80	88 810 489
Gains and Losses	(336 000)	(300 000)	(636 000)	(3 300 000)	(3 936 000)	-	(3 936 000)	595 308	-	4 531 308	0.00	0.00	(3 037 591)
Surplus/(Deficit) for the year	3 252 011	(2 151 395)	1 400 616	(4 043 616)	657 000	-	657 000	(3 103 230)	-	771 078	0.00	0.00	2 977 597

APPENDIX E(2)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2024

Description	2023/24												2022/23
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
REVENUE - STANDARD	R	R	R	R	R	R		R	R	R	R	R	R
Executive & Council	500 000	-	500 000	-	500 000	-	500 000	250 000	-	(250 000)	50.00	50.00	500 000
Council Services	500 000	-	500 000	-	500 000	-	500 000	250 000	-	(250 000)	50.00	50.00	500 000
Internal Audit	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Budget and treasury office	85 865 000	(535 000)	85 330 000	(346)	85 329 654	-	85 329 654	86 239 709	-	910 055	101.07	100.44	83 164 299
Budget & Treasury Office	83 040 000	(600 000)	82 440 000	70 000	82 510 000	-	82 510 000	63 184 449	-	(19 325 551)	76.58	76.09	414 333
Financial Services	2 825 000	65 000	2 890 000	(70 346)	2 819 654	-	2 819 654	23 055 260	-	20 235 606	817.66	816.12	82 749 966
Corporate services	1 800 000	(850 000)	950 000	25 000	975 000	-	975 000	310 762	-	(664 238)	31.87	17.26	696 196
Human Resources	1 800 000	(850 000)	950 000	25 000	975 000	-	975 000	310 762	-	(664 238)	31.87	17.26	696 196
Planning & Development	4 578 000	250 000	4 828 000	-	4 828 000	-	4 828 000	4 828 000	-	-	100.00	105.46	4 390 000
Disaster Mangement	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Engineering Services	4 078 000	-	4 078 000	-	4 078 000	-	4 078 000	4 078 000	-	-	100.00	100.00	4 140 000
Housing Accreditation	500 000	(250 000)	250 000	-	250 000	-	250 000	250 000	-	-	100.00	50.00	250 000
Total Revenue - Standard	92 743 000	(1 135 000)	91 608 000	24 654	91 632 654	-	91 632 654	91 628 471	-	(4 183)	0.00	98.80	88 750 495

APPENDIX E(2)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2024

Description	2023/24												2022/23
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R		R	R	R	R	R	R
EXPENDITURE - STANDARD													
Executive & Council	23 818 216	770 604	24 588 820	(2 239 684)	24 577 033	(537 281)	24 039 752	24 039 590	-	(162)	100.00	100.93	22 826 113
Council Administration	6 264 488	(6 264 488)	-	-	-	24 570	24 570	130 142	-	105 572	529.68	2.08	7 205 862
Council Services	9 298 085	630 750	9 928 835	(2 227 897)	7 700 938	1 832 424	9 533 362	9 543 712	-	10 350	100.11	102.64	7 917 734
Internal Audit	4 377 654	50 001	4 427 655	(210 436)	4 217 219	(330 514)	3 886 705	3 885 348	-	(1 357)	99.97	88.75	3 660 966
Municipal Manager	2 428 946	6 320 880	8 749 826	2 360 466	11 110 292	(2 063 761)	9 046 531	8 938 856	-	(107 675)	98.81	368.01	2 669 377
Risk Management	1 449 043	33 461	1 482 504	66 080	1 548 584	-	1 548 584	1 541 532	-	(7 052)	99.54	106.38	1 372 173
Budget and treasury office	16 913 958	(256 767)	16 657 191	4 538 430	21 195 621	1 010 855	22 206 476	21 687 535	-	(518 941)	97.66	128.22	20 380 782
Asset Management Unit	2 574 361	(79 240)	2 495 121	1 052 674	3 547 795	315 981	3 863 776	3 881 223	-	17 447	100.45	150.76	2 954 012
Budget & Treasury Office	1 926 995	2 196 994	4 123 989	(3 208 921)	915 068	726 588	1 641 656	1 569 264	-	(72 392)	95.59	81.44	1 706 644
Expenditure Unit	2 152 233	1 392 628	3 544 861	(205 869)	3 338 992	(1 865 670)	1 473 322	1 423 607	-	(49 715)	96.63	66.15	1 801 111
Financial Services	8 304 478	(2 188 402)	6 116 076	7 098 364	13 214 440	(7 694)	13 206 746	12 817 046	-	(389 700)	97.05	154.34	12 180 513
Supply Chain Management	1 955 891	(1 578 747)	377 144	(197 818)	179 326	1 841 650	2 020 976	1 996 395	-	(24 581)	98.78	102.07	1 738 503
Corporate services	21 877 840	814 208	22 692 048	61 287	22 753 335	(1 158 483)	21 594 852	21 440 659	-	(154 193)	99.29	98.00	20 248 823
Administration	7 454 972	(666 270)	6 788 702	(642 436)	6 146 266	60 203	6 206 469	6 077 265	-	(129 204)	97.92	81.52	6 566 698
Human Resources	3 820 283	506 095	4 326 378	1 636 427	5 962 805	170 906	6 133 711	6 041 539	-	(92 172)	98.50	158.14	5 628 417
Information Technology	6 161 969	(151 889)	6 010 080	(359 169)	5 650 911	(1 329 182)	4 321 729	4 434 291	-	112 562	102.60	71.96	4 305 099
Property Services	1 365 000	412 000	1 777 000	(285 000)	1 492 000	(60 410)	1 431 590	1 407 070	-	(24 520)	98.29	103.08	1 106 001
Security Services	3 075 616	714 272	3 789 888	(288 535)	3 501 353	-	3 501 353	3 480 495	-	(20 858)	99.40	113.16	2 642 608
Planning & Development	27 216 975	1 527 639	26 905 325	(519 660)	26 385 665	684 909	27 070 574	26 968 610	-	(101 964)	99.62	99.09	25 354 771
Communication & Liaison	1 839 289	1 802 312	1 802 312	(195 937)	1 606 375	-	1 606 375	1 550 342	-	(56 033)	96.51	84.29	960 688
Disaster Mangement	3 282 992	522 956	3 805 948	(503 535)	3 302 413	(76 645)	3 225 768	3 225 607	-	(161)	100.00	98.25	3 050 842
Engineering Services	7 174 682	(187 044)	6 987 638	1 346 646	8 334 284	196 275	8 530 559	8 569 785	-	39 226	100.46	119.44	6 533 034
Environmental Health	7 806 258	(361 470)	7 444 788	(121 290)	7 323 498	(124 499)	7 198 999	7 198 973	-	(26)	100.00	92.22	6 915 224
Housing Accreditation	2 948 969	-	2 948 969	(76 153)	2 872 816	-	2 872 816	2 827 657	-	(45 159)	98.43	95.89	2 706 317
Planning and Development	1 289 598	155 179	1 444 777	66 421	1 511 198	(1 002 698)	508 500	506 194	-	(2 306)	99.55	39.25	960 226
PIMMS	-	1 246 165	1 246 165	(6 584)	1 239 581	-	1 239 581	1 240 575	-	994	100.08	0.00	1 834 494
PMS	1 643 412	(418 684)	1 224 728	(1 029 228)	195 500	709 278	904 778	862 763	-	(42 015)	95.36	52.50	1 167 628
Tourism	1 231 775	(1 231 775)	-	-	-	983 198	983 198	986 713	-	3 515	100.36	80.10	1 226 317
Total Expenditure - Standard	89 826 989	2 855 684	90 843 384	1 840 373	94 911 654	-	94 911 654	94 136 393	-	(775 261)	0.00	104.80	88 810 489
Gains and Losses	(336 000)	(300 000)	(636 000)	(3 300 000)	(3 936 000)		(3 936 000)	595 308	-	4 531 308	0.00	0.00	(3 037 591)
Surplus/(Deficit) for the year	3 252 011	(3 690 684)	1 400 616	1 484 281	657 000	-	657 000	(3 103 230)	-	(3 760 230)	0.00	(6.00)	2 977 597

APPENDIX E (3)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

Description	2023/24												2022/23
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R		R	R	R	R	R	R
Revenue from Non-exchange Transactions													
Transfers and Subsidies	90 968 000	(600 000)	90 368 000	(866 346)	89 501 654	-	89 501 654	88 401 654	-	(1 100 000)	99	97	86 401 864
Impairment Gains	-	-	-	3 300 000	3 300 000	-	3 300 000	200 532	-	(3 099 468)	6	-	3 453 148
Revenue from Exchange Transactions													
Sales of Goods and Rendering of Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	10 000	-	10 000	(9 000)	1 000	-	1 000	9 780	-	8 780	978	98	9 314
Finance Income	950 000	-	950 000	850 000	1 800 000	-	1 800 000	1 746 081	-	(53 919)	97	184	1 234 722
Operational Revenue	815 000	(535 000)	280 000	50 000	330 000	-	330 000	1 470 956	-	1 140 956	446	180	1 104 594
Gains on Disposal of Capital Assets	381 000	300 000	681 000	-	681 000	-	681 000	-	-	(681 000)	-	-	-
Total Revenue (excluding Capital Transfers & Grants)	93 124 000	(835 000)	92 289 000	3 324 654	95 613 654	-	95 613 654	91 829 004	-	(3 784 650)	-	99	92 203 643
EXPENDITURE													
Employee Related Costs	64 509 119	(1 088 489)	63 420 630	(1 600 462)	61 820 168	775 160	62 595 328	62 595 030	-	(298)	100	97	59 711 427
Remuneration of Councillors	5 304 870	-	5 304 870	(13 688)	5 291 182	(29 500)	5 261 682	5 261 639	-	(43)	100	99	5 270 695
Depreciation and Amortisation	577 240	-	577 240	602 174	1 179 414	364 967	1 544 381	1 544 322	-	(59)	100	268	1 263 327
Impairment Losses	20 000	-	20 000	-	20 000	745 298	765 298	765 298	-	-	100	3 826	298 774
Finance Costs	400 000	-	400 000	3 555 565	3 955 565	3 000	3 958 565	3 958 480	-	(85)	100	990	4 247 067
Contracted Services	6 137 000	900 627	7 037 627	1 310 734	8 348 361	(1 977 488)	6 370 873	6 366 498	-	(4 375)	100	104	4 724 056
Inventory Consumed	777 000	(20 100)	756 900	(238 825)	518 075	(865)	517 210	516 838	-	(372)	100	67	399 716
Transfers and Subsidies Paid	465 000	3 002	468 002	(7 702)	460 300	31 339	491 639	491 452	-	(187)	100	106	910 863
Operating Leases	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational Costs	11 636 760	1 221 355	12 858 115	460 474	13 318 589	88 089	13 406 678	13 402 134	-	(4 544)	100	115	12 283 339
Loss on Disposal of Capital Assets	45 000	-	45 000	-	45 000	-	45 000	30 543	-	(14 457)	68	68	116 783
Total Expenditure	89 871 989	1 016 395	90 888 384	4 068 270	94 956 654	-	94 956 654	94 932 234	-	(24 420)	100	106	89 226 046
Surplus/(Deficit) for the Year	3 252 011	-	1 400 616	-	657 000	-	657 000	(3 103 230)	-	-	-	-	2 977 597

APPENDIX E(4)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

Description	2023/24											2022/23
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
CASH FLOW FROM OPERATING ACTIVITIES	R	R	R	R	R	R				R	R	R
Receipts												
Transfers and Subsidies	88 068 000	1 700 000	89 768 000	(1 200 000)	88 568 000	-	88 568 000	88 401 654	(166 346)	99.81	100.38	86 401 864
Rental from Fixed Assets	-	-	-	-	-	-	-	9 780	9 780	0.00	0.00	9 314
External Interest and Dividends Received	150 000	80 000	230 000	70 000	300 000	-	300 000	1 746 081	1 446 081	582.03	1 164.05	1 234 722
Other Receipts	175 000	1 944 566	2 119 566	1 704 967	3 824 533	-	3 824 533	1 429 661	(2 394 872)	37.38	816.95	1 076 055
Payments												
Employee Related Costs	(86 956 964)	(557 219)	(87 514 183)	(1 423 290)	(88 937 473)	-	(88 937 473)	(64 033 795)	24 903 678	0.00	0.00	(61 179 052)
Remuneration of Councillors	-	-	-	-	-	-	-	(5 261 639)	(5 261 639)	0.00	0.00	(5 270 695)
External Interest and Dividends Paid	(400 000)	-	(400 000)	400 000	-	-	-	(155 480)	(155 480)	0.00	0.00	(450 068)
Suppliers Paid	-	-	-	-	-	-	-	(7 338 497)	(7 338 497)	0.00	0.00	(6 561 320)
Other Payments	-	(465 000)	(465 000)	4 700	(460 300)	-	(460 300)	(13 750 113)	(13 289 813)	0.00	0.00	(13 215 981)
NET CASH FROM / (USED) OPERATING ACTIVITIES	1 036 036	2 702 347	3 738 383	(443 623)	3 294 760	-	3 294 760	1 047 653	(2 247 107)	0.00	318.02	2 044 840
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchase of Property, Plant and Equipment	(2 710 000)	83 450	(2 626 550)	345 834	(2 280 716)	-	(2 280 716)	(1 287 176)	993 540	0.00	0.00	(1 369 534)
Purchase of Intangible Assets	-	-	-	-	-	-	-	(53 230)	(53 230)	0.00	0.00	(49 162)
Proceeds on Disposal of Property, Plant and Equipme	-	-	-	-	-	-	-	323 000	323 000	0.00	0.00	0
Decrease / (Increase) in Non-current Investments	(500 000)	(220 000)	(720 000)	(780 000)	(1 500 000)	-	(1 500 000)	(648 624)	851 376	0.00	0.00	(558 338)
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	-	12 409	12 409	0.00	0.00	14 652
NET CASH FROM / (USED) INVESTING ACTIVITIES	(3 210 000)	(136 550)	(3 346 550)	(434 166)	(3 780 716)	-	(3 780 716)	(1 653 621)	2 127 095	0.00	0.00	(1 962 380)
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Repayment of Borrowings	-	-	-	(928 001)	(928 001)	-	(928 001)	(647 945)	280 056	0.00	0.00	(503 124)
NET CASH FROM / (USED) FINANCING ACTIVITIES	-	-	-	(928 001)	(928 001)	-	(928 001)	(647 945)	280 056	0.00	0.00	(503 124)
NET INCREASE / (DECREASE) IN CASH HELD	2 173 964	(2 565 797)	(391 833)	1 805 790	1 413 957	-	1 413 957	1 253 913	(160 044)	78.30	65.04	420 664
Cash / Cash Equivalents at the Year begin:	2 126 406	-	2 126 406	(420 664)	1 705 742	-	1 705 742	1 705 742	(0)	100.00	80.22	2 126 406
Cash / Cash Equivalents at the Year end:	(47 558)	2 565 797	2 518 239	(2 226 454)	291 785	-	291 785	451 829	160 044	154.85	0.00	1 705 742

APPENDIX F
ZF MGCAWU DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June			
		R	R	R	R	R	R	R	R	R	R	R	R		Yes / No	
Monetary Allocations:																
Financial Management Grant	National Treasury	1 200 000	-	-	-	67 223	115 712	83 487	933 578.69	-	-	-	-	N/A	Yes	N/A
Rural Roads Asset Management Systems Grant	National Treasury	-	2 155 000	924 000	-	421 367	1 292 056	538 955	826 622.58	-	-	-	-	N/A	Yes	N/A
Housing Accreditation DPLG National	COGHSTA - Provincial	-	250 000	-	-	61 429	49 063	187 641	(48 133.13)	-	-	-	-	N/A	Yes	N/A
EPWP Incentive Grant	National Treasury	250 000	449 000	300 000	-	395 625	670 391	(41 068)	(25 947.31)	-	-	-	-	N/A	Yes	N/A
In-kind Allocations:		-	-	-	-				-							
Aids Health	Department of Health Provincial	-	250 000	-	-	204 480	77 857	195 475	(227 812.30)	-	-	-	-	N/A	Yes	N/A
Total Grants and Subsidies Received		1 450 000	3 104 000	1 224 000	-	1 150 123	2 205 079	964 490	1 458 309	-	-	-	-			
(*) Did your District Municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Executive Mayor											
MC BASSON	716 738	-	-	-	-	238 913	-	-	-	-	955 651
Speaker											
WRS PETERSON	346 567	-	-	-	-	115 523	-	-	-	-	462 090
Executive Committee											
A MATSHIMO	299 884	-	-	-	-	99 962	43 200	-	-	-	443 046
J SILO	299 884	-	-	-	-	99 962	43 200	-	-	-	443 046
PM MGCERA	299 884	-	-	-	-	99 962	43 200	-	-	-	443 046
MM LOUW	151 214	-	-	-	-	50 405	-	-	-	-	201 619
J ESAU	96 858	-	-	-	-	32 286	18 465	-	-	-	147 609
MA WILLEMSE	129 271	-	-	-	-	43 090	24 735	-	-	-	197 096
H DE KOKER	226 821	-	-	-	-	75 607	43 200	-	-	-	345 628
FL WITBOOI	226 821	-	-	-	-	75 607	43 200	-	-	-	345 628
PH MATTHYS	63 006	-	-	-	-	21 002	12 000	-	-	-	96 008
E MOMPE	12 601	-	-	-	-	4 300	2 400	-	-	-	19 302
MHB VAN ZYL	226 821	-	-	-	-	75 607	43 200	-	-	-	345 628
Councillors Section 79											
PH MATTHYS	194 058	-	-	-	-	64 686	28 800	-	-	-	287 544
MM LOUW	97 029	-	-	-	-	32 343	-	-	-	-	129 372
Other Councillors											
A JOHNSON	95 338	-	-	-	-	31 779	-	-	-	-	127 118
KG KEOROMETSWE	22 275	-	-	-	-	7 425	-	-	-	-	29 700
AJ RUITERS	22 275	-	-	-	-	7 425	-	-	-	-	29 700
DR PIENAAR	16 761	-	-	-	-	8 617	-	-	-	-	25 378
CFP MAASDORP/BEZUIDENHOUT	22 275	-	-	-	-	7 425	-	-	-	-	29 700
AC KOTZEE	22 275	-	-	-	-	7 425	-	-	-	-	29 700
J BALIES	22 275	-	-	-	-	7 425	-	-	-	-	29 700

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Other Councillors (Sitting)											
DR PIENAAR	-	-	-	-	4 545	-	-	-	-	-	4 545
PT VAN DER STEEN	-	-	-	-	17 822	-	-	-	-	-	17 822
S SANDLANA	-	-	-	-	15 463	-	-	-	-	-	15 463
S ABEL	-	-	-	-	18 958	-	-	-	-	-	18 958
PJ GEORGE	-	-	-	-	17 865	-	-	-	-	-	17 865
F BASSON	-	-	-	-	23 676	-	-	-	-	-	23 676
Total for Councillors	3 610 933	-	-	-	98 330	1 206 775	345 600	-	-	-	5 261 639

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager											
A. Tieties	-	-	-	108 180	-	-	-	-	-	98 874	207 054
D. Van Zyl	-	-	-	61 817	-	-	-	-	-	-	61 817
	-	-	-	169 997	-	-	-	-	-	98 874	268 871
Director: Financial Services											
E. Isaacs	739 217	-	100 000	141 318	-	127 229	30 000	-	177 395	-	1 315 159
Director: Planning & Development											
I.G.A De Waal	740 023	-	57 096	141 318	-	178 075	30 000	-	168 392	-	1 314 903
Director: Corporate Services											
D. Van Zyl	685 149	-	100 000	121 055	-	503 660	30 000	-	186 920	-	1 626 784
H. Mchlauli	-	-	-	-	-	-	-	-	-	119 511	119 511
	685 149	-	100 000	121 055	-	503 660	30 000	-	186 920	119 511	1 746 295
Total for Senior Managers	2 164 389	-	257 096	573 689	-	808 964	90 000	-	532 707	218 384	4 645 228
									3 509		3 509
Total for Management	5 775 322	-	257 096	573 689	98 330	2 015 739	435 600	-	532 707	218 384	9 906 866

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2023

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Executive Mayor											
MC BASSON	717 842	-	-	-	-	239 281	-	-	-	-	957 122
Speaker											
WRS PETERSON	347 101	-	-	-	-	115 700	-	-	-	-	462 801
Executive Committee											
A MATSHIMO	300 346	-	-	-	-	100 115	43 265	-	-	-	443 727
J SILO	300 346	-	-	-	-	100 115	43 265	-	-	-	443 727
PM MGCERA	300 346	-	-	-	-	100 115	43 265	-	-	-	443 727
MM Louw	227 170	-	-	-	-	75 723	-	-	-	-	302 894
J ESAU	227 170	-	-	-	-	75 723	43 265	-	-	-	346 159
H DE KOKER	227 170	-	-	-	-	75 723	43 265	-	-	-	346 159
FL WITBOOI	227 170	-	-	-	-	75 723	43 265	-	-	-	346 159
PH MATTHYS	50 679	-	-	-	-	12 718	43 265	-	-	-	106 662
MHB VAN ZYL	227 170	-	-	-	-	75 723	43 265	-	-	-	346 159
A JOHNSON	95 485	-	-	-	-	31 828	-	-	-	-	127 314
Councillors Section 79											
PH MATTHYS	242 573	-	-	-	-	80 858	-	-	-	-	323 430
Other Councillors											
KG KEOROMETSWE	22 309	-	-	-	-	7 436	-	-	-	-	29 746
AJ RUITERS	22 309	-	-	-	-	7 436	-	-	-	-	29 746
CFP MAASDORP/BEZUIDENHOUT	22 309	-	-	-	-	7 436	-	-	-	-	29 746
AC KOTZEE	22 309	-	-	-	-	7 436	-	-	-	-	29 746
J BALIES	22 309	-	-	-	-	7 436	-	-	-	-	29 746

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2023

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Other Councillors (Sitting)											
DR PIENAAR	-	-	-	-	16 979	-	-	-	-	-	16 979
PT VAN DER STEEN	-	-	-	-	21 198	-	-	-	-	-	21 198
S SANDLANA	-	-	-	-	18 939	-	-	-	-	-	18 939
S ABEL	-	-	-	-	23 259	-	-	-	-	-	23 259
PJ GEORGE	-	-	-	-	21 409	-	-	-	-	-	21 409
F BASSON	-	-	-	-	24 143	-	-	-	-	-	24 143
Total for Councillors	3 602 116	-	-	-	125 927	1 196 530	346 122	-	-	-	5 270 695

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2023

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager											
J.G. Lategan	75 584	-	-	154 329	-	31 589	-	-	-	-	261 501
A. Tieties	-	-	-	-	-	-	-	-	-	36 480	36 480
D. Van Zyl	-	-	-	-	-	-	-	-	-	38 984	38 984
	75 584	-	-	154 329	-	31 589	-	-	-	75 464	336 965
Director: Financial Services											
E. Isaacs	752 772	-	57 096	105 593	-	125 534	15 600	-	172 548	-	1 229 143
Director: Planning & Development											
I.G.A De Waal	752 772	-	57 096	126 712	-	131 048	30 000	-	166 386	-	1 264 014
Director: Corporate Services											
D. Van Zyl	685 149	-	25 000	159 786	-	503 233	7 000	-	183 411	-	1 563 578
H. Mchlauli	-	-	-	-	-	-	-	-	-	18 041	18 041
	685 149	-	25 000	159 786	-	503 233	7 000	-	183 411	18 041	1 581 620
Total for Senior Managers	2 266 277	-	139 192	546 419	-	791 404	52 600	-	522 345	93 505	4 411 742
Total for Management	5 868 393	-	139 192	546 419	125 927	1 987 934	398 722	-	522 345	93 505	9 682 437

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2024

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2024 R	2023 R		
1. FINANCIAL POSITION									
A. Asset Management / Utilisation									
1.	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	10% - 20%		1.39%	1.71%	Refer to Page 2 of MFMA Circular No 71	ZFM doesn't have any infrastructure assets and therefore capital expenditure is below 10%.
					Total Operating Expenditure	94 932 234	89 226 046		
					Taxation Expense	-	-		
					Total Capital Expenditure	1 340 406	1 549 584		
2.	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment / (Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		0.00%	0.00%	Refer to Page 3 of MFMA Circular No 71	No Impairment of PPE during the 2023/24 financial year.
					PPE, Investment Property & Intangible Impairment	-	-		
					PPE at Carrying Value	21 083 113	21 602 242		
					IP at Carrying Value	-	-		
3.	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-year Reports	8%		5.33%	6.28%	Refer to Page 4 of MFMA Circular No 71	The majority of ZFM's PPE value is Land which has no maintenance on it.
					Total Repairs and Maintenance Expenditure	1 123 771	1 356 100		
					PPE at Carrying Value	21 083 113	21 602 242		
					Investment Property at Carrying Value	-	-		
B. Debtors Management									
1.	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written-off) / Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	95%		110.43%	101.52%	Refer to Page 5 of MFMA Circular No 71	ZFM has recovered outstanding debt during 2023/24 financial year.
					Gross Debtors Closing Balance	271 488	224 591		
					Gross Debtors Opening Balance	224 591	219 189		
					Bad Debts Written-off	-	-		
2.	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off / Provision for Bad Debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		0.00%	0.00%	Refer to Page 5 of MFMA Circular No 71	No bad debts were identified and written off.
					Debtors Bad Debts Written-off	-	-		
					Debtors Current Bad Debt Provision	-	-		
3.	Net Debtors Days	((Gross Debtors - Bad Debt Provision) / Actual Billed Revenue)) × 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 Days		220 Days	231 Days	Refer to Page 6 of MFMA Circular No 71	ZFM doesn't have any consumer debtors and steps have been taken to recover outstanding debtors.
					Gross Debtors	271 488	224 591		
					Bad Debts Provision	-	-		
					Billed Revenue	449 665	354 285		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2024

