



TSWELOPELE

LOCAL MUNICIPALITY

A MUNICIPALITY IN PROGRESS

TSWELOPELE LOCAL MUNICIPALITY ANNUAL REPORT

2023/24

01 Bosman Street
Bultfontein 9670

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2 GENERAL INFORMATION

MUNICIPAL GENERAL INFORMATION

MUNICIPALITY	TSWELOPELE LOCAL MUNICIPALITY
REGISTRATION NUMBER	FS183
PHYSICAL ADDRESS	01 Bosman Street Bultfontein 9670
POSTAL ADREESS	Tswelopele Local Municipality P.O. Box 3 Bultfontein 9670
TELEPHONE NUMBER	051 853 1111
FAX NUMBER	051 853 1332
EMAIL ADDRESS	admin@tswelopele.org and logov@tswelopele.org
WEBSITE ADDRESS	www.tswelopele.gov.za

STRATEGIC OVERVIEW

OUR MOTTO

“A municipality in progress”

OUR VISION

To be an accountable, transparent, non-racial Municipality that promotes economic development and provides sustainable services and improves the quality of life in the Community.

OUR MISSION

Tswelopele Local Municipality is committed to effective and transparent governance by:

- (a) Promoting economic development;
- (b) Providing sustainable services; and
- (c) Improving the quality of life of all people

VALUES

- Democratic values
- Good governance
- Transparency
- Honesty
- Equity
- Commitment
- Accountability
- Professionalism

MAYOR'S FOREWORD



Let me begin by expressing my gratitude for the opportunity to lead the municipality and present the Annual Report of the Tswelopele Local Municipality for the 2023/24 financial year as mandated by Municipal Finance Management Act no 56 of 2003. In light of the changing circumstances, we warmly welcome the official STATS-SA results which depicts that our municipal population is fairly growing and dominated by young people. The main statistics show that Tswelopele Local Municipality currently has a population of 56 896 people) and 14 799 households. A major group in our population is Black Africans currently sitting at 52 108 (92%) of the total population, and these are mostly our people living in townships which further mandates and necessitates that we put more effort and resources in these previously disadvantaged areas. We are honoured and filled with immense positivity, pride and gratitude that we are recognised as the municipality in good progress by

various sector departments and this has resulted in an injection of more programmes in our local space.

I would like to restate that these programmes and some capital projects are multi-year as such their social impact can only be realised after completion in several financial years to come. With the enormous targets set before the local government we would like to call all the stakeholders more especially the community members who can pay for their municipal service accounts to do so to enable the municipality to be a going concern. Our main concern is the debtors' book and bulk purchase accounts that are increasing year in and year out. The municipality has developed revenue enhancement strategy and funding plan to address these historical challenges.

Despite these challenges, the municipality is sacred to have courageous and dedicated municipal council, senior management and employees who strive on a daily basis to improve the municipal operations. As indicated in the previous financial year that the municipality has embarked on special programs that are geared to improve employee health and financial wellness, productivity and moral, these planned programmes were realised in the current financial year and their vast impact was noted with the improved service delivery and financial performance achievements.

Our municipality remains committed to improving the quality of life of our community. To fund this mandate which has been a challenge in prior years we call all businesses to register their businesses and pay for services and/or make payments arrangements for their municipal accounts. We request all the families falling under the threshold of indigents to come to the municipal offices with all relevant documentations to apply for free basic services

Lastly, the municipality welcomes another unqualified audit report from Auditor General South Africa and commits that all the issues raised will be addressed in the 2024/25 financial year. An action plan will be developed and monitored by oversight structures of the municipality and reported accordingly to all the relevant stakeholders.

Extra efforts will also be put in place to address the use of consultants in areas that are deemed core municipal mandate.

In conclusion I would like to take this opportunity to acknowledge the efforts of the municipal leadership, management, supporting sector departments and municipal employees in their efforts to reach municipal strategic and operational objectives for the 2023/24 financial year.

CLLR KR PHUKUNTSI

MAYOR

MUNICIPAL MANAGER'S REPORT

It is with great pleasure that I hereby present the Tswelopele Local Municipality's 2023 / 24 Annual Report. Through this report, we acknowledge the great efforts undertaken by the Municipal Council to ensure that the municipality achieves the goals set in the Integrated Development Plan and Medium-Term Revenue and Expenditure Framework.

In terms of section 121 of the Municipal Finance Management Act no 56 of 2003 it stipulates that every municipality must for each financial year prepare an annual report and section 129 thereafter further states that the council of a municipality must within nine months after the end of the financial year deal with the annual report of the municipality. It is therefore in line with the above that this report that reflects on operational results for 2023/24 financial year is prepared.

Management also welcomes the AGSA unqualified audit report with emphasis of matters that are reoccurring. The report also highlights very concerning prevailing challenges facing the municipality ranging from material losses, non-compliance with laws and regulations and going concern issues. Despite the achievements attained, the municipality still faces various challenges in key performance areas. The effective and functional governance structures established that oversee the municipal operations in line with the key performance areas prescribed have highly contributed to the achievements attained.

The municipality is faced with a lot of challenges, the leading challenges amongst others is the unemployment and aging infrastructure with effects that are harshly felt by the municipality. We therefore urge all stakeholders to stand with us and support all innovative measures proposed to take our municipality forward. In dealing with the declining electricity revenue, the municipality from the start of 2024/25 financial year will implement a basic charge on all solar system installations. A call is made to all residents to consult the municipality in order to comply with all legal requirements and safety measures of solar installations.

We are a municipality in progress, all regulatory requirements were prioritised and reports were approved and distributed to all relevant stakeholders. However, the municipality still faces a lot of financial challenges due to non-payment of municipal services, over-reliance on grants and tariffs that are not cost-reflective. We are also experiencing major backlogs in service delivery areas [water and sanitation, electricity, roads and waste] due to lack of approved master plans, funded maintenance plans and more funding to complete infrastructure projects promptly. As required by the Eskom Debt Relief programme a comprehensive revenue enhancement strategy and funding plan was developed to address the financial and operational challenges. These plans along with the strict implementation of by-laws, credit control measures, installation of smart water and electricity meters will be of significant importance in changing the current state of municipal affairs.

The municipality is under immense financial pressures and persistent constraints to meet the development needs of the community. The municipality is currently participating in the DBSA programme aimed at funding and implementing catalytic projects addressing historic service delivery and local economic development challenges. A detailed project plan was finalised as such the funding model stage will unfold in next financial year. In the programme, the municipality has emphasised the need to implement LED driven projects which will assist the community members to maintain their municipal accounts and ultimately enabling the municipality to recover for costs incurred in rendering these services. The municipality also needs to encourage those who can pay to do so

and apply strict credit control measures against households, businesses and government entities who owe the municipality.

I would like to extend my sincere gratitude to all the residents and businesses who continue to sustain this municipality by paying for their municipal services. It is our strong wish that you continue with this good practice that is pivotal in steering Tswelopele Municipality towards a sustainable and service-oriented future.

Lastly, I would like commend and thank the political leadership in Council, the Mayor, and the Speaker, EXCO, Audit, Performance and Risk Management Committee and Municipal Public Accounts Committee. Administratively I would like to thank the Management team and the entire staff of the Municipality for their continued support.

MR. MLE LESEANE
MUNICIPAL MANAGER

3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

BACKGROUND DATA

Tswelopele Local Municipality falls in the Lejweleputswa district area which is situated in the central Free State about a 100 km north west of Bloemfontein. It consists of Bultfontein [Phahameng] and Hoopstad [Tikwana] and their surrounding rural areas.

Tswelopele Local Municipality has a total population of 56 896 people, of which 91% are African Black, 7% are White, with the other population groups making up the remaining 2%. The Municipality is 6 506, 68 square kilometres in extent and with the surface area of 652 544, 3 Ha.

The municipal unemployment rate stands at 34, 8%. 14 090 people are economically active (employed or unemployed but looking for work), and of these 35% are unemployed. Of the 8145 economically active youth (15 – 34 years) in the area, 46% are unemployed.

Tswelopele Local Municipality is a Collective Executive Committee System and it consists of the Council, which is the highest decision-making body and it meets quarterly with the Executive Committee meeting once in every month. Tswelopele Local Council is constituted of 17 Councillors (i.e.9 ward councillors and 8 Proportional Representative Councillors).

DEMOGRAPHIC PROFILE

All municipal demographic statistics as depicted by the different tables underneath relates to the census survey of 2022 that was conducted by the Statistics South Africa. The data is for statistical purpose only as it does not relate to the year reported herein.

Tswelopele Municipality is 6 506 68 square kilometres in extent. The demographic profile of the municipality according to the most recent information available is shown in the table below:

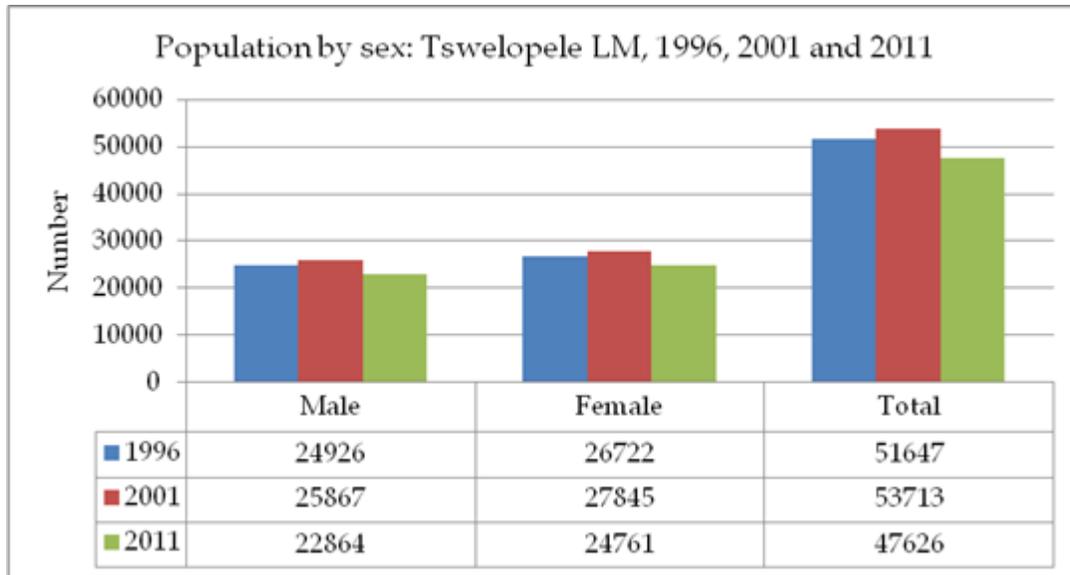
Description	2001 - Stats SA	2011 - Stats SA	2022 – Stats SA
No. of households	12 624	11 992	14 798
Average people	4,2	4	3.8
Total population	55 591	47 625	56 896

The key statistics mentioned above as reflected in Census 2001 are shown to place the municipality's performance in the proper context.

According to the graph below, the population number in the municipality appears to decline, recording a marginal decline of 1.2% over 2001 to 2011. The number of households has declined from 12 624 in 2001 to 11 992 in 2011.

The number of households has declined from 12430 in 2001 to 11 992 in 2011 and increased to 13 705 in 2016 community survey.

Figure 1: Distribution of population by sex: Tswelopele LM, 1996, 2001 and 2011



Source: Statistics SA, Census, 1996, 2001 and 2011

This graph shows that the population in terms of males increased by 3.8% from 1996 to 2001 and showed a decrease of 11.6% in 2011 the reasons for this decrease should be investigated as they might have a negative impact on the local economic development of the area. The population in terms of females showed an increase of 4.2% from 1996 to 2001 and showed a decrease of 11% which is more or less the same decrease of the males in 2011. The reasons for this decrease must be investigated.

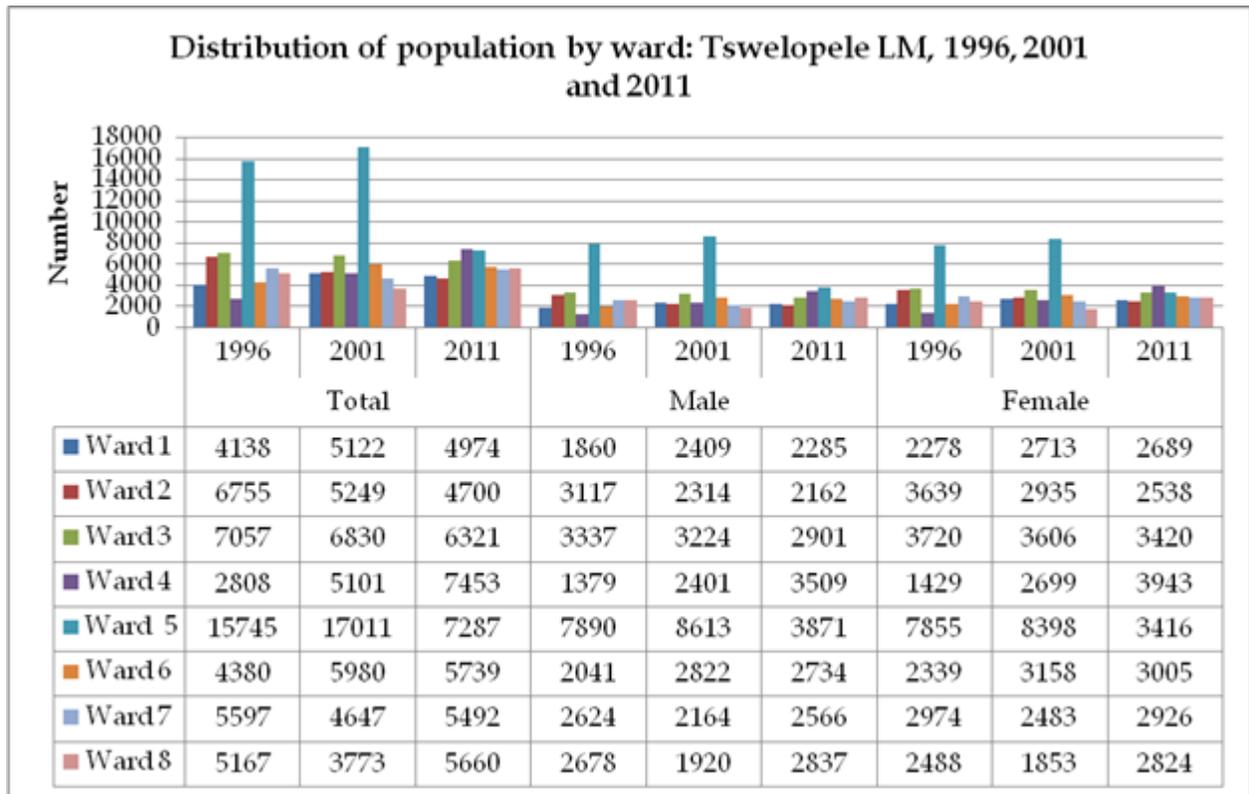
The 2016 community survey shows a slight decrease in the total population of men as compared to 2011 sensors count from 22 864 to 22 858 which is a decrease of 6 men. The reasons to this slight decrease are not known and might be investigated.

The 2016 community survey also shows a slight decrease in the total population of women as compared to 2011 sensors count from 24 761 to 22 515 which is a decrease of 6 women. The reasons to this slight decrease are not known and might be investigated.

It is also worth noting that STATS-SA released new municipal data towards the end of the 2023/24 financial year as such it could not be utilised for any municipal planning and/or operational purposes for the year under review.

POPULATION BREAKDOWN PER WARD, AGE AND GENDER

Figure 3: Distribution of population by sex: Tswelopele LM, 1996, 2001 and 2011



Analysis are made in terms of population per ward and that the most popular ward and which shows high population vacillations is ward 5, as per the above table the ward had a population of 15 745 people in 1996 and increased to 17 011 people in 2001, the statistics showed an enormous to 7 287 people in 2011 and this is due to the demarcation processes that took out extension 7 & 8 and the ward thereafter consisted of the farms only. As a result of demarcation processes undertaken every 5 years the municipality cannot make a clear analysis of population vacillations per ward to the local economic development abroad.

POPULATION PER MUNICIPAL AREA

Population Group	Sanded		Hoopstad		Tikwana		Tswelopele NU		Bultfontein		Phahameng	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Black African	9	3	237	144	6744	7605	3711	3189	420	420	9615	11355
Coloured	-	-	12	12	156	144	90	57	3	6	39	57
Indian or Asian	-	-	12	6	39	3	-	3	15	3	78	18
White	-	-	405	450	9	15	609	537	567	702	6	3

Other	-	-	15	9	21	3	15	6	27	15	15	-
Sub-total	9	3	681	621	6969	7770	4425	3792	1032	1146	9753	11433
Total	12		1302		14739		8217		2178		21186	
Statistics South Africa: Census 2011												

SOCIO ECONOMIC STATUS INDIVIDUAL MONTHLY INCOME

Ward	R 1 - R 800	R 801 - R 3 200	R 3 201 - R 12 800	R 12 801 - R 51 200	R 51 201 - R 204 800	R 204 801 or more	No income	Unspecified	Not applicable
Ward 1	1923	813	105	30	3	-	2016	81	-
Ward 2	1653	747	147	21	-	3	2067	66	-
Ward 3	2121	1335	282	36	3	-	2430	111	-
Ward 4	2424	1263	528	159	15	3	2643	300	117
Ward 5	1842	2361	216	99	36	12	2268	423	30
Ward 6	2028	921	123	24	6	-	2460	177	-
Ward 7	1638	1098	267	57	-	-	2238	189	-
Ward 8	1572	978	363	135	18	15	1845	351	378

Statistics South Africa: Census 2011

EMPLOYMENT STATUS

Ward	Employed		Unemployed		Discouraged work-seeker		Other not economically active		Age less than 15 years		Not applicable	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Ward 1	369	282	252	450	192	252	435	639	-	-	1038	1068
Ward 2	318	249	348	384	138	216	438	624	-	-	918	1068
Ward 3	480	393	330	405	66	141	792	1131	-	-	1233	1347
Ward 4	948	513	450	696	102	213	564	864	-	-	1446	1659
Ward 5	2130	849	75	192	18	150	387	1080	-	-	1260	1140
Ward 6	519	324	204	291	120	186	798	1017	-	-	1095	1185
Ward 7	543	441	246	330	171	243	603	831	-	-	1005	1086
Ward 8	882	453	204	315	57	99	651	870	-	-	1044	1083

Statistics South Africa: Census 2011

OVERVIEW OF NEIGHBOURING MUNICIPALITIES

Local Municipality	Black African		Coloured		Indian or Asian		White		Other		Grand Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Masilonyana	29250	28764	402	324	174	33	2004	2211	129	39	63330
Tokologo	12135	12348	660	666	174	21	1380	1503	63	36	28986
Tswelopele	20733	22719	303	273	141	30	1596	1704	93	33	47625
Matjhabeng	176805	179544	4251	4482	1002	453	18915	20217	534	255	406458

Nala	36078	39573	237	264	162	45	2250	2424	138	45	81216
Grand Total	275001	282948	5853	6009	1653	582	26145	28059	957	408	627615

Statistics South Africa: Census 2011

4 MUNICIPAL FUNCTIONS

Tswelopele Local Municipality is dedicated to the provision of sustainable quality services to its residents. The municipality is responsible for the provision of basic services and constitutionally mandated to perform in terms of Schedule 4 (Part B) and Schedule 5 (Part B) of the Constitution of Republic of South Africa, 1996

5 SERVICE DELIVERY OVERVIEW

The municipality is making immense efforts to ensure the sustainable provision of services to the community. However, the ever-increasing population and households places a strain on existing social and economic infrastructure. Aging infrastructure and inadequate resources to fund the maintenance of the present infrastructure also places great challenge in enabling the municipality to fully meet its constitutional mandate.

Various issues affect the provision of services in an ideal manner and it has been notable that the public members who are not willing to maintain their municipal service accounts are contributing to these current dreadful circumstances. Despite that, those who cannot pay were called and have been registered in the indigent register and continued to benefit from subsidised municipal services.

Historical challenges ranging from community unrests, provision of unserviced land, lack of skilled labours, inadequate planning, etc. keeps prevailing even in current financial years. We are experiencing service delivery interruptions this results in increased operational costs as a result of outsourcing certain skills and assets to at least attend to services delivery needs of the community.

The municipality held various sessions highlighting critical challenges faced by the municipality in fulfilling its key service delivery mandates and identified solutions to enhance its capacity to effectively serve the community. The municipality is participating in various government support programmes designed to enhance the municipality's capacity and capability to deliver services to its communities. Extra efforts will be made as well with internal coffers to procure additional service delivery assets.

Below is the status quo with regards to basic municipal services:

ELECTRICITY SERVICES

The municipality only provides electricity in the towns [Bultfontein and Hoopstad] and formalised households, public facilities and businesses have access to electricity services. Applications for new connections in town are also done by the municipality while Eskom provides electricity in the townships. Each registered indigent household receives 50kW of electricity per month. The municipality managed to reduce electricity losses to 11% this is due to regular meter audits, strict electricity cut-offs, penalties imposed for electricity meter tempering, replacement of aging infrastructure, etc.

With the assistance of provincial CoGTA and treasury the municipality is implementing a project of replacing old infrastructure and with its internal coffers is installing smart electricity meters aimed at enabling early warning mechanisms to identify and detect theft of electricity. The department of Department of Mineral Sources and Energy has assisted the municipality to implement energy saving initiatives. The three (3) projects have resulted in losses reduction, low energy costs and improvement of revenue collection.

Electrification of the new Ext. 10 in Phahameng/Bultfontein is currently awaiting approval from Eskom and both projects are anticipated to be undertaken in 2025/26 and 2026/27 financial years. The designs for the new Ext. 10 in Phahameng/Bultfontein were concluded September 2024.

Ext. 5 Tikwana/Hoopstad electrification is being carried out in phases. Phase 1 electrification is completed. The Eskom planning division to commence with the designs for the phase 2 electrification of approximately 250 households.

WATER SERVICES

The municipality is a water services authority and is responsible for provision of water to all the households in the municipality in both towns and townships. The water is abstracted from the Vet River by the Tswelopele Local Municipality and purified at the water treatment works, and pumped through bulk supply lines to storage facilities and to the end users.

The municipality does not have operations and maintenance plan and is facing various water challenges. We are unable to meet the demand of water versus the supply due to the increase of the population and the ever-leaking toilets in Phahameng and Tikwana leads to high water losses. Furthermore, the new establishments or developments are not yet billed due to non-provision of other services.

In an effort to curb the high-water loss volume the Municipality in previous financial years has introduced and continues to institute a temporary planned water supply interruption at specific intervals to increase the water level of the reservoirs in order to build up enough pressure head to provide water to all households at a given time. The temporary planned water supply interruption is also used to save costs on cleaning chemicals. The Municipality managed to develop a water services master plan and water services development plan. The plan will assist with the identification of critical components of the water infrastructure that need urgent attention and also assist with preventative maintenance.

The Municipality applied for funding to introduce the smart water metering system which will assist with the early detection of leaks and also encourage the community to pay for the water services rendered. The metering system will be a smart prepaid meter which will stop supplying water to the community members once the prepaid coupon is depleted, the community members will be forced to come to the Municipality's offices or through an App to buy water and other services.

Application for funding was also sent to the DWS to source funding to retrofit the old asbestos water reticulation pipelines to uPVC pipelines. The Municipality experiences a lot of pipe bursts (asbestos) especially during winter season.

SANITATION SERVICES

The municipality is committed to a clean environment and provision of sanitation services to all the household in line with the RDP standards. Formalised households have got access to sanitation services in both towns and the municipality is also focusing on servicing the new developments in both towns. The challenge of informal settlements still persists however we intend to move the beneficiaries to the formalized areas and eradicate informal settlements.

The sewer reticulation in Phahameng/Bultfontein Ext 9 project was also completed successfully. The Municipality also secured funding for the sewer reticulation and construction of toilet structures in Ext 5- Tikwana, the project is set to commence with construction from Jan 2025, all the procurements processes are concluded.

REFUSE REMOVAL AND WASTE MANAGEMENT

The municipality collects refuse from all the formalised households in both towns and townships on a weekly basis. Refuse is all also collected in the CBD streets of both towns on daily basis to ensure clean town and also to attract investments and tourism in our towns. The municipality continues with limited resources to clean the illegal dumps in both townships and towns, clean the parks, stadiums, cemeteries and open spaces on regular basis in order to promote clean environment.

The municipality has two landfill sites that are situated in the two towns. Both the two landfill sites are licensed. Waste is not compacted and covered on daily basis due to lack of proper machinery. Recyclers/re-claimers collect waste at the site. The Bultfontein landfill site is fenced and there is access control. Lack of yellow fleet is a major challenge for the management of the two landfill sites. The aged tractors are no longer effective and efficient to manage waste in the municipality, budget constraints to procure new equipment and machinery and townships growing in size whilst municipal resources are not adjusted accordingly are major challenges in the refuse removal and waste management function.

The Hoopstad landfill site is not properly fenced and as a result the Municipality applied for funding through the MIG to refurbish the landfill site. The refurbishment is anticipated to take place from the beginning of the 2025/2026 financial year.

The Municipality is in the process of procuring a frond end loader to be station at the landfill site (s) to assist with the proper management of the waste on daily basis. The Frond end loader is expected to be delivered at the end of Jan 2025.

The Municipality is also expecting a second Frond end loader from the R 3 million prize money won for the cleanest town completion facilitated by COGTA. The departed indicated on the 20th of December 2024 that they were busy finalising the procurement of the Front-end loader.

ROADS AND STORMWATER

The municipality is facing challenges with lack of fleet and equipment to maintain roads and stormwater infrastructure. Also, over-reliance on project workers that comes from prior financial years possess human resource challenges, as we are unable to transfer skills and develop capacity internally. The municipality is phasing out tarred roads with pavement roads in road intersections with internally generated funds. Efforts are being made by management to source funding to replace and construct deteriorated road infrastructure in towns and new developments.

It is worth noting that the state of road infrastructure in the municipal areas has deteriorated due to aging infrastructure and heavy traffic i.e., trucks and construction vehicles moving in and out of our towns. The municipality is maintaining the tarred roads by fixing the potholes internally and is in the processes of regulating the heavy vehicles in both towns to minimize more damage to the roads.

The following were achieved with internal funds and resources:

1. Potholes repairs;
2. Roads were graded;
3. Storm water channels were cleaned;
4. Road signs were replaced; and
5. Dilapidated roads were paved.
6. Upgrading of dilapidated tar roads to segmented paving blocks

A 2 km paving project in the Tikwana Township was successfully concluded funded by the MIG. There is also a 2 km project underway in Phahameng which is anticipated to be completed at the end of March 2025.

6 FINANCIAL HEALTH OVERVIEW

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

Descriptions	2023/ 2024	2023/ 2024	2023/ 2024	2023/ 2024
	Final Budget	Actual	Variance	Variance
	R	R	R	%
REVENUE				
Property Rates	29 557 000	32 243 757	2 686 757	9.1

Interest - property revenue	300 000	6 820 191	6 520 191	2173.4
Service Charges – electricity revenue	56 922 149	53 270 707	(3 651 442)	(6.4)
Service charges – water revenue	7 503 400	6 957 519	(545 881)	(7.3)
Service Charges – Sanitation revenue	8 795 653	7 286 200	(1 509 453)	(17.2)
Service Charges – Refuse revenue	5 859 798	4 044 097	(1 815 701)	(31)
Rental of Facilities and equipment	1 090 000	1 644 369	544 369	49.9
Interest earned – external investments	2 350 000	3 244 454	894 454	38.1
Dividends Received	190 000	141 015	(48 985)	(25.8)
Fines, penalties and forfeits	816 000	950 700	134 700	16.5
Licences and permits	80 000	93 896	13 896	17.4
Transfers and subsidies	101 492 000	164 010 859	62 518 859	61.6
Public contributions and donations	0	3 332 827	3 332 827	100
Debt forgiveness	0	13 311 262	13 311 262	100
Operational revenue	2 590 000	1 469 256	(1 120 744)	(43.3)
TOTAL REVENUE	217 546 000	298 821 109	81 275 109	37.4
EXPENDITURE				

Employee related costs	(89 452 000)	(92 336 697)	(2 884 697)	(3.2)
Remuneration of councillors	(6 226 000)	(6 993 153)	(767 153)	(12.3)
Debt impairment	(13 000 000)	(17 552 414)	(4 552 414)	(35.0)
Depreciation and amortisation	(20 000 000)	(25 443 269)	(5 443 269)	(27.2)
Impairment of assets	0	(3 599 363)	(3 599 363)	(100)
Finance charges	(2 000 000)	(21 528 945)	(19 528 945)	(976.4)
Bulk purchases	(48 839 000)	(59 438 165)	(10 599 165)	(21.7)
Lease rentals	0	(215 046)	(215 046)	(100)
Contracted services	(40 954 000)	(19 181 479)	21 772 521	53.2
Community donations	0	(4 946 058)	(4 946 058)	(100)
General expenses	(28 327 000)	(55 882 687)	(27 555 687)	(97.3)
Other expenditure				
TOTAL EXPENDITURE	(248 798 000)	(307 117 276)	(58 319 276)	(23.4)
Gain on biological assets	0	99 900	99 900	100
Fair Value Adjustments	0	777 834	777 834	100
Loss on disposal of assets/liabilities	0	(3 378 084)	(3 378 084)	(100)
Actuarial Gains/losses	0	(1 757 015)	(1 757 015)	(100)

SURPLUS/ (DEFICIT) FOR THE YEAR	(31 252 000)	(12 553 532)	18 698 468	59.9
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7 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The role of corporate services department within the institution is to provide administrative, legal and human resource management function to the Council, EXCO, the Municipal Manager and other employees of Council. The department also deals with issues such as training, recruitment and skills development of employees.

The position of the Municipal Manager has been filled. The position of chief financial officer, director community services, director corporate services and the director technical services have also been filled in prior financial years. The municipality in prior financial years has filled key vacant positions, however there are still vacancy challenges in the service delivery division. In addressing the new staff regulations that came to effect from 01 July 2022, the municipality as part of IDP and Budget reviewed its organisational structure and all vacant positions are budgeted for.

Employees and councillors participated in different learning programmes and interventions during the 2023 / 24 financial year in terms of the Workplace Skills Plan submitted to LGSETA. Graduates and experiential learners received training in various fields (on the job training).

AUDITOR-GENERAL REPORT

The municipality has in the 2023/2024 financial year received an unqualified audit opinion. The municipality has developed an audit action plan to this effect to address all the issues identified by the office of the Auditor General on the audit of financial statements, performance information and compliance. This audit action plan will be monitored closely by Internal Audit, management and the council of the municipality to ensure effective implementation thereof. The implementation of the audit action plan is a priority of management and standing item to both the Audit committee and Management meetings.

STATUTORY ANNUAL REPORT PROCESS

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

8 GOVERNANCE

POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The mayor is the key figure in the municipality in terms of section 52 of the Municipal Finance Management Act, 2003, [Act 56 of 2003]. Mayor is the chairperson of the Executive Committee [EXCO] that is responsible for receiving reports from various Section 80 Committees of Council and makes recommendations to Council as determined by Section 49 of the Municipal Structures Act, Act 117 of 1998]. The mayor's duties and functions include any ceremonial functions, and exercise powers delegated to the Mayor by Council or the Executive Committee.

The speaker is the chairperson of Council and performs function as stipulated in section 37 of the Municipal Structures Act, 1998, [Act 117 of 1998]. The speaker ensures that the council meets at least quarterly, ensuring compliance in the Council and Council Committees with code of conduct.

The Audit Committee consists of four members and met as scheduled, at-least four times per annum in terms of its approved terms of reference. The Audit Committee has reviewed and discussed with the Accounting Officer the Audited Financial Statements to be included in the annual report, reviewed the accounting policies and practices.

9 POLITICAL STRUCTURE

MAYOR

The Mayor presides at the meetings of the Executive Committee. The Mayor performs duties and functions including any ceremonial functions, and exercise powers delegated to the Mayor by Council or the Executive Committee.

SPEAKER

Presides at Council meetings and performs duties and exercises powers delegated to the Speaker in terms of section 59 of Local Government: Municipal Systems Act, 2000 [Act 32 of 2000]. Furthermore, the Speaker has the following functions:

- To ensure that the council meets at least quarterly
- To maintain order during council meetings
- To ensure compliance in the council and council committees with the Code of Conduct
- To ensure that council meetings are conducted in accordance with rules and orders of the Council.

EXECUTIVE COMMITTEE

The executive committee of the municipality consisted of the following councillors during the year under review:

Current Term of new Council

- Mayor;
- One Councillor of the ruling party; and
- One councillor of the opposition.

Tswelopele Local Municipality is a collective executive committee system and it consists of the council, which is the highest decision-making body and it meets quarterly with the Executive Committee meeting once in every month.

Below is the names of councillors and constituencies:

WARD COUNCILLORS

WARD	WARD COUNCILLORS
Ward 1	Monnapule Rabanye
Ward 2	Mantsho Radienyane
Ward 3	Ramotlamela Potsanyane
Ward 4	Kholise Piet Dial
Ward 5	Motshabinyana Welhemina Raseu
Ward 6	Moeketsi Mphatsoe
Ward 7	Wangile Nkomo
Ward 8	Mzonakele Simon Baleni
Ward 9	Sedumedi Gaebee

PR COUNCILLORS

PR. COUNCILLORS
Kenalemang Rose Phukuntsi
Michael Muller
MJ Noosi
Moshe Moses Snyer

Estelle Pretorious
Elize Pretorious
Teboho Alec Soaisa
T Shuping

POLITICAL DECISION-MAKING

The Council of the Tswelopele Local Municipality is the highest decision-making authority in the institution. It guides and instructs the administrative component, which implements the decisions taken by the political component through resolution implementation process. The council resolution execution register is kept and maintained by the Office of the Municipal Manager, in order to track the implementation of all resolutions taken at different committees.

10 OTHER COUNCIL GOVERNANCE STRUCTURES

AUDIT, PERFORMANCE AND RISK COMMITTEE

The Municipality has a functional Audit, Performance and Risk Committee in place, guided by an Audit, Performance and Risk Committee Charter. The members of the committee are all external individuals and advise council on matters relating to governance, internal control, risk management, performance and compliance issues quarterly. The committee sits as per the approved Council's schedule and as and when need arises.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The municipal council has appointed Municipal Public Account Committee to handle matters of oversight and other municipal operations. For the reporting period, the committee conducted MPAC meetings to scrutinise and advice council on the annual report. MPAC sat in several meetings as well informally and formally to investigate irregular and fruitless expenditure, recommendations on how to deal with such expenditures were made to Council.

MPAC had challenges in finalising the irregular and fruitless expenditure investigations due to an enormous number of transactions presented to the committee. Unauthorised expenditure investigations could not be finalised as result will be investigated in the 2024/25 financial year.

ADMINISTRATIVE GOVERNANCE

The municipal manager is the head of the administration and accounting officer of the institution. The political leadership through the mayor and the administration through the municipal manager complement each other in implementing council resolutions and other municipal programmes that are promoting good governance and public participation.

INTERGOVERNMENTAL RELATIONS

Intergovernmental relations are intended to promote and facilitate cooperative decision making and to ensure that policies and activities across all spheres of government encourage service delivery and meet the needs of citizens in an effective way also to assist in curbing the duplication of various resources.

11 PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The objective is achieved by holding public meetings, ward meetings, communication with and through non-governmental organisations and with the use of Community Development Workers. Political leaders of parties represented in council also give feedback to the community through meetings of those structures and the municipal website which is updated on the regular basis.

PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The following mechanisms are used as tools to ensure public participation and communication with the community of Tswelopele: loud-hailers, ward councillor's meeting, Community Development Workers and ward committees hold their sectional meetings in their respective wards to enhance public participation.

The IDP and budget consultative meetings are held, as stipulated by law, through different forums and they are inclusive of steering committee, stakeholder's forum, sectional meetings, ward and mass meetings. All these meetings are held on scheduled dates and communicated to the public through announcements, invites or municipal notice boards as prescribed by law.

The municipality is committed to public engagement and participation in planning and decision-making processes. In this regard, it has established a broad spectrum of engagement and consultation programmes and platforms aimed at the various communities.

Ward committees have a crucial role of ensuring that community needs are reported to the municipality through the Office of the Speaker. The municipality is in full support of all ward committees and to sustain their existence as they serve as a point of contact between the municipality and the residents.

IDP PARTICIPATION AND ALIGNMENT

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

12 CORPORATE GOVERNANCE

RISK MANAGEMENT

The Municipality have an approved risk management policy which outlines the municipality's commitment to managing risks events which might impact on the achievement of our objectives. Furthermore, the Municipality have an approved risks management strategy which details our plan of action on how to effectively implement the risk management policy in day-to-day activities.

In executing the risk management strategy risk assessments were conducted and the risk register was compiled accordingly. Furthermore, the risk response plans to further mitigate the risks were documented and monitoring thereof was undertaken to ensure that risks owners are effectively managing risks in their respective areas of work.

The municipality had a functional Audit, Risk and Performance committee chaired by an independent person. The committee which provides oversight on risk management activities. This committee has met on quarterly basis as scheduled.

The charter for the combined committee has been amended with the responsibilities of the committee on aspects of risk management clause.

ANTI-CORRUPTION AND FRAUD

To promote zero tolerance environment to fraudulent and corrupt activities, the Municipality Fraud and Corruption Policy and Fraud and Corruption Prevention Plan were approved by council which were also communicated to all officials.

Management, officials, APR committee members and SCM committee members have also signed disclosure of interest forms to ensure that there won't be conflict of interest.

SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT UNIT

The Supply Chain Management unit operates under direct supervision of the CFO. The Manager: SCM & expenditure reports to the CFO.

The SCM regulations stipulate the following:

- a) SCM regulation 6(2) (a) (i) - that the council of a municipality must maintain oversight over the implementation of its SCM policy. For the purpose of such oversight the accounting officer must within 30 days of each financial year submit a report on the implementation of the SCM policy of the municipality to the Council.
- b) SCM regulation 6(2) (3) – the Accounting Officer shall within 10 days after the end of each quarter submit implementation reports on SCM to the mayor.

Adoption of SCM Policy

The SCM policy has been adopted by council, the management reports to council on quarterly basis on the implementation of the SCM policy as required by the regulations.

BY-LAWS

A by-law is a law that is passed by the council of a municipality to regulate the affairs and the services it provides within its area of jurisdiction.

As people have a right and duty to participate in government and civil society, public participation conducted included holding community meetings, joining civil and / or political organisations, public hearings and public consultation meetings.

All by-laws are enforced by way of policies or municipal courts and notices in Provincial Gazette. Public hearings are held in all the towns falling under the jurisdiction of our Municipality. The inputs of the community are

incorporated into the document, after completion of this process; the by-laws were been promulgated in the Provincial Gazette to have an effect of the law.

WEBSITE

Documents published on the Municipality's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual reports	Yes
The annual report (2022 / 23) published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2023 / 24) and resulting scorecards	Yes
All service delivery agreements	Yes
All long-term borrowing contracts	N/A
All supply chain management contracts above a prescribed value	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 Year 1	Yes
Contracts agreed in to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes
Public-private partnership agreements referred to in section 120	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during the year (The municipality also placed the section 72 reports-Mid Year Assessment)	Yes

MUNICIPAL WEBSITE CONTENT AND ACCESS

The municipal website has been updated with recent municipal information as guided by section 75 of the MFMA.

All the information relating to quotations, procurement advertisement is uploaded through Corporate Services department by the office of Information Technology. The IT division has also developed a procedure to be followed when uploading information: -

- Users complete a form when requesting the information to be uploaded
- Head of Corporate services authorises the form and acknowledges the information to be uploaded
- The information is then forwarded to the IT office in a soft copy format
- Thereafter the IT Officer will login as the administrator and upload the information on the website
- Upon successful uploading of information, it should be accessible within five minutes.

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality has a manual complaint and compliments registers used by the community members for any complaints and compliments with regard to the services provided by the municipality in both Hoopstad and Bultfontein. The register is monitored by the senior management to ensure that all the issues raised by the community in the register have been addressed.

The municipality did not conduct any public satisfaction surveys on municipal services for the period under review. The office of the Speaker attended a workshop from CoGTA and will be conducting community satisfactory survey going-forward and the report from the survey will be publicised once finalized and approved by council.

13 SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

The municipality is committed to quality service delivery for residents of Tswelopele and to the extension of basic services to those who were previously denied access.

These sections of the report put focus on the service delivery related areas of the municipality, including performance highlights as they prevailed for the period reported herein.

WATER PROVISION

The municipal strategic approach to the provision of water services is contained in the Water Services Development Plan (WSDP) that has been developed and is currently under review. The municipality will continue to curb the water losses that is being experienced and unaccounted. Strict measures are enforced to deal with water wastage as a result the municipality reported an average 10.1% of water losses for the reporting period.

86.2% (12 522) of households and 100% of public facilities and businesses were supplied with clean, quality and sustainable water services.

The following achievements were noted with regards to water projects to assist in improving the quality and sustainable water supply and curb the water losses:

- Upgrading of bulk water supply in Hoopstad (Phase 4) 99% (R20 525 969,22 / R20 728 692,27) of the budget was spent.
- Upgrading of bulk water supply in Bultfontein (Phase 4) 88% (R24 333 236,91 / 27 651 275,82) of the budget was spent.

The table below shows the level of distribution of water in cubic meters to various sectors and households in the municipality and also provide the water losses for the financial year under review.

Total Use of Water by Sector (cubic meters)				
Year	Agriculture	Forestry	Industrial & Domestic	Unaccountable water losses
2015/ 16	N/A	N/A	2 628 674	892 367
2016/ 17	N/A	N/A	4 895 903	339 101
2017/ 18	N/A	N/A	2 335 180	343 000
2018/ 19	N/A	N/A	2 701 629	610 299
2019/20	N/A	N/A	3 331 458	543 461
2020/21	N/A	N/A	3 369 468	824 652
2021/22	N/A	N/A	3 214 812	749 738
2022/23	N/A	N/A	3 889 835	599 333
2023/24	N/A	N/A	3 943 986	398 133

Description	2019/2020	2020/2021	2021/2022	2022/23	2023/24
	Actual	Actual	Actual	Actual	Actual
<u>Water: (above min level)</u>					
Piped water inside dwelling	3820	3820	3820	3820	3820
Piped water inside yard (but not in dwelling)	8172	8172	8172	8172	8172
Using public tap (within 200m from dwelling)					
Other water supply (within 200m)					
Minimum Service Level and Above sub-total	12523	12523	12523	12523	12523
Minimum Service Level and Above Percentage	91%	91%	91%	91%	91%
<u>Water: (below min level)</u>					
Using public tap (more than 200m from dwelling)					

Other water supply (more than 200m from dwelling)	NA	NA	NA	NA	NA
No water supply					
Below Minimum Service Level sub-total	0	0	0	0	0
Below Minimum Service Level Percentage	0%	0%	0%	0%	0%
Total number of households*	12523	12523	12523	12523	12523

The table above shows that 12522 households in the municipality have access to piped water services, there is total number of 2012 households that have below RDP standards basic services which are the new developments. The municipality has made an application for funding to service the new development in both towns.

Description	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024		
	Original					Actual	Adjusted	Original
	No.	No.	No.	No.		No.		
Total households	11992	12523	12523	12523	12523	12522	-	12522
Households below minimum service level	0		1182	1182	1182	2012		2012
Proportion of households below minimum service level	0		0	0	0	0	-	0
Total households	-		-	-	-	-	-	-
Households below minimum service level	0		0	0	0	0	-	-
Proportion of households below minimum service level	0		0	0	0	0	-	-

SANITATION PROVISION

The municipality is committed to a clean environment and provision of sanitation services to all the households in line with the RDP standards. Formalised households have got access to sanitation services in both towns and the municipality is also focusing on servicing the new developments in both towns.

Ext. 5 in Tikwana/Hoopstad also known as “499 sites” construction for the internal sewerage network and toilets top structures is currently on hold as the municipality has applied for additional funding to successfully complete the project.

The municipality for the reporting period has achieved the following projects’ milestones:

- Construction of Sewer Reticulation in Phahameng/Bultfontein Ext 9 (476 sites) 100% complete

Description	2019/ 20	2020/21	2021/22	2022/23	2023/24
	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>					
Flush toilet (connected to sewerage)	12523	12523	12523	12523	11074
Flush toilet (with septic tank)	17	17	17	17	0
Chemical toilet	0	0	0	0	0
Pit toilet (ventilated)	0	0	0	0	0
Other toilet provisions (above minimum. Service level)					
<i>Minimum Service Level and Above sub-total</i>	12523	12523	12523	12523	11074
<i>Minimum Service Level and Above Percentage</i>	91%	91%	91%	91%	76.2%
<u>Sanitation/sewerage: (below minimum level)</u>					
Bucket toilet	0	0	0	0	0
Other toilet provisions (below min.service level)	1182	1182	1182	1182	3460
No toilet provisions	0	0	0	0	0
<i>Below Minimum Service Level sub-total</i>	1182	1182	1182	1182	3460
<i>Below Minimum Service Level Percentage</i>					
Total households	13705	13705	13705	13705	14 534

ELECTRICITY

The basic level of access to electricity is defined as including connection of the household to the grid and basic level of service includes 10 AMP connection. Electricity generation and transmission is the sole responsibility of ESKOM. The municipality has been licensed by NERSA for distribution only. The municipality has applied for funding to electrify new developments and is awaiting Eskom approval.

The following initiatives and projects were implemented:

- 100% of all the electricity smart meters for households, businesses and public facilities in Bultfontein and Hoopstad were installed.
- Refurbishment of electricity infrastructure in Bultfontein and Hoopstad 92% of the budget (R7 406 317.76/ R8 000 000.00) was spent.
- Refurbishment of electricity/energy demand management in Hoopstad and Bultfontein 100% of the budget (R9 000 000) was spent.