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2024 R	2023 R		
C. Liquidity Management									
1.	Cash / Cost Coverage Ratio (Excluding Unspent Conditional Grants)	((Cash and Cash Equivalents Unspent Conditional Grants - Overdraft) + Short-term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports and AR	1 - 3 Months		0.1 Months	0.2 Months	Refer to Page 7 of MFMA Circular No 71	ZFM has historic Employment Benefit Liabilities which negatively affects ZFM's cash flow position. Refer to Note 49, Management's Going Concern Assessment for more detail.
					Cash and Cash Equivalents	451 829	1 705 742		
					Unspent Conditional Grants	-	-		
					Overdraft	-	-		
					Short-term Investments	-	-		
					Total Annual Operational Expenditure	93 156 837	87 547 162		
2.	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		0.13	0.24	Refer to Page 7 of MFMA Circular No 71	ZFM has historic Employment Benefit Liabilities which negatively affects ZFM's cash flow position. Refer to Note 49, Management's Going Concern Assessment for more detail.
					Current Assets	1 312 204	2 524 821		
					Current Liabilities	10 100 328	10 626 065		
C. Liability Management									
1.	Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-year Reports and AR	6% - 8%		4.85%	5.32%	Refer to Page 8 of MFMA Circular No 71	ZFM leased copier machines and a telephone system during 2022/23 & 2023/24 financial year. Interest on Employment Benefit Liabilities are also included.
					Interest Paid	3 958 480	4 247 067		
					Redemption	647 945	503 124		
					Total Operating Expenditure	94 932 234	89 226 046		
					Taxation Expense	-	-		
2.	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-current Finance Lease Obligation + Short-term Borrowings + Long-term Borrowings) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		8.17%	16.00%	Refer to Page 9 of MFMA Circular No 71	Leased copier machines and telephone system reaching end of their contract periods.
					Total Debt	280 056	928 001		
					Total Operating Revenue	91 829 004	92 203 643		
					Operational Conditional Grants	88 401 654	86 401 864		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2024

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2024 R	2023 R		
C. Sustainability									
1.	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank Overdraft + Short-term Investment + Long-term Investment - Unspent Grants) / (Net Assets - Accumulated Surplus - Non-controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		11.09%	16.86%	Refer to Page 9 of MFMA Circular No 71	The level of Cash Backed of Reserves has regressed but will be addressed by Management's Going Concern Assessment, refer to Note 49.
					Cash and Cash Equivalents	451 829	1 705 742		
					Bank Overdraft	-	-		
					Short Term Investment	-	-		
					Long Term Investment	1 719 010	1 070 386		
					Unspent Grants	-	-		
					Net Assets	-	-		
					Share Premium	-	-		
					Share Capital	-	-		
					Revaluation Reserve	-	-		
					Fair Value Adjustment Reserve	-	-		
					Accumulated Surplus	(19 566 095)	(16 462 865)		
2. FINANCIAL PERFORMANCE									
A. Efficiency									
1.	Net Operating Surplus Margin	((Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue) x 100	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%		-3.38%	3.23%	Refer to Page 10 of MFMA Circular No 71	The Net Operating Surplus Margin is below 0% due to unrealised budgeted revenue for Actuarial Gains and LGSETA.
					Total Operating Revenue	91 829 004	92 203 643		
					Depreciation - Revalued Portion	-	-		
					Total Operating Expenditure	94 932 234	89 226 046		
					Taxation Expense	-	-		
B. Distribution Losses									
	ZFM has transferred the distribution of water and electricity to Local Municipalities								
C. Revenue Management									
	ZFM has transferred the distribution of water and electricity to Local Municipalities								

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2024

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2024 R	2023 R		
D. Expenditure Management									
1.	Creditors Payment Period (Trade Creditors)	(Trade Creditors Outstanding / Credit Purchases (Operating and Capital)) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-year Reports and AR	30 Days		14 Days	3 Days	Refer to Page 16 of MFMA Circular No 71	The Creditors Payment Period has increased due to cash flow constrains during the 2023/24 financial year and creditors could not be paid before year-end. Refer to Note 18.
					Trade Creditors	842 777	189 222		
					Contracted Services	6 366 498	4 724 056		
					Inventory Consumed	516 838	399 716		
					Operational Costs	13 402 134	12 283 339		
					Transfers and Subsidies Paid	491 452	910 863		
					Operating Leases	-	-		
Capital Credit Purchases	1 340 406	1 418 695							
2.	Irregular, Fruitless & Wasteful and Unauthorised Expenditure / Total Operating Expenditure	((Irregular, Fruitless & Wasteful and Unauthorised Expenditure) / Total Operating Expenditure) x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		0.23%	0.05%	Refer to Page 16 of MFMA Circular No 71	Refer to Note 35 for detailed explanations.
					Irregular, Fruitless & Wasteful and Unauthorised Expenditure	218 198	49 030		
					Total Operating Expenditure	94 932 234	89 226 046		
					Taxation Expense	-	-		
3.	Remuneration as % of Total Operating Expenditure	(Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In- year Reports and AR	25% - 40%		71.48%	72.83%	Refer to Page 17 of MFMA Circular No 71	Total Remuneration expenditure has increased due to salary increases. The high remuneration % will be addressed by Management's Going Concern Assessment. Refer to Note 49.
					Employee / Personnel Related Cost	62 595 030	59 711 427		
					Councillors Remuneration	5 261 639	5 270 695		
					Total Operating Expenditure	94 932 234	89 226 046		
					Taxation Expense	-	-		
4.	Contracted Services % of Total Operating Expenditure	(Contracted Services / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In- year Reports and AR	2% - 5%		6.71%	5.29%	Refer to Page 17 of MFMA Circular No 71	Contracted services are affected by grant spending, refer to Note 27 for more detail.
					Contracted Services	6 366 498	4 724 056		
					Total Operating Expenditure	94 932 234	89 226 046		
					Taxation Expense	-	-		
E. Grant Dependency									
1.	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In- year Reports and AR	None		71.85%	23.21%	Refer to Page 18 of MFMA Circular No 71	Capital Expenditures funded from Borrowings relates to Finance Lease Liabilities.
					Internally Generated Funds	963 038	228 766		
					Borrowings	-	130 889		
					Total Capital Expenditure	1 340 406	1 549 584		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2024

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2024 R	2023 R		
2.	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		71.85%	14.76%	Refer to Page 18 of MFMA Circular No 71	The majority of Capital Expenditures were funded from Equitable Share funding.
				Internally Generated Funds	963 038	228 766			
				Total Capital Expenditure	1 340 406	1 549 584			
3.	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	(Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including Agency Services)) x 100	Statement Financial Performance, Budget, IDP, In-year Reports and AR	None		3.73%	6.29%	Refer to Page 18 of MFMA Circular No 71	ZFM has limited own sources of revenue as all the functions were transferred to Local Municipalities.
				Total Revenue	91 829 004	92 203 643			
				Government Grant and Subsidies	88 401 654	86 401 864			
				Public Contributions and Donations	-	-			
				Capital Grants	-	-			
3. BUDGET IMPLEMENTATION									
A. Efficiency									
1.	Capital Expenditure Budget Implementation Indicator	(Actual Capital Expenditure / Budgeted Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, In-year Reports and AR	95% - 100%		67.59%	91.20%	Refer to Page 19 of MFMA Circular No 71	Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.
				Actual Capital Expenditure	1 340 406	1 549 584			
				Budgeted Capital Expenditure	1 983 231	1 699 100			
2.	Operating Expenditure Budget Implementation Indicator	(Actual Operating Expenditure / Budgeted Operating Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		99.97%	102.54%	Refer to Page 20 of MFMA Circular No 71	Spending was in line with budgeted figures.
				Actual Operating Expenditure	94 932 234	89 226 046			
				Budgeted Operating Expenditure	94 956 654	87 014 513			
3.	Operating Revenue Budget Implementation Indicator	(Actual Operating Revenue / Budgeted Operating Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		96.04%	104.30%	Refer to Page 20 of MFMA Circular No 71	ZFM budgeted for Actuarial Gains based on historical valuation reports but did not realised. Budgeted LGSETA revenue also did not realised during 2023/24 financial year.
				Actual Operating Revenue	91 829 004	92 203 643			
				Budgeted Operating Revenue	95 613 654	88 403 000			
Interpretation of Results:									
	The green colour indicates that the result is within the norm and is acceptable.								
	The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.								

VOLUME IIB

AUDIT

RECOVERY

PLAN

Audit Recovery Plan
for
ZF Mgcawu District Municipality (ZFM)

Financial year 2024/25

TABLE OF CONTENTS

TOPIC	PAGE NUMBER
A	Objective
B	Glossary of terms and Other References
C	Current status of the backlogs in the accounting control environment
D	Audit Report for the 2023/24 financial year
E	Determining the accounting framework
F	Steps required to improve the financial management
	Audit Recovery Plan
	15
1.1	Audit Report issues
1.2	Information Systems Audit issues not affecting the Audit Report
1.3	Management Report issues and Communications received during the Audit not affecting the Audit Report
1.4	How ZFM monitor the Audit Recovery Plan
	Maintenance Plan
	23
2	Accounting for transactions – General
	23
2.1	Accounting Guidelines and Standards that are relevant to the municipality
2.2	Preparing a GRAP-compliant Chart of Accounts
2.3	GRAP 1 - Presenting AFS in terms of GRAP
2.4	GRAP 2 - Preparation of the Cash Flow Statement
2.5	GRAP 3 - Accounting for Changes in Accounting Policies, Changes in Accounting Estimates and Errors
2.6	GRAP 14 - Accounting for Events after the Reporting Date
2.7	GRAP 24 - Presentation of Budget Information in Financial Statements
2.8	GRAP 25 - Accounting for Employee Benefits (IAS 19)
2.9	GRAP 104 - (IAS 39, IAS 32 and IFRS 7) Accounting for Financial Instruments
2.10	Suspense accounts
2.11	VAT
2.12	IPSAS 20 - Related Party Transactions
2.13	GRAP Standards not applicable to ZFM
3.	Accounting for assets
	52
3.1	GRAP 17 - Accounting for Property, Plant and Equipment
3.2	GRAP 21 - Impairment of Non-cash generating Assets GRAP 26 - Impairment of Cash generating Assets
3.3	GRAP 102 - Intangible Assets
3.4	Debtors and Provision for Bad Debts
3.5	Bank Accounts and Cash
3.6	Investments
4.	Accounting for liabilities
	74
4.1	GRAP 13 - Leases
4.2	GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets
4.3	Long-term liabilities (Interest bearing borrowings)
4.4	Retirement Benefit Liabilities
4.5	Conditional Grants and Receipts
4.6	Accounts payable

5.	Accounting for Revenue	93
5.1	GRAP 9 - Accounting for Revenue from Exchange Transactions	93
6.1	Accounting for Expenditure	97
7.	Accounting for Funds and Reserves	103
7.1	Accumulated Surplus	103
7.2	Internal Funds and Reserves in Accumulated Surplus	103
8.	Other disclosure items	104
	Annexure A – Monitoring Tool of Audit Recovery Plan	109

A OBJECTIVE

The Audit Recovery Plan ('ARP') has been compiled to address the deviations and challenges that exist in the implementation of the new GRAP accounting standards, measured against the best practices in accounting. This process includes the following outcomes:

- all 2023/24 audit findings to be corrected;
- deviations from GRAP that exist in the municipality;
- in-year accounting processes and reconciliations that needs to be corrected;
- action steps to be undertaken to address weaknesses found; and
- target dates and responsibilities for action steps to be performed.

The ARP includes action plans on how to address these deviations and challenges for the 2024/25 AFS.

The following reports, for the financial year ended 30 June 2024, were considered to compile the ARP:

- AGSA's Management Reports;
- AGSA's Final Audit Report;
- Final audited AFS.
- Audit Communications received from AGSA during the audit.

This implementation plan is therefore an outflow of the above reports, and its main purpose is to list the tasks that need to be undertaken to successfully comply during the year ended 30 June 2025 with GRAP as well as to address the deviations and challenges experienced in the past.

B GLOSSARY OF TERMS

AFS	Annual Financial statements
AGSA	Auditor-General South Africa
AO	Accounting Officer
AP	Accounting Procedure
AR	Asset Register
ARP	Audit Recovery Plan
ASB	Accounting Standards Board
CFO	Chief Financial Officer
CIGFARO	Chartered Institute of Government Finance, Audit & Risk Officers
COID	Compensation for Occupational Injuries and Diseases
CR	Capitalisation Reserve
CRR	Capital Replacement Reserve
D&PCR	Donations and Public Contributions Reserve
DC	Ducharme Consulting (Pty) Ltd
FMBPR	Financial Management Best Practice Requirement
FCP	Financial Control Procedure
FSOP	Finance Standard Operating Procedure
FSOPM	Finance Standard Operating Procedures Manual
FSOP Type	Type of Finance Standard Operating Procedure
GAAP	Generally Accepted Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
GGR	Government Grant Reserve
GL	General Ledger
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IP	Investment property
IPSAS	International Public Sector Accounting Standards
KMP	Key Management Personnel
MFMA	Municipal Finance Management Act
MM	Municipal Manager
MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of accounts
NT	National Treasury
PFMA	Public Finance Management Act
PPE	Property, plant and equipment
PSR	Project Status Report
RR	Revaluation Reserve
SCM	Supply Chain Management
ZFM	ZF Mgcawu District Municipality
SIR	Self Insurance Reserve

OTHER REFERENCES

#	Number
2024/25	For the financial year ended on 30 June 2025

C CURRENT STATUS OF THE BACKLOGS IN THE ACCOUNTING CONTROL ENVIRONMENT

The audit communications, management reports, final audit report, and information systems report issued by the Auditor-General South Africa ('AGSA') for the 2023/24 financial year were used as the basis to prepare this report. The 2023/24 AFS was also used to identify items where procedures should be updated to account for it in terms of GRAP correctly.

A review of the audit report of AGSA to the Northern Cape Provincial Legislature and the Council of ZF Mgcawu District Municipality on the Annual Financial Statements of ZFM for the year ended 30 June 2024 revealed that AGSA **expressed an unqualified opinion with matters**.

Findings communicated by the AGSA to ZFM, was also raised in the Final Management report:

1. COMAF 1 - ISS.2: Property, plant and equipment: Depreciation incorrectly calculated
2. COMAF 2 - ISS.3: Expenditure: Limitation of Scope - Outstanding Information
3. COMAF 3 - ISS.4 Limitation - The winning bidder's account for municipal rates and taxes and municipal service charges was not received
4. COMAF 4 - ISS.6: Expenditure : Journals - Limitation of Scope
5. COMAF 5 - ISS.5: Disposal of capital assets
6. COMAF 6 - ISS.7: Evergreen Contracts: Steiner Hygiene
7. COMAF 7 - ISS.1: Overstatement of Deviation Register and Note 36.8 Deviation
8. COMAF 8 - ISS.8: Revenue from non- exchange transaction - Presentation and Disclosure
9. COMAF 9 - ISS.9: Issues on Contract Management
10. COMAF 10 - ISS.10 _ Non-Compliance- Acting Municipal Manager Position
11. COMAF 11 - ISS.13 Fruitless and wasteful expenditure incurred
12. COMAF 12 - ISS.11: MFMA Skills, Capacity and Capability
13. COMAF 12 - ISS.12: Unfunded budget

The matters above need to be addressed during the 2024/25 financial year and will be discussed in detail in point 1 below (Report of the Auditor-General to the Northern Cape Provincial Legislature and Council of ZF Mgcawu District Municipality).

D AUDIT REPORT FOR THE 2023/24 FINANCIAL YEAR

The following is an extract from the Audit Report for the 2023/24 financial year:

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on ZF Mgcawu District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the ZF Mgcawu District Municipality set out on pages xx to xx which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ZF Mgcawu 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

Practise (Standards of GRAP) and the requirements of the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

3. 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.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of matter.
7. I draw attention to note 49 to the financial statements, which indicates that the three-year Medium Term Revenue Expenditure Framework (MTREF) reflected that the budget was unfunded for 2024/25, 2025/26 and 2026/27. The outcome of the cash back assessment from Provincial Treasury was negative for 2024/25 as well as negative for the two outer years 2025/26 and 2026/27. Further the cash flow challenges are experienced, as cash flow projections are compiled for the payment sequence of the equitable share which is the largest portion of operational revenue source. As stated in note 49, these events or conditions, along with the other matters as set forth in note 49, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Other matters

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

Unaudited disclosure notes

9. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. It is not practicable to determine the completeness of such disclosure and to provide assurance on it.

Unaudited supplementary schedules

10. The supplementary information set out on pages XX to XX does not form part of the financial statement and is presented as additional information. I have not audited these schedules and accordingly, do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

11. 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.

12. 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

13. 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.
14. 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 8 of the annexure to the auditor's report, forms part of our auditor's report.

Report on the annual performance report

15. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following material performance indicators related to Basic Service Delivery and Infrastructure presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

The assistant director Environmental health to conduct quarterly monitoring of drinking water quality at all Category B-municipalities and correspond any failures to the Category B – Municipality.

Assistant Director: PMU,LED,Tourism & EPWP to create 08 Full time equivalent for the financial year ending 30 October 2023 by repairing water leaks in Kheis Municipality.

Assistant Director: PMU,LED,Tourism & EPWP to create 1.9 Full time equivalent by 23 September 2023 cleaning townships waste management (illegal dumping).

17. I evaluated the reported performance information for the selected material performance indicators 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.

18. 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 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 reasons provided for any overachievement of targets.

19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

20. I did not identify any material findings on the reported performance information for the selected indicators.

Report on compliance with legislation

21. 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.

22. 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.

23. 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

Page 9

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.

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

Expenditure management

25. Reasonable steps were not taken to prevent irregular expenditure amounting to R98 874 as disclosed in note 35.3 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by Managers directly accountable to the Municipal Manager exceeding the acting periods in terms of Section 56(1) (a) (ii) of Local Government: Municipal Systems Act.

Assets management

26. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by sections 14(2) (a) and 14(2) (b) of the MFMA.

Other information in the annual report

27. 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 material indicators in the scoped-in development priority presented in the annual performance report that have been specifically reported on in this auditor's report.
28. 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.
29. 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 material indicators in the scoped-in development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. 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

31. 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.

32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
33. Management did not put adequate measures in place to ensure compliance with relevant legislation are sufficiently review.

Auditor-General
Kimberly
Xx 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

1. 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 material performance indicators and on the municipality's compliance with selected requirements in key legislation.

Financial statements

2. 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

3. 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.
4. 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

5. The selected legislative requirements are as follows:

Legislation	Sections or regulations
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
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)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)

Legislation	Sections or regulations
MSA: Municipal Staff Regulations	Regulations: 7(1),31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

E DETERMINING THE ACCOUNTING FRAMEWORK FOR ZFM

ZFM is classified as a Medium Capacity Municipality. In line with the MFMA implementation strategy, ZFM will have to prepare full GRAP AFS for 30 June 2025.

F STEPS REQUIRED TO IMPROVE FINANCIAL MANAGEMENT AT ZFM FOR THE YEAR ENDED 30 June 2025

This section of the report deals with the outcomes listed in Section 1 to 8 below.

Prepare an ARP towards full compliance of the GRAP Standards. This process includes the following outcomes:

- all 2023/24 audit findings to be corrected;
- deviations from GRAP that exist in the municipality;
- in-year accounting processes and reconciliations that needs to be corrected;
- action steps to be undertaken to address weaknesses found; and
- target dates and responsibilities for action steps to be performed.

Including action plans on how to address these deviations for the 2024/25 AFS.

The following is an outline of the steps that need to be taken to rectify the above-mentioned deviations/challenges, and to successfully implement financial control for the year ended 30 June 2025. At the end of each step the parties or individuals responsible for the execution of the step as well as target dates for the execution of the step, have been listed.

Audit Recovery Plan:

1.1 Audit Report issues

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
A) Material uncertainty relating to going concern 7. I draw attention to note 49 to the financial statements, which indicates that the three-year Medium Term Revenue Expenditure Framework (MTREF) reflected that the budget was unfunded for 2024/25, 2025/26 and 2026/27. The outcome of the cash back assessment from Provincial Treasury was negative for 2024/25 as well as negative for the two outer years 2025/26 and 2026/27. Further the cash flow challenges are experienced, as cash flow projections are compiled for the payment sequence of the equitable share which is the largest portion of operational revenue source. As stated in note 49, these events or conditions, along with the other matters as set forth in note 49, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.	- Implement and monitor a Cash Flow Report on a monthly basis. - Obtain re-payment agreements with suppliers that have big invoice amounts to extend ZFM's cash flow commitments. - Senior Management must meet quarterly to source additional funding.	Director: Finance	Monthly Ad-hoc Quarterly
B) Legal and Regulatory Requirements - No Legal and Regulatory Requirements issues were raised by the AGSA.	None	N/A	N/A
C) Compliance with Laws and Regulations Expenditure management - Reasonable steps were not taken to prevent irregular expenditure amounting to R98 874 as disclosed in note 35.3 to the annual financial	It is recommended that those charged with governance promptly re-advertise and fill the position of the municipal manager [e.g., Nationally] to attract	Director: Corporate Services	28/02/2025

statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by Managers directly accountable to the Municipal Manager exceeding the acting periods in terms of Section 56(1) (a) (ii) of Local Government: Municipal Systems Act. Assets management - Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by sections 14(2) (a) and 14(2) (b) of the MFMA.	more suitable candidates and to prevent non-compliance. Management must ensure that there are measures put in place for adequate review of compliance with legislation.	Director: Finance	30/06/2025
D) Internal Control - The matters reported are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report. - Management did not put adequate measures in place to ensure compliance with relevant legislation are sufficiently review.	Management will strengthen compliance reviews, enhance oversight, improve policies, provide training, and implement corrective actions to address internal control deficiencies.	All Directors	30/06/2025

1.2 Information Systems Audit issues not affecting the Audit Report

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
None	None		

1.3 Management Report issues and Communications received during the Audit

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1. COMAF 1 - ISS.2: Property, plant and equipment: Depreciation incorrectly calculated During the audit of Property, plant and equipment depreciation, differences were noted between the depreciation as per the fixed asset register and the recalculated depreciation as recalculated by auditors.	It is recommended that: measures are put in place to ensure that depreciation is allocated on a systematic basis based on the asset's useful life. review controls on the asset register are enhanced such that calculation errors are identified and addressed. should management wish to adjust, please examine the population to which the misstatement relates to understand the cause of the misstatement and to make the appropriate adjustments to the population.	Director: Financial Services	30/06/2025
2. COMAF 2 - ISS.3: Expenditure: Limitation of Scope - Outstanding Information During testing of expenditure payment batch were requested and provided by the auditee, however, some payment batched did not contain all the necessary documents to allow the auditor to conclude testing.	Management should ensure that the information submitted for audit is complete.	Director: Financial Services	30/06/2025
3. COMAF 3 - ISS.4 Limitation - The winning bidder's account for municipal rates and taxes and municipal service charges was not received During the testing of competitive bids, confirmed the service provider did not submit municipal account for Tender 06: 2023/2024.	Management must review and monitor compliance with applicable laws and regulations.	Director: Financial Services	30/06/2025

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
4. COMAF 5 - ISS.5: Disposal of capital assets a) During the audit of disposals of assets it was noted that council approved the disposal of the Tiguan Volkswagen VW326 through a meeting held on 28 August 2024. A newspaper extract dated of 30 August 2024 was provided as evidence that the meeting was open to the public (whereas the meeting had already taken place on 28 August 2024). Therefore based on this evidence we are not able to confirm whether the meeting was open to the public as the communication to the public occurred after the meeting had already taken place.	Management must ensure that there are measures put in place for adequate review of compliance with legislation.	Director: Corporate Services	30/06/2025
5. COMAF 5 - ISS.5: Disposal of capital assets b) Inspected the advert to request for price quotations for the sale of Tiguan Volkswagen VW326 in the Kathu Gazette (dated 10 February 2024) and the purchase agreement between ZF Mgcawu District Municipality and We Buy Cars with the following details: Vehicle detail: VW Tiguan Allspace Purchase price: R290 000 Signed by both the seller and buyer on 05 April 2024 Therefore based on the above the disposal was not appropriately approved as it was sold before it was approved by council.	Management must ensure that there are measures put in place for adequate review of compliance with legislation.	Director: Financial Services	30/06/2025
6. COMAF 5 - ISS.5: Disposal of capital assets c) Based on asset management policy it was noted that "It must be ensured that the request to Council for authorisation for alienation process be accompanied by an information statement approved by the Senior Management (Asset management committee) stating:	Management must ensure that there are measures put in place for adequate review of compliance with legislation.	Director: Financial Services	30/06/2025

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
(i) The valuation of the assets to be transferred or disposed of and the method of valuation used to determine that valuation; (ii) Any expected benefits to the municipal entity that may result from the transfer or disposal; (iii) Any expected proceeds to be received by the municipal entity from transfer or disposal; (iv) Any expected gain or loss that will be realized or incurred by the municipal entity arising from the transfer or disposal.” However the above evidence was not submitted, therefore we were not able to confirm whether municipal council has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset before the disposal of the asset.			
7. COMAF 6 - ISS.7: Evergreen Contracts: Steiner Hygiene During the testing of Contract Management, it was noted that the entity has the Steiner Hygiene contract which does not have set limits (e.g. an expiry date / are open-ended / evergreen).	Management should regularly monitor contracts to ensure that appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective are maintained therefore avoiding having contracts which do not have set limits (e.g. an expiry date / are open-ended / evergreen).	Director: Financial Services	30/06/2025
8. COMAF 7 - ISS.1: Overstatement of Deviation Register and Note 36.8 Deviation During testing of Deviations, confirmed the following: The amount of R868 276.13 was identified in payment batch (26 June 2024) which is different to the amount as per Deviation register R1 066 017.55 The amount of R1 066 017.55 cannot be traced from Deviation Register to supporting documentation that was provided.	Management must ensure that all deviations in the files were accurately captured in the quarterly deviation register.	Director: Financial Services	30/06/2025

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
9. COMAF 8 - ISS.8: Revenue from non-exchange transaction - Presentation and Disclosure During testing of Revenue from non- exchange transaction summary of Conditional Grants Note 18.3.6, differences were identified.	Management must compare the Annual Financial Statements with the prior year before it is submitted for audit.	Director: Financial Services	30/06/2025
10. COMAF 9 - ISS.9: Issues on Contract Management 1) All contracts did not stipulate the terms and conditions of the contract which include provisions for termination of the contract in the case of non- or underperformance as well as a provision on dispute resolution mechanisms to settle disputes between the parties. 2) Contracts were extended for more than 15% of the original value of contract, without a Council resolution with reasons for the proposed amendment.	Management must review and monitor compliance with applicable laws and regulations. Management must exercise oversight responsibility over the internal controls to ensure compliance with SCM laws and regulations.	Director: Financial Services	30/06/2025
11. COMAF 10 - ISS.10 _ Non-Compliance- Acting Municipal Manager Position During the audit the AGSA identified the following regarding the vacant position of the MM: - The position of the MM has been vacant since July 2023 up to date. The position was occupied on an acting level by Mr. A Tieties for extension period which exceeds further 3 months that is allowed by the MEC.	It is recommended that those charged with governance promptly re-advertise and fill the position of the municipal manager [e.g., Nationally] to attract more suitable candidates and to prevent non-compliance.	Director: Corporate Services	28/02/2025

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
12. COMAF 12 - ISS.11: MFMA Skills, Capacity and Capability 1. During the audit we noted that positions per department were vacant for more than 6 months at year-end. 2. Through confirmation with the municipality it was noted that the municipality does not have a staff establishment approved by council after having taken inputs from MEC.	Management should ensure that all the vacancies as per the organizational structure are filled. Management must ensure that there are measures put in place for adequate review of compliance with legislation	Director: Corporate Services	30/06/2025
13. COMAF 12 - ISS.12: Unfunded budget During the 2023/24 audit it was noted that the municipality did not budget appropriately resulting in the municipality receiving a letter from National Treasury declaring their budget as unfunded.	The municipality must budget appropriately such that it does not receive a letter from National Treasury indicating that its budget is unfunded.	Acting Municipal Manager	30/06/2025

1.4 How ZFM monitor the Audit Recovery Plan

All the findings above, and also the Maintenance Plan below, are included in a “Project Status Report” (refer to **Annexure A**). All findings and procedures are allocated to a responsible person and have different target dates. The responsible person keeps all his supporting evidence in an “Evidence File” which is presented to the AGSA as an Audit File before the commencement of the Audit.