The municipality through the implementation of extensive credit control measures and energy efficiency initiatives managed to curb electricity losses to an average 11.24% and this is below the norm.

WASTE MANAGEMENT

Residents of the municipality were rendered weekly refuse collection throughout the financial year. The municipality still has shortage of yellow fleet as such in both towns there were occasional disruptions due to breakdowns as the municipality's fleet is aged. Shortage of personnel has also affected the weekly operations in some areas which has necessitated the overuse of project workers.

The two municipal landfill sites are licensed and still have enough air space to receive waste for more years to come. Each landfill site has a site office and the municipality has allocated a landfill attendant to each site. The sites are registered on the National Waste Information System. This enables the sites to report estimates of waste that enter the site on a monthly basis, this information can be used to inform planning of waste initiatives at all levels. The municipality is unable to clean the sites without the appropriate machinery.

The municipality is currently engaging a lot of donors for the funding of compactor trucks and yellow fleet for servicing the landfill sites.

HUMAN SETTLEMENT

Human Settlement in the Free State Province is a provincial competency unless in instances where a municipality has been accredited by the provincial government to build government funded houses. The responsibility of Tswelopele Municipality with regards to human settlement is beneficiary management through management of waiting list for residents applying for sites and beneficiaries who have service sites but are in need of RDP houses.

The municipality ensures the provision of land and use of municipal owned land in support of the human settlement programme as initiated by the province. The municipality also conducts identification of well-located land suitable for social and other housing through Local Spatial Development Framework (LSDF) processes. The Municipality also allows for basic considerations, such as suitability and servicing, and applications are approved accordingly through Council resolutions.

Community Services department reviewed internally the Human Settlement Sector Plan and was approved by council with the IDP in May 2023. The Human Settlement Plan addresses all housing challenges and remedial action including informal settlement related issues. Apart from that, it a legislative requirement for Municipalities to compile a human settlement/ Housing Sector plan that form part of the Integrated Development Plan. One of the core functions of a municipality is to ensure that service delivery reaches community at large and human settlement is a core function of a municipality.

The municipality has included in the integrated development plan the backlog of RDP houses in Tikwana (2115) and Phahameng (2263). The list of number of people entered on housing and ervens waiting list increases daily. The municipality continued with the allocation of sites in extension 10 in Bultfontein. The Municipality has township establishment of (499) in Tikwana –Extension 4 and allocated 470 sites to date.

SITE ALLOCATION – 2023/24 FINANCIAL YEAR

EXTENSION	NO. OF SITE	SITE ALLOCATED TO DATE
Ext. 4 Tikwana	499	499
Ext. 9 Phahameng	481	443
Ext. 10 Phahameng / Bultfontein	426	135
652 Erven Tikwana	652	442

There are a number of title deed which are in the position of the Municipality. The title deeds are categorised per Ward, as indicated in the table below:

Title deeds received from different conveyances for Phahameng and Tikwana

- 1) Phahameng/Bultfontein received two (2) title deeds.
- 2) Tikwana/Hoopstad received ninety-six (96) title deeds.

BULTFONTEIN / PHAHAMENG		
WARD NUMBER	ISSUED OUT	REMAINING TITLE DEEDS
Ward 1	0	22
Ward 2	0	16
Ward 3	0	31
Ward 4	0	13
Ward 5	0	0

TOTAL REMAINING WITHIN THE MUNICIPALITY: BULTFONTEIN		82
HOOPSTAD / TIKWANA		
WARD NUMBER	ISSUED OUT	REMAINING TITLE DEEDS
Ward 6	0	352
Ward 7	0	99
Ward 8	0	13
Ward 9	0	0
TOTAL REMAINING WITHIN THE MUNICIPALITY: HOOPSTAD		464



BASIC SERVICES AND INDIGENT SUPPORT

The municipal council must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of section 152(1) (b) and 153(b) of the Constitution.

Basic services are generally regarded to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads. The key purpose of an indigent subsidy policy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary, the Municipality is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact.

The Indigent Subsidy Scheme was introduced by the municipality in order to provide basic services to poor households (water, sanitation, refuse and energy). On an annual basis the indigent register is reviewed and residents who qualify are encouraged to apply. Entry level amount for the 2023 / 2024 financial year is determined as R4 500 per month. Grants-in-aid may, within the financial ability of the municipality, be allocated to household owners or tenants of premises who receive electricity, refuse removal, water and sewer services as well as assessment rate services, in respect of charges payable to the municipality for such services.

Free Basic Services

Free Basic Services To Low Income Households										
	Number Of Households									
	Total	Households Earning Less Than R 4 500.00 per Month								
		Free Basic Water			Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2023 / 24	14 534	4860	4860	100%	4860	100%	5378	100%	4860	100%

TRAFFIC TRANSPORT

The municipality is required to provide safe, affordable, sustainable and accessible road network services and infrastructure that promotes integrated land use development. The municipality is not responsible for any road transport.

Gravel Road Infrastructure				
Financial year	Kilometres			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to pave	Gravel graded/maintained roads
2011 / 12	98.8	500 m	0	180,5
2012 / 13	93.8	1 km	5 km	180.5

2013 / 14	92.3	1.5 km	0	120
2014 / 15	90.8	0	1.5 km	40 km
2015 / 16	90.8	0	0	50km
2016/ 17	90.8	0	0	36Km
2017/18	90.8	0	2 km	35 km
2018/19	90.8	0	0	37 km
2019/20	90.8	0	0	20km
2020/21	90.8	0	1.3km	25km
2021/22	90.8	0	0	0
2022/23	90.8	0	0.93km	6km
2023/24	90.8	0	2km	18km

Tarred Road Infrastructure						
Kilometres						
Financial year	Total roads tarred	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained	roads
2011 / 12	54 km	0	0	0	5 km	
2012 / 13	61 km	5 km	0	0	6 km	
2013 / 14	61 km	0	0	0	1.5 km	
2014 / 15	61 km	0	0	0	5 km	
2015 / 16	61km	0	0	0	10	
2016/ 17	61Km	0	0	0	2 km	
2017/18	61km	0	0	0	2km	
2018/19	61km	0	0	0	1km	
2019/20	61km	0	0	0	500 m	
2020/21	61km	0	0	0	1km	
2021/22	61Km	0	0	0	2km	
2022/23	61km	0	300m	0	2.1km	
2023/24	61km	0	0	0	1.8km	

PLANNING AND DEVELOPMENT

Planning is administered within Community Services department where all land development application, township establishment applications are handled. The Municipality has a functional Municipal Planning Tribunal which is in operation and consists of Planners from CoGTA as well as relevant Municipal Officials. The Municipality has Planning Municipal Land Use and Planning By-laws that includes all land within the jurisdiction of Tswelopele Local Municipality including all farm land.

The Municipality is in a process of finalising the Land Use Management Scheme with the assistance from CoGTA and currently all Municipal townships still does not have a Land Use Scheme and under the Black Communities Development Act, (Act No. 4 of 1984) which poses a limit in development as the Act is only limited to a number of land uses which it allows and which lead to slow growth within the townships. The Spatial Development Framework is currently under review with the assistance by CoGTA and includes both townships and town areas.

The municipality needs to ensure the enforcement and building control on numerous illegal land users. The practice of erecting new houses and extension of existing housing units occurs without residents submitting building plans to the municipality for approval. As a result, Building Control Division conducts National Building Standards and regulations awareness's to the Community members and for the reporting date one awareness campaign was held to educate the Community members about the importance of submitting building plans for approval before erecting any structure, Building Control division compiled pamphlets to be handed to the community members by conducting door to door visits, since Building Control Division has taken into note that most of the Community members of Tswelopele Local Municipality are not aware of the importance of submitting building plans before erecting any structure.

NATIONAL BUILDING STANDARDS AND REGULATIONS AWARENESS CONDUCTED FOR 2023/2024 FINANCIAL YEAR

QUARTER	WARD	PLACE	DATE
1 ST Quarter	2	Phahameng	19 September 2023
	9	Tikwana	21 September 2023
2 nd Quarter	3	Phahameng	11 December 2023
	7	Tikwana	12 December 2023
3 rd Quarter	4	Phahameng	24 January 2024
	9	Tikwana	30 March 2024
4 th Quarter	8	Tikwana	01 May 2024
	2	Phahameng	25 June 2024

Building Control division approved ninety-one (91) building plans for the 2023/2024 financial year and the building application fees paid to the Municipality amount to a total of R271 868. Every year, Building Control Division compiles a list of completed buildings that have been erected around Tswelopele Local Municipality to be submitted to the Finance department for the purpose of valuation roll to be updated. In 2023/24 the supplementary valuation roll was finalised and property rates charged accordingly.

LOCAL ECONOMIC DEVELOPMENT AND TOURISM

The vision, mission and the objectives of the local economic development unit is to support the following strategic focus areas in stimulating the local economy:

- Agriculture Sector
- Tourism Sector
- Manufacturing
- SMME's Promotion

SMMEE'S DEVELOPMENT

The municipality has developed local economic development strategy which is reviewed by the department of Cooperative Governance and Traditional Affairs.

Subsequent to that process LED unit identified skills gaps that existed within the Small, Micro and Medium Enterprises (SMMEs) fraternity and in responding to that challenge a series of trainings were organized as follows:

- 20 Business licenses were issued for the year under review;
- Training all Small, Micro and Medium Enterprises (SMMEs) with Lejweleputswa District Municipality and SEDA.

In further continuing developing Agriculture sector in the area the municipality is continuing to avail land to emerging farmers so that they can create sustainable jobs for themselves

Tswelopele Local Municipality places SMME's development high on its agenda since it is one of the main pillars for the local economic development within the municipality and on that note a total amount of more than 5 million was spent on local suppliers.

The Expanded Public Works Programme is one of government's programmes aimed at providing poverty and income relief through temporary work for the unemployed and as such the municipality has been able to create a number of jobs through this initiative.

14 COMMUNITY & SOCIAL SERVICES

MUNICIPAL FACILITIES

Tswelopele Local Municipality has the following facilities which are managed within Community Services Department, namely

- Amanda Coetzer Hall (Lapa)
- Bultfontein Town Hall

- Bultfontein Stadium
- Hoopstad Town Hall
- Hoopstad Stadium
- Louis Botha Hall (Pan Palace)
- Phahameng Hall
- Phahameng Stadium
- Solomon Mahlangu Hall
- Sebokolodi Hall
- Tikwana Stadium

As part of service delivery, the Municipality offer services for catering for the community's events by availing the above-mentioned facilities for various types of events. Due to the prevailing economic conditions, the municipality is experiencing a decrease in the renting of the above facilities for the reporting period.

Community Services has approved procedure manuals which provide detailed information on how to acquire and utilise municipal facilities. The above-mentioned facilities are not in a satisfactory state as there is a need for refurbishment of the facilities. All Municipal facilities have standard tariff fees allocated. The Municipality is in a process of refurbishing all facilities per phases. Municipal facilities are rented out to the general public and accessible to all on the first-come-first serve process.

CEMETERIES AND CREMATORIUMS

Tswelopele Local Municipality has a pauper burial policy where only the indigent and unknown deceased residents within the municipality are assisted with the burial process namely:

1. A free grave
2. Coffin (R1 500.00 for adult and R500.00 for children)

The applicants submit the required information to the municipality and the councillor / CDW (Community Development Workers) conduct a household study in order to determine the living conditions of the applicant. Community Services then verify whether the applicant is in the indigent registry. When all information meets all requirements then the municipality pays the funds to the undertaker on behalf of the family members.

Tswelopele Municipality does not own or provide crematorium facilities and services. The municipality is committed to creating and maintaining landscaped cemeteries in a sustainable, clean and safe environment.

TRAFFIC MANAGEMENT

Tswelopele Local Municipality has four (4) traffic officers with a functional structure; all four traffic officers are servicing both towns (Bultfontein & Hoopstad) on a rotational basis. Their function includes law enforcement and traffic management. The unit prepares weekly plans as well as reports which details all activities undertaken. The main activities conducted by Traffic Division include amongst others ensuring that all road users comply with the

rules and regulations of the road. Road Users transgressing National Road Traffic Act and related legislations are issued with Section 56 Notices and when there is a need arrested. The Unit also serves warrants of arrests for those who do not pay notices and fail to appear in court.

Traffic Division also on regular basis conducts multi-stakeholder joint operations and roadblocks in collaboration with Provincial Traffic and South African Police Service. The division also work with the Department of Police, Roads and Transport particularly Road Safety Directorate to conduct road safety educational campaigns and training of Scholar Patrols at schools.

The unit ensures monthly reporting and consolidation of traffic fines which are submitted to internal audit and performance office. Traffic notices were issued during the 2023/ 2024 and the amount equal to R 68 800 was received from magistrate court.

DISASTER MANAGEMENT

Municipality have a Disaster Management Office and One (1) Official appointed as Disaster Management Officer. Disaster Risk Management plan was developed and adopted by Council in May 2023 and the plan deals specifically with the following:

- Disaster Risk Assessment,
- Disaster Risk Reduction,
- Response and Recovery,
- Public and Scholar's Awareness on risk disaster and climate change management.

The division deals with fire incidents and have affiliated with Fire Protection Association – that deals with veld fires and other fire related issues / matters.

Committees:

- Local Disaster Management committee meet once on quarterly basis and,
- Attend – District Disaster Management on quarterly basis.
- Attends Provincial Fire Services Committee meeting on quarterly basis.

EXECUTIVE AND COUNCIL

Tswelopele is a collective type municipality. Council structures are as follows: EXCO, Ward Committees, etc. Committees are accountable to the Speaker. Staff is as follows: Office Manager, PPO and Driver.

The legislative and executive authority of a municipality is vested in its municipal council. Municipal council resolutions and recommendations are implemented. The municipal council exercise oversight authority over the executive actions of the mayor and the municipal manager in terms of delegated authority.

Sections 11 of MSA, directs a council to monitor municipal services, monitor the impact and effectiveness of services, policies, programmes and plans. Section 40 directs the council to monitor and review the council's performance management systems of specific responsibilities.

The Manager in the Office of the Mayor is responsible for public participation and managing the office and the staff. The Public Participation Officer is responsible to ensure the community becomes involved in the affairs of the municipality. In the Office of the Mayor, we have PA to the Mayor who is responsible for day to day running of the mayor's office, Special Programmes Officer is responsible for transversal issues and Community Liason Officer is responsible for escalating and addressing community needs, challenges and grievances.

FINANCIAL SERVICE

The Financial Department is primarily responsible for executing all the financial management of the municipality. The functions of one of the sections, namely the Budget and Treasury Office, may be broken into the following components:

1. Budget and Reporting: this function spearheads the preparations and monitoring of the budgeting process. This also include mandatory reporting to all external stakeholders like National Treasury, Provincial Treasury among others
2. Supply Chain and Expenditure Management: this function is responsible for managing the entire procurement process according to legislation and regulations. This is essential as all departments provisions within municipality are sourced through Supply Chain Processes. Expenditure management relates to all payments done within the municipality to service providers.
3. Revenue Management: this involves billing the customers for services provided by municipality and the collection process. This is key function as the municipality cannot function properly without funding. Consequently, this function allows the municipality to continue to offer services to its customers.
4. Asset Management: This involves asset management processes in accordance to legislation and council policies. Proper procurement, managing, safeguarding and disposal of assets will assist the municipality in efficient and effective service delivery to the community.
5. Financial reporting: This involves the preparation of Annual Financial Statements and all mandatory reconciliations/reports to support the audit file.

The financial administration is done together with all the departments within the municipality with the BTO taking the leading supportive role.

HUMAN RESOURCE SERVICES

Human resources are the primary investment for the municipality and the municipality endeavours to maintain its investment in its staff hence the municipality is in the process of the recruitment of qualified individuals in line with the critical posts identified, organizational structure review, training of staff members as per the annual Workplace

Skills Plan (WSP), comprehensive capacity building program for Councillors and a sound and conducive labour relations environment.

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

Tswelopele Local Municipality is conscious of a lack of both infrastructure and skilled workforce to meet the needs of delivery services to our communities.

In managing workforce capacity development the municipality has developed a strategy with the following goals:-

- The right people with the right skills will be in the right place at the right time
- Analysis of the existing workplace to determine expected and internal supply
- Analysis of the gap between existing and future needs.
- Predict workforce needs for the future
- Develop strategies to address the gaps
- Continuously evaluate the process

In order to fully achieve the goals listed above, the municipality is investing in training of our personnel to become highly skilled.

CAPACITATION OF THE MUNICIPAL WORKFORCE:

Workforce training and development learning interventions were implemented satisfactory as planned.

Capacity building is an ongoing process that requires continuous engagements with stakeholders, improved planning and regular planning and evaluation of progress made. The relevant beneficiaries for the minimum competencies have achieved the desired end results, however the training is also continuous as per the new appointments are made.

A number of programmes are in place to assist the employees and the municipality and all initiative programmes are aimed at building capacity for acceleration of knowledge and competencies. The municipality could not adequately budget for employees and councillors' trainings as identified by skills audit conducted as such only critical trainings were approved and attended.

Work Skills Plan was compiled and submitted to LGSETA on 30 April 2023. The following training were conducted:

- B.Compt – 1 Councillor and 6 Officials
- Matric – 1 Councillor

-
- Law - 1 Councillor

The municipality also provides for the health and welfare of all its employees. The municipality is having a dedicated Health and Safety Committee and regular workshops or awareness campaigns are conducted for all employees.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The municipality has deployed clearOS Firewall/Proxy on its network to guard against cyber-crimes, to block certain websites that are not work related and spoofing e-mails. Furthermore, the municipality on an annual basis renews its ESET anti-virus protection also to guard municipality systems against viruses.

The municipality has appointed Ntelecom company to host the municipality with, e-mails and VOIP services and Internet, the connection was also upgraded to 10Mbps in prior financial years. The municipality has also put on the Virtual Private Network (VPN) with 8 Mbps connection in place to connect the remote site to the main site for financial system purposes. The municipality has appointed Munsoft to run the financial system that is MSCOA compliant hence there is a need to upgrade the internet speed and network infrastructure because the system has to run live at all times and for backup purposes too.

The municipality has developed an ICT Strategic Plan and the purpose of the Municipality's IT strategic plan is to ensure that the municipality will allocate sufficient resources and establish priorities using the municipality's broader vision to enhance the business processes.

The municipality to gain a competitive advantage in the use of Information Technology has to ensure that the following are implemented as short-term, medium-term or long-term projects:

Network Connectivity

This will be done in phases:

- 1.1 Upgraded and constant network connectivity.

Review the Financial Management Systems

- 2.1 Financial Management Systems that complies with the Municipal Finance Management Act (MFMA) and MSCOA.

Hardware and Software

3.1 Standardised licensed hardware and software for the municipality.

This was just to name few projects that the municipality should ensure that these projects are implemented within the timeframes. Budget constraints is the root-cause for the non-implementation of the highlighted mandatory projects.

RISK MANAGEMENT SERVICES

RISK MANAGEMENT

The role of Risk Management in the municipality is to co-ordinate and offer guidance with regard to the process of managing risks in the municipality and the following were taken into consideration.

- By ensuring that there is regular updating of risks on quarterly basis in the risk registers in pursuit of set objectives and improved risk maturity level
- By ensuring that there is embedding of risk management culture in the municipality by the risk owners and other role players
- Ensure that there is functional and effective Risk Management Committee in place to play an oversight role over risk management matters.

In terms of the Risk Management Strategy, risk management is not a stand-alone function, but is part of the strategic planning, business process and operational activities.



TSWELOPELE

LOCAL MUNICIPALITY
A MUNICIPALITY IN PROGRESS

TSWELOPELE LOCAL MUNICIPALITY
ANNUAL PERFORMANCE REPORT (QUARTER 1 - 4)
NON-FINANCIAL PERFORMANCE
30 June 2024

TLM NON-FINANCIAL PERFORMANCE REPORT (Q1 JULY 2023 TO Q4 JUNE 2024) REPORTING PERIOD: AS AT 30 JUNE 2024

1. INTRODUCTION

Performance management is a process which measures the implementation of actions identified to achieve the organisation's strategy. It assists management to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality. According to the Local Government Municipal Finance Management Act, Act 56 of 2003, Section 52 (c) thereof, the Mayor must take all reasonable steps to ensure that the municipality performs its Constitutional and statutory functions within the limits of the municipality's approved budget.

Performance management is prescribed by chapter 6 of the Municipal Systems Act 2000 and the Municipal Planning and Performance Regulation of August 2001. Section 7 of the aforementioned regulation states that "A municipality's performance management systems entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of different role players" This framework should reflect the linkage between the IDP, Budget and SDBIP.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration,
- to be transparent by providing information,
- to be responsive to the needs of the community, and
- to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), no. 32 of 2000, requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA), no. 56 of 2003, requires the Integrated Development Plan (IDP) to be aligned with the municipal budget and be monitored for the performance of the budget against the IDP by using the Service Delivery and the Budget Implementation Plan (SDBIP).

2. LEGISLATIVE REQUIREMENTS

In terms of section 46(1)(a) of the MSA, a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

3. TLM STRATEGIC PERFORMANCE

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported during the financial year to various role-players so as to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas and an overall summary of performance at a functional level. Details regarding specific basic service delivery targets, achievements and challenges will be included in this report as well as the detailed Annual Report of the municipality.

Tswelopele Local Municipality compiled its consolidated performance report (Q1 to Q4) in line with the above-mentioned legislation. The purpose of the report is to outline the achievements of the municipality in the period under review. The report further seeks to outline challenges and remedial actions that have been implored as corrective measures thereto.

The purpose of this performance report is as follows:

- To analyze the performance of the municipality for the entire financial year
- To track progress against the targets set in the SDBIP.
- Inform decision making and future goal setting
- To identify problems regarding performance of municipal programmes with a view to obtain solutions.
- To determine whether the objectives of various programmes have been met and whether is it appropriate to review and amend them given the changing circumstances.

For the financial year under review, the Municipality (TLM) comprised of five departments, namely; Municipal Manager's Office, Finance, Corporate Services, Community Services and Technical Services. All Heads of Department positions have been filled except the municipal manager position but the recruitment processes have commenced.

This report covers the performance information from 1 July 2023 to 30 June 2024 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the Integrated Development Plan (IDP). In addition, the report provides an overview of improvements made to the performance management system and shortcomings that still need to be addressed and progress made in the implementation.

4. INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW

At the commencement of the financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation, compliance and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP. Tswelopele Local Municipality continued to maintain the effective operation of the following mechanisms:

- The Strategic Services Division conducts individual meetings with the nominated PMS Champions.
- PMS Champions then coordinates the collection of data and supporting evidence within their respective departments.
- All objectives and targets as contained in the performance plan and SDBIP are reported.