This Project Status Report is monitored on a bi-weekly basis. The Unit Manager: AFS&Reporting updates the Project Status Report on a bi-weekly basis and emails the report to all employees to see their status. At year-end, the Unit Manager AFS&Reporting and Internal Audit Unit review all Evidence Files submitted by the employees.

Maintenance Plan

Refer to point 2 to 8 below for the maintenance plan regarding general accounting standards.

2. Accounting for transactions – General

2.1 Accounting Guidelines and Standards that are relevant to the municipality

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
The municipality is classified as a medium capacity municipality and will therefore not be able to utilise exemptions anymore for the preparation of the 2024/25 GRAP AFS and all accounting standards will have to be implemented.	The municipality should ensure that all of the accounting standards listed below is complied with, in all material respects, in the presentation and disclosure of the 2024/25 AFS. Existing accounting policies need to be reviewed and adjusted in line with the requirements of the standards listed.	CFO CFO	30/06/2025 30/06/2025

OVERVIEW OF THE APPROVED GRAP STANDARDS

The following table lists the standards from the GRAP Reporting Framework as per **Directive 5** (effective for financial periods commencing on or after 1 April 2011). Full text of the standards is available on the ASB (www.asb.co.za) website. Summaries have been made for the most commonly used standards. The summaries below have been extracted from their websites.

Effective GRAP standards for the 2024/25 year:

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts

Reference	Topic
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments (Effective from: 1 April 2025)
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control

Reference	Topic
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

Directives issued and effective:

Reference	Topic
Directive 1	Deletion of Transitional Provisions in Standards of GRAP
Directive 2	Amended Transitional Provisions for Public Entities
Directive 3	Amended Transitional Provisions for High Capacity Municipalities
Directive 4	Amended Transitional Provisions for Medium and Low Capacity Municipalities
Directive 5	GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Administered by SARS
Directive 7	The Application of Deemed Cost
Directive 8	Transitional Provisions for Parliament and Provincial Legislatures
Directive 9	The Application Of The Standards Of GRAP By Trading Entities
Directive 10	Application Of The Standards Of GRAP By Public Further Education And Training Colleges
Directive 11	Changes in Measurement Bases following Initial Adoption of Standards of GRAP
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities
Directive 13	Transitional Provisions for CET colleges
Directive 14	Directive 14 on Application of GRAPs by Public Entities

Interpretations of the standards of GRAP approved that the entities are required to apply (paragraph 10 of Directive 5):

Reference	Topic
IGRAP 1	Applying the Probability Test on initial Recognition of Exchange Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities

Reference	Topic
IGRAP 3	Determining whether an Arrangement Contains a lease
IGRAP 4	Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets - Website Costs
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue
IGRAP 21	The Effect of Past Decisions on Materiality

Approved guidelines of Standards of GRAP: those entities are required to apply (par 15 of Directive 5)

Reference	Topic
Guideline	Guideline on Accounting for Arrangements Undertaken i.t.o the National Housing Programme 2024
Guideline	Accounting for Landfill Sites 2024

Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date, and that entities may consider in formulating an accounting policy (paragraph .30 of Directive 5), before applying the hierarchy in the Standards of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors:

Reference	Topic
GRAP 1	Presentation on Financial Statements
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
Amendments	Improvements to Standards of GRAP

2.2 Preparing a GRAP-compliant Chart of Accounts

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No deviations and challenges on the mSCOA were reported by AGSA in the Final Management Report and audit report for 2023/24. However, the following will necessitate the review and update of the mSCOA during the 2024/25 financial year: - The compilation of GRAP compliant AFS for the year ended 30 June 2025; - Current Accounting Standards are revised by National Treasury; - Further adjustments on the mSCOA will be necessary on an on-going basis.	Continuously review and adjust the mSCOA for GRAP-compliance and take the necessary accounting treatment of the standards set out in this report into account for implementation where necessary. Implement an electronic AFS preparation tool that is linked to the new chart of accounts that would be implemented. The accounting software needs to be updated in accordance with the disclosure requirements of GRAP financial statements according to the new mSCOA implementation legislation. Update the description of the votes within the GL to reflect the nature of the account.	CFO	30/06/2025

2.3 GRAP 1 Presenting AFS in terms of GRAP

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
ZFM received an unqualified audit opinion with matters. Although the AFS is fairly presented in all material aspects, the action plan procedures listed below will need to be performed in order to maintain such a position.	Management must address AGSA's audit finding of the prior year.	Deputy CFO	31/08/2025

2.4 GRAP 2 Preparation of the Cash Flow Statement

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
The Cash Flow Statement has been prepared in accordance with GRAP 2 and no discrepancies have been noted by AGSA in the audit report or communications.	Prepare the Cash Flow Statement as per GRAP 2 for the 2024/25 financial year.	CFO Deputy CFO	31/07/2025
GRAP 2: Cash Flow Statement			
Objective: The cash flow statement identifies the sources of cash inflows, the items on which cash was expended during the reporting period, and the cash balance as at the reporting date. Information about the cash flows of an entity is useful in providing users of financial statements with information for both accountability and decision making purposes. Cash flow information allows users to ascertain how an entity raised the cash it required to fund its activities and the manner in which that cash was used. In making and evaluating decisions about the allocation of resources, such as the sustainability of the entity's activities, users require an understanding of the timing and certainty of cash flows. The objective of this Standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.			
Components of cash and cash equivalents: The municipality presents a reconciliation between the opening and closing balance of cash and cash equivalents (as reflected in the Statement of Financial Position) in its Cash Flow Statement. This difference is referred to as a net increase/ (decrease) in cash and cash equivalents and is further explained or classified as cash flows from operating, investing and financing activities.			

The opening and closing balances of the item cash and cash equivalents are disclosed as single line items on the cash flow Statement , but are possibly made up of a number of line items on the Statement of Financial Position including:

Cash on hand

Demand deposits

Other short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value

Bank borrowings (Long term loans) are generally considered to be financing activities. However, bank overdrafts that are repayable on demand may form an integral part of a municipality's cash management. In these circumstances, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.

The municipality discloses, as part of its accounting policy notes, the policy it adopts in determining the composition of the line item cash and cash equivalents.

The classification of cash flows into activities:

The cash flow statement should report cash flows during the period and distinguish clearly between:-

- operating activities;
- investing activities; and
- financing activities

A single transaction may include cash flows that are classified differently. For example, when the cash repayment of a loan includes both interest and capital, the interest element may be classified as an operating activity and the capital element may be classified as a financing activity.

Guidelines on accounting for cash flows from operating activities:

The cash flows from operating activities consist of cash inflows and cash outflows.

Operating cash inflows include:-

- Income from the provision of services on credit, such as the sale of electricity, even though the income may not be represented by cash receipts. This is recognised by effectively adjusting this income by the changes in debtors to determine the amount of cash that has been received from purchasers of these services for cash flow purposes;
- Direct cash receipts, for example licence receipts and fines and investment income;
- Cash contributions from the government in the form of grants and subsidies as well as cash contributions from the public;
- Cash receipts from royalties, fees, commissions and other revenue.

Operating cash outflows include:-

- Purchases of materials and services as well as labour costs such as salaries and wages. Although certain materials or services may have been purchased on credit, these expenses are considered to be cash outflows. The extent of supplier credit utilised is taken into account in determining the cash outflows from these activities by making an adjustment for changes in creditors;
- Cash payments to other entities to finance their operations (not including loans). An example is a grant made by a District municipality to a local municipality to enable it to purchase items of PPE;

- Cash receipts or payments in relation to litigation settlements.

In determining the cash flows from operating activities, all non-cash flow items need to be adjusted against the net surplus or deficit for the period (as per the bottom line in the Statement of financial performance) in order to determine the cash flows from operating activities. The reason for this is that there are many income and expenditure items included in the surplus or deficit for the period which are not represented by a corresponding cash inflow or outflow. The following are examples of these types of income and expenditure:

- Gain or loss on the sale of property, plant and equipment;
- Increase / decreases in the provision for bad debts;
- Depreciation;
- Amortisation;
- Increase / decrease in the provision for accrued staff leave pay;
- Unrealised foreign exchange gains or losses;
- Interest received and interest paid. Unlike depreciation which is added back because it is a non-cash flow item these items are deducted from and added back to the surplus for the year because they are part of cash from operations but need to be disclosed separately on the face of the cash flow statement because of their importance to the users of the financial statements.
- Changes in working capital, such as changes in inventories, debtors, conditional grants and receipts creditor, creditors.

Guidelines on accounting for cash flows from investing activities:

The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to render services or generate future income and cash flows. Examples of cash flows arising from investing activities are:-

- Cash payments to acquire property, plant and equipment, intangibles and other long term assets. These payments include those relating to capitalised feasibility study costs and self-constructed property, plant and equipment;
- Cash receipts from the sale of property, plant and equipment, intangibles and other long term assets;
- Cash payments to acquire debt instruments of other municipalities or organisations and interests in joint ventures;
- Cash receipts from the sale of debt instruments of other municipalities or organisations and interests in joint ventures;
- Cash advances and loans made to other parties;
- Cash receipts from the repayment of advances and loans made to other parties.

Guidelines on accounting for cash flows from financing activities:

The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the municipality. Examples of cash flows arising from financing activities are:-

- Cash proceeds from issuing loan stock, notes, bonds, mortgages and other short or long term borrowings;
- Cash repayments of amounts borrowed;
- Cash payments by a lessee for the reduction of the capital element of the outstanding liability relating to a finance lease.

Interest paid and **interest and dividends received** may be classified as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments.

The aggregate cash flows arising from **acquisitions and from disposals of subsidiaries or other local government body or services** should be presented separately and classified as investing activities.

A municipality should disclose, in aggregate, in respect of both acquisitions and disposals of subsidiaries or other local government body or services during the period, each of the following:-

- The total purchase or disposal consideration;
- The portion of the purchase or disposal consideration discharged by means of cash and cash equivalents;
- The amount of cash and cash equivalents in the subsidiary or local government body or service acquired or disposed of;
- The amount of the assets and liabilities, other than cash or cash equivalents in the subsidiary or local government body or service acquired or disposed of, summarised by each major category.

Non-cash transactions:

Investing and financing transactions that do not require the use of cash or cash equivalents should be excluded from a cash flow statement. Such transactions should be disclosed in the notes to the financial statements in a way that provides all the relevant information about these investing and financing activities.

Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of a municipality. The exclusion of non-cash transactions from the cash flow statement is consistent with the objective of a cash flow statement as these items do not involve cash flows in the current period. An example of a non-cash transaction is the acquisition of assets either by assuming directly related liabilities such as purchasing a property by incurring a mortgage to the seller, or by means of a finance lease.

2.5 GRAP 3 Accounting for Changes in Accounting Policies, Changes in Accounting Estimates and Errors

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were raised by the AGSA for the year ended 30 June 2024. Although the AFS is fairly presented in all material aspects, the action plan procedures listed here will need to be performed in order to maintain such a position.	General actions Give consideration of the adjustment of comparative figures Execute the procedures described below on GRAP 3. Restate comparative figures as at 30 June 2024 as far as is practicable. - If any Changes in Accounting Policies, Changes in Accounting Estimates and Errors have been identified, ensure that the disclosure requirements of GRAP 3 are met. - Apply changes to accounting policies retrospectively. - Account retrospectively for errors identified relating to prior years.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	- Management should ensure that all corrections/ adjustment made to the financial are accompanied by the following: a) Journals showing accounts were the amount are being transferred to/from in the general ledger b) A note in the financial statement showing/stating the following: i. The nature of the prior period error ii. For each prior period presented, the amount of the correction for each financial statement line item affected iii. The amount of the correction at the beginning of the earliest prior period presented iv. If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected. Before financial statements are authorised for issue and submission for audit, the Audit committee, Municipal Manager and the CFO should review them for accuracy, completeness and validity.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025
GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors			
Objective: The objective of this Standard is to prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements and the comparability of those financial statements over time and with the financial statements of other entities.			
Exemptions granted in past: - Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – .31)	Actions required: Ensure that the municipality discloses: The title of the new Standard of Generally Recognised Accounting Practice; The nature of the impending change or changes in accounting policy;	Deputy CFO	30/06/2025

	The date by which application of the Standard of Generally Recognised Accounting Practice is required; The date as at which it plans to apply the Standard of Generally Recognised Accounting Practice initially; and either: - A discussion of the impact that initial application of the Standard is expected to have on the entity's financial statements; or - If that impact is not known or reasonably estimable, a statement to that effect Refer to the applicable accounting framework under 2.1 above.		

2.6 GRAP 14 Accounting for Events after the Reporting Date

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were noted by AGSA on the audit report for the year ended 30 June 2024.	Document and execute the procedures described below on GRAP 14.	Deputy CFO	31/07/2025 (or date AFS is authorised)
GRAP 14: Events after the Reporting Date			
Definition: Events after the 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 is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).			
Identifying Events after the Reporting Date: Adjusting Events after the reporting period are those events that provide evidence of conditions that existed at the reporting date. A municipality should adjust the amounts recognised in its Annual Financial Statements to reflect adjusting events after the reporting period. Non-adjusting Events after the reporting period are those that are indicative of conditions that	Actions required: The CFO will issue a memo to Municipal Manager and all Section Heads requesting them to identify Events after the Reporting Period (adjusting and non-adjusting events) and to give the Finance Section sufficient information to make the necessary adjustments in the accounting records of the municipality.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2025

arose after the reporting date. A municipality shall not adjust the amounts recognised in its Annual Financial Statements to reflect non-adjusting events after the reporting period, but may need to disclose these events in the Notes to the AFS depending on its materiality.	The Corporate Services Manager will scrutinise minutes of management meetings and council meetings for items that might qualify as events after the reporting period. The Corporate Services Manager will scrutinise daily newspapers from 1 July to 31 January (period after the reporting date) for articles that may involve the municipality. A list of these articles that might contain events after the reporting date will be compiled and the list as well as copies of the articles will be submitted to the CFO for evaluation. The CFO will compile a list of all Insurance Claims submitted by the municipality to its Insurer between 1 July and 31 January (period after the reporting date). This could give an indication of assets that were stolen or damaged during the after reporting date period.	Corporate Services Manager	31/07/2025
	The CFO should compile a list of all payments made to claimant's i.r.o. claims lodged against the municipality. The CFO should compile a list of all debtors that was liquidated/deceased estates during the after reporting date period, which should be considered for impairment/write-off. Furthermore files containing correspondence with debtors should be scrutinised to identify debtor records that need to be adjusted/impaired.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2025
	The Corporate Services Manager should list all material contracts that the municipality has entered into after 30 June and before 31 January. The Corporate Services Manager should contact the municipality's legal council to identify and list all current, pending and outstanding legal cases. These cases could indicate to provisions that should be raised and contingent liabilities or contingent assets that should be disclosed.	Corporate Services Manager	31/07/2025
		CFO	31/07/2025

	The CFO should compile a list of all assets/inventories sold in the after reporting date period. The proceeds of these sales/auctions could give an indication of assets that should be impaired (in cases where the proceeds are lower than the carrying value of the assets) or the sale could give confirmation that assets must be reclassified to Non-current Assets Held-for-Sale. The CFO should list all performance bonuses or back dated increases that was paid in the period after the reporting date and that pertains to the previous financial year. These events would indicate that the accounting records and AFS of the municipality should be adjusted to include these expenses.	Deputy CFO Unit Manager: AFS&Reporting Corporate Services Manager	
Going concern - An entity shall prepare its AFS on the Going Concern basis	Management must determine whether the municipality is a Going Concern at reporting date: Ensure that an assessment is made by management of the entity's ability to continue as a going concern. Prepare financial statements on a going concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. When management are aware, in making their assessment, of material uncertainties related to events or conditions which may cast significant doubt upon the entity's ability to continue as a going concern, disclose those uncertainties. When the financial statements are not prepared on a going concern basis, disclose that fact, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.	CFO Deputy CFO Management	31/07/2025

Differentiate between Significant Adjusting and Non-adjusting Events after the Reporting Date: The CFO should evaluate all information obtained from the procedures as documented above to identify all the Events after Reporting Date of the municipality.	Actions required: - From the list of Events after Reporting Date, distinguish between Adjusting and Non-adjusting Events. - For the Adjusting Events identified, make the necessary adjustments to the municipality's accounting records and Annual Financial Statements.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2025
Disclosure Requirements: - The municipality shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. - Note the difference in the disclosure for conditions at reporting date and non-adjusting events after reporting date	Actions required: The municipality shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. Updating disclosure about conditions at the reporting date: The municipality needs to update the AFS if it receives information after the reporting date, but before the AFS is authorised for issue, about conditions that existed at the reporting date, it shall update disclosures that relate to these conditions, in the light of the new information. Disclosure of non-adjusting events after the reporting date: The municipality shall disclose the following for each material category of non-adjusting event after the reporting date: - The nature of the event; and - An estimate of its financial effect or a statement that such an estimate cannot be made.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2025

2.7 GRAP 24 Presentation of Budget Information in Financial Statements

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issue were raised by the AGSA for the year ended 30 June 2024. However, the action plan procedures should still be performed.	General Actions After every amended budget, make sure that the budgeted figures are updated in SAMRAS. Compare the actual and budgeted expenses (PER VOTE) for the year under review on a monthly basis; Inspect if there was expenditure incurred for which no provision has been made in the approved budget. If there were such expenses ensure that the following was adhered to:- The expenditure should be authorised by the Mayor as unforeseen and unavoidable expenditure. Ensure that such expenditure was reported by the Mayor to the municipal council at its next meeting and minute the council meeting Inspect that such expenditure was appropriated in an adjustments budget passed within 60 days after the expenditure was incurred. The municipality must identify and quantify all its Budget Information according to the procedures described below on GRAP 24.	CFO Deputy CFO Unit Manager: BTO	30/06/2025
GRAP 24: Presentation of Budget Information in Financial Statements			
Application of Standard: The implication of GRAP 24 is that approved budget information along with the financial information must be presented in the AFS (income and expense). According to GRAP 24.12 an entity must present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as	Discussion on application: Budget Information must be included in the 2018 Budget Statement of the AFS. Ensure that the municipality's budgeted figures are presented by way of comparison to its actual figures in its financial statements.	CFO Deputy CFO Unit Manager: BTO	30/06/2025

additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. In terms of GRAP 24.19 the municipality must present a comparison of budget and actual amounts as additional budget columns in the primary financial statements only where the financial statements and the budget are prepared on a comparable basis. GRAP 24.27 stipulates that the municipality must present an explanation of whether changes between the approved and final budget are a consequence of reallocations within the budget, or of other factors: ➤ by way of note disclosure in the financial statements; or ➤ In a report issued before, at the same time as, or in conjunction with the financial statements, and shall include a cross reference to the report in the notes to the financial statements. In terms of GRAP 24.30 all comparisons of budget and actual amounts should be presented on a comparable basis to the budget. GRAP 24.38 requires the municipality to explain in notes to the financial statements the budgetary basis and classification basis adopted in the approved budget. GRAP 24.42 requires the municipality to disclose in notes to the financial statements the period of the approved budget. In terms of GRAP 24.44, the municipality must identify in notes to the financial statements the entities included in the approved budget.	Ensure that the municipality's budgeted and actual figures are presented in a manner to ensure that it is comparable with each other. Ensure that any changes between the approved and final budget are disclosed in a note to the financial statements or by means of a report issued in conjunction with, and referenced to the financial statements. Ensure that the comparison of budget and actual amounts is presented on the same accounting basis, same classification basis and for the same entities and period as for the approved budget. Explain the municipality's budgetary and classification basis adopted in its approved budget, as there may be differences between the municipality's accounting basis (cash, accrual or some modification thereof) used in preparation and presentation of its budget and the accounting basis used in the financial statements. Ensure that the budgetary period is disclosed in the notes to the financial statements. Ensure that all entities included in the municipality's budget are identified in a note to the financial statements.	CFO Deputy CFO Unit Manager: BTO	30/06/2025

2.8 GRAP 25 Accounting for Employee Benefits

Deviation from FMBPR	Proposed action plans to maintain FMBRP	Responsible Persons	Target Date
No issues regarding Employee Benefits were listed on AGSA's audit report for the year ended 30 June 2024.	The municipality must identify and quantify all its Employee Benefits according to the procedures described below on GRAP 25.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025
GRAP 25: Employee Benefits			
Explanation: When an employee has rendered service to the municipality, the municipality have to recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service: – As a liability (accrued expense), after deducting any amount already paid (net effect usually null), when an employee has provided service in exchange for employee benefits to be paid in the future; and – As an expense, when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset (for e.g. GRAP 12 Inventories or GRAP 17 PPE). Benefits regarding short-term compensated absences fall into two categories: – Accumulating absences – these are benefits, such as paid annual vacation, that accrue over an employee's period of service and can be potentially carried forward and used in future periods; and – Non-accumulating absences – these are benefits that an employee is entitled to, but are not materially capable of being carried forward to the	Actions required: Determine and draw up a detailed list of all of the municipality's post-retirement benefit plans; Ensure that the necessary actuarial valuations are requested for all of the above-mentioned identified plans to ensure that the relevant information is obtained to enable the municipality to account for the defined benefit plan (the actuaries will also have to confirm that these identified plans are indeed defined benefit plans). Request that the consultants tasked with preparing the actuarial reports provide the municipality with an indication of the journal entries and disclosure of these entries in the AFS for the financial year. Determine if there are any multi-employer plans in existence (for e.g. Joint Municipal Pension Funds) within the municipality;	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

following period if they are unused during the period, e.g. paid sick leave. The cost of providing compensation for accumulating absences should be recognised as an expense as the employee provides services on which the entitlement to such benefits accrues. Where an employee has an unused entitlement at the end of the reporting period and the entity expects to provide the benefit, a liability should be created. The cost of providing compensation for non-accumulating absences should be expensed as the absences occur.			

2.9 GRAP 104 (IAS 39, IAS 32 and IFRS 7) Accounting for Financial Instruments

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues regarding Financial Instruments were listed on the audit report for the year ended 30 June 2024.	Refer to the individual sections referred to for the procedures to be performed.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025
Recognition and Measurement			
Recognition : – Initially measuring financial assets and financial liabilities at fair value.	Actions required: We are of the opinion that the municipality is, through its normal activities, complying with the requirements of the initial measurement of GRAP 104. According to GRAP 104, the fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received). However, in cases that might be identified where initial recognition is not done correctly, the following actions would be required: – Initial recognition: GRAP 104 requires recognition of a financial asset or a financial liability when, and only when, the entity becomes a party to the	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	contractual provisions of the instrument, subject to the following provisions in respect of regular way purchases. - Initial measurement: Initially, financial assets and liabilities will be measured at fair value (including transaction costs, for assets and liabilities not measured at fair value through profit or loss. 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. GRAP 104 provides a hierarchy to be used in determining the fair value for a financial instrument which are the following: Quoted market prices in an active market are the best evidence of fair value and will be used, where they exist, to measure the financial instrument. If a market for a financial instrument is not active, an entity establishes fair value by using a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models. An acceptable valuation technique incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. If there is no active market for an equity instrument and the range of reasonable fair values is significant and these estimates cannot be made reliably, then an entity must measure the equity instrument at cost less impairment. Procedures: Identify all financial assets and financial liabilities that need to be recognised and measured initially at fair value. Determine the appropriate discount rate, period, payments / receipts for each of the financial assets and liabilities above.		