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- Upon receipt of documentation, the Strategic Services Division analyses the submitted information and prepares a performance report.
 - Draft performance report gets presented to the PMS Champion with the view of reaching consensus.
 - Thereafter submitted evidence together with the draft performance report is then submitted to the Internal Audit Division for auditing, verification and quality assurance. Thus quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager (MM). Quarterly performance reports were objectively and independently audited by the Internal Audit unit to verify and to confirm performance information as reflected in the reports; the unit also confirms the credibility of evidence that was submitted.
 - Meetings take place between the Internal Audit and Strategic Services Division to deliberate intensively on the report.

5. PERFORMANCE MANAGEMENT SYSTEM FOLLOWED FOR THE FINANCIAL YEAR 2023/24

- Adoption of the Performance Management System Policy and Framework

Performance management is prescribed by chapter 6 of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations of August 2001. Section 7 (1) of the aforementioned regulation states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and service provider performance. The municipality adopted a performance management policy framework which was followed in managing performance throughout the financial year. The policy and framework will be reviewed annually and inputs will be solicited from various stakeholders.

- Municipal IDP and Budget

The IDP was revised and updated for 2023/24 as well as the budget, the documents were approved by Council in May 2023. The municipality started with the process of aligning the IDP with the performance management requirements and has improved the alignment of the IDP, Budget and the SDBIP for the 2023/24 financial year.

- The Service Delivery Budget Implementation Plan

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP was prepared, as prescribed by legislation and approved by the Mayor in June 2023 and later revised during February 2024.

MUNICIPAL SCORECARD (TOP LAYER SDBIP)

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council and provides the overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities.

Components of the Top Layer SDBIP included:

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected not billed;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial measurable performance objectives in the form of targets and indicators; and
- Detailed capital project plan broken down by ward over three years.

Top layer SDBIP gets operationalized into directorate scorecards (performance plans) it captures the performance of each directorate. Unlike the municipal scorecard, which reflects on the strategic performance of the municipality, the performance plan provides a comprehensive picture of the performance of that directorate.

6. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

The organisational performance was monitored and evaluated within the SDBIP and the performance process can be summarised as follows:

- The Top Layer SDBIP was approved by the Mayor and the information was loaded to municipal website.
- The actual results against monthly and quarterly targets set, were discussed in the management meetings to determine early warning indicators and discuss corrective measures that were needed in cases of non-performance.
- The first and second quarterly report formed part of the section 72 report in terms of the Municipal Finance Management Act, which was submitted to the Mayor in January 2024.
- The Quarterly SDBIP performance reports were also submitted to the Audit Committee.

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- Internal Audit performed a statutory compliance review which included revision of the information contained in the budget, SDBIP, reviewed IDP and reported thereon. Continuous validation of reported performance has been maintained.

7. INDIVIDUAL PERFORMANCE MANAGEMENT

Municipal Manager and Managers Directly Accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance-based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). All Heads of Departments have signed the performance agreements and performance plans.

The appraisal of the actual performance in terms of the signed agreement did not take place as regulated whereby the MM and Managers reporting directly to him should be assessed and evaluated.

Other Municipal Personnel

Performance agreements/scorecard will be developed and signed between the staff on other post levels and immediate managers/ supervisors. Progress in this regard will be reported on in future.

8. SERVICE DELIVERY KEY MUNICIPAL PERFORMANCE FOR 2023/24 AND MEASURES TAKEN TO IMPROVE OVERALL MUNICIPAL PERFORMANCE

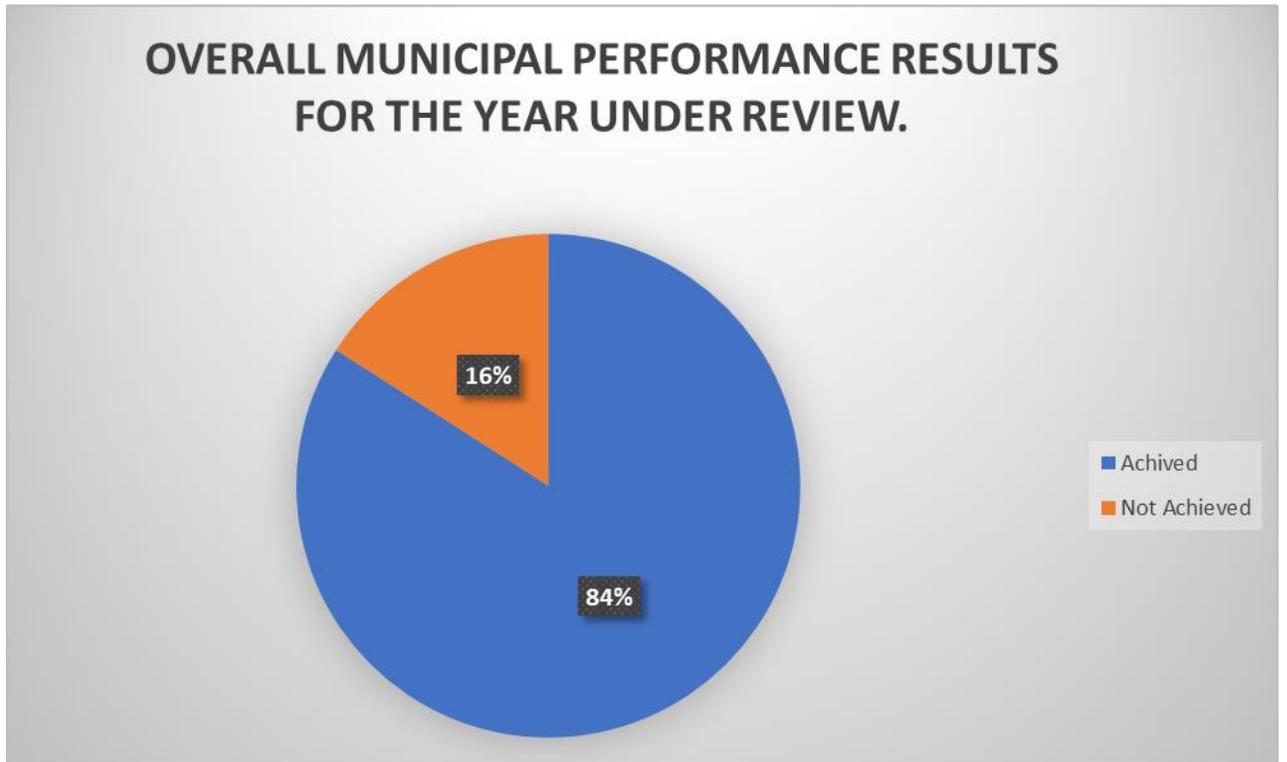
This section provides an overview on the strategic achievements of the municipality in terms of deliverables achieved. The Top Layer SDBIP and the municipality's strategic plan shows strategic alignment between the IDP, budget and the performance plans.

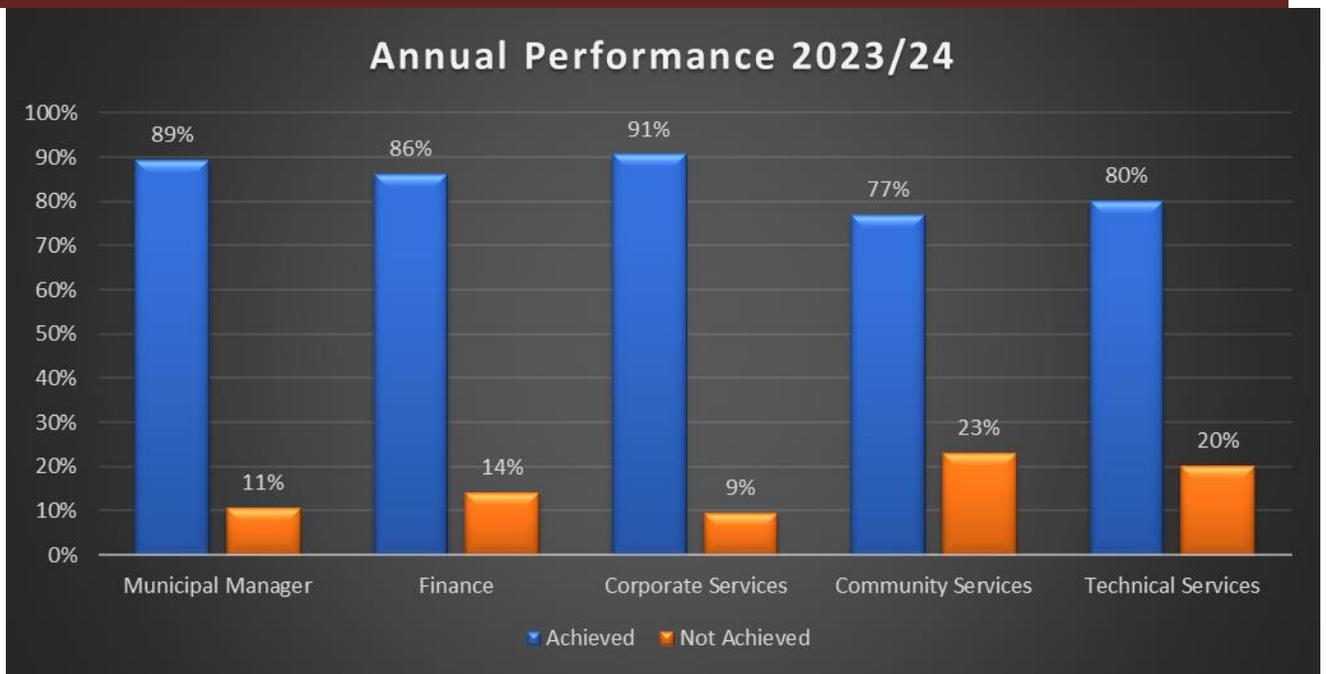
Strategic performance of the municipality was therefore measured in terms of the municipality's performance on its key performance indicators set in the Top Layer SDBIP. The sections below illustrates the performance achieved according to the 5 National Key Performance Areas (KPA) linked to the IDP objectives.

The overall assessment of actual performance against targets set for the key performance indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology.

SYNOPSIS OF MUNICIPAL PERFORMANCE RESULTS AT A STRATEGIC LEVEL

The following graph illustrate the overall performance of the municipality measured in terms of the Top Layer (strategic) SDBIP and performance plans. The performance is measured and reported per National KPA.





MUNICIPAL MANAGERS OFFICE

The Municipal Manager’s Office had **(47)** targets set as per the key performance indicators; Attained **(42)**, not achieved **(5)**.

FINANCE

The Finance Department had **(43)** targets set as per the key performance indicators; Attained **(37)**, not achieved **(6)**.

CORPORATE SERVICES

The Corporate Services had **(32)** targets set as per the key performance indicators; Attained **(29)**, not achieved **(3)**.

COMMUNITY SERVICES

The Community Services had **(39)** targets set as per the key performance indicators; Attained **(30)**, not achieved **(9)**.

TECHNICAL SERVICES

The Technical Services had **(65)** targets set as per the key performance indicators; Attained **(52)**, not achieved **(13)**.

PERFORMANCE DEFICIENCIES AND CORRECTIVE MEASURES PER DEPARTMENT

DEPARTMENT: MUNICIPAL MANAGER

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
1.	78% (R 2 923 299,62/ 3 744 187,02) of the budget was spent on the construction of 9 High Mast Lights (Ext 7, 8 and 10) in Bultfontein /Phahameng	<p>The project entails 6 scope of work and 1-5 deliverables were completed except for the electrification of the lights since the municipality must first get permission from Eskom because the lights are constructed in ESKOM's area of electricity supply.</p> <p>The project could not finish as planned due to the delays experienced with the ESKOM application. ESKOM's invoices were settled after 30 June 2024.</p>	<p>The municipality settled Eskom invoices on the 30th of August 2024.</p> <p>In future we will be applying for Eskom connections on similar projects well in advance to prevent the delays experienced on the high mast projects.</p>
2.	92,5% (R 1 661 978,01 / 1 796 521,55) of the budget was spend on the construction of 4 high mast lights, 616 sites, ward 6 in Hoopstad /Tikwana	<p>The project entails 6 scope of work and 1-5 deliverables were completed except for the electrification of the lights since the municipality must first get permission from Eskom because the lights are constructed in ESKOM's area of electricity supply.</p> <p>The project could not finish as planned due to the delays experienced with the ESKOM application. ESKOM's invoices were settled after 30 June 2024.</p>	<p>The municipality settled Eskom invoices on the 30th of August 2024.</p> <p>In future we will be applying for Eskom connections on similar projects well in advance to prevent the delays experienced on the high mast projects.</p>
3.	88% (R24 333 236,91 / 27 651 275,82) of the budget was spent on the upgrading of bulk water supply in Bultfontein (Phase 4)	<p>The Challenges on the site: The Contractor has been experiencing delays regarding the site establishment of the Electrical Works Specialist and material classification for the pipeline. The Contractor had to change the direction of the pipeline to prevent demolishing Informal Settlements.</p> <p>The contractor's extension of time claim lapsed on the 3rd of June 2024 and is placed on penalties till such time that they reach practical completion on the project</p>	<p>The municipality took it upon itself to engage the different specialists (sub-contractor) on the project in an effort to see the project to completion. The municipality will not be terminating the contract due to the fact that the project is at an advance stage which has the possibility of increasing the project cost should the current contractor be taken off the project. The technical team is closely managing the project in order to reach practical completion.</p>

		<p>or they submit a valid extension of time claim which will waiver the penalties should it be approved.</p> <p>The technical team is closely managing the project in order to reach practical completion.</p>	
4.	99% (R20 525 969,22 / R20 728 692,27) of the budget was spent on the upgrading of bulk water supply in Hoopstad (Phase 4)	<p>The challenges on site: The contractors lack of finances has caused the lack of plant and materials on site which has stopped progress as the site agents cannot get more labourers to work nor can they continue with work.</p> <p>Due to the contractor's financial situation his team on site have not been getting paid. The contractor's extension of time claim lapsed on the 22 March 2024, the contractor is currently under penalties charged at R 4 800,00 per day until such time that the contractor furnishes the municipality with a proper and send extension of time claim to complete the project.</p> <p>The project has been left in limbo by the contractor, the municipality scheduled an intervention meeting with the contractor to take place on the 03rd of July 2024.</p>	<p>The intervention meeting took place and the contractor re-commenced with the works with the anticipated completion time scheduled for the 30th August 2024.</p> <p>Outstanding works: Painting of the inside wall and 1961 reservoir (3 main hole covers).</p>
5.	The overall organizational overtime has increased by 20% $(4\,796\,348.91 - 3\,985\,546.27 / 3\,985\,564.27 \times 100)$	The over-spending in different departments resulted in the organizational target not being met due to various reasons e.g. Lack of personnel, unplanned schedules, etc.	Overtime will be monitored monthly and the item be presented to management meetings.

DEPARTMENT: FINANCIAL SERVICES

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
1.	Performance agreements for all departmental managers were not signed.	The management has developed the performance agreements and awaiting the signature of the chief financial officer after consultation with individual managers. The delay is due to development of new Job descriptions as the departmental organogram was revised and new positions were created and some restructured.	The process of signing the performance agreements will be concluded by the end of August 2024.
2.	The departmental overtime increased by 63% (230 895.28 - 141 432.63/ 141 432.63 x 100)	The auditor General had raised findings on the municipal indigent register therefore more work was performed in order to ensure credibility of the register. The officials responsible for revenue management had to work over the specific weekends for this purpose.	The Management will put a close monitoring of the overtime in the 2024/ 25 annual financial year to reduce the overtime to be within the acceptable threshold.
3.	Only 70% of issues raised and proposed corrective measures by the AGSA were attended to	The management along with the Municipal Public Accounts committee is currently working on the Irregular, unauthorized, fruitless and wasteful expenditures. The outstanding issues raised by the AG will only be resolved once the MPAC has concluded the investigations and Consequence	MPAC is convening almost every second week to conduct the investigations and submitting reports to council as to cover a broader spectrum of the outstanding issues.

		management been applied.	
4.	Only 64% of issues raised and proposed corrective measures by the internal auditors were attended to	The management along with the Municipal Public Accounts committee is currently working on the Irregular, unauthorized, fruitless and wasteful expenditures. The outstanding issues raised by the AG will only be resolved once the MPAC has concluded the investigations and Consequence management been applied.	MPAC is convening almost every second week to conduct the investigations and submitting reports to council as to cover a broader spectrum of the outstanding issues.
5.	Only 1 funding plan was submitted to EXCO on 14 November 2023	The municipality's budget was assessed subsequent to the tabling and approval by the NT and PT therefore declared funded.	The reports will be submitted to the EXCO on quarterly basis in the 2024/ 2025 financial year.

DEPARTMENT: COMMUNITY SERVICES

	Actual performance reported	Reasons for non-achievement	Actions to improve performance
1.	8.8% expenditure by 30 June 2024 (R19 974.06/R228 275.00) x 100}	The Service Provider that was appointed by FS Human Settlements delayed in executing the work and did not reach the targeted expenditure for the quarter.	Director Community Services will no longer include such programs funded by FS Human Settlements in the SDBIP because the Director does not have control over their budget /expenditure.
2.	Service provider for the expansion of 2 old municipal cemeteries in Bultfontein and Hoopstad was not appointed	A Service Provider could not be appointed due to SCM processes during that time; however, a new advert has been done.	A re- advert has been issued out and will be closing on the 02 Sept 2024.
3.	Human settlement sector plan was not submitted to Council.	There is lack of internal capacity within our Human Settlements Division.	Community Services will submit a request to FS Human Settlements to assist in reviewing the Human Settlements Sector Plan.
4.	Only 1 street trading permit was issued.	Due to the following new legislations	Management is currently reviewing the issuing out

	Actual performance reported	Reasons for non-achievement	Actions to improve performance
		<p>1.Free state Integrated Business Support Licensing and Regulation Act.</p> <p>2.The Standard Draft by Laws for Township Economies</p> <p>The municipality could not continue to issue out street trading permits</p>	<p>of street trading permits due to the following new legislation.</p> <p>-Free state Integrated Business Support Licensing and Regulation Act.</p> <p>-The Standard Draft by Laws for Township Economies</p>
5.	Only 20 Business licenses were issued	<p>Due to the following new legislations</p> <p>1.Free state Integrated Business Support Licensing and Regulation Act.</p> <p>2.The Standard Draft by Laws for Township Economies</p> <p>The municipality could not continue to issue out Business Licenses</p>	<p>Management is currently reviewing the issuing Business Licenses due to the following new legislation</p> <p>-Free state Integrated Business Support Licensing and Regulation Act.</p> <p>-The Standard Draft By Laws for Township Economies</p>
6.	The departmental overtime increased by 97.5% (54711.20 - 27697.57/ 27697.57 x 100)	Traffic Officers' working during public holidays and also serving warrants during weekends.	Director Community Services will put internal controls in place by reviewing overtime expenditure quarterly.

	Actual performance reported	Reasons for non-achievement	Actions to improve performance
7.	40% of issues raised and proposed corrective measures by the AGSA were attended to	Some issues raised by AGSA overlap between Community Services and Finance and this create misunderstanding in terms of execution.	Internal audit should clarify the responsibility of each department in executing the plan/target.
8.	75% of issues raised and proposed corrective measures by the Internal Auditors were attended to.	Some issues raised by AGSA overlap between Community Services and Finance and this create misunderstanding in terms of execution.	Internal audit should clarify the responsibility of each department in executing the plan/target.
9.	40% of issues raised and proposed corrective measures by the AGSA were attended to	Some issues raised by AGSA overlap between Community Services and Finance and this create misunderstanding in terms of execution.	Internal audit should clarify the responsibility of each department in executing the plan/target.

DEPARTMENT: TECHNICAL SERVICES

No	Actual performance reported	Reasons for non-achievement	Actions to improve performance
1.	<p>88% (R24 333 236,91 / 27 651 275,82) of the budget was spent on the upgrading of bulk water supply in Bultfontein (Phase 4)</p>	<p>The Challenges on the site: The Contractor has been experiencing delays regarding the site establishment of the Electrical Works Specialist and material classification for the pipeline. The Contractor had to change the direction of the pipeline to prevent demolishing Informal Settlements.</p> <p>The contractor's extension of time claim lapsed on the 3rd of June 2024 and is placed on penalties till such time that they reach practical completion on the project or they submit a valid extension of time claim which will waiver the penalties should it be approved.</p> <p>The technical team is closely managing the project in order to reach practical completion.</p>	<p>The municipality took it upon itself to engage the different specialists (sub-contractor) on the project in an effort to see the project to completion. The municipality will not be terminating the contract due to the fact that the project is at an advance stage which has the possibility of increasing the project cost should the current contractor be taken off the project. The technical team is closely managing the project in order to reach practical completion.</p>
2.	<p>99% (R20 525 969,22 / R20 728 692,27) of the budget was spent on the upgrading of bulk water supply in Hoopstad (Phase 4)</p>	<p>The challenges on site: The contractors lack of finances has caused the lack of plant and materials on site which has stopped progress as the site agents cannot get more labourers to work nor can they continue with work.</p>	<p>The intervention meeting took place and the contractor re-commenced with the works with the anticipated completion time scheduled for the 30th August 2024.</p>

No	Actual performance reported	Reasons for non-achievement	Actions to improve performance
		<p>Due to the contractor's financial situation his team on site have not been getting paid. The contractor's extension of time claim lapsed on the 22 March 2024, the contractor is currently under penalties charged at R 4 800,00 per day until such time that the contractor furnishes the municipality with a proper and send extension of time claim to complete the project.</p> <p>The project has been left in limbo by the contractor, the municipality scheduled an intervention meeting with the contractor to take place on the 03rd of July 2024.</p>	<p>Outstanding works: Painting of the inside wall and 1961 reservoir (3 main hole covers).</p>
3.	<p>78% (R 2 923 299,62/ 3 744 187,02) of the budget was spent on the construction of 9 High Mast Lights (Ext 7, 8 and 10) in Bultfontein / Phahameng</p>	<p>The project entails 6 scope of work and 1-5 deliverables were completed except for the electrification of the lights since the municipality must first get permission from Eskom because the lights are constructed in ESKOM's area of electricity supply.</p> <p>The project could not finish as planned due to the delays experienced with the ESKOM application. ESKOM's invoices were settled after 30 June 2024.</p> <p>ESKOM sent us invoice which were settled as per the attached</p>	<p>The municipality settled Eskom invoices on the 30th of August 2024.</p> <p>In future we will be applying for Eskom connections on similar projects well in advance to prevent the delays experienced on the high mast projects.</p>

No	Actual performance reported	Reasons for non-achievement	Actions to improve performance
		proof of payment.	
4.	92,5% (R 1 661 978,01 / 1 796 521,55) of the budget was spend on the construction of 4 high mast lights, 616 sites, ward 6 in Hoopstad / Tikwana	<p>The project entails 6 scope of work and 1-5 deliverables were completed except for the electrification of the lights since the municipality must first get permission from Eskom because the lights are constructed in ESKOM's area of electricity supply.</p> <p>The project could not finish as planned due to the delays experienced with the ESKOM application. ESKOM's invoices were settled after 30 June 2024.</p>	<p>The municipality settled Eskom invoices on the 30th of August 2024.</p> <p>In future we will be applying for Eskom connections on similar projects well in advance to prevent the delays experienced on the high mast projects.</p>
5.	76.2% (11074/14 534) of all households were provided with access to safe and sustainable sanitation services.	The municipality is experiencing a lot of informal settlements that cannot access sustainable services and has made immense progress in formalizing township establishments to do away with informal settlements.	The municipality in addressing the sanitation backlogs, will be installing sewer reticulation system and constructing toilet structures in Hoopstad/Tikwana in the 2024/2025 financial year. The municipality is also engaging other funders to implement capital projects aimed at improving service delivery.

No	Actual performance reported	Reasons for non-achievement	Actions to improve performance
6.	0% of households are provided with weekly waste collection services / refuse removal	<p>The municipality has provided refuse removal access to households, businesses and public facilities, but there was insufficient evidence provided to the auditor to recalculate the reported achievement from 1 July 2023 to 31 December 2023.</p> <p>During the audit of 2022-23, an audit finding was raised (CoAF 87 AoPO). Management after exhaustive consultations agreed with the finding and committed to implement the recommended action.</p>	<p>Management in the 2024/25 financial year continues to implement the AGSA's recommendation of maintaining a register of refuse removal which includes date of the refuse removal, the area covered and the names of the officials who collected the refuse.</p>
7.	0% of public facilities and businesses are provided with weekly waste collection services/refuse removal	<p>The AGSA's audit was finalized in December 2023 as such the recommendations could not be implemented retrospectively (01 July to 31 December 2023).</p> <p>However, management from 01 January to 30 June 2024 in addition to keeping collection schedule, maintained a register of refuse removal service as per the AGSA's recommendation. The register is based on the collection schedule and states the date of the refuse removal, the area covered, the names of the officials who collected the refuse, as well as their signature as evidence that the refuse has been collected.</p>	<p>Management will further revise the indicator (unit of measurement) in line with the municipal schedule of providing access to refuse removal during the adjustment budget and revised SDBIP processes in February 2025.</p>

No	Actual performance reported	Reasons for non-achievement	Actions to improve performance
		<p>This supporting evidence was submitted as part of the APR and explained to the auditor. However, since the indicator is measured annually and the recommendation was implemented in Q3 & Q4, the finding remains.</p>	
8.	<p>Departmental standby allowance increased by 3.2% (1283436.13 - 1244062.91/ 1244062.91 x 100)</p>	<p>2 assistant supervisor positions were created which contributed to the 3.2 increase.</p>	<p>Stand-by will be regulated in a way of having a clear schedule which will be in rotational basis.</p>
9.	<p>Departmental overtime increased by 18% (4458051.95 - 3765134.15/ 3765134.15 x 100)</p>	<p>Overtime increase is due to high vacancy rates in service delivery positions. Also due to emergencies associated with pipe bursts and sometimes electricity. The unblocking of sewer reticulations lines also contributes to the overtime.</p>	<p>Management appointed 34 personnel to permanent vacant positions and is looking into filling the remaining vacant posts in a phased in approach to avoid bloating the municipal finances.</p> <p>Awareness campaigns to be conducted to induct the community about the etiquette of the waterborne sewer system because a lot of sewer blockages emanate from the community throwing foreign object in the system.</p>

No	Actual performance reported	Reasons for non-achievement	Actions to improve performance
10.	67% of the issues raised and proposed corrective measures by the AGSA were attended to.	Reasons for non-achievement and the low achievement percentage is due to the inclusion of the items which were not yet due as at the end of 30 th of June 2024.	AGSA recovery plan will be a standing departmental meeting item and all managers will be required to provide progress.
11.	50% of the issues raised and proposed corrective measures by the internal auditors were attended to	<p>Water and electricity management:</p> <ul style="list-style-type: none"> -turnaround time for attending to the issue of broken meters in both towns is not satisfactory - The municipality do not reconcile records of water supplied by Sandvet with the municipal bulk water meter readings to ensure that the municipality received the same amount of Mega liters as indicated by Sandvet and also the municipality do not reconcile electricity distribution records from Eskom with the municipal records (readings) for the amount of electricity distributed by ESKOM to ensure whether the municipality was provided with the same amount of electricity as indicated by ESKOM. 	<ul style="list-style-type: none"> -Internal audit recovery plan will be a standing departmental meeting item and all managers will be required to provide progress. - The Municipality will start utilizing the bulk electricity supply check meter in Bultfontein. For Hoopstad the Municipality is awaiting approval from Eskom to grant access to install a check meter on the Eskom CT.VT. metering unit which is used to measure the exact consumption of electricity used and how strong it is.

No	Actual performance reported	Reasons for non-achievement	Actions to improve performance
12.	67% of the issues raised and proposed corrective measures by the AGSA were attended to.	Reasons for non-achievement and the low achievement percentage is due to the inclusion of the items which were not yet due as at the end of 30 th of June 2024.	AGSA recovery plan will be a standing departmental meeting item and all managers will be required to provide progress.
13.	50% of the issues raised and proposed corrective measures by the internal auditors were attended to	<p>Water and electricity management:</p> <ul style="list-style-type: none"> -turnaround time for attending to the issue of broken meters in both towns is not satisfactory - The municipality do not reconcile records of water supplied by Sandvet with the municipal bulk water meter readings to ensure that the municipality received the same amount of Mega liters as indicated by Sandvet and also the municipality do not reconcile electricity distribution records from Eskom with the municipal records (readings) for the amount of electricity distributed by ESKOM to ensure whether the municipality was provided with the same amount of electricity as indicated by ESKOM. 	<ul style="list-style-type: none"> -Internal audit recovery plan will be a standing departmental meeting item and all managers will be required to provide progress. - The Municipality will start utilizing the bulk electricity supply check meter in Bultfontein. For Hoopstad the Municipality is awaiting approval from Eskom to grant access to install a check meter on the Eskom CT.VT. metering unit which is used to measure the exact consumption of electricity used and how strong it is.

DEPARTMENT: CORPORATE SERVICES

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
1.	Departmental overtime increased by 2.7% (52690.48 - 51299.97/ 51299.97 x 100)	<p>The increase in departmental overtime is due to deep cleaning of offices during the weekends as it is a bit difficult to do it while officials are in offices.</p> <p>The delivering of Council Agendas and minutes also impacted on the increase of departmental overtime as the driver sometimes delivers after hours or on weekends which results in him claiming the overtime worked.</p>	Employees who work overtime will be encouraged to take leave (day off) for the overtime worked instead of claiming the overtime.
2.	97% of the training budget was spent.	<p>The initial training budget for the financial year 2023 / 2024 was R398 900.00 which was exhausted in October last year due to the training of Municipal Finance Management Programme (MFMP) which included councilors and officials.</p> <p>Subsequent to that, there was an adjustment</p>	Moving forward, the department will ensure that the training services is procured timeously.

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
		<p>budget which was R 2 388 900 which was also used for other training purposes.</p> <p>However, the reason for non-achievement of our training budget is that, after the adjustment budget, there was training that was conducted, but the main reason why we did not exhaust our budget after the adjustment budget is that, there was a training of First Aiders which was supposed to have taken place, as the Occupational Health and Safety Officer submitted the demand form to Supply Chain for procurement but the service provider was not appointed at the end.</p>	
3.	86% of the issues raised and proposed corrective measures by the internal auditors were attended to.	<p>LEAVE BALANCES: The Pay Day was unable to assist with leave balances until manual leave balances are submitted.</p> <p>DELEGATION OF POWERS: The amendment to Delegation of Powers were developed and</p>	Meeting will be arranged with Pay Day since leave balance is finalised.

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
		presented to management but could not be tabled to EXCO.	<p>The Delegation of Powers will be tabled in the 2024 / 2025 financial year as the municipality has engaged SALGA for assistance.</p> <p>The municipality will hold the strategic session and the delegation of powers will be presented and will be tabled before EXCO / Council.</p>

CONCLUSION

This report reflects the municipal performance as at 30 June 2024. This is a high-level report based on the scores obtained through a process whereby Key Performance Indicators and targets are compared to the initial planning as contained in the 2023/24 Revised SDBIP.

Where under-performance or zero achievement of indicators have been experienced the respective concerns or mitigating reasons are highlighted and detailed pertaining to the relevant measures being implemented or those that need to be implemented.

For the reporting period there was decline in the achievement of set objectives as per the approved Service delivery and budget implementation plan of the municipality. Emphasis was made during the financial year that management need to develop early warning indicators for non-achievement of key performance

indicators and take steps to improve performance in order to achieve the 90% overall target. The municipality will continue improving on its performance management system, particularly, in the application of the SMART principle.

16 TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE FOR 2023/ 2024

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
CORPORATE SERVICE									
1.	Atcomm T/A Ntelecomm	Supply and Installation of VOIP/ DATA Solution, Internet, Email services and VPN Hosting for Period ending 30 June 2020.	R29 500 pm fixed rental, without usage.	36 Months – 1 Delivery per year	30/06/2022	100% complete 30 at June 2020 (contract extended on the month-to-month basis from July 2020 to June 2022)	Satisfied with the overall performance provided to the municipality.	N/A	N/A

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
2.	Digicom	Supply and Installation of VOIP/ DATA Solution, Internet, Email services and VPN Hosting for Period ending 30 June 2025.	As per the tender document.	36 Months	30/06/2024	Contract ended – month to month basis	Satisfied with the overall performance provided to the municipality.	Yes	No
3.	ITec	Proposal for the Provision of three (3) year lease and Maintenance agreement of Business machines (Photocopiers, printers& faxes) Period ended 30 June 2023.	As per the tender document.	36 Months – 1 delivery per year	30/06/2023	Contract ended – month to month basis	Satisfied with the overall performance provided to the municipality.	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
4.	Sipumeza Occupational Health Services	Examination of Tswelopele Local Municipality Employee in terms of occupational health and safety	R 11 129, 45	36 months	30/06/2023	Contract ended	Satisfied with the overall performance provided to the municipality.	Yes	No
TECHNICAL SERVICE (PROJECT PERFORMANCE)									
5.	Zalisile Msebenzi Civils	Upgrading of Bulk water supply Phase3- Contract B Hoopstad.	R9 435 136.23	48 Weeks	30/08/2022	100% Complete	Satisfied with the overall performance provided to the	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
							municipality.		
6.	MLK Engineering and Consultants PTY(LTD)	Upgrading of Bulk Water supply Phase3- Contract A(Bultfontein)	R14 386 190.24	46 Months	30/09/2022 revised completion date: 22 November 2022	100 % Complete	Satisfied with the overall performance provided by the contractor.	Yes	No
7.	Unathi Civil Construction	The Construction of 837 toilet structure in Ext 7&8 Phahameng Bultfontein.	R861 209	6 Months	According to SLA	100 % Complete	Satisfied with the overall performance provided to the municipality.	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
8.	Casnan & Tamane Jv	Phahameng / Bultfontein Upgrading of Sport Facilities Phase 5	R 2 718 573.62	8 months	15/09/2022	100 % Complete	Satisfied with the overall performance provided to the municipality.	Yes	No
9.	Irrigation Equipment Supplies	The Construction of toilet structures- reticulation (499) Tikwana / Hoopstad.	R 3 483 953.64	12 Months	According to SLA	97 % Complete	Satisfied with the overall performance provided to the municipality.	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
10.	Test It lab	Water and wastewater analysis Reporting	R 590 000	36 Months	30/06/2023	Project went out on Tender, closing on the 12th of May 2023 (Contract has not ended)	Satisfied with the overall performance provided to the municipality.	Yes	No
11.	Mega Water	Supply and delivery of water-purification Chemicals to Tswelopele Local Municipality for period ending 30 June 2020	R 9 000 000	32 Months	30/06/2023	Project went out on Tender closing on the 29th of May 2023 (Contract has not ended)	Satisfied with the overall performance provided to the municipality.	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
12.	Ultimate Dynamics and Ndabu Four JV	Phahameng /Bultfontein: Construction of water Reticulation in ext.10 (426 sites)	R 3 917 574,71	6 Months	30/09/2022 ended 30/11/2022	100 % Complete	Satisfied with the overall performance provided to the municipality.	Yes	No
13.	NSM Professional Services and Tamane Civils JV	Phahameng Bultfontein: Construction of Sewer Reticulation in ext 10	R 5 080 221,09	8 Months	30/01/2023 ended March 2023	100 % Complete in December 2023	Satisfied with the overall performance provided to the municipality.	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
14.	Sihle Civil and Project Development	Upgrading of Bulk-water Supply Phase 4 - Contract A Hoopstad	R 8 293 965,18	7 Months	30/10/2022	81 % Complete – The contractor cash – flow problems which resulted in delays towards completing the project, however the Contractor is on penalties	Poor and not satisfied	Yes	No
15.	Khanya Lesedi	Upgrading of Bulk-water Supply Phase 4 - Contract B] Bultfontein	R 27 651 275.82	13 Months	2023/02/19	77,5% Contract had issues with the specialized work Subcontractors and caused delays in term of manufacturing of long	Poor and not satisfied	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
16.	Energy Dots	Implementing agent to provide full service for the design and implementation of energy efficiency and demand side management (EEDSM) program for a period ending 30 June 2025,	As per tender document	As per tender document	30/09/2025	100% complete – phase one complete	Satisfied with the overall performance provided to the municipality	Yes	No
17.	BBT Construction	Phahameng Extension 9 sewer reticulation and 476 Toilet structures	As per tender document	As per tender document	30/06/2023	100% complete in 31/12/2023	Satisfied with the overall performance provided to the municipality.	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
18.	Ramsentik (PTY) Ltd	Hoopstad Tikwana: Fencing of waste water treatment plant	As per tender document	As per tender document	30/06/2023 ended May 2023	100%	Satisfied with the overall performance provided to the municipality.	Yes	No
19.	NSM Professional Services and Tamane Civils JV	Bultfontein Refurbishment of a Sewer Pump Station	As per tender document	As per tender document	07-Apr-23	95% - Court case and completion date to be determine by court proceedings between the municipality; main contractor & mechanical subcontractor	Satisfied with the overall performance provided to the municipality.	Yes	No
20.	Construction of 2.0KM Paved Road and	Nkhesebo	As per tender document	As per tender document	30/09/2023	95% The contractor was experiencing heavy manhole	Satisfied with the overall performance provided to	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
	Stormwater in Tikwana					spillage whereby it had an impact on the progress.	the municipality.		
21.	Fencing of Cemeteries ERF 695& 3654: Tikwana/Hoops tad	Ramsentik (PTY)	As per tender document	11 Months	30-Jun-24	100%	Satisfied with the overall performance provided to the municipality	Yes	No
22.	Fencing of Cemeteries ERF 556, ERF 396 PORTION A, ERF 396 PORTION B IN PHAHAMENG.	Ramsentik (PTY) - JV Poloko Trading	As per tender document	11 Months	30-Jun-24	100%	Satisfied with the overall performance provided to the municipality	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
23.	Phahameng/Bu Itfontein: Construction of 9 high mast lights	Mzozu Trading Enterprise	As per tender document	11 Months	30-Jun-24	100% - Awaiting Eskom connection	Satisfied with the overall performance provided to the municipality	Yes	No
24.	Tikwana/Hoops tad: Construction of 4 High mast lights, 616 sites, Ward 6	KKMT	As per tender document	11 Months	30-Jun-24	100% - Awaiting Eskom connection	Satisfied with the overall performance provided to the municipality	Yes	No
FINANCE DEPARTMENT (PERFOMANCE)									

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
25.	EMS Solution	Proposal for complication of Grap Complaint annual financial Statement and Assets Register for Financial Year 21/22	R 1454 371.50	7 months	30/11/2022	100 % Complete	Satisfied with the overall performance provided to the municipality (Contract ends: 30 November 2022)	Yes	Yes

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
26.	EMS Solution	Proposal for complication of Grap Complaint annual financial Statement and Assets Register for Financial Year 22/23	R 1454 371.50	10 Months	30/11/2023	100% complete	Satisfied with the overall performance provided to the municipality (Contract ends: 30 November 2022) expired	Yes	No
27.	DDP values	Valuation roll	R 1 417 412.95	72 Months	30/06/2027	Still in Progress (Contract has not ended)	Satisfied with the overall performance provided to the municipality (Contract has not ended).	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
28.	ABSA Fidelity Cash Solutions	Cash in transit services	R 401 760.00 for 3 years with 10% escalation	36 Months	30/06/2023	100% Complete (contract extended with 6 months)	Satisfied with the overall performance provided to the municipality.	Yes	No
29.	Fidelity Cash Solutions	Cash in transit services	As per tender	18 months	30/06/2025	Still in progress (Contract has not ended) Expired	Satisfied with the overall performance provided to the municipality.	Yes	No
30.	Newton Gate	Supply and Delivery of diesel/fuel for Tswelopele Local Municipality: Bultfontein and Hoopstad Unit	9 000 000.00	33 Months	30/06/2023	Incomplete	No satisfied with the overall performance provided to the municipality.	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
31.	Opulentia	Short Term insurance for up to 30 June 2023	R2 199 144	36 Months	30/06/2023	Still in Progress (Contract has not ended) Expired	Satisfied with the overall performance provided to the municipality.	Yes	No
32.	InfraTec	Compilation of GRAP Compliant FAR for 2021-2022 financial year	R 1 467 624.25	5 Months	30/11/2022	Still in Progress (Contract has not ended)	Satisfied with the overall performance provided to the municipality.	Yes	No
33.	Pump Shop Africa (Pty) Ltd	Repairs and maintenance of Pumps	As per tender document	36 Months	30/06/2023	Still in Progress (Contract has not ended) Expired – contract ended – extended to 30/09/2023 – Extended by a year	Satisfied with the overall performance provided to the municipality.	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
34.	Phutadichaba Trading Enterprises CC	Security services from competent service provider for period of 3 years	R9 617 569.42	36 Months	As per tender document	Still in Progress (Contract has not ended) Contract ended - extended to 31/01/2025	Satisfied with the overall performance provided to the municipality.	Yes	No
35.	Cigicell (PTY) LTD	Prepaid Meters	As per tender document	As per tender document	30/06/2024	Still in Progress (Contract has not ended) contract ended – extended to 30/06/2025	Satisfied with the overall performance provided to the municipality.	Yes	No
36.	Mothebe wheels	Supply and delivery of 4 new tractors	As per tender document	As per tender document	30/06/2022	Still in Progress (Contract has not ended)	Satisfied with the overall performance provided to the municipality.	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
37.	BLAQ.M Holdings (PTY) LTD	Short Term insurance for up to 30 June 2026	As per tender document	As per tender document	30/06/2026	Still in Progress (Contract has not ended)	Satisfied with the overall performance provided to the municipality	Yes	No
38.	EMS Solution	Appointment of Financial Expert	2 000 000.00	3 Years	30/06/2026	Still in Progress (Contract has not ended)	Satisfied with the overall performance provided to the municipality	Yes	No
39.	Morena Empire investment	Appointment of Panel of service providers for provision work/goods and services for period ending 30 June 2025	As per tender document	As per tender document	30/12/2023	Contract ended	Satisfied with the overall performance provided to the municipality	Yes	No

**TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE QUARTER 1- 4 FOR 2023/ 2024
FINANCIAL YEAR**

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
40.	Habo Motho Enterprise	Repairs and maintenance of Pumps	As per tender document	36 months	30/06/2023	Contract ended – extended to 30/09/2023 – extended by a year	Satisfied with the overall performance provided to the municipality	Yes	No
41.	EMS Solution	Compilation of GRAP Compliant FAR for 2022-2023 & 2023-2024 financial year	R3 000 000	2 Years	30/06/2025	Still in Progress (Contract has not ended)	Satisfied with the overall performance provided to the municipality	Yes	No

17 ORGANISATIONAL DEVELOPMENT PERFORMANCE

EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Relevant Department	Approved posts	Employees No	Vacancies No	Vacancies %
30 JUNE 2023				
TECHNICAL SERVICES	238	138	100	42%
COMMUNITY SERVICES	22	20	2	9,09%
FINANCIAL SERVICES	34	27	7	20,59%
CORPORATE SERVICES	30	28	2	6.9%
MUNICIPAL MANAGER	7	5	2	29%
30 JUNE 2024				
TECHNICAL SERVICES	240	162	78	32.50%
COMMUNITY SERVICES	22	21	1	4.55%
FINANCIAL SERVICES	33	33	0	0.00%

CORPORATE SERVICES	30	26	4	13.33%
MUNICIPAL MANAGER	7	6	1	14%

MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The municipality has developed and adopted number of policies that are intended to create a fair, efficient and transparent system on matters affecting the employees. The municipality reviews these policies regularly to ensure that they are on par with best practices, new and amended legislation.

The Municipality has approved policies and procedures used to govern the institution, and these policies and procedures are communicated to the staff. As the municipality we do have the Employment Equity Plan however we do not meet the provincial equity targets. We have introduced disclosure of interest and related parties form and confidentiality and non-disclosure declaration. Municipality complies with BCEA and other labour related legislation at workplace. All councillors have signed the disclosure of interest for the financial year under review.

INJURIES, SICKNESS AND SUSPENSIONS

The report covers the progress of Health and Safety Division and includes the following reports:

- ◆ IOD investigations and the response from the Department of Labour.
- ◆ IOD'S attended to during 2023/ 2024.

Employees injured on duty:

- ◆ Hoopstad and Bultfontein : 5

TYPES	CAUSE OF INJURY	NUMBER OF AFFECTED EMPLOYEES
Trailers	Falling from trailer behind the tractor and causing injuries.	0
Tools	Not handling tools accordingly can injure a person.	1
Negligence	Not paying attention when performing duties.	2
Hit by an objects	Flying object from mowing machines.	1
Object lifting	Employees lift heavy object and strain themselves [they don't ask for help].	0
Slipped / fell	Employees don't pay attention to slippery places or floors. They don't check steps.	1
Others	Some employees were stung by bees and bitten by spiders. Foreign particle in the eye.	0

Total number of injured employees

05

TYPE OF INJURY		INJURY DAYS TAKEN	LEAVE EMPLOYEE INJURY DAYS	USING LEAVE	AVERAGE INJURY LEAVE PER EMPLOYEE DAYS
Need basic medical attention	0	64	64		3
Temporary disablement	0	0	0		0
Permanent disablement	0	0	0		0
Fatal	0	0	0		0
Total	0	64	64		3

The total number of IOD leave days taken by injured employees was 64 days.

NB: Health and Safety officer follow-up all cases with doctors who examined the injured employees and submit all documentation [i.e. first, progress and final reports] to the Department of Labour.

Awareness Campaigns:

Awareness campaigns conducted were on:

- Talking ladder safety.
- Protection of integrated eyes, head and face.
- Using machine safety.
- Blind sport psychological factors that can get you injured.
- A guide to eye wash emergency shower station.
- Awareness on manholes entrance.
- 4 tips to make your safety observation more impactful.