	Perform an exercise of discounting to present value the future payments / receipts as determined above. Ensure that the financial assets and liabilities in first step are measured and recognised initially at its discounted values (being its fair value) as calculated above. Ensure that the fair values initially measured for financial assets and liabilities include transaction costs (for assets and liabilities not measured at fair value through profit or loss). Ensure that the requirements of GRAP 104 are applied in accordance with the transitional provisions in the standard.		
Additional requirements: – Discounting of financial instruments.	Actions required: – Creditors could potentially be discounted: should the municipality decide to do this, use the post reporting date period to determine the timing of payments made of creditors that were outstanding at year-end (say end of July and middle of August payments). Once again, the materiality of the result should indicate if discounting should be accounted for.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025
Additional requirements: Impairment of financial assets in terms of GRAP 104.	Actions required: Ensure that potential impairment of long-term debtors is also considered.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025
Presentation of Financial Instruments – GRAP 104	Actions required: Ensure that financial instruments of the municipality are classified as either financial liabilities or residual interest according to the substance of the contract, not its legal form. The municipality must make the decision at the time the instrument is initially recognised. The classification is not subsequently changed based on changed circumstances.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	Identify all compound financial instruments, i.e. instruments that have both a liability and an equity component from the issuer's perspective. Ensure that the component parts are accounted for and presented separately according to their substance based on the definitions of liability and equity. The split is made at issuance and not revised for subsequent changes in market interest rates, share prices, or other event that changes the likelihood that the conversion option will be exercised. Ensure that interest, dividends, gains, and losses relating to an instrument classified as a liability are reported in the statement of financial performance. Ensure that the cost of the municipality's own equity instruments that it has reacquired ('treasury shares') is deducted from equity. Ensure that a financial asset and a financial liability is offset and the net amount reported when, and only when, a municipality: ➤ Has a legally enforceable right to set off the amounts; and ➤ Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Ensure that costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity. Ensure that the requirements of GRAP 104 are applied in accordance with the transitional provisions in the standard.		
Disclosure requirements:	Ensure that the financial instruments are grouped into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. Ensure that sufficient information is provided to permit reconciliation of the classes of financial	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	instruments to the line items presented in the Statement of Financial Position. Disclose information that enables users of the financial statements to evaluate the significance of financial instruments to the entity's financial position and performance. Ensure that disclosure is made with regard to the carrying amount for each of the following categories: <i>(a) Financial instruments at fair value, showing separately:</i> <i>(i) financial assets designated at fair value; and</i> <i>(ii) financial liabilities designated at fair value.</i> <i>(b) Financial instruments at amortised cost.</i> <i>(c) Financial instruments at cost.</i> Ensure that the requirements of GRAP 104 are applied in accordance with the transitional provisions in the standard. Refer to 'Financial Instruments' under Other Additional Disclosure below		

2.10 Suspense Accounts

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were noted by AGSA on the audit report for the year ended 30 June 2024. Refer to proposed action for procedures that need to be performed on a monthly basis in order to maintain this position.	The municipality must clear all Suspense Accounts that do not meet the definition of assets or liabilities and must ensure that all remaining Suspense Accounts are valid and supported by substantive documentation. Ensure that suspense accounts in the GL are not used for the posting of bank reconciling items. Ensure that items posted to a Suspense Account are cleared regularly (at least monthly). The clearing of these suspense accounts should be reviewed by a senior delegated official.	CFO Deputy CFO Unit Manager: AFS&Reporting	Monthly

	<i>Suspense accounts can only be disclosed on the statement of financial position of a municipality if they meet the definition of an asset or liability.</i>		

2.11 VAT

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were noted by AGSA on the audit report for the year ended 30 June 2024. The following VAT related findings were listed on AGSA's communications in the past. These should also be addressed to avoid future recurrence. - Additions recorded inclusive of VAT - Incorrect output VAT on disposals - Additions of Intangible Assets recorded inclusive of VAT	It is understood that there was a difference between the VAT Claim and what was allowed by SARS. - The payments not allowed by SARS need to be analyzed and transferred back to expenditure. - The necessary Correction of Error needs to be done (refer to GRAP 3 above).	CFO Deputy CFO Unit Manager: BTO	Ongoing
	It is assumed that the invoices in question do not conform to the requirements of the VAT Act. - These invoices need to be scrutinized and the recoverability of the VAT amounts needs to be determined. - If the amounts are recoverable from the service providers in needs to be raised as debtors. - Any amount claimed from SARS as input VAT need to be corrected. - Non-recoverable amounts need to be raised as Wasteful Expenditure as per the AG.	CFO Deputy CFO Unit Manager: BTO	Ongoing
	Management must evaluate current situation and see that VAT returns are submitted in time.	CFO Deputy CFO	Ongoing
	Management must evaluate current situation and make sure the financial system treats VAT transactions correctly. Management must see that the Input VAT on Petty Cash payments, subject to proper VAT	Unit Manager: BTO	

	invoices, and the VAT on Bank Charges, be journalised to assure it be included in the amount claimed from SARS. – It will be advantageous if the Petty Cash Register includes VAT Invoice and amount details. – VAT on bank charges can be obtained from Bank Statements – Corrective journals and COR needs to be done for previous year amounts. Management must evaluate current situation and see to it that the necessary corrective measures be taken. Investigate the status of these accounts, and other accounts with credit balances, to determine action. Implement section 28 of the VAT Act if necessary. Management must make sure that the parameters on these revenue votes be corrected as to declare Output VAT when amounts are receipted to the vote. Correction of Errors needs to be done for previous year transactions. If the amounts were claimed from SARS it needs to be reversed. Management should try and recover these amounts from service providers. – If it is not possible to recover the amounts it will have to be included in fruitless expenditure. – If it is sure to be unrecoverable from anyone it should be taken to Council to be written off.		

2.12 IPSAS 20 Related Party Transactions

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were noted by AGSA on the audit report for the year ended 30 June 2024. AGSA noted an Emphasis of matter issue on the audit report in the past: Awards were made to suppliers who did not submit a declaration on their employment by the state or their relationship to a person employed by the state, as per the requirements of SCM Regulation 13(c).	The municipality must identify and quantify all its Related Party Transactions according to the procedures described below on IPSAS 20. Make sure that the issue disclosed in 2023/24 financial year will not be reflected in the 2024/25 financial year.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2025
IPSAS 20: Related Party Disclosures			
Definitions: Related Party Transactions are transfers of resources or obligations between related parties, regardless of whether or not a price is charged. The municipality should identify all transactions between the municipality and related parties for reporting of related party transactions. If transactions took place other than on a normal arm's length basis, it should be disclosed in the financial statements.			
Identifying Related Parties	Actions required: Identify all related parties to the municipality based on the indicators included in IPSAS 20.5 to .15, which includes the following control and related party transaction indicators: - The municipality has the ability to veto operating and capital budgets of the other entity. - The municipality has the ability to veto, overrule, or modify the board of directors or equivalent governing body decisions of the other entity. - The municipality has the ability to approve the hiring, reassignment and removal of key personnel of the other entity. - The mandate of the other entity is established and limited by legislation. - The municipality holds a "golden share" (or equivalent) in the other entity that confers rights to	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2025

	govern the financial and operating policies of that entity. - The municipality holds direct or indirect title to the net assets of the other entity. - The municipality has a right to a significant level of the net assets of the other entity in the event of liquidation or in a distribution other than liquidation. - The municipality is able to direct the other entity to co-operate with it in achieving its objectives. - The municipality is exposed to the residual liabilities of the other entity. - Arrangements where one party expenses on behalf of another party (these costs may or may not be recovered). - Lease arrangements at more or less than market value or for no consideration. - Sales without substance (funds are transferred to an entity for goods or services that were never rendered / delivered). - Services or goods are purchased at nominal or no cost. Ensure that SAICA Circular 4/2005, <i>Guidance on the term State Controlled entities in the context of IAS 24 (i.e. also IPSAS 20) (Related Parties)</i>, is applied when determining if another state entity is a related party to the municipality.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2025
Identifying Related Parties: - The municipality must ensure that all related parties are identified. This will include parties that are able to control the other party or exercise significant influence over the other party in making financial and operating decisions.	Actions required: - The municipality should obtain declaration of interest statements from its councillors and senior management on a regular basis. - Obtain all such declarations of interest statements made to the municipality by its councillors and establish if there are councillors that made declarations that could indicate relationships with third parties. - The Supply Chain Management Unit (SCMU) should conduct an investigation to identify and list all transactions that occurred during the financial year between the municipality and third parties that	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2025

	have relationships with councillors (as per declarations obtained).		
Identifying Related Parties: The municipality must ensure that all related parties are identified. This will include parties that are able to control the other party or exercise significant influence over the other party in making financial and operating decisions.	Actions required: - The municipality should obtain declaration of interest statements from its key management personnel (Section 57 employees) (KMP) on a regular basis. - Obtain all such declarations of interest statements made to the municipality by its KMP and establish if there are KMP that made declarations that could indicate relationships with third parties. - The SCMU should conduct an investigation to identify and list all transactions that occurred during the financial year between the municipality and third parties that have relationships with KMP (as per declarations obtained).	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2025
Identifying Related Parties: The municipality must ensure that all related parties are identified. This will include parties that are able to control the other party or exercise significant influence over the other party in making financial and operating decisions.	Actions required: - The SCMU should identify related parties through its normal tender procedures, before transactions between the municipality and the related party is approved. - The SCMU should identify and list all approved transactions between the municipality and related parties that occurred during the financial year.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2025
Identifying Related Parties: The municipality must ensure that all related parties are identified. This will include parties that are able to control the other party or exercise significant influence over the other party in making financial and operating decisions.	Actions required: - The SCM should perform a search on the CIPRO database (Registrar of Companies) using the details of councillors and KMP to identify relationships of these officials with companies. Ensure that details obtained agree with declarations obtained from the officials and identify companies with which the municipality had dealings during the financial year. - The SCM should identify and list all approved transactions between the municipality and related parties (identified above) that occurred during the financial year.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2025

	- Short-term employee benefits (such as salaries, wages bonuses, and other allowances); - Post-employment benefits (such as pensions and post-employment medical care); - Other long-term benefits (such as long service leave and long-term disability benefits) ; and - Termination benefits.	Assistant Director: SCM, Payroll & Expenditure	

2.13 GRAP Standards not applicable to ZFM

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
ZFM did not have any transactions in the past regarding the following GRAP Standards: GRAP 4 - The Effects of Changes in Foreign Exchange Rates GRAP 5 - Borrowing Costs GRAP 6 - Consolidated and Separate Financial Statements GRAP 7 - Investments in Associates GRAP 8 - Interests in Joint Ventures GRAP 10 - Financial Reporting in Hyperinflationary Economies GRAP 11 - Construction Contracts GRAP 101 – Agriculture GRAP 12 – Inventories GRAP 16 – Investment Properties	If ZFM enter into any transactions regarding these GRAP Standards document and execute the procedures described in the GRAP Standards.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

3 Accounting for Assets

3.1 GRAP 17 Property, Plant and Equipment

Deviation from FMBPR	Proposed action plans to address compliance	Responsible Persons	Target Date
1.No PPE related findings were listed on the AGSA audit report for the year ended 30 June 2024 .	Attend to the discrepancies identified by the AGSA: - Implement and document procedures to annually:- - Verify the Assets of the municipality; - Review Residual Values of Assets; - Review Useful Lives of Assets; and - Test Assets for Impairment. - Implement and document procedures to ensure monthly reconciliation of assets. - Implement and document procedures to ensure continuous verification of assets. - Implement and document procedures to ensure continuous posting of corrective transactions for assets. - Correct the errors retrospectively for the year 2023/24. - Obtain and maintain an audit file to support any deviations identified. - Document and report the results of the yearly asset count to council. - Prepare accurate and complete financial and performance reports that are supported and evidenced by reliable information In order to have a GRAP compliant AR, the following will have to be done: - Align the Asset Management Policy to GRAP standards. - Ensure that all critical fields in the AR are completed and that the information is valid. - The asset register should be updated monthly, senior officials to review the asset register on a monthly and quarterly basis - Perform a physical verification of Assets. - Calculate and ensure that residual values are taken into account.	CFO Unit Manager: AFS&Reporting	30/06/2025

	- Review the residual values and the remaining useful lives of Assets on an annual basis. - Test Assets for impairment and record impairment losses. - Review the Depreciation Method on classes of assets annually. - Management should perform reconciliations between general ledger, financial statements and the asset register on a monthly basis. (REFER to the detail discussions below for the requirements of a GRAP compliant asset register) Document and execute the procedures described below on GRAP 17. Affect the disclosures required by GRAP 17. In general: - transactions should be supported by supporting documentation, reviewed and authorised by management, and - All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures. Expedite the process of procuring and implementing an electronic Asset Register as it will become increasingly more difficult to calculate and record the results from required GRAP 17 procedures on Excel spreadsheets. The municipality must review and implement a new Asset Management policy The <i>asset management policy</i> should include as a minimum the following aspects: - Objective of the asset management policy - Functional responsibilities of departments and individuals regarding PPE - GRAP accounting policies relating to PPE - Funding sources of items of PPE Administrative requirements - Legislative requirements	CFO Unit Manager: AFS&Reporting	30/06/2025

	- Maintenance policy - Insurance policy - Replacement policy Assets must be recorded in terms of the Asset Management Policy.		
GRAP 17: Property, Plant and Equipment			
Objective: The objective of this Standard is to prescribe the accounting treatment for property, plant and equipment so that the users of financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them.			
Requirements for Asset Register: - Section 63 (2)(c) of the MFMA stipulates that the accounting officer must take all reasonable steps to ensure that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register as may be prescribed.	The compilation of an Asset Register is a legislative requirement. Management should ensure that a GRAP compliant Asset Register should, as a minimum, contain the following: Acquisition dates of all items of property, plant and equipment. Clear descriptions of individual items of property, plant and equipment. Expected useful lives of individual item of PPE or depreciation rates determined in accordance with the principles set out in GRAP 17. Historical cost or fair value of individual items of property, plant and equipment or the fair value of assets received as donations. The location of the asset. Department or Service that use or controls the item of PPE. Identification reference, i.e. a unique asset number for physical verification and asset management purposes (bar code). Accumulated depreciation attributable to individual items of PPE. Impairment losses attributable to individual items of PPE. Carrying value of the asset. Funding sources of individual items of PPE.	CFO Unit Manager: AFS&Reporting	30/06/2025

	Where land and buildings are revalued, the revalued amount attributable to individual items of land and buildings as well as the date and basis of such valuation. Residual values. Whether the asset is pledged as security for any external loan or other obligation. To facilitate the preparation of GRAP compliant AFS, ensure that the AR is able to provide the following information on an annual basis: all acquisitions of property, plant and equipment, reflecting the following:- ➤ Transaction Date; ➤ Description; ➤ Amount; ➤ Supplier / Contractor; and ➤ Reference (invoice/contract/payment/order no). A summary of all disposals or write-offs of PPE during the year, reflecting the following:- ➤ Transaction Date; ➤ Description; and ➤ Amount. The disposals or write-offs amount should include both cost and accumulated depreciation. The aggregate depreciation expense for the year. Initially estimated useful life and reassessed useful life of each asset at reporting date. Residual values. Any impairment losses incurred during the year. The opening and closing balances of PPE at cost. The opening and closing balances of accumulated depreciation. Accumulated depreciation attributable to individual items of PPE. Movements in the revalued portion of PPE. Where land and buildings are revalued, the revalued amount attributable to individual items of land and buildings as well as the date and basis of such valuation. Carrying value of the asset. The location of the asset.	CFO Unit Manager: AFS&Reporting	31/07/2025

	Identification reference, i.e. a unique asset number for physical verification and asset management purposes (bar code). Whether the asset is pledged as security for any external loan or other obligation. In addition to classifications of assets into property, plant and equipment, there also needs to be further classifications in a public sector environment. The purpose of these classifications is to develop a benchmark accounting treatment to assist in the measurement of property, plant and equipment and to assist users to understand better the nature of the assets included as PPE, and thus the information referred to above should be presented annually by: Class (and sub-classes if applicable) of PPE. This information will be used to prepare the notes to the AFS on PPE. Funding source. This will enable the accounting entries relating to the EFF, CRR, Government Grant Reserve, Capitalisation Reserve as well as the Public Contributions and Donations Reserve to be easily prepared. Department or function. This will enable management to report on the Segmental Analysis of property, plant and equipment.		
It is generally found that an asset register does not contain clear descriptions of individual items of assets.	A GRAP-compliant AR should contain clear descriptions of individual items of assets. Vague asset descriptions Municipalities may discover that descriptions of some individual items in the Asset Register are vague. The implication of these vague descriptions is that it will be difficult to categorise these items of property, plant and equipment and to determine appropriate depreciation rates that will have to be applied to such items. A detailed review of the asset register should be done and vague descriptions investigated. If further information is not available, then such items should be written off. Municipalities should maintain proper information on such write-offs, obtain Council approval and provide suitable evidence to the Auditor-General.	CFO Unit Manager: AFS&Reporting	30/06/2025

It is generally found that an asset register does not contain acquisition dates of individual items of assets.	A GRAP-compliant AR should contain acquisition dates of all items of assets. Incomplete or missing acquisition dates Acquisition dates are crucial to the calculation of the carrying values of property, plant and equipment at the date of implementing accounting standards. Acquisition dates are paramount to the calculation of accumulated depreciation to date. A number of options may be considered when the acquisition dates of some items of property, plant and equipment are not known: Where acquisition dates are not known, a process to check old accounting records, such as internal advances registers, external loan registers and approved budgets, to ascertain whether such information is available, should be investigated. Whilst this option will provide accurate information to determine acquisition dates, it could take considerable time. There will also be a likely cost implication due to a lack of capacity. A second option is to physically identify the items of property, plant and equipment in question and, based on visual evaluation, determine a likely acquisition date. This approach may be criticised from an audit perspective, will be time consuming and costly due to the need to in-source capacity. It may also be difficult to identify the specific item of property, plant and equipment to undertake a visual evaluation. The third option is to assume that the municipality has owned these assets for periods that are longer than their useful lives for depreciation purposes. This will certainly result in audit queries but will be easy to implement and will have no cost implications from a capacity perspective	CFO Unit Manager: AFS&Reporting	30/06/2025
It is generally found that an asset register does not contain The indication of funding sources of individual items of assets, or funding sources are incorrect.	To initially implement GRAP, loans redeemed and other capital receipts (LROCR) should be unbundled, and backlog depreciation should be calculated in order to compile a GRAP-compliant AR. (refer to section) The indication of funding sources of individual items of PPE in the AR would be useful for internal use by management.	CFO Unit Manager: AFS&Reporting	30/06/2025

	Incomplete financing sources Municipalities should record the financing sources of all property, plant and equipment to facilitate the implementation process. The reason is that Loans Redeemed and Other Capital Receipts must be unbundled on the date of implementation. Furthermore account balances such as internal loans must also be reversed. Municipalities that are unable to easily determine the original source of financing have a number of options to consider when dealing with the above-mentioned challenges: Firstly, a process to check old accounting records to ascertain whether such information is available can be followed. Whilst this option will provide accurate information, it will take considerable time. There will also be a likely cost implication due to capacity constraints. It should be noted that information on external loans as well as government grant funded items of property, plant and equipment may be relatively easy to obtain in relation to other financing sources as these are typically project linked and in respect of government grants, the majority of transactions will have only occurred in recent years. An alternative option is to allocate assets to the different financing sources that constitute Loans Redeemed and Other Capital Receipts by using the description of the asset to determine a likely financing source based on general practice in the past. For example, office furniture is likely to have been funded by Revenue Contributions whereas major infrastructure is likely to have been funded from External Loans. This approach may be criticised from an audit perspective, will be time consuming and may be costly due to the need to in-source capacity. Municipalities should select the option that is appropriate to their individual circumstances, cost effective and pragmatic.		
Physical verification	Physical verification of assets For reporting and audit purposes, an AR should reflect all PPE of the municipality; and the PPE reported should be assets that actually exist and are controlled by the municipality. 1) The AR should be the end result of the physical verification of assets. All assets listed in the AR should contain a clear	CFO Unit Manager: AFS&Reporting	30/06/2025

	cryptic description of the asset as well as a unique identifiable asset number. Bar coding could be used for all moveable assets and even buildings, while property (erf) numbers, for example, could be used for identification of land. 2) A certificate should be issued by the team involved in establishing the AR to the extent that all assets contained on the AR have been physically verified 3) Where counts are performed, a listing should be provided per room, and this should be signed by the person responsible for that specific room. 4) Together with the asset count, the Municipality should perform a condition assessment, which would indicate the need for impairment testing or the adjustment to the useful lives. (Refer procedures beneath The ideal is that a physical verification is performed at year-end (30 June). Alternatively a physical verification can be done earlier e.g. 31 March, with the movements in carrying value of PPE (such as additions, disposals and depreciation) between 31 March and 30 June being well documented.		
GRAP 17.74 requires municipalities to determine whether an item of property, plant and equipment is impaired.	The AR should reveal assets that have been or should be impaired as well as the related impairment expense and accumulated impairment.	CFO Unit Manager: AFS&Reporting	30/06/2025
For reporting and audit purposes, an AR should reflect all PPE of the municipality	Management to review the AR for completeness once the above steps have taken place.	CFO Unit Manager: AFS&Reporting	30/06/2025
In addition to classifications of assets into property, plant and equipment, there also needs to be further classifications in a public sector environment. The purpose of these classifications is to develop a benchmark accounting treatment to assist in the	In addition, the information referred to above should be presented annually by: Class (and sub-classes if applicable) of PPE. This information will be used to prepare the notes to the AFS on PPE	CFO Unit Manager: AFS&Reporting	30/06/2025

measurement of property, plant and equipment and to assist users to understand better the nature of the assets included as PPE.	Funding source. This will enable the accounting entries relating to the EFF, CRR, Government Grant Reserve, Capitalisation Reserve as well as the Public Contributions and Donations Reserve to be easily prepared. Department or function. This will enable management to report on the Segmental Analysis of property, plant and equipment.		
Some assets are commonly described as “infrastructure assets”. While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:	Ensure that all infrastructure assets are recorded and valued in the AR. Such assets must be separately identifiable (componentised) as they might have different life-expectancy periods and need to be depreciated over different periods. (For example, all roads should be specifically identified and listed in the AR). A project plan should be prepared that includes a motivation on how to determine the GRAP compliant book values of infrastructure assets that have global amounts.	CFO Unit Manager: AFS&Reporting CFO Unit Manager: AFS&Reporting	30/06/2025 30/06/2025
GRAP 17.40 states that the fair value of land and buildings is usually their market value, determined by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognised and relevant professional qualification.	Ensure that all land and buildings owned by the municipality are reflected on the AR. Information from the Deeds Office should be obtained and compared to other available information to facilitate this process. A project plan should be prepared that states that the municipality will reflect all land and buildings never accounted for before at fair value amounts (depending on the accounting policy) and how the fair values will be established. The fair value of land and buildings identified for inclusion on the AR should be established and recorded on the AR. The fair value of land and buildings is <i>usually</i> their market value, determined by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognised and relevant professional qualification.	CFO Unit Manager: AFS&Reporting CFO Unit Manager: AFS&Reporting	30/06/2025 30/06/2025

GRAP 17.60 states that the depreciable amount of an item of property, plant and equipment shall be allocated on a systematic basis over its useful life. The depreciation method used shall reflect the pattern in which the asset's economic benefits or service potential is consumed by the entity.	Capitalisation thresholds The implication of having a capitalisation threshold is that assets below the threshold are depreciated over one year regardless of the asset's useful life, a practice not in line with GRAP 17. Municipalities could either have an internal policy concerning a threshold (Option A), or depreciate all assets correctly according to depreciation periods per asset classification (Option B). Option A - If a municipality wishes to have an internal policy concerning a threshold for recognising capital assets they may do so. This should however not be included as part of the disclosed accounting policy in the annual financial statements because it is not in line with GRAP 17. The assets below the threshold should then be listed and carried forward from year to year. The external auditors will measure the cumulative figure against materiality on an annual basis. In other words, they will annually calculate the correct carrying value for these assets and if the omission thereof in the Statement of Financial Position is material, it would lead to a qualification. Option B - The correction of assets previously expensed over one year should be treated as a prior period error and corrected retrospectively, as GRAP 17 had previously been incorrectly applied.	CFO Unit Manager: AFS&Reporting	30/06/2025
Additional requirements: General requirements.	Actions required: Ensure that residual values are considered for all classes of PPE where a history exists of such items of PPE being sold at the end of its useful lives at significant amounts (compared to the asset's original cost) (GRAP 17.61, .63 and .64). A typical example of such an item at the municipality would be vehicles. As a general rule, only consider items which usually are sold for more than 10% of its original cost. In the determination of a history of sales, consider at least one year's sales information/auctions. Ensure that the municipality applies the distinction criteria to distinguish between PPE, inventories, IP and non-current assets held for sale (see discussion below). The council's reports should be used to identify land that should be sold after 12 months from year-end.	CFO Unit Manager: AFS&Reporting	30/06/2025