PERFORMANCE REWARDS

The municipality in the financial year under review conducted quarterly performance assessments and mid-year performance assessments for senior managers. Formal annual performance assessments were scheduled and took place for managers reporting directly to municipal manager for the 2022/23 financial year.

EMPLOYEES CAPACITY DEVELOPMENT

Work Skills Plan drawn in terms of the Skills Development Act. Assessment of skills levels of employees and gaps are regularly identified and external interventions sought and implemented in line with the Plan.

The municipality has the Human Resource Policy, which gives directives for appointment of sufficiently experienced and skilled personnel. We have conducted skills audit as part of skills intervention to determine how many employees need training intervention as part of capacity building. In terms of our WSP we have identified which employees need capacity development.

The municipal budget for capacitating the employees in the financial year under review was greatly limited, therefore there has not been a significant capacitation of the workforce in the reporting period. The municipality has applied for funding from the LGSETA in order to be able to subject workforce to the training as per the approved work skill plan.

SKILLS DEVELOPMENT AND TRAINING

LGSETA STRATEGIC FOCUS AREA	MUNICIPAL KEY PERFORMANCE AREA	MAIN IDP PRIORITY LINKED TO KEY PERFORMANCE AREA	TOTAL NUMBER TRAINED					
			EMPLOYED		TOTAL	UNEMPLOYED		TOTAL
			FEMALE	MALE		FEMALE	MALE	
Infrastructure and Service Delivery	Basic Service Delivery and Infrastructure Development	To ensure access to basic service delivery	9	27	36	0	0	0
Community Based Participation and Planning	Good Governance and the Deepening of Democracy	To build and enhance the governance system	8	14	22	0	0	0
Management and Leadership	Municipal Transformation and Institutional Development	To enhance public participation	4	6	10	0	0	0
Financial Viability	Municipal Financial Viability and Management	To strengthen the financial management system	0	0	0	0	0	0
Community Based Participation and Planning	Sustainable Local Economic Development	To enhance public participation	0	0	0			
SUB-TOTAL			19					
NUMBER OF BENEFICIARIES WHO COMPLETED TRAINING BY TYPE OF LEARNING INTERVENTION								
TYPE OF LEARNING	NUMBER OF BENEFICIARIES BY OCCUPATION CATEGORY							TOTAL

INTERVENTION	Legislators	Managers	Professionals	Technicians and Trade Workers	Community and Personal Services Workers	Clerical and Administrative Workers	Sales and Service Workers	Machine Operators and Drivers	Elementary Workers	57
Apprenticeship	0	0	0	0	0	0	0	0	0	0
Bursary	0	0	0	0	0	0	0	0	0	0
Learnership	0	0	3	0	0	0	0	0	0	3
RPL	0	0	0	0	0	0	0	0	0	0
Skills Programme	0	0	0	0	0	0	0	0	0	0
Short Course: Non-credit	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	3	0	0	0	0	0	0	3

TYPE OF LEARNING INTERVENTION BY NQF LEVEL

TYPE OF LEARNING INTERVENTION	NQF LEVEL OF LEARNING INTERVENTIONS										TOTAL
	1	2	3	4	5	6	7	8	9	10	
Apprenticeship	0	0	0	0	0	0	0	0	0	0	0
Bursary	0	0	0	0	0	0	0	0	0	0	0
Learnership	0	0	0	0	0	10	0	0	0	0	10
RPL	0	0	0	0	0	0	0	0	0	0	0
Skills Programme	0	0	2	0	0	1	1	1	1	0	6
Short Course: Non-credit	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	2	0	0	11	1	1	1	0	16

18 FINANCIAL PERFORMANCE

This chapter comprises of three components:

- Component A: Statements of Financial Performance
- Component B: Cash Flow Management and Investments
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	2024	2023
		<u>Restated*</u>
Revenue		
Revenue from exchange transactions		
Service charges	71 131 148	62 018 375
Rental of facilities and equipment	1 644 369	1 854 104
Licences and permits	93 896	133 405
Operational revenue	1 469 256	3 873 446
Interest received - investment	3 244 454	1 934 365
Dividends received	141 015	116 750
Total revenue from exchange transactions	77 724 138	69 930 445
Revenue from non-exchange transactions		
Taxation revenue		
Property rates	32 243 757	30 501 310
Availability Charges	427 375	397 567
Interest - Property rates	6 820 191	6 271 001
Transfer revenue		
Government grants & subsidies	164 010 859	173 685 563

Public contributions and donations	3 332 827	2 383 148
Fines, penalties and forfeits	950 700	760 550
Debt forgiveness	13 311 262	2 787 690
Total revenue from non-exchange transactions	221 096 971	216 786 829
Total revenue	298 821 109	286 717 274
Expenditure		
Expenditure		
Employee related costs	(92 336 697)	(79 693 677)
Remuneration of councillors	(6 993 153)	(6 491 480)
Community donations	(4 946 058)	(11 119 285)
Depreciation and amortisation	(25 443 269)	(30 378 645)
Impairment of assets	(3 599 363)	(455 159)
Finance costs	(21 528 945)	(15 628 455)
Lease rentals on operating lease	(215 046)	(158 209)
Debt impairment	(17 552 414)	(10 770 755)
Bulk purchases	(59 438 165)	(50 233 536)
Contracted services	(19 181 479)	(13 842 603)
General Expenses	(55 882 687)	(51 446 532)
Total expenditure	(307 117 276)	(270 217 895)
Loss on disposal of assets and liabilities	(3 378 084)	(12 384 162)
Fair value adjustments	777 834	181 914
Actuarial gains/losses	1 757 015	419 043
(Loss)/Gains on biological assets and agricultural produce	99 900	(609 800)
(Deficit) for the year end	(12 553 532)	4 106 374

GRANTS

Government grants and subsidies	2024	2023
Capital and operating grants		
Equitable share	97 242 000	91 219 000
Financial Management Grant	2 100 000	2 100 000
EPWP Government Grant	1 150 000	1 141 000
Low Voltage Grant	3 988 049	3 418 269
Water Services Infrastructure Grant	21 067 413	12 255 484
Regional Bulk Infrastructure	10 875 158	33 210 915
Municipal infrastructure grant	25 340 895	17 192 000
Department of Mineral Resources and Energy	4 000 000	5 000 000
	164 010 859	173 685 563

ASSET MANAGEMENT

Monthly monitoring and preparation of reconciliations of votes for assets acquired is conducted and newly acquired assets can also be detected if they were not reported in advance by the SCM Unit. Assets are then registered and dispatched to the relevant user after all asset management processes have been exhausted i.e. classification, coding, etc.

The municipality has a dedicated unit adequately to execute proper and improved management of assets in the municipality.

The following issues were raised by the Auditor General and subsequently included in the recovery plan of 2023/24 financial year:

- Lack of adequate asset verifications
- Lack of proper safeguarding and record keeping of assets
- Disposal of assets not in line with the regulations

SOURCES OF FINANCE

Figures in Rand	2024	2023
Service charges	71 131 148	62 018 375
Rental of facilities and equipment	1 644 369	1 854 104
Licences and permits	93 896	133 405
Operational revenue	1 469 256	3 873 446
Interest received - investment	3 244 454	1 934 365
Dividends received	141 015	116 750
Total revenue from exchange transactions	77 724 138	69 930 445

CASH FLOW MANAGEMENT AND INVESTMENTS

Cash Flow Statement

Figures in Rand	2024	2023
		Restated*
Cash flows from operating activities		
Receipts		
Sale of goods and services	54 702 536	46 014 816
Grants	163 972 158	178 300 555
Interest income	3 138 298	1 875 846
Dividends or similar distributions received	141 015	116 750
Property rates	26 210 638	20 340 750
	248 164 645	246 648 717
Payments		
Employee costs	(98 429 828)	(88 130 390)
Suppliers	(88 459 629)	(82 828 772)
	(186 889 457)	(170 959 162)
Net cash flows from operating activities	61 275 188	75 689 555
Cash flows from investing activities		
Purchase of property, plant and equipment	(53 674 544)	(68 017 233)
Net cash flows from investing activities	(53 674 544)	(68 017 233)
Cash flows from financing activities		
Repayment of other financial liabilities		
Finance lease payments	(401 856)	(430 098)
Repayments of other financial liabilities	-	(1 340 709)
Net cash flows from financing activities	(401 856)	(1 770 807)

Net increase / (decrease) in cash and cash equivalents	7 198 788	5 901 515
Cash and cash equivalents at the beginning of the year	10 480 743	4 579 228
Cash and cash equivalents at the end of the year	17 679 531	10 480 743

OTHER FINANCIAL MATTERS

The information will be included in the final audited set of the 2023/ 2024 Financial Statements.

SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT UNIT

The functions of the SCM unit involve:

1. Managing demand procedures and acquisitions including policies, procedures, database, compliance and adherence to prescribed procurement practices
2. Ensuring tender evaluation and contract prescript are adhered to
3. Managing compliance, risks, performance and reporting in the supply chain management system
4. Coordinating, controlling and applying logistics management practices and procedures in order to administer and manage the receipt, safeguarding and issuing of store items.

Tswelopele Supply Chain Management is a unit within the Finance Section. It is comprised of:

- The Chief Financial Officer (Head of SCM Unit)
- Manager: SCM & Expenditure
- SCM Practitioner
- 2 x Principle Procurement Clerks

The SCM regulations stipulate the following:

- a) SCM regulation 6(2) (a) (i) - that the council of a municipality must maintain oversight over the implementation of its SCM policy. For the purpose of such oversight the accounting officer must within 30 days of each financial year submit a report on the implementation of the SCM policy of the municipality to the Council.
- b) SCM regulation 6(2) (3) – the Accounting Officer shall within 10 days after the end of each quarter submit implementation reports on SCM to the Mayor.

INTERNAL SCM PROCEDURES AND PROCESSES

Threshold values

The threshold values have been determined as follows:

1. Petty cash purchases, up to a transaction value of R2 000 (VAT included);
2. Written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
3. Formal written price quotations for procurements of a transaction value over R10 000 up to R300 000 (VAT included); and
4. A competitive bidding process for–
 - (i) procurements above a transaction value of R300 000 (VAT included); and
 - (ii) the procurement of long-term contracts.

SCM Process for acquisitions up to R300 000.00

The SCM process of Tswelopele Local Municipality operates as follows;

- Demand Form – The requesting department completes a demand form which is approved by the Head of Department or any delegated official. The demand form is submitted to SCM practitioner who sources quotations.
- A requisition is raised by the SCM Practitioner and approved by the CFO and the Municipal Manager.
- Purchase Order – Based on the above thresholds, quotations are sourced from potential suppliers. A purchase order is raised for the awarded quotation. The orders are done in triplicate of which one copy is sent to the supplier, one copy for filing and one copy is sent to creditors for processing. The order numbers are sequentially numbered from the system. The purchase orders are approved by the CFO and in his absence by a Senior Official delegated by the CFO.

The SCM processes are monitored monthly by use of irregular expenditure registers and deviations registers.

SCM Process for acquisition above R300 000.00

Bid Documents

The bids documents are as prescribed by the National Treasury include the General Conditions of Contract.

Bid Committee Structures

The following committees have been established:

- i) The bid specification committee
- ii) The bid evaluation committee

iii) The adjudication committee

The Accounting Officer appoints members for each committee.

According to the SCM policy the composition of the above committees should be as follows:

i) Bid Specification committee – must be composed of:

- a) One or more officials of the municipality, preferably from user departments requiring the goods or services.
- b) SCM practitioners
- c) And when appropriate, include external technical specialists.

ii) Bid evaluation committee – must as far as possible be composed of:

- a) Officials from departments requiring the goods and services
- b) At least one SCM practitioner of the municipality

iii) Bid adjudication committee – must consist of

- a) At least four senior managers of the municipality (including the CFO)
- b) At least one SCM practitioner who is an official of the municipality
- c) A technical expert in the relevant field who is an official of the municipality

Compliance – The bid committees meet the requirements of the SCM policy and SCM regulations.

MUNICIPAL SERVICE CHARGES ASSESSMENT AND OUTSTANDING DEBTORS.

	2024	2023
Consumer debtors		
Gross balances		
Electricity	18 650 233	17 945 240
Water	18 620 738	17 327 576
Sewerage	27 462 752	26 391 006
Refuse	18 143 478	17 624 404
Other	8 848 710	9 479 655
	91 725 911	88 767 881

Report of the auditor-general to the Free State Provincial Legislature and the council on the Tswelopele Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Tswelopele Local 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 Tswelopele Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for 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.

Emphasis of matters

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

Close calls relating to going concern

7. Note 65 in the financial statements, which deals with the possible effects of the future implications of continuing deterioration in operational results on the municipality's prospects, performance, and cash flows.

Restatement of corresponding figures

8. As disclosed in note 52 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Unauthorised expenditure

9. As disclosed in note 56 to the financial statements, unauthorised expenditure of R63 608 660 (2023: R48 973 141) was incurred, due to overspending of budget.

Irregular expenditure

10. As disclosed in note 58 to the financial statements, irregular expenditure of R57 579 340 (2023: R52 370 821) was incurred, due to non-compliance with supply chain management (SCM) requirements.

Fruitless and wasteful expenditure

11. As disclosed in note 57 to the financial statements, fruitless and wasteful expenditure of R13 641 644 (2023: R9 366 529) was incurred, mainly due to interest and penalties on late payment to creditors.

Material losses

12. As disclosed in note 40 to the financial statements, material electricity distribution losses of R5 922 649 were incurred by the municipality mainly due to line losses, tampering and theft.

Material impairments

13. As disclosed in note 5 and 7 to the financial statements, receivables from non-exchange transactions and receivables from exchange transactions were impaired by R53 315 745 (2023: R46 269 833) and R63 137 581 (2023: R61 034 526) respectively.

Other matter

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

Unaudited disclosure notes

15. 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.

Responsibilities of the accounting officer for the financial statements

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

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

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

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

19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 11, forms part of our auditor's report.

Report on the annual performance report

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

21. I selected the following material performance indicators related to infrastructure development and service delivery presented in the annual performance report for the year ended 30 June 2023. 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.

- Upgrading of bulk water supply in Hoopstad (Phase 4)
- Limit water network losses to less than 15% by 30 June 2023. (difference between water supplied and water billed) (number of kilolitres water purchased - number of kilolitres water sold)/number of kilolitres water purchased x 100) in both towns.
- Provide registered indigent households with free basic electricity
- Provide registered indigent households with free basic sanitation
- Provide registered indigent households with free basic refuse removal
- Installation of electricity smart meters for households, businesses and public facilities in Bultfontein and Hoopstad.
- Refurbishment of electricity Infrastructure in Bultfontein and Hoopstad
- Refurbishment of electricity/energy demand management in Hoopstad and Bultfontein (Department of Mineral Sources and Energy)
- Construction of 2km paved road and stormwater drainage in Hoopstad
- Construction of water Reticulation in Phahameng/Bultfontein Ext 10 (426 sites)
- Upgrading of bulk water supply in Hoopstad (Phase 3)
- Upgrading of bulk water supply in Bultfontein (Phase 4)
- Upgrading of bulk water supply in Bultfontein (Phase 3)
- Construction of Sewer Reticulation in Phahameng/ Bultfontein Ext 10 (426 sites)
- Construction of Sewer Reticulation in Phahameng/ Bultfontein Ext 9 (476 sites)
- Refurbishment of pump station in Phahameng
- Provide households with access to clean, quality, and sustainable water services.
- Provide public facilities and businesses with access to clean, quality, and sustainable water services.
- Construction of water Reticulation in Phamameng/ Bultfontein Ext 10 (426 sites)

- Provide public facilities and businesses with access to safe and sustainable sanitation services.
- Provide households, public facilities and businesses in Bultfontein and Hoopstad towns with access to electricity services.
- Limit electricity losses to less than 15% by 30 June 2023. (number of electricity units purchased – number of electricity units sold)/number of electricity units purchased) x 100.
- Filling of potholes in Bultfontein and Hoopstad
- Grading of 6km roads in Bultfontein and Hoopstad
- Gravelling of 1km road in Bultfontein and Hoopstad
- Cleaning 6 storm water channels in Bultfontein and Hoopstad
- Revitalisation of tar surfaces segmented paving blocks in Bultfontein and Hoopstad.
- Provide household with weekly waste collection services (refuse removal)
- Provide public facilities and businesses with weekly waste collection services/refuse removal.
- Provide indigent households with free basic water

22. 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 planning and delivery on its mandate and objectives.

23. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.

24. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

25. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

28. The table that follows provide information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets/measures taken to improve performance are included in the annual performance report on pages xx to xx.

Infrastructure development and service delivery

<i>Targets achieved: 84%</i>		
<i>Budget spent: 128.45%</i>		
Key service delivery indicators not achieved	Planned target	Reported achievement
Construction of 9 High Mast lights (Ext 7,8,10) in Bultfontein /Phahameng	100% expenditure for the Construction of 9 High Mast Lights (Ext 7, 8 and	78% (R 2 923 299,62/ 3 744 187,02) of the budget was spent on the

	10) in Bultfontein/Phahameng by 30 June 2024	construction of 9 High Mast Lights (Ext 7, 8 and 10) in Bultfontein/Phahameng
Construction of 4 High Mast lights 616 sites, ward 6 in Hoopstad/Tikwana	100% expenditure for the construction of 4 high mast lights, 616 sites, ward 6 in Hoopstad/Tikwana by 30 June 2024	92,5% (R 1 661 978,01 / 1 796 521,55) of the budget was spend on the construction of 4 high mast lights, 616 sites, ward 6 in Hoopstad/Tikwana
Upgrading of bulk water supply in Bultfontein (Phase 4)	100% expenditure by 30 June 2024 (Actual expenditure divided by the total approved budget) x 100	88% (R24 333 236,91 / 27 651 275,82) of the budget was spent on the upgrading of bulk water supply in Bultfontein (Phase 4)
Upgrading of bulk water supply in Hoopstad (Phase 4)	100% expenditure by 30 June 2024 (Actual expenditure divided by the total approved budget) x 100	99% (R20 525 969,22 / R20 728 692,27) of the budget was spent on the upgrading of bulk water supply in Hoopstad (Phase 4)
Provide households with access to safe and sustainable sanitation services.	90% of all households with access to safe and sustainable sanitation services	76.2% (11074/14 534) of all households were provided with access to safe and sustainable sanitation services.
Provide households with weekly waste collection services (refuse removal)	90% of households provided with weekly waste collection services/refuse removal	0% of households are provided with weekly waste collection services / refuse removal

Provide public facilities and businesses with weekly waste collection services/refuse removal	100% of public facilities and businesses provided with weekly waste collection services/refuse removal	0% of public facilities and businesses are provided with weekly waste collection services/refuse removal
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Material misstatement

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Infrastructure development and service delivery. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

30. 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.

31. 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.

32. 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.

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

Annual financial statements

34. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, revenue from non-exchange transactions, expenditure, and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

35. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.
36. Reasonable steps were not taken to prevent irregular expenditure amounting to R57 579 340 as disclosed in note 58 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM requirements.
37. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R13 641 644 as disclosed in note 57 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the interest charged on overdue accounts.
38. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R63 608 660, as disclosed in note 56 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget.

Strategic planning and performance management

39. The service delivery and budget improvement plan for the year under review did not include the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.
40. The performance management system and related controls were not maintained or were inadequate as it did not describe how the performance monitoring, measurement and reporting processes should be conducted, organised and managed as required by municipal planning and performance management regulation 7(1).

Consequence management

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

Procurement and contract management

44. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

45. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
46. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
47. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) and its regulations. Similar non-compliance was also reported in the prior year.
48. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA and 2017 Preferential Procurement Regulations (PPR) 11 and 2022 PPR 4(4) and 5(4).
49. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5. Similar non-compliance was also reported in the prior year.
50. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
51. Some of the contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Other information in the annual report

52. 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 key performance area (KPA) presented in the annual performance report that have been specifically reported on in this auditor's report.
53. 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.
54. 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 KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

55. 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

56. 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.

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

58. Leadership did not adequately monitor compliance and implement preventative controls to reduce instances of non-compliance with applicable laws and regulations.

59. Those charged with governance did not ensure that the internal audit function was adequately resourced. This resulted in non-prevention of significant internal control deficiencies and material misstatements in the annual financial statements and annual report.

60. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.

Bloemfontein

30 November 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. 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

2. 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

3. 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

4. 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.
5. 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

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), Sections 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), Sections 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), Sections 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), Sections 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), Regulations 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MSA: Municipal Staff Regulations	Regulations 7(1), 31
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), Regulations 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), Regulations 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), Regulations 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
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), Sections 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 54A(1)(a), 56(1)(a), Sections 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Municipal Planning and	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1),

Legislation	Sections or regulations
performance Management Regulations, 2001	Regulations 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: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Division of Revenue Act 5 of 2023	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(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), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 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)

Legislation	Sections or regulations
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



TSWELOPELE

LOCAL MUNICIPALITY
A MUNICIPALITY IN PROGRESS

AUDIT, PERFORMANCE AND RISK COMMITTEE ANNUAL REPORT 2023-2024



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ANNUAL REPORT OF THE AUDIT, PERFORMANCE AND RISK COMMITTEE OF TSWELOPELE LOCAL MUNICIPALITY FOR THE YEAR 2023/2024

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

1. PURPOSE

The Audit, Performance and Risk Committee presents its report for the financial year ended 30 June 2024. We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 166 of the Municipal Finance Management Act (MFMA). We would further like to report that we have conducted our affairs in compliance with the Committee charter.

2. BACKGROUND

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit, Performance and Risk Committee to advise the Accounting Officer and Council on matters relating to:

1. Internal financial controls;
2. Internal controls;
3. Risk management;
4. Reliability and accuracy of financial reporting and information;
5. Accounting policies;
6. Performance management and evaluation;
7. Effective governance;
8. Compliance with the MFMA;
9. The Annual Division of Revenue Act (DORA) and any other applicable legislation and / or policies and any other issues referred to it by the municipality.

The Audit, Performance and Risk Committee is also required to fulfil the functions of a Performance Management Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The Municipal Finance Management Act requires the Audit, Performance and Risk Committee to review the annual financial statements, respond to Council on matters raised by the Auditor General and carry out investigations into the financial affairs of the Municipality.

3. AUDIT, PERFORMANCE AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit, Performance and Risk Committee consisted of four (4) members at the beginning of the financial year. The Audit, Performance and Risk Committee had a Council approved schedule of meetings for the 2023-2024 financial year.