	Distinction criteria to distinguish between inventories, non-current assets held for sale, IP and PPE:- - if the municipality has a history of property development and sales (i.e. developing land with the intention to sell it in the future/ a separate department exists in the municipality that deals specifically with this function), such land that is expected to be sold within 12 months from year-end shall be classified as inventory (GRAP 12.23 and .56); - if the municipality does not have a history of property development and sales (i.e. developing land with the intention to sell it in the future), the intention with current developments should be evaluated – if it is clear that council is holding this land to be sold in the ordinary course of operations similar as the above-mentioned scenario of development and sale, and such land is expected to be sold within 12 months from year-end, it shall be classified as inventory (GRAP 12.23 and .56); - all other land, held to be sold within 12 months from year-end, shall be classified as non-current assets held for sale provided that the requirements of GRAP 100.8 to .11 are met (if the requirements in GRAP 100 are not met, classify such assets as PPE at year-end); - buildings and other movable and immovable assets will highly unlikely be held for sale in the ordinary course of operations (as the municipality does not trade in such assets generally) – such assets held to be sold within 12 months from year-end, shall be classified as non-current assets held for sale provided that the requirements of GRAP 100.8 to .11 are met (if the requirements in GRAP 100 are not met, classify such assets as PPE at year-end). All remaining land and buildings which are not IP (as discussed in the section on IP above), shall be classified as PPE at year-end.		
Impairment:	Refer to GRAP 21 below	CFO Unit Manager: AFS&Reporting	30/06/2025

Additional requirements: Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to follow to the entity (GRAP 1.6).	Actions required: Ensure that assets that are constructed by the municipality on behalf of another entity, which will be transferred to such entity when construction is complete, are not capitalised in the records of the municipality at any stage (neither will it be WIP, nor will it be a finished constructed asset in the municipality's records); Ensure that assets that are constructed on behalf of the municipality, by another entity, which will be transferred to the municipality when construction is complete, are capitalised in the records of the municipality at year-end (or at the date at which such assets or section of such assets are completed by the other entity). Such assets shall be recorded as WIP or finished constructed asset in the municipality's records. 1.1An example is roads that are being constructed by a contractor on behalf of the municipality. These WIP roads need to be derecognised in the contractor's records and need to be recognised in the municipality's records, retrospectively (the JOURNAL entry in the municipality's records is a debit to WIP (B/S) and a credit to Assets received from entity (economic development entity) (I/S).	CFO Unit Manager: AFS&Reporting	30/06/2025
Additional requirements: General requirements.	Actions required: Ensure that interim valuations performed on PPE (after initial valuation roll exercise) are accounted for in accordance with the subsequent measurement model (GRAP 17.38 - .52). Management to confirm whether such interim valuations should be accounted for retrospectively as a correction of prior period error/first time adoption of revaluation model for subsequent measurement . Ensure that any insurance costs which had erroneously been capitalised in the past to PPE is reversed retrospectively – this is a correction of a prior period error in terms of GRAP 3 (please note that this adjustment will have an influence on accumulated depreciation and the accumulated surplus retrospectively). Ensure that residual values are considered for all classes of PPE where a history exists of such items of PPE being sold at the end of its useful lives at significant amounts	CFO Unit Manager: AFS&Reporting	30/06/2025

	(compared to the asset's original cost) (GRAP 17.61, .63 and .64). A typical example of such an item at the municipality would be vehicles. As a general rule, only consider items which usually are sold for more than 10% of its original cost. In the determination of a history of sales, consider at least one year's sales information/auctions. Ensure that the municipality applies the distinction criteria to distinguish between PPE, inventories, IP and non-current assets held for sale (see discussion below). The council's reports should be used to identify land that should be sold after 12 months from year-end. Distinction criteria to distinguish between inventories, non-current assets held for sale, IP and PPE:- 1.2 if the municipality has a history of property development and sales (i.e. developing land with the intention to sell it in the future/ a separate department exists in the municipality that deals specifically with this function), such land that is expected to be sold within 12 months from year-end shall be classified as inventory (GRAP 12.23 and .56); 1.3 if the municipality does not have a history of property development and sales (i.e. developing land with the intention to sell it in the future), the intention with current developments should be evaluated – if it is clear that council is holding this land to be sold in the ordinary course of operations similar as the above-mentioned scenario of development and sale, and such land is expected to be sold within 12 months from year-end, it shall be classified as inventory (GRAP 12.23 and .56); 1.4 all other land, held to be sold within 12 months from year-end, shall be classified as non-current assets held for sale provided that the requirements of GRAP 100.8 to .11 are met (if the requirements in GRAP 100 are not met, classify such assets as PPE at year-end); 1.5 buildings and other movable and immovable assets will highly unlikely be held for sale in the ordinary course of operations (as the municipality does not trade in such assets generally) – such assets held to be sold within 12 months from year-end, shall be classified as non-current assets held for sale provided that the requirements of GRAP 100.8 to .11 are met (if the requirements in GRAP	CFO Unit Manager: AFS&Reporting	30/06/2025

	100 are not met, classify such assets as PPE at year-end). 1.6 All remaining land and buildings which are not IP (as discussed in the section on IP above), shall be classified as PPE at year-end.		

3.2 GRAP 21 Impairment of Non-cash generating Assets AND GRAP 26 Impairment of Cash generating Assets

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues regarding Inventories were listed on AGSA's audit report or communications for the year ended 30 June 2024.	For Impairment of Cash and Non-cash generating assets the following must be done according to GRAP 21 and GRAP 26.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025
GRAP 21 Impairment of Non-cash generating Assets			
Impairment of Non-cash generating assets	Actions required: In testing and accounting for impairment of non-cash generating assets, perform the following steps: Ensure that the components of infrastructure assets are reviewed for potential impairment losses. For all material assets or classes of assets, identify and make extracts from the Fixed Asset Register of the following assets: ➤ All Infrastructure assets, per component; ➤ All buildings (other than buildings included in infrastructure assets); ➤ All motor vehicles; ➤ All IT equipment (assets can be grouped in material classes, e.g. laptops, providing that they are of a similar nature, age and condition); and ➤ All movable assets under the control of the asset managers of the various departments/ sections (assets can be grouped in material	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	classes, e.g. tables and chairs, providing that they are of a similar nature, age and condition). CFO to issue a memo (including a printout of the FAR per department/ section) annually to all department/ section heads to identify items of PPE that may have suffered impairment losses, requesting them to identify assets that: ➤ Are in a state of permanent damage at year-end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year-end); ➤ Are stolen at year-end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft); ➤ Are technologically obsolete at year-end (this can be facilitated by supplying departments / sections with a AR printout pertaining to major assets showing the remaining useful lives of assets - the department / section heads can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout); and ➤ Have remained idle for a considerable period either prior to them being put into use at year-end or during their useful life. The CFO shall evaluate the results obtained in the procedures above and determine if any impairment indicators exist. If impairment indicators exist, as determined above, ensure that the recoverable service amount as per GRAP 21. 29 - .46 is determined for each asset / class of assets that are potentially impaired. If the asset's recoverable amount is less than the asset's carrying amount, impairment exists. The difference between the assets's carrying amount and its recoverable (service) amount is calculated and represents the impairment loss on assets.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025
	If impairment indicators exist, as determined above, ensure that the recoverable service amount as per GRAP 21. 29 - .46 is determined for each asset / class of assets that are potentially impaired. If the asset's recoverable amount is less than the asset's carrying amount, impairment exists. The difference between the assets's carrying amount and its recoverable (service) amount is calculated and represents the impairment loss on assets.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	Ensure that impairment losses are recognized and accounted for in accordance with GRAP 21.47 - .54. Ensure that the disclosure requirements of GRAP 21 are adhered to at year-end. Ensure that the requirements of GRAP 21 are applied prospectively in accordance with the transitional provisions found in GRAP 21.80.		

3.3 GRAP 102 Intangible Assets

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1.No issues regarding Intangible assets were listed on AGSA's audit report for the year ended 30 June 2024 . -	Document and execute the procedures described below on GRAP 102. Ensure that additions of intangible assets are captured excluding VAT on the capital votes	CFO Deputy CFO	30/06/2025 Ongoing
GRAP 102: Intangible Assets			
Objective: The objective of this Standard is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard of GRAP. This Standard requires an entity to recognise an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets.			
Exemptions granted in past: The entire standard except for the recognition, measurement and disclosure of computer software equipment and website costs (SIC 32/AC 432) and all other costs are expensed.	Actions required: Ensure that all assets that meet the definition of an intangible asset and the recognition criteria for an asset are identified by scrutinising the AR and capital purchases file/vouchers. Ensure that all intangible assets identified are measured initially at their cost price. Ensure that the necessary procedures are put in place to ensure the proper accounting treatment of Intangible assets after initial recognition to deal with the accounting for subsequent expenditure, amortisation, review of useful lives of intangible assets, retirements and disposals of intangible assets and internally generated intangible assets.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	Ensure that the following adjustments are made to the intangible assets currently reflected as PPE in the asset register: (a) If any intangible assets are currently classified as part of PPE, then the full application of GRAP 102 will lead to a reclassification of these items as intangible assets. This will result in a reduction in the carrying amount of PPE and an increase in intangible assets. (b) If intangible assets (computer software and website costs) have been incorrectly expensed in the past this can be regarded as a prior period error and will be corrected retrospectively by applying GRAP 3. If however intangible assets other than computer software and website costs have been expensed as per the exemption offered in GG 30013, they will now be recognised retrospectively in accordance with the requirements of GRAP 102, GRAP 3 and Directive 3.91 as a change in accounting policy. This will lead to a restatement (increase) of the opening balance of the Accumulated Surplus Account as well as an increase in the Asset Value on the Statement of Financial Position of the Municipality. Retrospective application of GRAP 102 to Intangible assets other than software and website costs will be treated as a change in accounting policy. Discussion on application: Examples of items which may meet the definition of an intangible asset in the municipal environment are: A license fee for operating a tip site, where the fee grants to the municipality the right to operate the tip site for a period of longer than one year – the municipality does not pay for such a licence, nor is there an active market for such licences, thus the cost or fair value cannot be determined and the intangible asset cannot be recognised; and Servitudes – the Department of housing and land should have a register of servitudes acquired and	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	granted. Servitudes Granted: source of other income. Servitudes Acquired: usually these servitudes are acquired at zero cost or, if it is registered, insignificant amounts are paid for such registration. There is no active market for servitudes, thus its fair value cannot be determined reliably. Servitudes will therefore not be recognised as intangible assets if they were acquired at zero cost. Other licenses – any license (computer, vehicle) which is renewed annually will not be an IA, as IA cannot be current assets. Licences which render a benefit for longer than 12 months need to be considered as being potential IA.		

3.4 Debtors and Provision for Bad Debts

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No findings for Debtors and Provisions for Bad Debts were listed on the AGSA audit report for the year ended 30 June 2024. The following were listed on the communications for 30 June 2011: - Bad debts: Amounts not written off ➤ During the audit of bad debts it was noted that there are bad debts which are more than 90 days and not yet written off - Bad debts: No steps taken to recover debts ➤ During the audit of bad debts we noted that no necessary steps were taken to recover debts prior write-off - Receivables: No supporting document for the suspense amount	Perform reconciliations between the Debtors listing and the trial balance, obtain supporting documentation for differences and file the working papers for audit purposes. Develop a Policy for the Provision of Bad Debts. Ensure that adequate provisions are raised against Debtors. Debtors should be provided for on the merits of each receivable. Prepare an ageing of trade and other receivables list on a monthly basis. Reconcile the list to the general ledger on a monthly basis The reconciliation must be reviewed by a delegated official on a monthly basis Prepare a list of receivables to be written off. Present the list of receivables to be written off to council for approval Ensure that the amount written of agrees to the 'Receivables written off' in the general ledger	CFO Deputy CFO Unit Manager: BTO	Monthly

	Ensure that the receivables ledger is updated with the accounts written off		
Financial Assets: According to IAS 39.43, Financial Assets and Financial Liabilities are recognised initially at fair value). IAS 39.46 states that after initial recognition, the following categories of financial assets are measured at amortised cost: ➤ Loans and Receivables, e.g. accounts receivable and loans; ➤ Held to Maturity Assets; and ➤ Investments in shares that do have a quoted market price in an active market. All other financial assets are measured at fair value. Amortised cost is defined in IAS 39 as the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.	Discounting of consumer and other debtors: If the municipality raises interest on outstanding consumer and other debtors' accounts on a time-proportionate basis, the balance of these debtors at year-end represents their net present value. Discounting of debtors is therefore not necessary. Consumer Debtors: If no interest is raised on outstanding consumers debtors' accounts ensure that outstanding balances at year-end are discounted. Debtors should be divided into geographical areas and the discounting exercise should be done per geographical area. The average collection period should be calculated per geographical area and used to determine the net present value of outstanding debtors (per geographical area) at year-end. Other Debtors: Discounting of these debtors is normally not performed due to the short term nature of these debtors resulting in an immaterial difference between the amount outstanding at year-end and their net present value.	CFO Deputy CFO Unit Manager: BTO	30/06/2025
Provision for Doubtful Debts: IAS 39.64 states: "An entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see paragraph 59). If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and	Provision for Doubtful Debts: Management should, when the evidence arises (normally at year-end); ensure that the impairment provision (Provision for Bad Debts) is made in accordance with IAS 39.64. Therefore management should assess the Provision for Bad Debts:- ➤ Separately for each individual debtor; or ➤ For groups of debtors with similar credit risks.	CFO Deputy CFO Unit Manager: BTO	30/06/2025

collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.”			

3.5 Bank Accounts and Cash

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No findings were reported by AGSA on Bank accounts and cash on the audit report or any of the communications for 30 June 2024: However the following general problems on bank account reconciliations can occur: - The bank reconciliations were not prepared on a monthly basis for all bank accounts. - Bank reconciliations for all active bank accounts were not reviewed and approved by an independent senior official. - It was noted that the municipality does not maintain a register for returned and outstanding cheques.	ZFM must attend to the audit findings and make sure that the followings step are taken: (a) Document the processes and procedures to be followed in Bank and Cash Administration. (b) Prepare and file working papers for Bank and Cash transactions. (c) Perform monthly reconciliations on Bank and Cash and file the working papers for audit purposes. (d) Long standing reconciling items must be cleared from Bank Reconciliations. Ensure the proper and correct disclosure of Bank, Cash and Cash Equivalents in the AFS. Review the prior year matters that lead to a disclaimer of opinion, and restate comparatives with the correction of the error. Perform a monthly reconciliation for each bank account between the following accounts: - Bank Control - general ledger account; and - Bank Statement received from banking institution. Ensure that all differences and reconciling items are followed-up upon discovery thereof. Authorisation of the Bank Reconciliation by the CFO or delegated official:	CFO Unit Manager: BTO	30/06/2025
		CFO	30/06/2025

	- Where the credit facility was approved by the council only for emergency use, the accounting officer notify the council in writing, as soon as is practicable, of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debts. (Section 45 (3) of the MFMA.) Initial the bank reconciliation as evidence of review thereof by a senior official. Ensure compliance with all MFMA sections related to bank accounts, i.e. sections 7-12, 70, 85, 86 and section 125, including during preparation of the AFS disclosure notes.		

3.6 Investments

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues regarding Investments were listed on AGSA's audit report or communications for the year ended 30 June 2024. However, ensure that the proposed actions are applied. The municipality does not have any Investment in Associates and / or Interest in Joint Ventures.	Ensure that a clear distinction is made if liquid investments are investments or Cash and cash equivalents. Monthly reconciliations of the investments must be performed and reviewed. The reconciliations must be done between the following: - The investment confirmation from an external source (e.g. the bank); - The investment register; and - The general ledger. (Any differences must be followed up immediately and rectified) Compile the AFS in line with the accounting policies. Ensure that the requirements of the Investment Policy are met (e.g. not more than 40% of the total invested at one institution)	CFO Unit Manager: BTO	30/06/2025 Monthly

4 Accounting for Liabilities

4.1 GRAP 13 Leases

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were reported on leases by AGSA on the audit report or communications as at 30 June 2024. However, ensure that all lease classifications are done accurately according to GRAP 13.	Implement this standard retrospectively Document and execute the procedures described below on GRAP 13. Affect the disclosures required by GRAP 13. Update the asset policy for classification of leases	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025
GRAP 13: Leases Objective: The objective of this Standard is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosures to apply in relation to finance and operating leases. Definitions: A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.			
Exemptions granted in past: Recognising operating lease payments/receipts on a straight-line basis if the amounts are recognised on the basis of the cash flow in the lease agreement.	Actions required: Ensure that operating leases that have fluctuating payment/receipt arrangements are identified. Ensure that the average expenditure/revenue over the complete lease term for the above-mentioned lease contracts is determined. Based on the above-mentioned average expenses /revenue, ensure that the amounts recognised for operating leases are the average (straight-lined) expenses/revenues and not the physical payments/ receipts. If the actual payments/receipts in a year are more than the average payments/receipts, ensure that the difference will be shown as a debtor/creditor in the AFS for both the current and the prior year.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	If the actual payments/receipts in a year are less than the average payments/receipts, ensure that the difference will be shown as a creditor/debtor in the AFS for both the current and the prior year. Ensure that contingent rentals (such as those with escalation connected to CPIX) are not straight-lined. Ensure that contingent rentals (such as those with escalation connected to CPIX) are not included in the projected future minimum operating lease expenses/ receipts in the note to the AFS. Ensure that the disclosure requirements of GRAP 13 are adhered at year-end. Review ASB comparison between IAS 17 and GRAP 13 and ensure that any differences are taken into account in the 2010 AFS. Some of the major differences are as follows: ➤ GRAP 13 includes a different set of definitions of technical terms to IAS 17. ➤ Certain terminology differences exist between IAS 17 and GRAP 13. ➤ GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction. ➤ Additional disclosure requirements are included in GRAP 13.46. Ensure that the following requirements of ASB Directive 3.49 to .53 are adhered to: ➤ The requirements of GRAP 13 shall be applied retrospectively. ➤ Where items have not been recognised and/or measured as a result of transitional provisions under other GRAP Standards, the requirements of GRAP 13 would not apply to such items until the transitional provisions in those other GRAP Standards expire (i.e. in 2011 the requirements of GRAP 13 would apply to such items). ➤ While municipalities are not required to recognise finance lease assets / liabilities in their financial statements in relation to those items that have not been recognised in their	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	financial statements as a result of applying the transitional provisions in other GRAP Standards, municipalities are however required to apply the disclosure requirements of GRAP 13 insofar as the lease assets/ liabilities have been identified. Discussion on application: Differences between the actual payments/receipts and the average expense/revenue can occur in terms of leasing arrangements where: - the lease payments/receipts are not spread equally over the lease term , - the lessee is required to make payments prior to bringing the leased asset into use, - the lease involves an initial term which is significantly less than the period over which benefit is to be derived from the leased asset and there is an option to renew the lease at lease payments which are either significantly less or more than the lease payments during the initial term, and renewal of the lease is reasonably assured.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025
Additional requirements: Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Although the following are examples of situations which would normally lead to a lease being classified as a finance lease, a lease does not need to meet all these criteria in order to be classified as a finance lease: (a) the lease transfers ownership of the asset to the lessee by the end of the lease term; (b) the lease term is for the major part of the economic life of the asset even if title is not transferred; (c) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset (GRAP 13.12 extracts).	Actions required: Ensure that all leasing arrangements meeting the definition of finance leases, are accounted for as finance leases (e.g. electronic equipment, vehicles and cell phone contracts). Discussion on application: Currently the AGSA views cell phone contracts for the majority of municipalities in SA to be finance leases. However, SAICA believes at this stage that such arrangements typically do not constitute finance leases.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

4.2 GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
The following issues were reported on Provisions, Contingent Liabilities and Contingent Assets by AGSA on the audit report or communications as at 30 June 2014. Provision for Performance bonuses were incorrectly classified as contingent liabilities. This was correctly adjusted on the AFS. ZFM' legal confirmation differed from the legal confirmation requested by the AGSA from the same attorneys.	Document and execute the procedures described below on GRAP 19. Affect the disclosures required by GRAP 19. Provision for Performance bonuses were treated correctly in the signed 2023/24 AFS. Thus we will calculate the provision on 30 June 2025. Discuss this issue with the attorneys and request them to inform ZFM when a legal case has changed after 30 June and 30 August.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025
GRAP 19: Provisions, Contingent Liabilities and Contingent Assets			
Objective: The objective of this Standard is to define provisions, contingent liabilities and contingent assets, identify the circumstances in which provisions should be recognised, how they should be measured and the disclosures that should be made about them. The Standard also requires that certain information be disclosed about contingent liabilities and contingent assets in the notes to the financial statements to enable users to understand their nature, timing and amount. Definitions: A Contingent Asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A Contingent Liability is: (a) A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or (b) A present obligation that arises from past events but is not recognised because: (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or (ii) The amount of the obligation cannot be measured with sufficient reliability. A Provision is a liability of uncertain timing or amount.			
General actions:	Actions required: Ensure that GRAP 19 is applied retrospectively in the financial statements. Ensure that the disclosure requirements of GRAP 19 are adhered to at year-end.	CFO Deputy CFO	30/06/2025

	➤ The measurement period ends as soon as the municipality receives the information it was seeking about facts and circumstances that existed at the above-mentioned transfer date or learns that no more information is obtainable. However, the measurement period shall not exceed three years from the above-mentioned transfer date or 1 July 2008, whichever date is later. ➤ Until such time as the above-mentioned measurement period expires and provisions, contingent liabilities and contingent assets are measured and recognised in accordance with GRAP 19, the municipality need not comply with GRAP 1 <i>Presentation of Financial Statements</i>, GRAP 4 <i>The effects of Changes in Foreign Exchange Transactions</i>, GRAP 13 <i>Leases</i>, GRAP 18 <i>Segment Reporting</i> & GRAP 100 <i>Non-current Assets Held for Sale & Discontinued Operations</i>. ➤ While entities are not required to recognise provisions (which form part of the cost of an asset) in their financial statements for those assets that have not been recognised in their financial statements as a result of applying the transitional provisions in other GRAP Standards, the municipality is required to apply the disclosure requirements about the provisions related to those assets in accordance with GRAP 19.		
CONTINGENT ASSETS AND CONTINGENT LIABILITIES			
Recognition: Contingent liabilities / assets are not recognised .	Actions required: Ensure that any items meeting the definition of a contingent liability / asset are identified . Such contingent liabilities / assets should be disclosed in accordance with GRAP 19, but should not be recognised. Examples may be unresolved court cases or litigation or arbitration.	CFO Deputy CFO Unit Manager: AFS&Reporting	Ongoing

	Draft a standard memo to the legal department as well as the HOD's during the first week in July requesting information from them on any potential liabilities / assets that the municipality may have. Examples are unresolved court cases or litigation or arbitration.		
Disclosure: Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability / asset at the reporting date a brief description of the nature of the contingent liability /asset and, where practicable: (a) an estimate of its financial effect; (b) an indication of the uncertainties relating to the amount or timing of any outflow; and (c) the possibility of any reimbursement.	Actions required: Ensure that all contingent liabilities / assets are properly disclosed as per the disclosure requirements of GRAP 19. Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable: (a) an estimate of its financial effect (b) an indication of the uncertainties relating to the amount or timing of any outflow; and (c) the possibility of any reimbursement. Discussion of application: The following procedures could be performed by the CFO to ensure completeness of contingent liabilities / assets disclosed at year-end: ➤ Inspect correspondence files with clients of the municipality to identify any contingent liabilities / assets. ➤ Review confirmation letter requested and obtained from the municipality's legal council as to all current, pending and outstanding legal disputes and confirm by inspection that all necessary disclosures have been made. ➤ Review all legal correspondence between the municipality and its legal council and confirm that no contingent liabilities / assets have been omitted from being disclosed. ➤ Examine minutes of management meetings for evidence of discussion of possible contingent liabilities / assets and confirm that all necessary disclosures have been made. ➤ Inspect the terms and conditions of contracts	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	entered into by the municipality and third parties and confirm that adequate disclosures of contingent liabilities / assets have been made as necessary.		
PROVISIONS			
Recognition: A Provision shall be recognised when: (a) The municipality has a present obligation (legal or constructive) as a result of a past event; (b) It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and (c) A reasonable reliable estimate can be made of the amount of the obligation.	Actions required: A provision should only be recognised when a municipality has a present legal or constructive obligation to transfer economic benefits as a result of past events and a reasonable estimate of the obligation can be made. An obligation implies the existence of a third party to which the municipality is obligated. A legal obligation arises as a result of an external party having a legal right to enforce the municipality to pay or perform for example if the municipality is forced by legislation to clean certain waste sites then a legal obligation exists. A constructive obligation is one arising from the facts in a particular situation. This implies that although a municipality may have no legal obligation to perform it may have other sanctions that leave it with no realistic alternative but to incur certain expenses. Examples of constructive obligations include: ➤ a municipality that habitually makes grants-in-aid to deserving communities , but is under no legal obligation to do so, but could not change its policy without incurring unacceptable damage to its reputation, and ➤ A municipality that has identified contamination in certain land bordering its area of jurisdiction. The municipality may not be legally obliged to clean up the land, but because of its published policies or past actions, is obliged to do so. In order to recognise a provision, the obligation must result from a past event , for example a service must have been rendered by a third party in the past before	CFO Deputy CFO Unit Manager: AFS&Reporting	Ongoing

Provisions can be distinguished from other liabilities such as trade payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. By contrast: (a) trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier; and (b) accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions.	a liability arises and a mere intention to render a service by a third party is not sufficient for the recognition of a provision. A provision should be recognised provided that a reasonable estimate of the obligation can be made. The provision should be the best estimate at the statement of financial position date of the expense required to settle the obligation. Where the effect of discounting is material, the amount of a provision should be the present value of the expenses required to be settled in the future. If the municipality is a party to an onerous contract (i.e. a contract entered into with another party under which the unavoidable costs of fulfilling the terms of the contract exceed any revenue expected to be received from the goods or services supplied or purchased directly or indirectly under the contract and where the municipality would have to compensate the other party if it did not fulfil the terms of the contract), there is a present obligation arising out of that contract and provision for it is required. Identify all provisions that have to be raised by the municipality where the municipality has a present legal or constructive obligation to transfer economic benefits as a result of past events and a reasonable estimate of the obligation can be made. Ensure that the municipality distinguish correctly between provisions, long-term liabilities, trade payables and accruals as described. Measure and initially record all provisions identified in the first step above. Ensure that provisions are classified into current and non-current liabilities. Review provisions at each reporting date. The review should take into account all information available relating to the provision. Adjustments to provisions should be based on the current best estimates of management of the amount required to settle the obligation at reporting date.	CFO Deputy CFO Unit Manager: AFS&Reporting	Ongoing

Accruals are often reported as part of trade and other payables, whereas provisions are always reported separately as a separate line item on the Statement of Financial Position of the municipality.	Municipalities may revise their provisions during the year as well and should then comply with the disclosure requirements of GRAP 19.107. Expenditure incurred subsequent to year end in relation to a provision that was raised at the previous year end, should be allocated against the provision. The expenditure must not be recorded as expenditure in the new financial year as expenditure was already provided for in the previous financial year. The provision can however only be used to offset expenditure for which it was originally recognised.		
Measurement: The amount recognised as a provision shall be the best estimate of the expenditure 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 shall be the present value of the expenditure expected to be required to settle the obligation. These future cash outflows should be discounted by a discount rate (that should be an average cost of borrowing interest rate) which includes an inflation factor.	Actions required: Measure and initially record all provisions identified as described above. The measurement of some of the more common provisions that need to be raised by municipalities is set out below: Provision for the rehabilitation of tip sites: The legal obligation for rehabilitating tip sites at year-end is restricted to the amount that needs be spent to rehabilitate the damage to land, that exists at Statement of financial position date. The extent of the damage to tip site land that will need to be rehabilitated , needs to be determined at year end and an accounting provision needs to be raised as a current liability at Statement of financial position date. Provision for the clearing out of alien vegetation: A calculation of the projected cost and timeframe to clear out all alien vegetation that exists at Statement of financial position date will have to be performed. The full amount of the expense discounted to present cost should be raised as a provision and reflected as a current liability at year end. If this will result in an accumulated deficit for the municipality the amount should be phased in.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

	Provision for grant-in-aid contributions: An estimate needs to be made at Statement of financial position date of the amount of the grant-in-aid contributions that are estimated to be paid out during the next financial year. This estimate needs to be raised as a provision and reflected as a current liability at year end. The amount can be determined from the operating budget for the next financial year which will already be finalised at Statement of financial position date. Discussion of application: The only potential provisions identified which management could be required to account for, is the provision for the rehabilitation of tip sites and the removal of alien vegetation (e.g. the removal of the Port Jackson trees). Providing for the removal of alien vegetation can be impracticable, due to the following reasons: ➤ The identification of alien vegetation is very difficult, as these plants grow between non-alien vegetation. ➤ The work to be performed in removing such alien vegetation will take a considerable amount of time, making the discounting of future service payments nearly impossible. ➤ It is difficult to determine at which stage of the alien vegetations' life cycle it is best to be removed – timing once again becomes an issue. ➤ The whole exercise of removing such plants is very costly.		

Classification: A liability shall be classified as current when it satisfies any of the following criteria: (a) It is expected to be settled in the entity's normal operating cycle; (b) It is held primarily for the purpose of being traded; (c) It is due to be settled within twelve months after the reporting date, or (d) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities shall be classified as non-current.	Actions required: Provisions should be classified into current and non-current liabilities. All provisions that will have to be settled by the entity within twelve months of the reporting date should be disclosed as current liabilities and all other provisions should be disclosed as non-current liabilities.	CFO Deputy CFO Unit Manager: AFS&Reporting	Ongoing
Disclosure: For each class of provision, a municipality should disclose: (a) the carrying amount at the beginning and end of the period; (b) additional provisions made in the period, including increases to existing provisions; (c) amounts used (i.e. incurred and charged against the provision) during the period; (d) unused amounts reversed during the period; and (e) the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate. Comparative information is not required. A municipality should also disclose the following for each class of provision: (a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits; (b) an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an enterprise should disclose the major	Actions required: Affect the disclosures for each provision in the AFS as required.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

assumptions made concerning future events, and (c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.			

4.3 Long-term Liabilities (Interest Bearing Borrowings)

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were reported by AGSA on the audit report and communications regarding Long-term Liabilities as at 30 June 2024. AGSA reported the following finding on one of the communications for the year ended 30 June 2011: - Long-term liabilities variance identified between the loan register, financial statements and DBSA confirmation	Ensure that all Long-term liabilities identified are recorded and measured in accordance with IAS 39. After initial recognition, measure all long-term liabilities at amortised cost using the effective interest method. <i>This amount should be confirmed with the financial institutions before disclosure in the AFS.</i> <i>Amortised cost is the amount at which the financial liability was measured at initial recognition minus principal repayments. This simply implies that capital repayments are offset against the liability and interest is expensed through the statement of financial performance.</i> Compile a long-term loan register for all long term loans outstanding during the financial year. Any movements which occurred on these loans during the year should be recorded in this register. The register must show the Current portion (capital repayments within 12 months after reporting date), as well as the Non-current portion at the reporting date. Ensure that the following agrees on a monthly basis: - The long-term loan register; - The general ledger; and - The Trial Balance.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2025

4.4 Retirement Benefit Liabilities

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were reported by AGSA on the audit report and communications regarding Retirement Benefit Liabilities as at 30 June 2024.	Identify measure and disclose the provision for the LSA (The services of a actuarial firm should be obtained to calculate provision, if the municipality do not have in-house expertise to perform this task – calculation should be done for liability as at 30 June 2025) Identify measure and disclose the provision for the LSA if the municipality has a legal obligation.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025

4.5 Conditional Grants and Receipts

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
AGSA reported the following findings on the Conditional Grants on the audit report and communications as at 30 June 2018: - Unspent Conditional Grant amount differs from investment account. ➤ During the audit of unspent conditional grants it was noted that amount of unspent conditional grants under current liabilities is not cash backed .The amount per unspent conditional grant is R 6 228 402 and the investment accounts supporting the grants amount to R 2 572 650 which gave rise to the difference of R3 655 752 which may indicate that the funds meant for conditional grants were used to defray operational expenses Account for Conditional grants and receipts in terms of GRAP 9: In terms of GRAP 9 government grants can be in the form of grants to acquire or construct fixed assets. Such grants are referred to as capital grants	Ensure that conditional capital grants are accounted in accordance with the requirements of GRAP 9.	CFO Deputy CFO	30/06/2025

	➤ an organ of state in the national or provincial sphere of government; or ➤ a municipal entity or another municipality; the reason for any non-compliance with the conditions; and Whether funds destined for the municipality in terms of the annual DORA were delayed or withheld, and the reasons advanced to the municipality for such delay or withholding.		

4.6 Accounts Payable

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1.No findings were listed on AGSA's audit report for the year ended 30 June 2024 .	– Attend to the discrepancies identified by the AGSA: (a) Document the processes and procedures to be followed in Creditors Administration. (b) Prepare and file working papers for Creditor transactions. (c) Perform monthly reconciliations on Creditors and file the working papers for audit purposes. (d) Long standing reconciling items must be followed up and cleared from Creditors Reconciliations. (e) The municipality must recognise and record all its unpaid liabilities at year-end. (f) Ensure that all creditors are paid within 30 days of date of invoice in terms of the MFMA. (g) Introduce a proper system of recording receipts and payments of unclaimed moneys and age analysis. Transactions and journals should be supported by supporting documentation, reviewed and authorised by management. All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures	CFO	Ongoing
		Assistant Director: SCM, Payroll & Expenditure	
		CFO	Ongoing
		Assistant Director: SCM, Payroll & Expenditure	Ongoing

Section 65(2)(e) of the MFMA states that the accounting officer must take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement.	Ensure that all payments due to creditors are settled within 30 days from receipt of an invoice unless stated otherwise in a contract.	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing
Section 37(1)(c) of the MFMA states that a Municipality must promptly meet all financial commitments towards other municipalities or national and provincial organs of state.	Ensure that if the municipality had financial commitments towards other municipalities or national organs of state, that such financial commitments had promptly been met.	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing
Standard operating procedures should be performed to ensure proper controls exist over payables.	1. Reconciling invoices to Monthly Statements: At the end of the financial year a monthly statement from all suppliers will be delivered listing all invoices for the month for goods delivered or services rendered to the municipality. The statements must then be reconciled with the invoices paid through the accounting system for the last period. The detail of each invoice must be checked against the details of the statement: - Invoice number - Date - Name of supplier - Item, size, quantity, unit price and total price - Delivery date - Signature of receiver 2. Reconciling items must be identified and followed-up with suppliers to ensure that all liabilities are raised in the financial records and to highlight incorrect invoices listed on supplier statements. 3. Identification of accruals Accruals are the obligations, excluding trade payables, to pay for goods and services that have been received or supplied at reporting date to the municipality, have not been invoiced by 30 June and are paid subsequent to year end during the period 1 July to 31 August (date that the financials have to be submitted).	CFO Assistant Director: SCM, Payroll & Expenditure	Monthly

	▪ The Finance department will have to identify all payments made subsequent to year-end that relate to the current financial year. ▪ Details of these payments should be listed and an accrual should be raised on the statement of financial position of the municipality. Therefore expenses incurred subsequent of the financial year (new financial year) that relate to the current financial year will be recorded in the current financial year. 4. Listing of Trade and Other Payables The municipality should prepare a listing of all Trade and Other payables as at year-end (together with copies of substantive documents such as invoices or goods received notes). The listing should provide sufficient details to identify the creditor, the relevant expense line item, the invoice number and the amount. <i>The total of the listing of Trade and Other payables should agree with the amounts provided for as Trade and Other Payables on the statement of financial position as at each year-end.</i> 5. Sub-ledger It is very important that the Creditors control account is balanced with the creditor's sub-ledger on a monthly basis. Should there be accounting entries for the year ended 30 June 20xx, put through during the period 1 July 20xx to 31 August 20xx (Date of completion of the AFS) and the sub-ledger cannot be updated with those entries (because the sub-ledger has been closed-off on 30 June), ensure that the following procedures are performed: ▪ Ensure that a manual reconciliation of the creditor's sub-ledger to the general ledger is performed and that large or unusual reconciling items are investigated. ▪ Ensure that the reconciliation is reviewed by a senior official and initialled as evidence thereof. ▪ Ensure that supporting documentation exist for all reconciling items and that reconciling items are		

	followed-up and cleared on a timely basis after year-end. 6. Supplier statements ▪ To ensure payments are authorized, monthly creditor's statements or invoices should be initialled by a senior official. ▪ Statements and invoices related to each recorded payment should be cancelled by a "paid" stamp or in some other appropriate manner to prevent duplicate payments. 7. Listing of Trade and Other Payables ▪ Compare the current year listing to that of the prior year and obtain explanations from relevant officials for any changes to the key suppliers of the municipality to ensure that there are no unrecorded liabilities. ▪ Compare suppliers and invoices on the accruals list with suppliers and invoices on the creditors list to ensure that invoices are not duplicated on both lists. ▪ Ensure that the statement of financial performance amount reflects 12 entries / payments for each monthly repetitive expense items, for example: Telephone, Electricity and water, Receiver of Revenue, UIF, Security etc. 8. Master file changes ▪ Adequate controls should exist to ensure that only valid changes are made to suppliers' banking details. ▪ Master file changes reports should be generated on a monthly basis, and reviewed by an independent senior official to ensure the validity and accuracy of changes made to banking details. These reports should be initialled as proof of review. ▪ Inspect that all master file changes are supported by substantiating documentation.		

	9. Cut-off ▪ For selected expenses from both prior to and subsequent to the period-end, perform cut-off testing: ○ Scrutinize supporting documentation relating to post-year-end and after-year-end payments, noting the dates of services rendered on these, and ensure that amounts have been accrued where necessary. ▪ Perform a search for payments made subsequent to the period under review, to creditors that should have been raised at year-end.		

5 Accounting for Revenue

5.1 GRAP 9 Accounting for Revenue from Exchange Transactions

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1) No findings were listed on AGSA's audit report for the year ended 30 June 2024 .	Although there are minimum revenue transaction at ZFM, please refer to the basic procedures described below: In general: - transactions should be supported by supporting documentation, reviewed and authorised by management, and - All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures.	Management	30/06/2025
	Ensure that ZFM staff is aware of the requirements for recognition of financial statement elements, i.e. revenue.	Management	30/06/2025
	Ensure the correct classification of revenue of the general ledger votes as these votes may be disclosed separately on the Statement of Financial Performance and/or on the notes to the financial statements.	Management	30/06/2025

	Reconcile revenue on a weekly basis: documentation, GL and sub-ledger	Management	30/06/2025
However , there are still internal control deficiencies which need to be addressed by management.	Management must address to the following: - Document the processes and procedures to be followed in Revenue Administration. - Prepare and file working papers for Revenue transactions. - Perform monthly reconciliations on Revenue Items and file the working papers for audit purposes. - System parameters and standard journals must be audited internally on a regular basis. - Ensure that billing is done on a monthly basis. In general: - transactions should be supported by supporting documentation, reviewed and authorised by management, and - All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures. Ensure that ZFM staff is aware of the requirements for recognition of revenue in the AFS.	CFO Unit Manager: BTO	Monthly/ 30/06/2025
Following the above findings, standard operating procedures should be performed to ensure proper controls exist over revenue received.	Control procedures should <i>inter alia</i> include: Directives that two delegated officials should open the post That all payments received through the post be recorded in a remittance register and the register signed by the officials responsible for opening of the post That the register as well as the payments be delivered to the cashiers and that the cashiers record all receipt numbers issued for these payments in the remittance registers and also sign the register as evidence of receipt of the monies That the mail register be reviewed by an independent person and signed by that person as evidence of review process.	CFO Unit Manager: BTO	Ongoing
Disclosure of revenue:	Disclose revenue from exchange and non-exchange transactions separately on the face of the Statement of Financial Performance	CFO	30/06/2025

	Disclosure notes should support material line items under revenue	Unit Manager: BTO	
GRAP 9: Revenue from Exchange Transactions			
Objective: The primary issue in accounting for revenue is determining when to recognise revenue. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. This Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognised. It also provides practical guidance on the application of these criteria. Definitions: 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. Scope of GRAP 9: Revenue arising from the following exchange transactions and events are recognised in terms of GRAP 9: (a) The rendering of services. (b) The sale of goods. (c) The use by others of entity assets yielding interest, royalties and dividends or similar distributions.			
Rendering of services: When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date. The outcome can be measured reliably when all the following is satisfied (GRAP 9.20): a) The amount of revenue can be measured reliably b) Probable that the economic benefits or service potential associated with the transaction will flow to the entity c) Stage of completion of the transaction at the reporting date can be measured reliably d) Costs incurred for the transaction and the costs to complete the transaction can be measured reliably	Ensure that revenue for the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date, when the outcome of the transaction involving the rendering of services can be reliably estimated.	CFO Unit Manager: BTO	Ongoing

Sale of goods: Revenue from the sale of goods shall be recognised when all the following conditions according to GRAP 9.29 have been satisfied: a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods. b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. c) The amount of revenue can be measured reliably. d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality. e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.	Ensure that revenue from the sale of goods is recognised when all the conditions have been satisfied	CFO Unit Manager: BTO	Ongoing
Interest, royalties and dividends or similar distributions: Revenue arising from interest, royalties and dividends or similar distributions shall be recognised when (GRAP 9.34): a) Probable that the economic benefits or service potential associated with the transaction will flow to the entity b) Amount of the revenue can be measured reliably	Ensure that revenue from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions are recognised when the criteria of probability and measurability is met.	CFO Unit Manager: BTO	Ongoing
Taxes: Revenue from taxes must be recorded when the taxable event occurs and the asset recognition criteria has been met.	Ensure that revenue from taxes is recorded according to the requirements of GRAP 23 or GAMAP 9 (which ZFM decides to use)	CFO Unit Manager: BTO	Ongoing
Debt forgiveness and assumption of liabilities: Revenue in respect of debt forgiveness should be recognised when:	Ensure that revenue in respect of debt forgiveness is recognised when the former debt no longer meets the definition of a liability, or satisfies the	CFO	Ongoing

a) the former debt no longer meets the definition of a liability, or b) satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.	criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners. Ensure that revenue arising from debt forgiveness is measured at the fair value of the debt forgiven. <i>This will normally be the carrying amount of the debt forgiven.</i>	Unit Manager: BTO	
Gifts and donations: Revenue from gifts and donations should be recognised when: a) it is probable that the future economic benefits or service potential will flow to the entity, and b) the fair value of the associated assets can be measured reliably. Revenue from goods in kind should be recognised when: a) the goods are received, or there is a binding arrangement to receive the goods (no conditions attached to goods); or b) conditions are satisfied (conditions attached to goods received).	Ensure that revenue in respect of gifts and donations is recognised when it is probable that the future economic benefits or service potential will flow to the entity, and when the fair value of the associated assets can be measured reliably. Ensure that revenue in respect of goods in-kind is recognised when the goods are received, or there is a binding arrangement to receive the goods (no conditions attached to goods); or when conditions are satisfied (conditions attached to goods received). Ensure that revenue arising from gifts and donations as well as goods in-kind is measured at the fair value of the resources received or receivable.	CFO Unit Manager: BTO	Ongoing

6 Accounting for Expenditure

6.1 Accounting for Expenditure

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1. There were no findings by the AGSA	Ensure that an audit file is compiled that supports the AFS and supporting schedule, to ensure that a similar finding is not raised during 2024/25 Management should ensure that segregation of duties exists between the officials An independent review of the financial statements should be performed prior to submission thereof to ensure e.g. that comparative figures agree to the	Unit Manager: AFS&Reporting CFO Unit Manager: AFS&Reporting	Ongoing Ongoing Ongoing

	audited figures of the prior year taking into account the adjustments as listed on the 'Prior year error note' Documented processes and procedures on Unauthorised, Irregular and Fruitless and wasteful expenditure including: a. processes and procedures followed to ensure completeness/cut-off/accuracy/validity/classification and disclosure - processes and procedures followed to ensure detection and correction of errors - What the monitoring processes are, who is responsible for implementing them, when and how - processes followed to ensure that lists or summaries compiled are accurate and authorised - processes followed to ensure that procedures followed are properly documented and proper record is kept thereof	Assistant Director: SCM, Payroll & Expenditure	Ongoing
	Recommendations regarding the deviations from the SCM regulations: - Management should ensure that Supply Chain Management regulation 36 (i.e. payments supported by 3 quotations) is communicated to all relevant municipal staff Recommendations regarding the deviations from the MFMA Act 53 of 2003: - Original invoices should be followed up regularly and payments should only be made on receipt of original invoice; - The Subsidised vehicle owners transport fixed cost AA table tariffs should be updated timely;	Assistant Director: SCM, Payroll & Expenditure	Ongoing

	- The General ledger allocations should be reviewed throughout the year on a regular basis to identify any misallocations to accounts Attend to the Control deficiencies identified by the AGSA: (a) Document the processes and procedures to be followed in Expenditure Administration. (b) Draft and approve Policies controlling the various expenditure streams. (c) Develop and approve procedures/guidelines for the abovementioned Policies. (d) Transactions should be supported by supporting documentation, reviewed and authorised by management. (e) All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures. (f) Implement procedures to curtail, identify, report and disclose Irregular, Unauthorised and Fruitless & Wasteful Expenditure. (g) Implement procedures to curtail, identify, report and disclose Deviations from SCM Procedures. (h) Use of a VAT control sheet including a list of the zero rated and exempt supplies	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing
Account for Expenditure: - Standard operating procedures should be performed to ensure correctness (validity, accuracy and completeness) of expenditure transactions and related balances in the GL.	Actions required: Ensure that adequate internal control procedures are in place. Ensure the validity of employees according to the Payroll system. Ensure accuracy of the payroll system by inspecting the monthly reconciliation performed between the payroll system and the financial system. Ensure that leave according to the payroll system reconciles to the manual approved leave forms. A monthly reconciliation between the payroll system and leave forms must be performed and reviewed	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing Ongoing Ongoing Ongoing

	- All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures. Entries on the salaries and wages votes must be scrutinised on the general ledger to ensure that the entries reflect the nature of the accounts (e.g. no consultation fees, etc. Included in the salaries and wages votes); and Perform a reconciliation of the IRP and salaries and wages votes.	Assistant Director: SCM, Payroll & Expenditure Assistant Director: SCM, Payroll & Expenditure	
Unauthorised Expenditure:	Actions required: Compare the actual and budgeted expenses for the year under audit and inspect if there was expenditure incurred for which no provision was made in the approved budget, and adjusted for in the adjustments budget. Ensure that the municipality identify unauthorised expenditure according to the definitions given by the MFMA and report such expenditure according to stipulations in the MFMA. Unauthorised expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned it is treated as an asset until it is recovered or written off as irrecoverable. Ensure that unauthorised expenditure is recovered, if not authorised according to MFMA 32 (2). Ensure that those expenses are disclosed as unauthorised expenses in the notes to the Financial Statements. Ensure that the MFMA requirements are adhered to regarding disclosure of all unauthorised expenditure in the AFS. The accounting officer should inform the mayor, the MEC for local Government in the province and the Auditor-General, in writing, of:- ➤ Any unauthorised expenditure incurred by the municipality;	CFO / Deputy CFO	Ongoing

	➤ Whether any person is responsible or under investigation for such unauthorised expenditure; and ➤ The steps that have been taken to recover or rectify such expenditure and to prevent the recurrence of such expenditure. (Section 32 (4)).		
Irregular Expenditure:	Actions required: Ensure that the municipality identify irregular expenditure according to the definitions given by the MFMA and report such expenditure according to stipulations in the MFMA. Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned it is treated as an asset until it is recovered or written off as irrecoverable. Ensure that irregular expenditure is recovered, if not authorised according to MFMA 32 (2). Ensure that those expenses are disclosed as irregular expenses in the notes to the Financial Statements. Ensure that the MFMA requirements are adhered to regarding disclosure of all irregular expenditure in the AFS.	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing Ongoing Ongoing Ongoing Ongoing
Fruitless and Wasteful Expenditure:	Actions required: Ensure that the municipality identify fruitless and wasteful expenditure according to the definitions given by the MFMA and report such expenditure according to stipulations in the MFMA. Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned it is treated as an asset until it is recovered or written off as irrecoverable. Ensure that fruitless and wasteful expenditure is recovered, if not authorised according to MFMA 32 (2). Ensure that those expenses are disclosed as fruitless and wasteful expenses in the notes to the Financial Statements.	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing Ongoing Ongoing Ongoing

	Ensure that the MFMA requirements are adhered to regarding disclosure of all fruitless and wasteful expenditure in the AFS.		Ongoing

7. Accounting for Funds and Reserves

7.1 Accumulated Surplus

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1.) No issues were raised by AGSA for the year ended 30 June 2024	Transactions and journals should be supported by supporting documentation, reviewed and authorised by management. All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures Reconcile movement on the Accumulated Surplus for the 2023/24 and 2024/25 financial years. Restate the 2023/24 comparative figures, where applicable where errors were found and ensure that it complies with the requirements of GRAP 3. Make sure the roll-overs are done in SAMRAS for the previous years.	CFO	Ongoing
		Deputy CFO	30/06/2025
		Unit Manager: AFS&Reporting	30/06/2025
			30/06/2025
			30/06/2025

7.2 Internal Funds and Reserves in Accumulated Surplus

7.2.1 Government Grant Reserve and Donations and Public Contributions Reserve (GGR and D&PCR)

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were reported by AGSA reported on the audit report for 30 June 2024.	This should be done with full implementation of GRAP 17. The book value of Assets financed from Government Grants must be equal the balance on the GGR.	CFO	Consider
		CFO	Consider

7.2.2 Housing Development Fund (HDF)

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were reported by AGSA reported on the audit report for 30 June 2024.	Consider	CFO	Consider
No issues were reported by AGSA reported on the audit report for 30 June 2024.	The book value of Assets financed from Internal Loans (Advances) must be equal to the balance on the CR. No evidence exists of old internal loans.	CFO	Consider
A CR has not been established during the GRAP conversion.		CFO	Consider

8. Other Disclosure Items

Various other items have to be disclosed in the AFS for the year ended 30 June 2025. These disclosures are not normally easily obtained from the municipality's accounting system and will have to be compiled by ZFM from other sources. Some of these might have been addressed above, but are listed again for the sake of completeness.

The following additional disclosures have to be researched and the information compiled for the two financial years under review, 2024/25 being the current year and 2023/24 being the comparative year.