All Audit, Performance and Risk Committee members are not employed by the Municipality and during the year for which this report refers, six (6) ordinary meetings and one,(1) special meeting were held and attendance of members is indicated hereunder:

MEMBER	PERIOD OF MEMBERSHIP	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED 2023/2024
MR. R Mabunda	<ul style="list-style-type: none"> Appointed in 1 July 2023 Appointed Chairperson Contract come to an end on 30 June 2026 	7	7
Mrs. M Mototo	<ul style="list-style-type: none"> Appointed in 7 July 2020 Term extended by Council for three years. Contract comes to end on 30 June 2026 	7	7
Mr. M Mutsi	<ul style="list-style-type: none"> Appointed in 1 July 2023 Contract comes to an end on 30 June 2026 	7	7
Ms M Khuse	<ul style="list-style-type: none"> Appointed in 1 July 2023 Contract comes to an end on 30 June 2026 	7	5

Number of meetings held per quarter:

NATURE OF MEETING	DATE
Induction of the new Audit Committee	14 July 2023
Presentation of AGSA Engagement Letter Review of Annual Financial Statements (AFS) and Annual Performance Report (APR) Considered the 4 th Quarter 2023-24 Internal Audit, Performance and Risk activities	28 August 2023
Special Audit Committee meeting (Circular 124)	24 September 2023
Considered the 1 st Quarter 2023-24 Internal Audit, Performance and Risk activities	27 November 2023
Consideration by APRC in the 2 nd Quarter 2023-24 Internal Audit, Performance and Risk activities	22 February 2024
Consideration by APRC in the 3 rd Quarter 2023-24 Internal Audit, Performance and Risk activities	22 May 2024
Review and Approval of Strategic Documents Meeting [Awaiting Council approval]	25 June 2024

1. The Audit, Performance and Risk Committee Charter for 2024/2025 was reviewed and approved by the Audit, Performance and Risk Committee on the 25th June 2024.
2. The Internal Audit Charter was reviewed for the 2024/2025 financial year and it was approved on the 25th June 2024.
3. The Internal Audit Methodology was reviewed for the 2024/2025 financial year and it was approved on the 25th June 2024.
4. The Three-year rolling Risk based Plan for the 2024/2025 financial year and it was approved on the 25th June 2024.
5. The Internal Audit Annual Plan for the 2024/2025 financial year and it was approved on the 25th June 2024.
6. The Quality Assurance and Improvement Program for the 2024/2025 financial year and it was approved on the 25th June 2024.

4. INTERNAL AUDIT

We are satisfied that the internal audit unit is operating effectively and that it has addressed most risks relevant to the municipality in its assurance audits

The Audit, Performance and Risk Committee is satisfied that the Internal Audit plan represents a clear alignment with the key risks, has adequate information systems coverage, and a good balance across the different categories of audits, i.e. risk-based, mandatory, performance, and follow-up audits. All control, compliance and performance weaknesses revealed have been raised with management.

4.1 Internal Audit Plan

The following internal audit work was completed during the year under review:

1. Quarterly Performance Information audits;
2. Review of the Annual financial statements;
3. Human Resource and Payroll
4. Health and Safety;
5. Expenditure Management;

6. Institutional Governance and Public participation;
7. Waste and Environmental Services Management;
8. Revenue Management
9. Supply Chain Management
10. Water and Electricity Services;
11. Grants and Subsidies
12. Asset Management
13. Review of risk management
14. Review of IDP and SDBIP and
15. Quarterly follow-up audits.

An action plan on all findings raised by Internal Audit in 2023/24 financial year was developed and followed up every quarter. There was little improvement in the implementation of external and internal audit action plans.

The AGSA finalized the audit of 2023/2024 financial year on 30 November 2024 and the final audit report was shared with the municipality and Council. The municipality thereafter developed the audit action plan to address all the findings raised. Management progress is being monitored on a quarterly basis.

4.2 Internal Audit Unit

The approved municipal organisational structure of the internal audit unit is as follows:

POSITION	NAME	OCCUPANCY	CURRENT STATUS
Manager Internal Audit and Risk Management	Ms L Pitso	FILLED	Manager Internal Audit was appointed in December 2022

Internal Auditor	Ms M Masiteng	FILLED	Internal Auditor appointed in July 2020
Internal Audit Intern	Ms M Lesibe	FILLED	Intern was appointed in April 2023

5. THE ADEQUACY AND EFFECTIVENESS OF GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

The internal audit unit has provided the Audit, Performance and Risk Committee with reports for the evaluation of the adequacy and effectiveness of governance, risk management and internal control processes within the Municipality.

The committee has indicated to the management the need to put more effort in ensuring effective Governance, Risk Management and Internal Control Processes. More efforts should be maintained to enhance the internal control environment of the Municipality.

5.1 Governance

Governance comprises of a set of processes, practices, policies, laws and regulations affecting the way an institution is directed, administered or controlled. Governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

All significant governance structures and processes that provide strategic direction in the Tswelopele Local Municipality have been assessed by the Internal Audit Unit through its disbursement and delivery of their Internal Audit Plan. The Governance structures referred to include the Council, the Audit, Performance and Risk Committee, Municipal Public Accounts Committee, Management, Risk Management Unit, the Internal Audit Unit and the Municipal Directorates including their Staff.

The committee takes note that MPAC has investigated some of previous financial years Irregular, Unauthorised, Fruitless and Wasteful expenditure. The committee recommends that MPAC adheres to the meetings schedule and that management should also be available and provide necessary

support to the committee in order to fulfil its role of investigations of Irregular, Unauthorised, Fruitless and Wasteful expenditure. This has been the major concern for the Auditor General as well

5.2 Risk Management

The Strategic and Operational Risk Register for 2024/2025 was reviewed by the Audit, Performance and Risk Committee. The Internal audit unit performed a review on the risk management processes and the results of the review were discussed with management and the audit committee.

5.3 Fraud and Anti-Corruption Strategy

The Municipality has implemented a Fraud and Anti-Corruption Strategy as part of the overall governance strategy. The effectiveness of the Fraud and Anti-Corruption Strategy is monitored on a quarterly basis and this was also stressed out in every Audit, Performance and Risk Committee Meetings.

Management is responsible for the prevention of incidents and occurrences of fraud and corruption, and does this through the design, implementation and monitoring of a sound system of internal controls.

The risk assessment and awareness on fraud and corruption was conducted and monitored for the year under review. The committee advised the management that education and awareness of potential incidents of fraud and corruption should be conducted on a regular basis.

5.4 Internal Controls

The Audit, Performance and Risk Committee commends the management for the internal controls that were mostly adequate in most areas within the municipality during the term of the committee ended that ended 30 June 2024. However, the committee has advised management to address the deficiencies identified by Internal Audit on the assurance audits.

The committee is concerned about the number of increasing repeat findings that are not addressed by management. The committee advises once again that the management should implement all the recommendations given by Internal Audit and those raised by the Auditor General in the management report.

6. THE QUALITY OF MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE ACT

The quality of in-year management quarterly reports submitted in terms of the MFMA and the Division of Revenue Act were reasonable. The reports were as follows:

1. Quarterly Financial Reports; and
2. Quarterly Performance Management reports;

The committee advises the management to compile monthly reports and present them in management meetings in order to identify any deficiencies that can hamper the achievement of objectives timely.

7. EVALUATION OF FINANCIAL STATEMENTS

The Audit, Performance and Risk Committee has:

1. Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the Accounting Officer;
2. Reviewed the Audit Report of the Auditor-General SA (AGSA);
3. Reviewed the AGSA Management Report and Management's response thereto;
4. Noted and reviewed the AGSA's assessment of the usefulness and reliability of performance information examined;
5. Reviewed the Municipality's compliance with legal and regulatory provisions; and
6. Reviewed significant adjustments resulting from the audit.

The Audit, Performance and Risk Committee concurs with and accepts the AGSA's conclusions on the Annual Financial Statements and other legal and regulatory matters, and is of the view that the audited Annual Financial Statements be accepted and read together with the report of the AGSA.

The management has been advised that they need to prioritise internal control deficiencies, review of consultant work and compliance issues related to the municipality in order to improve the audit opinion.

8. PERFORMANCE MANAGEMENT

The AGSA's review of performance against predetermined objectives has indicated that not all the supporting information supplied by the Municipality was useful and reliable. The municipality received an unqualified audit opinion on the overall audit and no audit opinion was expressed on the performance however there were findings which relate none achievement of indicators which indicates that closer attention needs to be paid to this area of reporting.

The committee has advised management to monitor performance information monthly to detect poor performance and information flaws.

9. APPRECIATION

The Audit, Performance and Risk Committee greatly acknowledges the dedication and work performed by the Council, Municipal Manager, Management and Officials of the Municipality and appreciates the Unqualified audit opinion .

The Audit Performance and Risk Committee also wishes to express its appreciation to Management, the AGSA and the Internal Audit Unit for the co-operation and information they have provided to enable us to discharge our responsibilities.

10. RECOMMENDATIONS

That Management prioritise the monitoring of key controls, monitor performance monthly and report on the developed compliance register to assist in enhancing the internal control environment as well as maintaining the audit opinion.

Duly Signed on behalf of the Audit, Performance and Risk Committee:

R Mabunda

AUDIT, PERFORMANCE AND RISK COMMITTEE CHAIRPERSON

22 EXTERNAL AUDIT RECOVERY PLAN

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
SDBIP and Performance Management	CoAF 2 - Performance management monitoring reporting (BP)	<p>1. Inspected performance management policy and could only trace the function for planning (par 5 of the policy)</p> <p>The auditor could not trace the following functions as well as roles and responsibilities in relation to this function:</p> <ul style="list-style-type: none"> >> monitoring >> measurement >> review >> reporting >> Improvement of performance where performance targets are not met (action plans) <p>2. The auditor could not confirm the process of how the performance management policy is being monitored</p>	Inadequate review of policies and procedures by management and those charged with governance.	Management should regularly (annually) review policies and procedures to consistency with the applicable laws and regulations	Strategic Manager	28-Feb-25	Updated Performance Management Policy and Mid year report

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		through inspection of the policy 3. Inspected the mid term report and that it does not include the municipality's annual report for the past year and progress on resolving problems identified in the annual report.					
SDBIP and Performance Management	CoAF 68 - AOPO : KPA 2 difference between the reported achievement and the register (accuracy)	During the audit of KPA 2 infrastructure development and service delivery, there were issues identified: 1. Provide households with access to clean, quality, and sustainable water services. Planned target = 85% Achievement as per	This occurred due to a lack of proper review of the APR to ensure that the supporting documentation provided for the reported achievement	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Strategic Manager	Monthly with effect from 2025/01/31	Monthly POE files and Quarterly reports

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		POE = 94.3% Reported achievement per APR submitted for audit = 99.13% Difference = 5% 2. Provide households with access to safe and sustainable sanitation services. Planned target = 90% Achievement as per POE = 90.97% Reported achievement per APR submitted for audit = 93.13% Difference = 2%	agrees with reported outcome in the APR				
SDBIP and Performance Management	CoAF 15 - CRMPD: KPA 2 actions taken to improve performance not disclosed or could not be corroborated	During the audit of KPA 2: infrastructure development and service delivery, It was identified that actions taken to improve performance was not disclosed and measures taken to improve performance	This is due to the inadequate review of the APR to ensure that it includes measures taken to improve performance	Management provided sufficient appropriate evidence to substantiate all the corrective action taken to improve performance	Strategic Manager	Monthly with effect from 2025/01/31	Monthly POE files and Quarterly reports

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		could not be corroborated					
Governance	CoAF 22 - Consequence management: Expenditure not investigated	During the audit of unauthorised expenditure, we noted that the unauthorised expenditure was not investigated in the current year by MPAC. This relates to the prior year unauthorised expenditure amount of R9 251 424 (R53 881 014 restated amount in the current year)	This is due to high volume of unwanted expenditure (irregular and fruitless) needed to be investigated by MPAC and did not have capacity to investigate the unauthorised expenditure	Management should implement control measures to ensure proper investigations and possible recovery processes of unauthorised expenditure in terms of legislation	Accounting Officer	Monthly	MPAC Investigation reports
				MPAC should be empowered with required capacity, skills and training to perform investigations as required by applicable legislations.		30-Mar-25	Invitation and attendance register for training conducted

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
SDBIP and Performance Management	CoAF 78 - AoPO: KPA 2 limitation of scope (Numerator)	During the audit of KPA 2, the auditors could not verify the process that produced the indicator (numerator) for the following indicators, this resulted in the auditor not being able to measure the indicator	Not submitting all the necessary information as part of the portfolio of evidence	Implement controls to ensure that the numerator of the indicators can be corroborated	Strategic Manager	28-Feb-25	Reviewed revised SDBIP
SDBIP and Performance Management	CoAF 82 - AoPO strategic planning performance: SDBIP not including projections of expenditure by vote	Inspected the revised and original SDBIP and confirmed that it does not include: •The projections for each month of operational and capital expenditure, by vote and this is a repeat audit issue.	This occurred due to a lack of review of the SDBIP by management to ensure compliance with applicable laws and regulations.	Consider adding a budget with projections for each month of Operational and capital expenditure, by vote when revising the 2024/25 SDBIP in order to avoid a repeat finding	Strategic Manager	28-Feb-25	Reviewed revised SDBIP

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SDBIP and Performance Management	CoAF 4 - KPA 2: infrastructure development and service delivery BP validity of reported performance	<p>The following issue was noted during the audit of KPA 2: Infrastructure development and service delivery:</p> <p>1. INDICATOR (Quarter 2): provide registered indigent households with free basic refuse removal, Provide public facilities and businesses with weekly waste collection services/refuse removal, Provide households with weekly waste collection services (refuse removal)</p> <p>It was noted that the municipality did not keep proper records as evidence to support the service being delivered to households, public</p>	Inadequate performance management system to ensure that the reported performance is supported by reliable evidence	Management should provide the auditors with the required information within five days as agreed in the engagement letter	Strategic Manager	Monthly with effect from 2025/01/31	Monthly POE files and Quarterly reports

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		<p>facilities and businesses as the municipality only kept a schedule of planned areas and dates of refuse removal. Management did not submit the refuse removal registers signed by the collectors as proof that the refuse was collected</p>					
SDBIP and Performance Management	CoAF 12 - High level: Narrative on APR does not agree indicators on the SDBIP	<p>We noted the following discrepancies during the high level review of the annual performance report submitted for auditing: Department : Technical Services Number of indicators on the revised SDBIP : 65 Number of indicators on the APR : 65</p>	Inadequate review of the annual performance report to ensure that it is free from errors.	Management should adjust the annual performance report to ensure consistency with the annual planning documents.	Strategic Manager	15-Aug-25	Reviewed Annual Performance Report

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		Narrative on the overall performance results of the municipality on the APR : 64					
Governance	CoAF 3- Internal audit Non-compliance External quality review not conducted	It was noted that no external quality assurance reviews/assessments were performed on the municipality's internal audit function during the financial year under which is in contravention with the internal audit standards and TR 3.2.6. Similar finding was raised in the prior year and no corrective	Management indicated that this was caused by treasury confirming that they did not have the capacity to do the internal audit assessment for the internal audit unit of the	Management should ensure that reasonable steps are taken to ensure that the external quality review is performed on the internal audit to ensure compliance with the laws and regulations that govern the internal auditors	Audit Committee/Manager internal audit	30-Jun-25	Request a readiness assessment form national treasury

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		action was taken by management to comply with this quality assurance requirement.	municipality				
SDBIP and Performance Management	CoAF 21 - KPA 2 :Duplicated indicators and actual targets	During the audit of KPA 2 infrastructure development and service delivery, it was observed that indicators were duplicated in the annual performance report (APR) as they appeared under both municipal manager office and technical services section of the APR	This occurred due to a lack of proper review of the APR to ensure that indicators/actual achievements are not reported twice in the APR	Management should investigate these matters and make the necessary corrections in the annual performance report	Strategic Manager	28-Feb-25	Reviewed revised SDBIP

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
SDBIP and Performance Management	COAF 69 - KPA 2; Change in denominator of planned targets in the performance report	<p>1. KPA 2: difference between the reported achievement and the register (Accuracy) Requirement Provide households with access to clean, quality, and sustainable water services. Planned target as reported in the APR 85% Achievement as per POE 94.3% Reported achievement per APR submitted for audit 99.13% Difference 5%</p> <p>Provide households with access to safe and sustainable sanitation services. Planned target as reported in the APR 90%</p>	This occurred due to a lack of proper review of the APR to ensure that the supporting documentation provided for the reported achievement agrees with reported outcome in the APR	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Strategic Manager	Monthly with effect from 2025/01/31	Monthly POE files and Quarterly reports

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		Achievement as per POE 90.97% Reported achievement per APR submitted for audit 93.13% Difference 2%					

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SDBIP and Performance Management	CoAF 14-AOPO : KPA 2 difference between the reported achievement and the register (accuracy)	<p>During the audit of KPA 2 infrastructure development and service delivery, there were issues identified:</p> <p>1. Refurbishment of electricity infrastructure in Bultfontein and Hoopstad</p> <p>Reported achievement per commitment register Reported achievement per APR submitted for audit</p> <p>Provide households with weekly waste collection services (refuse removal)</p> <p>Reported achievement per daily/weekly refuse removal report 0%</p>	This occurred due to a lack of proper review of the APR to ensure that the supporting documentation provided for the reported achievement agrees with reported outcome in the APR	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Strategic Manager	Monthly with effect from 2025/01/31	Monthly POE files and Quarterly reports

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		Reported achievement per APR submitted for audit 90%					
Governance	CoAF 10 - Internal Control Deficiency_ Policies not signed as evidence of Approval.	The following policies were not signed as evidence of being approved by all the relevant officials despite including a section for the signatures of all stakeholders	Management did not implement controls to ensure that all policies are signed as proof that the policies are approved. This will lead to several policies that	Management should ensure that policies are reviewed annually and signed as required by all relevant officials including the department managers and audit committee chair where applicable.	Internal Audit Manager	30-Jun-25	Signed Governance policies

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			are outdated and not reviewed annually as required.				
Governance	CoAF 84 - Consequence management: Irregular expenditure not investigated	During the audit of irregular expenditure, we noted that some of the irregular expenditure was not investigated in the current year by MPAC. This relates to the prior year Irregular expenditure identified during audit test of Consequence management and prior year Irregular expenditure written off.	This is due to high volume of unwanted expenditure Irregular expenditure needed to be investigated by MPAC and did not have capacity to investigate the Irregular expenditure.	Management should implement control measures to ensure proper investigations and possible recovery processes of Irregular expenditure in terms of legislation	CFO, Manager SCM	Monthly with effect from 2024/01/31	MPAC investigation reports
				MPAC should be empowered with required capacity, skills and training to perform investigations as required by applicable legislations.	Accounting Officer	30-Mar-25	Attendance registers for training conducted

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
Governance	CoAF 85 - Consequence management: Fruitless and wasteful expenditure not investigated	During the audit of Fruitless and wasteful expenditure, we noted that some of the Fruitless and wasteful expenditure was not investigated in the current year by MPAC. This relates to the prior year Irregular expenditure identified during audit, and it was subsequently written off by council	This is due to high volume of fruitless and waste expenditure needed to be investigated by MPAC and did not have capacity to investigate the Fruitless and waste expenditure.	Management should implement control measures to ensure proper investigations and possible recovery processes of Fruitless and waste expenditure in terms of legislation.	CFO, Manager SCM	Monthly with effect from 2024/01/31	MPAC investigation reports
				MPAC should be empowered with required capacity, skills and training to perform investigations as required by applicable legislations	Accounting Officer	30-Mar-25	Attendance registers for training conducted

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
Human Resources	CoAF 6 - Understanding the entity: High vacancy rate	<p>It was noted upon analysis of the organisation structure and all filled positions that the following departments had high vacancy rates and as a result the service delivery could be compromised:</p> <p>Key divisions Vacant positions Number of positions Vacancy rate as at 30 June 24</p> <p>Office of the MM 1 7 14,29%</p> <p>Corporate Services 4 30 13,33%</p> <p>Infrastructure Services 77 24</p>	The filling of vacancies and organisational capacity are not being assessed regularly as a strategic priority by the municipality	Management should take the necessary measures to ensure that the municipality is capacitated to enhance its performance towards fulfilling its mandate. Processes that hinder the filling of vacancies should be reviewed and attention should be given to the moderation of recruitment processes and improvement of retention processes	Human Resources	30-Jun-25	Vacancy Report

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		32%					
Information technology..	CoAF 27 - Internal Control Deficiency_ Information technology..	1. Internal control deficiency: ICT Critical activities not Tracked & reviewed Regularly	Unfunded budget and lack of financial support from National Treasury. Lack of division of duties and monitoring of the external system administrators activities and system logs by the municipal officials	Management should ensure that the service provided by the external service providers is assessed and controls in place around the safeguarding of the information. There should be exception reports reviewed regularly by the municipality IT department to ensure that access is restricted to privileged users. Assessment should be made to assess if the IT needs of the municipality are met or if there is	IT Officer and Manager Admin	Monthly with effect from 2025/01/31	Monthly tracking critical activities and review
2. Internal control deficiency: No Budget has been allocated to ensure that IT Strategy Plan is being implemented		28/02/2025				Budget allocation for IT	

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		It was also noted that there was no IT Budget being allocated to the IT department to ensure that the IT strategy plans are met and fully implemented.		additional infrastructure required to enhance the productive and efficiency of the municipality.			
Investment Property	CoAF 18 - BP Capital assets non compliance investment property	It was noted that the following investment property (land) was improperly disposed of on the ground that the asset (land) is being occupied illegally, which violates the requirement of accounting framework (iGRAP 18). We are of the view that the land belongs to the	This was caused by lack of reviews and controls in place to ensure compliance with laws and regulations governing the disposal of assets and investment property in the municipality	Management should design and implement controls to ensure compliance with laws and regulations investment property	CFO, Director Community and Asset Manager	Investment Property	CoAF 18 - BP Capital assets non compliance investment property

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		<p>municipality based on the legal ownership (title deed) and the right to direct access to land, and to restrict or deny the access of others to land and therefore the write-off transaction should be reversed and/or accounted for as property, plant and equipment or inventory it no longer satisfies the criteria for classification as investment property</p>					

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Property, Plant and Equipment	CoAF 36 -PPE WIP additions: differences identified	<p>During the audit of PPE WIP additions, the following differences were identified:</p> <ol style="list-style-type: none"> Between amount on invoice and amount capitalised Between amount on payment certificate and amount recalculated by the auditor Difference identified because the engineer claimed site fees for January in the month of December Difference identified because the engineer claimed site fees for February and March and April in the month of January <p>Further to above, the following internal control deficits relating to the payments were identified:</p> <ol style="list-style-type: none"> Engineer did not certify the value of work done by signing on the payment certificate. A control deficiency will be raised Contractor did not sign the payment certificate as a means to certify the value of work 	The cause of the above is lack of management reviews performed to ensure that payments are accurately recorded	Management should implement controls to ensure that payments are made to reflect the accurate amounts due to contractors	CFO and Manager Supply chain and Expenditure	Monthly with effect from 2024/01/31	Monthly WIP reconcilaion
				Management should consider adjusting the AFS to ensure that the WIP additions for 2023/24 are not overstated.	CFO, Director Technical Services and Manager AFS.	15-Aug-25	Reviewed WIP register and supporting file

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		<p>done. A control deficiency will be raised</p> <p>3. Cession agreement not authorised by the HoD and engineer</p>					