Description of Disclosure Item	Proposed action plans to address the deviation	Responsible Persons	Target Date
1) Defined Employee Benefits:	1) Obtain actuarial valuation as at 30 June 2025 for:- (a) Post-retirement Health Care Benefits (see 4.3 'Retirement Benefit Liabilities' above); and (b) Long-service Awards (see 4.1 'GRAP 19 Provisions, Contingent Liabilities and Contingent Assets' above) 2) Calculate contributions for Senior Managers for the two financial years. 3) Compile disclosure notes as per specimen.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2025 30/06/2025 30/06/2025

Description of Disclosure Item	Proposed action plans to address the deviation	Responsible Persons	Target Date
2) Leases: 1.1 Finance (payable and receivable) 1.2 Operating (payable and receivable)	Refer to 4.6 'GRAP 13 Leases' above 1) Obtain copies of lease agreements as at 30 June 2025 for:- (a) Leases payable by the municipality; and (b) Leases receivable by the municipality. 2) Compile the following worksheets: (a) Finance Lease Payables; (b) Finance Lease Receivables; (c) Operating Lease Payables; and (d) Operating Lease Receivables. 3) Calculate the effect of straight-lining and the future payables / receivables for the three financial years. 4) Compile draft notes as per specimen.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2025 30/06/2025 30/06/2025 31/07/2025
3) GRAP 3 Disclosures:	Refer to 2.5 GRAP 3 above 1) Identify the following discrepancies: (a) Errors in prior Years; (b) Changes in Accounting Policies; and (c) Changes in Accounting Estimates. 2) Extract all financial information for these discrepancies. 3) Compile draft notes as per specimen.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2025 31/07/2025 31/07/2025
4) Irregular, Unauthorised and Fruitless and Wasteful Expenditure	Refer 1.1 and 6.1 'Accounting for Expenditure' above 1) List cases and calculate amounts for Unauthorised Expenditure and note the status thereof for the two financial years. 2) Compile draft notes as per specimen.	AO AO	31/07/2025 31/07/2025
5) Contributions to Organised Local Government:	1) Prepare reconciliations for various organisations, e.g. SALGA, for the two financial years. 2) Compile disclosure notes	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2025 31/07/2025

Description of Disclosure Item	Proposed action plans to address the deviation	Responsible Persons	Target Date
6) Audit Fees:	1) Prepare the reconciliation for audit fees paid for the two financial years. 2) Compile disclosure notes	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2025 31/07/2025
7) PAYE and UIF:	1) Prepare the reconciliations for PAYE and UIF paid for the two financial years. 2) Compile disclosure notes	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2025 31/07/2025
8) Pension and Medical Aid Deductions:	1) Prepare the reconciliations for pension and medical aid deductions paid for the two financial years. 2) Compile disclosure notes	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2025 31/07/2025
9) Councillors' arrear Consumer Accounts:	1) Prepare a list of councillors' consumer accounts in arrear as at 30 June for the two financial years. 2) Prepare a list of councillors' consumer accounts in arrear for more than 90 days at any stage during the year for the two financial years. 3) Compile disclosure notes	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2025 31/07/2025 31/07/2025
10) Disclosure of section 57 employees remuneration	1) Ensure that the sec 57 employees remuneration is disclosed in the notes of the AFS as per the requirements of sec 57 of the MFMA	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2025
11) Non-compliance with chapter 11 of the MFMA:	1) List all cases where the municipality does not comply with the stipulations of the MFMA as at 30 June 2025. 2) Compile disclosure notes.	AO AO	31/07/2025 31/07/2025

Description of Disclosure Item	Proposed action plans to address the deviation	Responsible Persons	Target Date
12) Commitments for Expenditure:	1) Prepare the reconciliation for Capital Commitments (Approved and Contracted, Approved and not yet contracted) at 30 June for the two financial years. 2) Obtain information for Lease Commitments. 3) Obtain information for Other Commitments. 4) Compile disclosure notes.	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2025 31/07/2025 31/07/2025 31/07/2025
13) Financial Instruments:	1) Calculate Repricing Analysis. 2) Calculate Liquidity Risk tables. 3) Obtain information for 5 Highest Debtors. 4) Compile disclosure notes. 5) Classification (Financial Assets and Financial Liabilities) 6) Summary (Financial Assets and Financial Liabilities) 7) Fair value of Financial assets and Financial Liabilities 8) Assumptions in determining Fair value of Financial assets and Financial Liabilities 9) Risk management (Credit, Financial and Foreign) 10) Accounting policies (Credit, Liquidity and Market) 11) Interest rate risk management 12) Sensitivity 13) Pricing	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2025 31/07/2025 31/07/2025 31/07/2025 31/07/2025 31/07/2025 31/07/2025 31/07/2025 31/07/2025 31/07/2025 31/07/2025 31/07/2025
14) Risk Exposures:	1) List and calculate financial instruments liable to (a) Credit Risk and (b) Interest Risk as at 30 June for the two financial years. 2) Compile disclosure notes.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2025 31/07/2025
15) Related Party Transactions:	1) Identify all Related Parties. 2) Identify Interest of the identified Related Parties. 3) Obtain information for services rendered to the parties. 4) Obtain information for purchases from the parties. 5) Compile disclosure notes.	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2025 31/07/2025 31/07/2025 31/07/2025 31/07/2025

Description of Disclosure Item	Proposed action plans to address the deviation	Responsible Persons	Target Date
16) Provisions, Contingent Liabilities and Contingent Assets	Refer to 4.1 GRAP 19 'Provisions, Contingent Liabilities and Contingent Assets' above 1) List all contingent liabilities as at 30 June 2025, briefly describing the case, the expected outcome and expected liability. 2) Compile disclosure notes.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2025 31/07/2025
17) In-kind Donations and Assistance:	1) List all in-kind donations and assistance received during 2024/25 by the municipality, briefly describing the case. 2) Compile draft notes as per specimen.	CFO Deputy CFO	31/07/2025 31/07/2025
18) Private Public Partnerships:	1) List all private public partnerships entered into during 2024/25 by the municipality, briefly describing the agreement entered into and other prescribed information. 2) Compile draft notes as per specimen.	CFO Deputy CFO	31/07/2025 31/07/2025
19) Events after the Reporting Date:	Refer to 2.6 GRAP 14 above 1) List all events after the reporting date that will influence the figures presented in the AFS. 2) Compile draft notes as per specimen.	CFO Deputy CFO	31/07/2025 31/07/2025

Annexure A – Monitoring Tool of Audit Recovery Plan

All the findings above, and also the Maintenance Plan below, are included in a “Project Status Report” (PSR) which is the monitoring tool of the Audit Recovery Plan. All findings and procedures are allocated to a responsible person and have different target dates. The responsible person keeps all his supporting evidence in an “Evidence File” which is presented to the AGSA as an Audit File before the commencement of the Audit.

This Project Status Report is monitored on a bi-weekly basis. The Unit Manager: AFS&Reporting updates the Project Status Report on a bi-weekly basis and emails the report to all employees to see their status. At year-end, the Unit Manager AFS and Internal Audit Unit review all Evidence Files submitted by the employees.

Refer to the next page for detail.

ZFM District Municipality - Audit Action Plan and Weekly Project Status Report 2024/25 AFS


c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
1	GL/ TB/	PRIOR YEAR ERRORS						
		Prior year Closing balances Ensure that the audited AFS agrees to the SCOA Register. - Submit the SCOA Register in pivot table format and ensure that it agrees with the Financial Position and Financial Performance of the audited AFS.	Finance	Albert	Once-off	01 Apr	Pending	Pending
3		Current year Opening balances Ensure that the audited AFS agrees to the SCOA Register's Opening Balances. - Submit the SCOA Register in pivot table format and ensure that the Opening Balances agrees with the Financial Position and Financial Performance of the audited AFS.	Finance	Albert	Bi-Annually	22 Jul	Not Completed	Not Completed
4		Prior year errors Compile a list of all correction of errors, including a summary of all correction of error journals. - Submit the summary of journals in AFS Tool format - Submit all signed journals with ALL supporting evidence - Submit the draft AFS Note	Finance	Albert	Year-end	15 Jul	Year-end	Year-end
5		COMPLIANCE						
6		Unauthorised expenditures Submit a quarterly report to the CFO, - Extract all keys from the SCOA Register which are overspent and indicate in a column if it will be resolved with a virement or journal.	Finance	Unit Manager BTO	Quarterly	19 Jul	Pending	Pending
7		Virements Extract Virement report from Web and ensure that the virements are signed by the MM & CFO and approved by Council.	Finance	Unit Manager BTO	Year-end	08 Jul	Year-end	Year-end
8		Unauthorised, Fruitless & Wasteful and Irregular expenditures Compile investigation reports for all Unauthorised, Fruitless & Wasteful and Irregular expenses.	Office of the Municipal Manager	Suzan	Quarterly	19 Jul	Pending	Pending
9		Unauthorised, Fruitless & Wasteful and Irregular expenditures Submit evidence that the investigation report was submitted to MEC COGHSTA, Auditor General, Provincial Treasury and Executive Mayor	Finance	Albert	Quarterly	19 Jul	Pending	Pending
10		Procurement and contract management Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA. [AFS] - Submit a list of all contracts which ended 30 June and a list of month-to-month contracts as at 30 June. - Submit reasons for the extension and month-to-month contracts. - Submit Council Agenda to proof that extensions were approved and reasons was recorded in the minutes.	Corporate Services	Berney	Once-off	01 Jul	Pending	Pending
11		Oversight report , containing comments on the annual report, was not adopted by council within two months from the date on which the annual report was tabled - Submit approved current FY Oversight Report with the Minutes of Council Meeting	Corporate Services	Martha	Once-off	01 Jul	Pending	Pending
12		(PY) EX. 27: Key employees does not hold minimum competencies. - Submit the Minimum Competency reporting template (Annexure C) submitted to National Treasury	Corporate Services	Henry	Bi-Annually	08 Jul	Not Completed	Not Completed
13		(PY) EX. 27: Key employees does not hold minimum competencies. - Submit evidence that all Unit Managers meet the Minimum Competency Regulations requirements.	Corporate Services	Henry	Once-off	18 Mar	Pending	Pending
14		Contrary to section 116(2) of the MFMA, the performance of service providers was not monitored on a monthly basis. - Submit monthly performance reports.	Finance	Chriszelda	Monthly	15 Jul	Pending	Pending
15		(PY) Material Non-compliance: Acting not in compliance with the MSA requirements: - Submit a list of acting senior management with their acting periods. - Ensure that all acting periods longer than 3 months have an MEC approval letter.	Corporate Services	Kobus	Quarterly	19 Jul	Pending	Pending

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
16		HR Non-Compliance: Performance bonuses percentage used - Synchronize the implementation of performance bonus in accordance with prescribed percentage for the relevant performance score percentage awarded. - Submit scorecards, minutes of performance committee etc. - Coordinate the Scoring to enable the Clean Audit status to fall within the correct % pay-out brackets	Corporate Services	Henry	Once-off	27 May	Pending	Pending
17		(PY) ComAF 6 – Non-compliance identified in the procurement process for the award to Mapulane Stationery & Books Compliance: B-BBEE status level points incorrectly added onto the points scored - Review points calculated on awards to confirm that the points have been correctly calculated in terms of the Preferential Procurement Regulation.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
19		(PY) Iss.15: Competitive bids – Irregular expenditure - Ensure that Municipal SCM Regulations and SCM Policy are adhered to with the composition of SCM tender committees. - Provide list of members of the following committees: - Bid Adjudication Committee - Bid Evaluation Committee - Bid Specification Committee	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
20		(PY) ComAF 3 – Internal Control Deficiency – Audit Committee composition Internal Control Deficiency – Audit Committee Composition (Iss.2) - Submit proof that three audit committee members have been appointed as per the MFMA requirements (Appointment Letter and Council Resolution).	Office of the Municipal Manager	Gail	Bi-Annually	08 Jul	Not Completed	Not Completed
21	PERFORMANCE INFORMATION							
22		LGSETA Skills Programmes and Learnerships: Submit all income & expenditures for current FY	Corporate Services	Henry	Bi-Annually	29 Jul	Not Completed	Not Completed
23		Submit the scanned signed Performance contracts of Municipal Manager and Directors	Corporate Services	Henry	Once-off	29 Jul	Pending	Pending
24		(PY) Senior Management must review the current year's SDBIP to confirm SMART Principles.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Pending	Pending
25		(PY) Senior Management must review Annual Performance Report to confirm that prior year audit findings were resolved: - Misstatement of Measurability (EX. 6, 8, 14, 20 & 21) - No Technical indicator descriptions and SOPs (EX.9)	Office of the Municipal Manager	Beverley	Year-end	29 Jul	Year-end	Year-end
26		(PY) AOPA: Usefulness of reported information to the APR - Ensure that the presentation and disclosure of the performance planned targets and targets reported to the APR are consistent, comparable, clear and understandable.	Office of the Municipal Manager	Beverley	Year-end	29 Jul	Year-end	Year-end
27	SUPPLY CHAIN MANAGEMENT							
28		Tender Register Submit a Tender Register file with all payment documents for all the tenders.	Finance	Annzonia	Bi-Annually	22 Jul	Not Completed	Not Completed
29		Goods Received Register Submit a monthly Goods Received Register.	Finance	Chriszelda	Monthly	22 Jul	Pending	Pending
30		(PY) Procurement: Deviation not disclosed in the Annual Financial Statements - Agree the total of the deviations YTD on Excel with the hard copy quarterly reports submitted to Council.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
31		(PY) Procurement – Reasons for a deviation not reasonable (Iss.20) - Ensure that the SCM policy is adhered to at all times and only deviate on reasonable grounds. - Sent email to the D.CFO and CFO to confirm that the reasons on the quarterly deviation register (excel) is reasonable.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
32		Vodacom & ABSA Fleet Submit an email to the D.CFO to confirm the procurement process followed to prevent irregular expenditures.	Finance	Annzonia	Once-off	01 Apr	Pending	Pending
33	NON-CURRENT LIABILITIES							
34		PEMA and LSA - Submit valuation reports for PEMA and LSA as at 30 June	Finance	Albert	Year-end	15 Jul	Year-end	Year-end

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
35		PEMA and LSA - Verify PEMA valuation report information completed by CFO, which has to be provided to Actuarial Consultants. - Submit email sent to D.CFO to confirm verification.	Finance	Nicodia	Year-end	22 Jul	Year-end	Year-end
36	CURRENT LIABILITIES							
37		Provisions Submit Senior Management Performance Bonus Provision Calculation	Finance	Albert	Year-end	01 Jul	Year-end	Year-end
38		Leave Accrual - Submit leave balances per employee in excel & PDF format, signed off by IA. - Ensure that Opening Leave Balances agree with prior year's audited leave balance.	Corporate Services	Teresa	Year-end	22 Jul	Year-end	Year-end
39		Trade payables and Accruals - Submit current FY Creditors Recon template - Submit the excel file with recons of all creditors - Extract Creditors Sub-ledger/Age Analysis (CS-Q003WW) at the end of each month to compare to Creditors Control Vote in the Main Ledger	Finance	Millicent	Monthly	15 Jul	Pending	Pending
40		Trade payables and Accruals - Obtain all outstanding invoices & statements from creditors and send it to SCM UM & AFS&Reporting UM.	Finance	Maureen	Monthly	15 Jul	Pending	Pending
41		Creditor Payment Suspense votes Ensure that the creditors payment suspense votes is zero every month. Provide reconciliation if it is not zero and reasons.	Finance	Millicent	Monthly	01 Jul	Pending	Pending
42		Monthly Creditor Reports Submit the following reports with current status next to each order: - Orders created but not received (CS-Q003H) - Orders received but not invoiced (CS-Q003J)	Finance	Chriszelda	Monthly	01 Jul	Pending	Pending
43		Monthly Creditor Reports Submit the following reports with current status next to each order: - Orders invoiced but not paid (CS-Q003K)	Finance	Millicent	Monthly	01 Jul	Pending	Pending
44		Salary Control Ensure that monthly Salary Control reconciliations are performed. - Submit monthly Salary Control reconciliations.	Finance	Nicodia	Monthly	08 Jul	Pending	Pending
45		Unspent Conditional Grants and Receipts Submit monthly Grant Register reconciliations for (1) Unspent Grants (2) Grant Income (3) Grant Expenditures.	Finance	Mavis	Monthly	01 Jul	Pending	Pending
46		(PY) Operating Leases Liability/Ass Send an email to the CFO to confirm that there are no contracts (exceeding one year) that include escalations. - Submit the calculation for the straight-lining of operating leases for these contracts.	Finance	Chriszelda	Quarterly	19 Jul	Pending	Pending
47		Operating Leases Liability/Assets Submit contract list with evaluation done to identify possible operating leases.	Finance	Chriszelda	Bi-Annually	15 Jul	Not Completed	Not Completed
48		Finance Leases Liability - Printers / Telephone Submit Calculations of Finance Lease Liabilities for printers.	Finance	Albert	Bi-Annually	15 Jul	Not Completed	Not Completed
49		Annual Bonus Accrual - Submit calculation of the annual bonus accrual as at 30 June	Finance	Nicodia	Year-end	08 Jul	Year-end	Year-end
50	NON-CURRENT ASSETS							
51		(PY) Property, Plant and Equipment Control Deficiency: Assets description on the floor does not correspond with the assets in the FAR. Ensure that the Asset register is consistent for all assets. For example: - Method of financing (Grants/EQS) - Locations - Title Deed Numbers - Descriptions - Barcodes - Room numbers Ensure that "Cost Centre" field are complete for all assets. Submit emails that were sent to IMQS to ensure consistency.	Finance	Marshall	Bi-Annually	29 Jul	Not Completed	Not Completed

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
52		Property, Plant and Equipment '- Review Residual Values of Assets: - Submit an email to the Deputy CFO to confirm that all movable assets have a residual value & Remaining Useful Life (RUL). - Evaluate and adjust Residual Values & RUL (Especially Vehicles)	Finance	Marshall	Year-end	01 Jul	Year-end	Year-end
53		PPE Verification Verify the Assets of the municipality; Perform an 100% asset count in June	Finance	Esta	Year-end	01 Jul	Year-end	Year-end
54		PPE Verification Obtain a title deed on 30 June	Finance	Marshall	Year-end	01 Jul	Year-end	Year-end
55		PPE Verification - Submit quarterly Verification Recon between FAR and Scanning List. - Investigate the scanning dates on the scanning list which are outside the period under review..	Finance	Marshall	Quarterly	19 Jul	Pending	Pending
56		PPE Verification '- Report the results of the yearly asset count to council. Submit Council Agenda.	Finance	Marshall	Year-end	12 Aug	Year-end	Year-end
57		PPE Count Written invite AGSA to attend PPE count as at 30 June. If not, obtain written confirmation that will not attend.	Finance	Esta	Year-end	13 May	Year-end	Year-end
58		Additions: 'Submit Additions current FY recon	Finance	Marshall	Quarterly	19 Jul	Pending	Pending
59		Additions: Submit Addition List YTD with all the supporting invoices.	Finance	Esta	Quarterly	19 Jul	Pending	Pending
60		Disposals: 'Submit Disposal/Write-off current FY recon	Finance	Marshall	Year-end	12 Aug	Year-end	Year-end
61		Disposals: 'Submit Broken/Stolen Items current FY recon	Finance	Marshall	Quarterly	19 Jul	Pending	Pending
62		Disposals: Were disposals authorised? Submit Council Agenda with detailed write-off list.	Finance	Marshall	Year-end	12 Aug	Year-end	Year-end
63		Depreciation: 'Submit Depreciation current FY recon	Finance	Marshall	Quarterly	19 Jul	Pending	Pending
64		(PY) Depreciation: Understated depreciation line item as disclosed in the annual financial statements - Submit an email to the Deputy CFO to confirm that all assets have a figure for depreciation except Land. - Submit the FAR (PPE & IA) and highlight the depreciation column to show that only land don't have depreciation on it. All the other assets must have a figure in the Depreciation column.	Finance	Marshall	Bi-Annually	08 Jul	Not Completed	Not Completed
65		Completeness: '- Submit an email to the Deputy CFO to confirm that Maintenance of Buildings and Vehicles (OPEX) did not include any capital assets.	Finance	Marshall	Quarterly	19 Jul	Pending	Pending
66		Insurance: Submit evidence of an email sent to Insurance Company: - with current FAR to ensure that they include all assets on insurance policy (1 email per annum), and - as new assets are purchased (quarterly emails).	Finance	Esta	Quarterly	19 Jul	Pending	Pending
67		FAR Opening Balances: Submit FAR O/B vs. GL O/B current FY recon	Finance	Marshall	Once-off	31 Dec	Pending	Pending
68		(PY) Title Deeds - Submit email to attorneys with latest title deed search to get a progress report to transfer these properties to the Local Municipalities.	Corporate Services	Kobus	Bi-Annually	01 Jul	Not Completed	Not Completed
69		Intangible Assets Impairment: Go through Intangible Asset Register and determine if we still use all of the software/Intangible Assets and if the RUL's are still correct: - Submit email to confirm that IA are still in use and that the RUL's are correct.	Corporate Services	Hugo	Year-end	01 Jul	Year-end	Year-end
70		Finance Lease Receivables Submit Finance lease Receivable Recon - Update the amortisation tables with actual payments received and agree with GL	Finance	Cariza	Bi-Annually	01 Jul	Not Completed	Not Completed

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
71		Long-Term Receivables Submit Long-Term Receivables current FY Recon - Update the tables with actual payments received and agree with GL	Finance	Cariza	Quarterly	19 Jul	Pending	Pending
72		CURRENT ASSETS						
73		VAT - Submit VAT Receivable recon - Submit the SARS form (balance as at 30 June) - Submit the SARS form (balance as at 28 Feb) - Submit ALL VAT201 forms	Finance	Millicent	Year-end	12 Aug	Year-end	Year-end
74		Trade Receivables - Submit Debtors Recon - Print the Debtor age-analysis on monthly basis and agree with GL. - Ensure that all debtors are loaded onto the Sub-ledger (including LT Debtors & Finance Lease Receivables) - Ensure that the 30-120+ days' total agree with outstanding balance	Finance	Cariza	Monthly	01 Jul	Pending	Pending
75		Trade Receivables - Provision for Bad Debt Calculate doubtful debt provision as at 30 June - Ensure that the provision amount agrees to the 120+ days' total	Finance	Unit Manager BTO	Year-end	01 Jul	Year-end	Year-end
76		All Debtors - Bad Debt - Provide report to Senior Management to take a resolution on all debtors included under the Provision for Bad Debt. - Prepare Council Item to inform Council about the current FY Provision for doubtful debt and let Council take a resolution to follow legal steps or write-off.	Finance	Unit Manager BTO	Bi-Annually	01 Jul	Not Completed	Not Completed
77		Cash and Cash Equivalents Primary Bank account - Submit Bank Recon - Obtain & Scan supporting documentation for all reconciling items.	Finance	Thabiseng	Monthly	08 Jul	Pending	Pending
78		Cash and Cash Equivalents Primary Bank account Ensure that expenditure reconciling items are cleared monthly. - At 31 December and 30 June there must be no expenditure reconciling items	Finance	Marshall	Monthly	08 Jul	Pending	Pending
79		Cash and Cash Equivalents Petty Cash Bank account - Submit Bank Recon - Obtain & Scan supporting documentation for all reconciling items.	Finance	Thabiseng	Monthly	08 Jul	Pending	Pending
80		Bank Confirmation amounts not disclosed on AFS: Submit bank confirmation letters or bank statements from ALL Banks that ZFM has used during the year to confirm the bank balance as at 30 June	Finance	Thabiseng	Year-end	08 Jul	Year-end	Year-end
81		Cash and Cash Equivalents Petty Cash - Perform cash count on 30 June	Finance	Chriszelda	Year-end	01 Jul	Year-end	Year-end
82		Cash and Cash Equivalents Petty Cash - Written invite to AGSA to attend cash count as at 30 June. If not, obtain written confirmation that will not attend.	Finance	Chriszelda	Year-end	13 May	Year-end	Year-end
83		REVENUE						
84		Submit a EQS in AFS vs. DORA recon Ensure that the municipality disclose any reasons for differences between the funds received and funds allocated in terms of the DORA. (Ensure that EQS, RRAMS, HOUSING & EPWP are correctly disclosed in Grant AFS votes at year-end).	Finance	Unit Manager BTO	Year-end	01 Jul	Year-end	Year-end
85		Rental of Facilities and Equipment Submit recon: - Agree Rental of Facilities in GL with contracts - Submit Rental Register	Finance	Cariza	Monthly	01 Jul	Pending	Pending
86		Rental of Facilities and Equipment Submit Working Paper (Rental Register): Determine whether it is Investment Property (IP only if it is market related)	Finance	Albert	Once-off	29 Jul	Pending	Pending
87		Interest Earned - All Bank Accounts & Call deposits Submit recon: Agree interest earned on GL with bank statements	Finance	Cariza	Quarterly	19 Jul	Pending	Pending

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
88		EXPENDITURE						
89		Completeness of Creditors Go through all the invoice received after 30 June and inspect the invoice for expenses that relate to goods and services delivered before 1 July. - Submit a list of all payments made after year-end - Submit results for each payment in list above (before OR after year-end)	Finance	Millicent	Year-end	22 Jul	Year-end	Year-end
90		(PY) (ComAF 12) – Non-compliance – Payments not made within 30 days. EX.29: Compliance: Payments not made within 30 days Submit an email to the CFO to confirm: - Go through all payments on Web and ensure that all invoices were paid within 30 days.	Finance	Millicent	Monthly	15 Jul	Pending	Pending
91		(PY) EX. 15: Payments not approved by delegated official Submit an email to the CFO to confirm: - Acting/Delegation letters has been attached to payment documents which has been approved by acting officials. - Review signature of Municipal Manager on all payment documents. (Irregular Expenditure)	Finance	Maureen	Monthly	22 Jul	Pending	Pending
92		Employee Related Costs Reconcile sub-ledger (payroll) with salary votes (GL) on SAMRAS on 30 June (also monthly). - Submit monthly lists of manual payroll payments made outside the Payroll System.	Finance	Nicodia	Monthly	01 Jul	Pending	Pending
93		Appointments and terminations - Submit listing all appointments and terminations during current FY. - Provide proof that the reconciliation has been provided to the Payroll Unit.	Corporate Services	Teresa	Quarterly	19 Jul	Pending	Pending
94		Appointments and terminations - Take the HRM list and confirm that no payments were made to employees outside their working period at ZFM.	Finance	Nicodia	Quarterly	19 Jul	Pending	Pending
95		Appointments Submit a proof of Criminal checks performed on the employees appointed during the year in the financial directorate and Sect 56/57	Corporate Services	Teresa	Quarterly	19 Jul	Pending	Pending
96		Appointments Submit a proof of verification of qualifications on employees appointed during the year.	Corporate Services	Teresa	Quarterly	19 Jul	Pending	Pending
97		(PY) Fruitless and wasteful expenditure: Medical expenditure paid not within the terms of the specific legislation. - Submit a printout of all compensation commissioner expenses for the current Financial year. - Submit evidence that all these expenses were submitted to the Compensation Commissioner.	Corporate Services	Teresa	Monthly	08 Jul	Pending	Pending
98		(PY) 'Remuneration paid to Senior Management '- Submit reconciliation between signed packages of senior management (MM, Directors, D.CFO) and GL.	Finance	Nicodia	Quarterly	19 Jul	Pending	Pending
99		Submit supporting documents for performance bonuses paid - scorecards, minutes of performance committee, etc.	Finance	Nicodia	Once-off	22 Apr	Pending	Pending
100		Remuneration of Councillors - (1) Compile Appendix G from UKEYS	Finance	Nicodia	Bi-Annually	01 Jul	Not Completed	Not Completed
101		Government Gazette for determination of Councillor's remuneration. - Submit calculations of Upper Limits pay-outs (back-pay)	Finance	Albert	Once-off	22 Apr	Pending	Pending
102		Contracted services – Incorrect presentation and disclosure (Iss.11) Submit the GL of contracted services to the D.CFO via email and indentify misallocations by taking the prior year GL into account.	Finance	Eloize	Quarterly	19 Jul	Pending	Pending
103		SLA Register Submit the SLA register and confirm the number of payments made in the GL agree to the SLA's.	Finance	Chriszelda	Quarterly	19 Jul	Pending	Pending
104		(PY) Employment Related Cost - Do the Salary Analytical Procedure of the Employment Related Cost AFS note.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
105		(PY) Accuracy of Skills Development Levy - Submit reconciliation between SDL calculated on SAMRAS system and EMP201 submitted and paid to SARS.	Finance	Nicodia	Monthly	08 Jul	Pending	Pending

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
106		(PY) Iss.23 - Internal control - Travel and subsistence is approved after trip has taken place - Provide evidence (email) that trip was pre-approved if payment is made after trip has taken place.	Finance	Millicent	Monthly	22 Jul	Pending	Pending
107		(PY) Iss.5 - Expenditure - Interest incurred on audit fees not disclosed as finance cost. Confirm that no finance costs were paid during the CY, then keep as Contingent Liability. Otherwise, disclose as F&W expenditure and Finance Cost.	Finance	Albert	Year-end	15 Jul	Year-end	Year-end
108		(PY) Iss.12 - Incorrect classification of Subsistence and Travel cost to operational cost. - Scrutinize the GL and ensure that all S&T costs are classified correctly.	Finance	Millicent	Quarterly	19 Jul	Pending	Pending
109	Additional disclosures in terms of the MFMA							
110		Submit list of Audit Fees paid during the year [MFMA 125 (1)(b)] - Show amount incl VAT and amount excl VAT	Finance	Marshall	Year-end	01 Jul	Year-end	Year-end
111		Submit Contributions paid to organised local government - SALGA - Show amount incl VAT and amount excl VAT	Finance	Marshall	Year-end	01 Jul	Year-end	Year-end
112		(PY) SARS Payroll Documents - (1) Submit SARS EMP201 form for the 12 months for PAYE, SDL and UIF [MFMA 125 (1)(b)] - (2) Submit PAYE, SDL and UIF reports for 12 months extracted from SAMRAS system - (3) Submit reconciliation showing (1) & (2) above agrees - (4) Extract reports from SAMRAS for all ED Codes from 1 July to 30 June per employee number	Finance	Nicodia	Year-end	01 Jul	Year-end	Year-end
113		Submit a list of Pension and Medical Aid Deductions paid over by Council [MFMA 125 (1)(b)] (Extract SAMRAS report PS-Q558)	Finance	Nicodia	Year-end	01 Jul	Year-end	Year-end
114		Contingent liabilities '- Submit a list of attorneys that were used during the year. Make use of the legal cost vote. - Submit Legal Confirmations for all these attorneys.	Corporate Services	Kobus	Year-end	15 Jul	Year-end	Year-end
115		Related Party Transactions Identify & Disclose related party transactions Submit an email to the D.CFO to confirm: - Search on SAMRAS for all transactions with entities identified from the CIPRO check	Finance	Marshall	Year-end	22 Jul	Year-end	Year-end
116		Related Party Transactions Identify and disclose transactions between the municipality & family of key management personnel. - Submit forms: All directors and Middle Management must fill in a form confirming all their family members and whether there were transactions with them during the financial year. - Submit CIPC checks on spouses of senior and middle managers also! - Submit CIPC checks on senior, middle management, SCM officials, Audit Committee members and Council members.	Finance	Chriszelda	Year-end	01 Jul	Year-end	Year-end
117		(PY) Unauthorised expenditure: Comparative amount of Unauthorised expenditure incorrectly disclosed. - Ensure that the prior year unauthorised figure in Appendix D agree to unauthorised expenditure note.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
118		(PY) Commitments – Understatement of commitments (Iss.22) - Extract creditor payments history from WEB and agree to the Tender Register's Expenditure totals.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
119	APPENDICES							
120		Submit Appendix B - PPE	Finance	Marshall	Year-end	22 Jul	Year-end	Year-end
121		Submit Appendix C - Segmental analysis of PPE	Finance	Marshall	Year-end	22 Jul	Year-end	Year-end
122		Submit Appendix F - Disclosure of Grants and subsidies	Finance	Unit Manager BTO	Year-end	08 Jul	Year-end	Year-end
123	Budget							
124		Prior year AFS Budget Statement vs. current draft Budget Statement: - Submit the prior year Budget Statement in AFS and ensure that all differences above 10% were correctly budgeted for in the Amended Budget for current FY.	Finance	Unit Manager BTO	Once-off	28 Jan	Pending	Pending

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
125		Make sure the original budget (CY) agree with budget amounts on SAMRAS. - Submit evidence for Fin. Position, Fin. Performance & Cash Flow	Finance	Unit Manager BTO	Once-off	01 Jul	Pending	Pending
126		General financial information						
127		Update Accounting Policies and ensure that it is in line with GRAP - Identify new line items in Fin. Pos for the current year and ensure that they are included in the Accounting Policies.	Finance	Albert	Year-end	01 Jul	Year-end	Year-end
128		EX. 16: No signature of the reviewer/approver to proof that they reviewed/approved the Journal Submit an email to the Unit Manager: AFS to confirm: - That a check has been done that all Budget & Treasury Office journals has been reviewed and signed by reviewer/approver.	Finance	Unit Manager BTO	Monthly	22 Jul	Pending	Pending
129		EX. 16: No signature of the reviewer/approver to proof that they reviewed/approved the Journal Submit an email to the Unit Manager: AFS to confirm: - That a check has been done that all AFS journals has been reviewed and signed by reviewer/approver.	Finance	Thabiseng	Monthly	22 Jul	Pending	Pending
130		EX.30: Duplicate Journal numbers - Ensure that a Journal register for Budget & Treasury Office is kept on hand providing list of sequential journal numbers and details.	Finance	Unit Manager BTO	Monthly	01 Jul	Pending	Pending

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
131		EX.30: Duplicate Journal numbers - Ensure that a Journal register for Annual Financial Statements is kept on hand providing list of sequential journal numbers and details.	Finance	Thabiseng	Monthly	01 Jul	Pending	Pending
132	PRIOR YEAR AUDIT FINDINGS							
133		(PY) ComAF 2 – Quarterly Performance Evaluations not performed. Management should ensure that quarterly performance evaluations are performed for all employees. - Provide a system report on outstanding performance evaluations with reasons why personnel was not evaluated.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Pending	Pending
134		(PY) ComAF 4 – Internal Control Deficiency – Impracticability or impossibility of not obtaining three (3) quotations not elaborated. Management should provide further details why it was impracticable or impossible to obtain three (3) written price quotations from three (3) different suppliers, and these reasons must be approved by the chief financial officer, or an official designated by the chief financial officer in accordance with SCM Regulations Section 17 (c). - Provide a list of all price written quotations without three (3) quotations, and confirm to the Deputy CFO and Unit Manager AFS via email that the reasons provided for these quotations were captured in detailed.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
135		(PY) ComAF 7 - Internal Control Deficiency: Procurement process not commenced on a timely basis Management should ensure that they commence with the procurement process of appointing a new supplier or service provider at least 6 months prior to the end date of the contractual agreement. - Provide a list of contracts which expire during the quarter. List should contain: - Name of service provider - Date of commencement of contract - Date of expiration of contract - Date when contract should be renewed - Procurement process commencement date	Corporate Services	Kobus	Quarterly	19 Jul	Pending	Pending
136		(PY) (ComAF 8) - Internal Control Deficiency: Approval of procurement made after invoice date Management should ensure that all goods and/or services procured by the municipality is approved by the delegated official prior to the receiving of the goods and/or services. - Confirm via email to Deputy CFO that review was done on all payment documents, and that all payments procured was approved by delegated official prior to receiving the goods and/or service. (Goods received stamp date and invoice date should be after approval date)	Finance	Maureen	Monthly	22 Jul	Pending	Pending
137		(PY) (ComAF 9) – AOPO: Overall presentation in the APR Management should ensure that comparisons of targets achieved in the prior year are included for all targets reported on in the prior FY. Furthermore, management should make corrections to the heading in APR. - Provide report on quality review conducted, compiled by Senior Management and Internal Audit.	Office of the Municipal Manager	Beverley	Year-end	29 Jul	Year-end	Year-end
138		(PY) (ComAF 10) - Fruitless and Wasteful Expenditure understated Management should review the calculations prepared for fruitless and wasteful expenditure to ensure that the amount disclosed in the financial statements is accurate and complete. - Compare the SARS reconciliation (PAYE, UIF & SDL Statement and general ledger) with the F&W Expenditure disclosed in the AFS.	Finance	Albert	Quarterly	19 Jul	Pending	Pending
139		(PY) (ComAF 11) - Presentation and disclosure of the annual financial statements not complete - Provide an email to the CFO that the GRAP checklist was scrutinized and all prior year findings were corrected in the AFS..	Finance	Albert	Year-end	29 Jul	Year-end	Year-end

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
140		(PY) (ComAF 13) - Expenditure incorrectly recorded as VAT inclusive Management should record expenditure at the VAT exclusive amount. Furthermore, management should review the invoices prior to processing the payments to ensure that the correct amounts are captured on the system. Management should evaluate the entire population of Operating Costs and Contracted services to evaluate the extent of the misstatement. - Submit an mSCO Register extract of all VAT applicable UKEYS with "N" VAT indicator. BTO UM and CFO must sign off to confirm that the indicators were changed on Classic.	Finance	Millicent	Quarterly	19 Jul	Pending	Pending
141		(PY) (ComAF 14) - Overstatement of Travel and Subsistence Management should ensure that prior to finalising a payment batch for archiving that a checklist is implemented whereby all the support attached to a batch are agreed to the checklist, this is ensure completeness and accurate support are attached. Management should revisit the entire population to evaluate the extent of the misstatement. - Submit an email to the Deputy CFO to confirm: - That all Subsistence & Travel Allowance payment documents was reviewed for the month and includes a valid trip authorisation/claim or invitation.	Finance	Maureen	Monthly	22 Jul	Pending	Pending
142	NEW PROCEDURES PROPOSED:							
143		(PY) Medical Aid Reconciliation: - Submit monthly reconciliation between creditor statements received from medical aid companies and the general ledger.	Finance	Nicodia	Monthly	15 Jul	Pending	Pending
144		(PY) Compensation Commissioner: - Submit proof that assessment has been done into section 83(2) of the Compensation for Occupational Injuries and Diseases Act, 1993. (Assessment period is from 1 March - 28 February) - Submit proof of payment made to Compensation Commissioner. Payment must be made before 31st of March.	Finance	Marshall	Once-off	18 Mar	Pending	Pending
145	PRIOR YEAR AUDIT FINDINGS							
146		(20/21) COMAF 1 - ISS.5: Leave Accrual: Insufficient controls implemented in the leave process - Submit proof that leave is captured on the new Leave Module	Corporate Services	Teresa	Once-off	12 Aug	Pending	Pending
147		(20/21) COMAF 1 - ISS.6: AoPO: Indicator not well defined - Submit proof that the following KPI was corrected: The manager in the executive mayor's office to public participation & community outreach projects in the mayor's office by 30 June	Office of the Municipal Manager	Beverley	Once-off	01 Apr	Pending	Pending
148		(20/21) COMAF 1 - ISS.7: AoPO: Evidence submitted not valid - Submit proof that the following KPI was removed: Report was submitted by the assistant director SPLUM to the Director Planning & Development	Office of the Municipal Manager	Beverley	Once-off	01 Apr	Pending	Pending
149		(20/21) COMAF 1 - ISS.4: AoPO: Indicators not logically related to the Strategic objective under which they are reported - Submit proof that the strategic objective criteria of the following projects were corrected: • Mandela Day • Back to school initiative • Women's day event • Public participation & community outreach projects • Purchase of a new camera	Office of the Municipal Manager	Beverley	Once-off	01 Apr	Pending	Pending
150		(20/21) COMAF 2 - ISS.8: Procurement and contract management: Bidders who did not pass functionality were not disqualified - Submit proof that all tenders have a functionality criteria and it was implemented.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
151		(20/21) COMAF 2 - ISS.11: Internal control deficiency: SCM policy not aligned with updates to relevant legislation - Submit proof that the SCM Policy was updated.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
152		(20/21) COMAF 2 - ISS.15: Procurement and contract management: Evaluation and adjudication criteria applied not the same as those indicated in the original bid documents - Submit an email to confirm that all bids were evaluated according to the evaluation criteria set out in the bid documents.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
153		(20/21) COMAF 2 - ISS.9: Procurement and contract management: Points for BBBEE were not awarded correctly - Submit an email to confirm that the correct allocations of points per the Preferential Procurement regulations are utilised and awarded to potential bidders, for all tenders.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
154		(20/21) COMAF 2 - ISS.10: Procurement and contract management: Tender was not awarded to bidder with the highest points - Submit proof that all tenders were awarded to the bidders with the highest points.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
155		(20/21) COMAF 2: ISS.13: Procurement and contract management: Member of evaluation committee also part of adjudication committee - Submit proof that all BAC minutes don't have a BEC member on it. - Submit proof that no BEC member signed the BAC attendance register.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
156		(20/21) COMAF 2 - ISS.12: Procurement and contract management: Evaluation and adjudication criteria did not include determinations of the capability and capacity of the provider to provide the goods - Submit an email to confirm that each bidder's ability to execute the contract was evaluated for each tender.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
157		(20/21) COMAF 3 - Prior year misstatement not resolved in current year (Iss. 14- COMAF 13 of the prior year) - Submit an email to proof that all prior year communication of findings were adjusted in the AFS.	Finance	Albert	Once-off	29 Jul	Pending	Pending
158		(20/21) COMAF 4 - ISS.14: Employee benefits disclosure not reviewed - Submit an email to proof that the Employee Benefits AFS Note was reviewed for a second time.	Finance	Marshall	Once-off	29 Jul	Pending	Pending
159		(21/22) COMAF 1 - ISS. 01: Inconsistencies between SDBIP and APR - Submit an email to Senior Management to confirm that the APR is reviewed so that it is consistent with the SDBIP.	Office of the Municipal Manager	Beverley	Year-end	22 Jul	Year-end	Year-end
160		(21/22) COMAF 2 - ISS. 02: Casting difference in the comparative figures - Submit an email to the CFO to confirm that the casting of notes are accurate and agree to the figures disclosed in the AFS.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
161		(21/22) COMAF 3 - ISS. 09: Overstatement of Purchase of Property, Plant and Equipment - Submit an email to the CFO to confirm that all leased assets are excluded from the Cash Flow Statement item: Purchase of PPE and IA.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
162		(21/22) COMAF 4 - ISS.08 : Irregular Expenditure - Declaration of interest (MBD4) not submitted - Submit an email to the CFO to confirm that all suppliers have submitted MBD4 forms. (double check Compufin)	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
163		(21/22) COMAF 4 - ISS.03 : Irregular Expenditure- Non Adherence-Local Content - Submit an email to the CFO to confirm that the invitation/Advertisement and the evaluation processes were assessed for Local Content, relating to goods[uniform] purchased and classified under the Designated sector .	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
164		(21/22) COMAF 4 - ISS.03 : Supplier is non- compliant with Tax - Submit an email to the CFO to confirm that the tax compliance status was checked before a payment was made.	Finance	Maureen	Monthly	22 Jul	Pending	Pending
165		(21/22) COMAF 4 - ISS.04: Irregular Expenditure- No Register Published for the BID Requirement - Submit evidence to the CFO to confirm that the Accounting Officer published the results of the BIDs on the website.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
166		(21/22) COMAF 4 - ISS.04: Irregular Expenditure- No Register Published for the BID Requirement - Submit a tender box register to the CFO to confirm that the winning and Losing Bidders of this BID submitted their bidding documents in time [before the closing date].	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
167		(21/22) COMAF 4 - ISS.06 : Internal Control Deficiency: Incomplete Tender Register - Submit a reconciliation to the D.CFO to confirm that the Tender Register agree with the BIDS/ Quotations published on the website.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
168		(21/22) COMAF 5 - ISS. 13: Measures taken to improve performance are supported by corroborating evidence - Submit an email to Senior Management to confirm that ALL not-fully-effective KPI's reasons/measures for improvement are sufficient. The reasons must be descriptive and detailed as to how the municipality will improve the reported performance.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Pending	Pending
169		(21/22) COMAF 5 - ISS. 11: Reported targets are not consistent with planned targets - Submit an email to confirm that there is consistency between the target in the SDBIP and the APR.	Office of the Municipal Manager	Beverley	Year-end	22 Jul	Year-end	Year-end
170		(21/22) COMAF 7 - Internal Control Deficiencies - It is recommended that Senior Management; provide support to the IA Unit to ensure that reasonable steps are maintained effectively and efficiently to enhance management and internal control in the division. - Submit evidence that IA findings were attended to during the quarter..	Office of the Municipal Manager	De Waal	Quarterly	19 Jul	Pending	Pending
171		(21/22) COMAF 7 - Internal Control Deficiencies - It is recommended that Senior Management; provide support to the IA Unit to ensure that reasonable steps are maintained effectively and efficiently to enhance management and internal control in the division. - Submit evidence that IA findings were attended to during the quarter..	Corporate Services	Kobus	Quarterly	19 Jul	Pending	Pending
172		(21/22) COMAF 7 - Internal Control Deficiencies - It is recommended that Senior Management; provide support to the IA Unit to ensure that reasonable steps are maintained effectively and efficiently to enhance management and internal control in the division. - Submit evidence that IA findings were attended to during the quarter..	Finance	Eloize	Quarterly	19 Jul	Pending	Pending
173		(21/22) COMAF 7 - Internal Control Deficiencies - It is recommended that Senior Management; provide support to the IA Unit to ensure that reasonable steps are maintained effectively and efficiently to enhance management and internal control in the division. - Submit evidence that IA findings were attended to during the quarter..	Planning and Development	De Waal	Quarterly	19 Jul	Pending	Pending
174		(22/23) COMAF 1 - AoPO: The following indicators are not in alignment with the strategic objectives - Submit proof that the strategic objective criteria of the following KPI's were corrected: Manager in the Office of the Speaker to facilitate the purchase of office furniture for the Speaker's Office.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Pending	Pending
175		(22/23) COMAF 1 - AoPO: The following indicators are not in alignment with the strategic objectives - Submit proof that the strategic objective criteria of the following KPI's were corrected: The Manager in the Executive Mayor's office to quarterly facilitate the implementation of council services projects (MRM, Youth Day celebrations & Women's Day) by the executive mayor's office.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Pending	Pending
176		(22/23) COMAF 1 - AoPO: The following indicators are not in alignment with the strategic objectives - Submit proof that the strategic objective criteria of the following KPI's were corrected: The Manager in the Executive Mayor's office to facilitate the implementation of disability & gender-based violence projects/events by the executive mayor's office by 30 June 2023.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Pending	Pending

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
177		(22/23) COMAF 1 - AoPO: The following indicators are not in alignment with the strategic objectives - Submit proof that the strategic objective criteria of the following KPI's were corrected: The Unit Manager of Air Quality Management to review the current ZFM Air Quality Management Plan by 30 June 2023.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Pending	Pending
178		(22/23) COMAF 1 - AoPO: The following indicators are not in alignment with the strategic objectives - Submit proof that the strategic objective criteria of the following KPI's were corrected: The Unit Manager of Air Quality Management to develop ZFM's Air Quality Management by-laws & publish them in the provincial gazette by 30 June 2023.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Pending	Pending
179		(22/23) COMAF 1 - AoPO: The following indicators are not in alignment with the strategic objectives - Submit proof that the strategic objective criteria of the following KPI's were corrected: The Director Planning & Development to facilitate the purchase a vehicle to enhance the municipal fleet by 30 June 2023 to the value of R700 000.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Pending	Pending
180		(22/23) COMAF 1 - Tender Expenditure incorrectly classified as Operational Costs Tender Expenditure relates to the amount paid to a supplier for training and was incorrectly classified as Operational Costs. The supplier was awarded through SCM process (tender). - Scrutinize the GL and ensure that all tender related expenditures are classified under Contracted Services.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
181		(23/24) COMAF 1 - Property, plant and equipment: Depreciation incorrectly calculated - Submit an email to the Deputy CFO to confirm that the Remaining Useful Lives (RUL) in IMQS for the prior year were correctly transferred to the current year..	Finance	Marshall	Year-end	28 Feb	Year-end	Year-end
182		(23/24) COMAF 2 - ISS.3: Expenditure: Limitation of Scope - Outstanding Information - Submit an email to the CFO to confirm that the WEB payment batches contain all the necessary documents to allow the auditor to conclude testing.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
183		(23/24) COMAF 3 - ISS.4 Limitation - The winning bidder's account for municipal rates and taxes and municipal service charges was not received - Submit an email to the CFO to confirm for all tenders were reviewed and that all service providers demonstrated that they are in stable financial position in order to undertake the project	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
184		(23/24) COMAF 4 - ISS.6: Expenditure : Journals - Limitation of Scope - Submit an email to the Deputy CFO to confirm that all journals have supporting documentation (an invoice or full payment batch) that shows how management identified the error and how it was corrected.	Finance	Eloize	Monthly	19 Jul	Pending	Pending
185		(23/24) COMAF 5 - ISS.5: Disposal of capital assets (Date of Council Meeting in advertisement differs from actual Council meeting date) - Submit an email to the Director: Corporate Services to confirm that all Council meeting dates agreed to the date on the advertisement..	Corporate Services	Berney	Quarterly	19 Jul	Pending	Pending
186		(23/24) COMAF 5 - ISS.5: Disposal of capital assets (The disposal was not appropriately approved as it was sold before it was approved by Council.) - Submit an email to the Deputy CFO to confirm that the Council approved all assets before they were sold.	Finance	Marshall	Quarterly	19 Jul	Pending	Pending

c	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	17 Jan 25	24 Jan 25
187		(23/24) COMAF 5 - ISS.5: Disposal of capital assets (Based on Asset Management Policy it was noted that "It must be ensured that the request to Council for authorisation for alienation process be accompanied by an information statement approved by the Asset Management Committee") - Submit an email to the Deputy CFO to confirm that Council has considered the fair market value of the assets and the economic and community value to be received in exchange for the asset before the disposal of the asset.	Finance	Marshall	Quarterly	19 Jul	Pending	Pending
188		(23/24) COMAF 6 - ISS.7: Evergreen Contracts: 1. Steiner Hygiene - Submit Council Agenda to prove that month-to-month contracts were approved WITH end dates & detailed reasons.	Finance	Chriszelda	Quarterly	19 Jul	Pending	Pending
189		(23/24) COMAF 7 - 1. ISS.1: Overstatement of Deviation Register and Note 36.8 Deviation - Submit an email to confirm that all deviations in the files were accurately captured in the quarterly deviation register.	Finance	Annzonia	Quarterly	19 Jul	Pending	Pending
190		(23/24) COMAF 8 - ISS. 8: Inconsistencies identified in disclosure notes (Revenue from non- exchange transaction - Presentation and Disclosure) - Submit an email to the CFO to confirm that a review was performed on the Annual Financial Statements before it was submitted for audit.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
191		(23/24) COMAF 9 - ISS.9: Issues on Contract Management - Include a checklist column in the contract register to ensure that all contracts stipulate the terms and conditions of the contract which include 1) provisions for termination of the contract in the case of non- or underperformance 2) as well as a provision on dispute resolution mechanisms to settle disputes between the parties.	Finance	Chriszelda	Quarterly	19 Jul	Pending	Pending
192		(23/24) COMAF 9 - ISS.9: Issues on Contract Management - Include a checklist column in the contract register to ensure that all contracts were not extended for more than 15% of the original value of contract. If so, obtain a Council resolution with reasons for the proposed amendment.	Finance	Chriszelda	Quarterly	19 Jul	Pending	Pending
193		(23/24) COMAF 10 - ISS.10 _ Non-Compliance- Acting Municipal Manager Position - Provide evidence of the re-advertisement and that the position of the Municipal Manager was filled.	Corporate Services	Kobus	Quarterly	28 Feb	Pending	Pending
194		(23/24) COMAF 12 - ISS.11: MFMA Skills, Capacity and Capability - Provide reasons for positions that were vacant for more than 6 months at year-end.	Corporate Services	Kobus	Quarterly	19 Jul	Pending	Pending
195		(23/24) COMAF 12 - ISS.11: MFMA Skills, Capacity and Capability - Provide evidence that the Municipality have a staff establishment approved by Council, after having taken inputs from MEC.	Corporate Services	Henry	Quarterly	19 Jul	Pending	Pending
196		(23/24) COMAF 12 - ISS.12: Unfunded budget - Ensure that the Municipality must budget appropriately such that it does not receive a letter from National Treasury indicating that its budget is unfunded..	Finance	Eloize	Quarterly	19 Jul	Pending	Pending