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
Procurement and contract management	CoAF 30 - SCM Contract management: Contract monitoring	During the audit of contract management, we identified that the following contracts are not monitored on a monthly basis and actions were not take to prevent and/or improve poor performance: RFP/TSW05/2021 Prepaid Meters Cigicell (PTY) Ltd SCM/TSW/10A/PH4RBIG/2021-HOOPSTAD Upgrading of Bulkwater Supply Phase 4 - Contract A Hoopstad Sihle Civil & Projects SCMTSW/07/EXT9/2021-2022 Phahameng Extension 9 sewer reticulation and 476 Toilet structures BBT Construction SCM/TSW/10B/RBIG /2022-2023 BULTFONTEIN TSWELOPELE LOCAL MUNICIPALITY: UPGRADE OF BULKWATER SUPPLY IN BULTFONTEIN: PHASE 4 Khanya Lesedi	Lack of adequate controls over contract management and monitoring	The accounting officer should design and implement contract management and monitoring controls to ensure compliance with relevant laws and regulations	Director Technical Services and Manager SCM and Expenditure	Monthly with effect from 2024/01/31	Reviewed performance monitoring reports

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		SCM/TSW/17/2022-2023 Construction of 2.0KM Paved Road and Stormwater in Tikwana Nkhesebo SCM/TSW/16/2022-2023/TLM Refurbishment of low voltage network Infrastructure in Tswelopele Local municipality Towns Dirk Van Heerden SCM/TSW/16/2022-2023/TLM Refurbishment of low voltage network Infrastructure in Tswelopele Local municipality Towns Bohlabela Systems SCM/TSW/07/2023-2024 Fencing of Cemeteries ERF 695& 3654: Tikwana/Hoopstad Ramsentik (PTY) SCM/TSW/19PHA/2023-2024 Phahaneng/Bultfontein: Supply, Delivery and Installation of 9 X High mast lights Mzozu Trading Enterprise					

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
Financial Statements	CoAF 8 - Cash flow: High level review (AFS)	During the review of the annual financial statements at a high level, there were errors identified in the financial statements submitted for audit: Differences on actual figures in the budget statement	Management's review processes did not detect the differences Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	CFO, Manager AFS and Strategic Manager	15-Aug-25	Reviewed annual financial statement and audit file

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
Financial Statements	CoAF 9 - High level review (AFS)	<p>Issue 1 During the High level review of the cash flow statement, it was noted that the opening balance of cash and cash equivalents did not agree to the closing balance of the prior year</p> <p>Issue 2 During the high level review of the disclosure notes, it was noted that the Segment reporting statement reflected a surplus instead of a deficit</p> <p>Issue 3 During the high level review of the Statement of Financial Performance, it was noted that the 2024 Loss on disposal was not disclosed in the disclosure notes</p> <p>Issue 4 During the high-level review of the Statement of</p>	Management did not in all instances prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should investigate these differences and make the necessary corrections in the annual financial statements	CFO and Manager AFS.	15-Aug-25	Reviewed annual financial statement and audit file

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		Comparison budget, it was noted the net increase/decrease of cash and cash equivalents recalculated did not agree to the amount disclosed in the AFS					

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Procurement and contract management	CoAF 26 - SCM Deviations: declaration of interest and SARS compliance status	<p>1.The following payments were made to service providers where tax matters has been not declared by SARS to be in order: Malan Consulting (Pty)Ltd EF008707 R 329 748,97 Habo Motho EF008822/27 R 292 520,11</p> <p>2.The following payments were made to service providers where declaration of interest was not submitted: Malan Consulting (Pty)Ltd EF008707 329 R748,97 Habo Motho EF008822/27 R292</p>	This inadequate controls by the evaluation committee to detect the shortcomings in the procurement documentation to prevent non-compliance.	Management should further investigate the matter reported and update disclosure of irregular expenditure (if payments were made). Management should also identify the reason for the failure in the procurement process and implement training to ensure that similar deviations do not occur	CFO and Manager SCM and Expenditure	31-Jan-25	<p>Updated Irregular expenditure register</p> <p>MPAC investigation reports</p>

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		520,11 Habo Motho EF008557 286 R110,69 PUMPSHOP AFRICA EF009103 R282 448,05 Habo Motho EF008684 R234 195,55 Barloworld Equipment EF008331 R93 146,15 TASKA ENGINEERING(PTY)L EF008821 R89 179,20 Habo Motho Enterprise EF008947 R289 032,15	Management did not in all instances review and monitor compliance with applicable laws and regulations.	Management should implement controls to ensure compliance with procurement process			Tax verification confirmation and declaration of interest on or before appointment letter is issued

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
Procurement and contract management	CoAF 28 - SCM Contract management: contract variations and extensions	During the audit of contract management, the following contract extensions were found to be unauthorised by the accounting officer, and no reasons for the amendments were presented to the municipal council for adoption and approval: SCM/TSW/10A/PH4RBIG/20	Lack of adequate controls over contract management and monitoring	The accounting officer should design and implement contract management and monitoring controls to ensure compliance with relevant laws and regulations	CFO and Manager SCM and Expenditure	WEF 2025/01/31	Updated Contract Register, indicating the date of appointment, initial contract value, extensions to the contract

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		21- HOOPSTAD Upgrading of Bulkwater Supply Phase 4 - Contract A Hoopstad Sihle Civil & Projects RFP/TSW02/2021-2022 Proposals from competent service provider for lease and maintenance of Business machines for period ending 30 June 2024 Alenti 220 (Pty) Ltd RFP/TSW/02/2020 Water and wastewater analysis and reporting Test it lab SCMTSW/07/EXT9/2021-2022 Phahameng Extension 9 sewer reticulation and 476 Toilet structures BBT Construction SCM/TSW/10B/RBIG /2022-2023 BULTFONTEIN TSWELOPELE LOCAL MUNICIPALITY: UPGRADE OF BULKWATER SUPPLY	Management did not review and monitor compliance with applicable laws and regulations	Management should ensure that contract variations and extensions are authorised by the accounting officer and tabled at the council meeting.			and expenditure to date per contract and Council resolution number

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		IN BULTFONTEIN: PHASE 4 Khanya Lesedi SCM/TSW/17/2022-2023 Construction of 2.0KM Paved Road and Stormwater in Tikwana Nkhesebo SCM/TSW/07/2023-2024 Fencing of Cemeteries ERF 695& 3654: Tikwana/Hoopstad Ramsentik (PTY) SCM/TSW/19PHA/2023-2024 Phahaneng/Bultfontein: Supply, Delivery and Installation of 9 X High mast lights Mzozu Trading Enterprise					

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Procurement and contract management	CoAF 30 - SCM Contract management: Contract monitoring	During the audit of contract management, we identified that the following contracts are not monitored on a monthly basis and actions were not take to prevent and/or improve poor performance: RFP/TSW05/2021 Prepaid Meters Cigicell (PTY) Ltd SCM/TSW/10A/PH4RBIG/2021- HOOPSTAD Upgrading of Bulkwater Supply Phase 4 - Contract A Hoopstad Sihle Civil & Projects SCMTSW/07/EXT9/2021-2022 Phahameng Extension 9 sewer reticulation and 476 Toilet structures BBT Construction SCM/TSW/10B/RBIG /2022-2023 BULTFONTEIN TSWELOPELE LOCAL MUNICIPALITY: UPGRADE	Lack of adequate controls over contract management and monitoring	The accounting officer should design and implement contract management and monitoring controls to ensure compliance with relevant laws and regulations	Director Technical Services and Manager SCM and Expenditure	Monthly WEF 2025/01/31	Reviewed performance monitoring reports

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		<p>OF BULKWATER SUPPLY IN BULTFONTEIN: PHASE 4 Khanya Lesedi SCM/TSW/17/2022-2023 Construction of 2.0KM Paved Road and Stormwater in Tikwana Nkhesebo SCM/TSW/16/2022-2023/TLM Refurbishment of low voltage network Infrastructure in Tswelopele Local municipality Towns Dirk Van Heerden SCM/TSW/16/2022-2023/TLM Refurbishment of low voltage network Infrastructure in Tswelopele Local municipality Towns Bohlabela Systems SCM/TSW/07/2023-2024 Fencing of Cemeteries ERF 695& 3654: Tikwana/Hoopstad Ramsentik (PTY)</p>					

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		SCM/TSW/19PHA/2023-2024 Phahaneng/Bultfontein: Supply, Delivery and Installation of 9 X High mast lights Mzozu Trading Enterprise					
Financial Statements	CoAF 32 - Cash flow statement misstated	During the audit of cash flow statement, differences were noted	Lack of proper review of the statement of cash flow and	Management should investigate these differences and adjust the AFS	CFO and Manager AFS.	15-Aug-25	Reviewed annual financial statements

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			its related note/s before submission for audit	accordingly			and supporting file
Financial Statements	CoAF 33 - VAT receivable overstated	During the audit of VAT receivable, differences were noted on the total balance after recalculation of VAT receivable disclosed in the AFS	The above was caused by management not implementing controls to ensure that the VAT receivable balance in the AFS is correct. The system calculates the VAT receivable for the year, and there was no	Management should implement controls to ensure that the VAT Receivable is calculated correctly. Management should split the amount between a "VAT Receivable" and a "VAT Accrual" account.	Manager Supply chain and Expenditure, Expenditure Accountant and Manager AFS	Monthly WEF 2025/01/31	VAT Reconciliation indicating the split between Vat receivable and accrual.

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			recalculation of this amount by management to ensure the correct split on the face of the statement of financial position				
Service charges	CoAF 41 - Allowance for impairment: Receivable from exchange and non-exchange transactions	During the audit of allowance for impairment: receivable from exchange and non-exchange transactions, the following differences were noted:	Lack of proper review of the Allowance for impairment: Receivable from exchange and non-exchange transactions and its related note/s before submission for auditing	Management should adjust the AFS to correct the misstatements	CFO and Manager AFS.	Monthly WEF 2025/01/31	Reviewed annual financial statements and supporting file

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
Procurement and contract management	CoAF 48 - SCM non-compliance with PPR2022 (specific goals) : Repairs and Maintenance of pumps	During the audit of the competitive bidding process, it was identified that specific goals (as per the advert) for the Repairs and maintenance of Pumps (SCM/TSW05/2020) did not sum up to 20 points as required by regulations	The bid evaluation and adjudication committees did not detect the shortcomings in the procurement documentation to prevent non-compliance	Management should further investigate the matter reported and update disclosure of irregular expenditure (if payments were made) in the AFS	CFO, Manager SCM and Manager AFS	Monthly with effect from 2025/01/31	updated Irregular expenditure register
					CFO	Monthly with effect from 2025/01/31	MPAC investigation reports
			Management did not in all instances review and monitor compliance with applicable laws and regulations	Management should implement controls to ensure compliance with procurement processes	Bid evaluation committee and Bid Adjudication Committee	Monthly with effect from 2025/01/31	Bid committee minutes

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
Procurement and contract management	CoAF 49 - SCM non-compliance with PPR2022 (specific goals) : Proposals for water and wastewater quality analysis and reporting for period ending 30 June 2026	During the audit of the competitive bidding process, it was identified that specific goals (as per the advert) for the Proposals for Water and wastewater quality analysis and reporting for period ending 30 June 2026 (RFP/TSW/03/2023-2024) did not sum up to 20 points as required by regulations	The bid evaluation and adjudication committees did not detect the shortcomings in the procurement documentation to prevent non-compliance	Management should implement controls to ensure compliance with procurement process.	Bid evaluation committee and Bid Adjudication Committee	Monthly with effect from 2025/01/31	Bid committee minutes
			Management did not in all instances review and monitor compliance with applicable laws and regulations	Management should further investigate the matter reported and update disclosure of irregular expenditure (if payments were made) in the annual financial statements	CFO, Manager SCM and Manager AFS	Monthly with effect from 2025/01/31	MPAC investigation reports

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				Management should investigate the entire population of competitive bids and ensure that where SCM requirements were not met, the contract/s are declared irregular and ensure that the accounting records updated accordingly.	Manager SCM and SCM Practitioner	Monthly with effect from 2025/01/31	Updated Irregular expenditure register
Procurement and contract management	CoAF 50 - SCM non compliance with PPR 2022: Short term	Management did not specify how the specific goals will be awarded to bidders in the tender document for RFP/TSW/04/2023-2024 - Short term insurance for up	The bid evaluation and adjudication committees did not detect	Management should further investigate the matter reported and update disclosure of irregular	CFO and Manager SCM	Monthly with effect from 2025/01/31	Updated Irregular expenditure register

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	insurance for up to 30 June 2026	to 30 June 2026. Therefore, we were unable to re-perform management evaluation to determine whether the bidder with the highest score was selected (scope limitation compliance misstatement)	the shortcomings in the procurement documentation to prevent non-compliance	expenditure (if payments were made). Management should also identify the reason for the failure in the procurement process and implement training to ensure that similar deviations do not occur	CFO and Manager SCM	Monthly with effect from 2025/01/31	MPAC investigation reports
Procurement and contract management	CoAF 51 - SCM non-compliance with PPR2022: Supply delivery and installation of 9 high mast lights	During the audit of competitive bids, we identified that the bidder scoring the highest points for Phahameng/Bultfontein: Supply, Delivery and Installation of 9 X High mast lights (SCM/TSW/19PHA/2023-2024) was not appointed. Refer to the evaluation	The bid evaluation and adjudication committees did not detect the shortcomings in the procurement documentation	Management should implement controls to ensure compliance with procurement process	Bid evaluation committee and Bid Adjudication Committee	Monthly with effect from 2025/01/31	Bid committee minutes

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		performed below: Appointed bidder by the municipality : Mzozu Trading Enterprise Bidder scoring the highest number of points as per the auditor's determination: Bohlabela Systems	n to prevent non-compliance.				
			Management did not in all instances review and monitor compliance with applicable laws and regulations	Management should further investigate the matter reported and update disclosure of irregular expenditure (if payments were made) in the annual financial statements.	CFO and Manager SCM	Monthly with effect from 2024/01/31	Updated Irregular expenditure register
					CFO and Manager SCM	Monthly with effect from 2024/01/31	MPAC investigation reports
Procurement and contract management	CoAF 53 - SCM non-compliance with PPR2022: Appointment of panel of service	During the audit of competitive bids, we noted that the bidder who met the minimum qualifying functionality criteria to be appointed as part of a panel was not appointed (SCM / TSW / 16/2022-2023 -	The bid specification committee did not ensure that the bid document are drafted in a manner that is	Management should implement controls to ensure compliance with procurement process.	Bid evaluation committee and Bid Adjudication Committee	Monthly with effect from 2025/01/31	Bid committee minutes
					CFO and Manager SCM	Monthly with effect from	MPAC investigation reports

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	providers for provision work or goods and services for period ending 30 June 2025	Appointment of Panel of service providers for provision work/goods and services for Period ending 30 June 2025)	consistent with SCM prescripts			2024/01/31	
			The bid evaluation and adjudication committees did not detect these shortcomings in the procurement documentation and addressed before goods and services are procured.	Management should further investigate the matter reported and update disclosure of irregular expenditure (if payments were made). Management should also identify the reason for the failure in the procurement process and implement training to ensure that similar deviations do not occur.	CFO and Manager SCM	Monthly with effect from 2025/01/31	Updated Irregular expenditure register

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Procurement and contract management	CoAF 54 - SCM non-compliance with PPR2022: Repairs and maintenance of pumps	<p>1. During the audit of competitive bidding, we noted that Follex Group was incorrectly disqualified on functionality, therefore, the service provider should have been appointed alongside other service providers as part of a panel</p> <p>2. We further identified that as part of the bidding documents, management has highlighted that Request For Quotation (RFQ) will be sent to all panellists requesting quotations, An RFQ with clear specifications of items needed will be sent to selected panellists to</p>	The bid evaluation and adjudication committees did not detect the shortcomings in the procurement documentation to prevent non-compliance	<p>Management should further investigate the matter reported and update disclosure of irregular expenditure (if payments were made).</p> <p>Management should also identify the reason for the failure in the procurement process and implement training to ensure that similar deviations do not occur.</p>	CFO and Manager SCM	Monthly with effect from 2025/01/31	Updated Irregular expenditure register
					CFO and Manager SCM	Monthly with effect from 2025/01/31	MPAC investigation reports

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		<p>respond within the required time frame. Management appointed 2 suppliers in relation to the contract (Habo Motho Enterprise and Pumpshop Africa). This means that management will be unable to obtain three (3) quotations as required by regulations, because only two (2) suppliers were appointed</p> <p>Furthermore, through inspection of payment vouchers made to the suppliers, it was noted that management did not follow the procurement process to obtain quotations from all suppliers on the panel.</p>	<p>Management did not in all instances review and monitor compliance with applicable laws and regulations.</p>	<p>Management should implement controls to ensure compliance with procurement process.</p>	<p>Bid evaluation committee and Bid Adjudication Committee</p>	<p>Monthly with effect from 2025/01/31</p>	<p>Bid committee minutes</p>

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Procurement and contract management	CoAF 55 - SCM non-compliance with PPR2022 (SCM-TSW-02-2022 Supply and delivery of water chemicals to Tswelopele Local Municipality: Bultfontein and Hoopstad	1. During the audit of competitive bids, we identified that the bidder scoring the highest points (Rheo Chem) for SCM/TSW/02/2022 Supply and delivery of water chemicals to Tswelopele Local Municipality: Bultfontein and Hoopstad unit for period ending 30 June 2026 was not appointed. 2. Further to this, management did not specify how many service providers will be appointed in the bid documents. Four (4) service providers met the minimum qualifying score for functionality, however two (2)	The bid evaluation and adjudication committees did not detect the shortcomings in the procurement documentation to prevent non-compliance	Management should implement controls to ensure compliance with procurement process	Bid evaluation committee and Bid Adjudication Committee	Monthly with effect from 2025/01/31	Bid committee minutes
					CFO and Manager SCM	Monthly with effect from 2025/01/31	MPAC investigation reports
					Management did not in all instances review and monitor compliance with	Bid documents should specify how the selection will be made in relation to suppliers that pass the functionality stage	Bid evaluation committee and Bid Adjudication Committee

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		<p>service providers were appointed.</p> <p>3. We further identified that as part of the bidding documents, management has highlighted that Request for Quotation (RFQ) will be sent to all panellists requesting quotations, An RFQ with clear specifications of items needed will be sent to selected panellists to respond within the required time frame.</p> <p>Management appointed 2 suppliers in relation to the contract (Jicama and Mega water). This means that management will not be able to obtain 3 quotations as required by regulation when procuring due to the fact that only two (2) suppliers were appointed in a panel.</p>	applicable laws and regulations.	<p>Management should ensure that a panel is comprised of an appropriate number of suppliers in order to comply with regulations and SCM prescripts</p> <p>Where the BAC rejects the recommendation of BEC the accounting officer should be notified before awarding the bid, who then ratified the decision</p>	<p>Manager Supply chain and Expenditure</p> <p>Bid adjudication committee</p>	<p>Monthly with effect from 2025/01/31</p> <p>Monthly with effect from 2025/01/31</p>	<p>A quotation register per service requested.</p> <p>Bid adjudication committee minutes</p>

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		4. Metsi Chem international was recommended to be appointed as part of a panel of service providers by the BEC, however the service provider was not recommended by the BAC. No supporting evidence was submitted by management proving that the accounting officer was notified before awarding the bid, who then ratified the decision.					
Procurement and contract management	CoAF 57 - SCM non-compliance with PPR2022: Service providers to	1. During the audit of competitive bids, it was identified that the bidders who met the minimum qualifying criteria for functionality were not appointed for the following	The bid evaluation and adjudication committees did not detect the	Management should implement controls to ensure compliance with procurement process.	Bid evaluation committee and Bid Adjudication Committee	Monthly with effect from 2025/01/31	Bid committee minutes

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	submit proposal for supply deliver and install various computer software applications	contract (RFP/TSW/02/2023-2024 -Service providers to submit proposal for supply, delivery and install various computer software, applications and hardware to Tswelopele Local Municipality for period ending 30 June 2026). 2. We further identified that as part of the bidding documents, management has highlighted that Request For Quotation (RFQ) will be sent to all panellists requesting quotations, An RFQ with clear specifications of items needed will be sent to selected panellists to respond within the required time frame. Management appointed 2 suppliers for both hardware	shortcomings in the procurement documentation to prevent non-compliance		CFO and Manager SCM	Monthly with effect from 2025/01/31	MPAC investigation reports
			Management did not in all instances review and monitor compliance with applicable laws and regulations	Management should further investigate the matter reported and update disclosure of irregular expenditure (if payments were made). Management should also identify the reason for the failure in the procurement process and implement training	CFO and Manager SCM	Monthly with effect from 2025/01/31	Updated Irregular expenditure register

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		(KM Consulting services and Musar Consulting) and installation of municipality CCTV system (Sizwe Buhle Trading Enterprise and MEP Digital systems). This means that management will not be able to obtain 3 quotations as required by regulation when procuring due to the fact that only 2 suppliers were appointed		to ensure that similar deviations do not occur.			
Property, Plant and Equipment	CoAF 60 - PPE Asset disposals non-compliance	<p>During the audit of disposals of PPE, we identified the carrying amount of assets were derecognised in contravention of the requirements of GRAP 17.</p> <p>a) Disposal- Management has not disposed any assets as at 30 June 2024</p> <p>b) Expected future economic</p>	This was caused by lack of reviews and controls in place to ensure compliance with laws and regulations governing the	Management should reverse the derecognition and recognise an impairment loss for the above assets	CFO and Manager Assets	15/08/2025	Updated Fixed Asset register

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		<p>benefits- Based on the discussions held with management, we obtained confirmation that management does not expect future benefits from use since the assets have either been damaged/vandalized however management expects to derive future economic benefits through disposal of the assets.</p> <p>Based on the above considerations, the carrying value of the assets should not be derecognised from the asset register.</p>	disposal of assets		CFO and Manager SCM	Monthly with effect from 2025/01/31	MPAC investigation reports
Financial Statements	CoAF 70 - Comparison between budget and actual amounts	<p>ISSUE 1: Differences were noted between the actual AFS and the actual statement of comparison</p> <p>ISSUE 2:</p>	This was caused by management not implementing controls to	Management should update the actual amounts in the statement of comparison of budget and actual	CFO and Manager AFS.	20-Aug-24	Reviewed annual financial statements and supporting file

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		The following narrations on differences between actual and budgeted amounts were not considered to be appropriate	ensure the amounts in the statement of comparison was adjusted from the draft AFS, and that explanations on differences were appropriate	amounts to reflect the correct amounts as in the actual AFS			
			The entity did not obtain or generate and use relevant quality information to support (enable) the functioning of the other component of internal control.	Management should update the explanations of differences in budget and actual amounts based on our recommended explanations			
				Management should implement controls to ensure that the amounts and explanations in the			

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				statement of comparison is accurate and correct.			
Procurement and contract management	CoAF 71 - SCM deviation: reasons for deviation not justifiable	The reasons for procurement being undertaken in the case of an emergency were not considered reasonable or justifiable for the following transactions	These matters resulted due to internal controls not being adequately established and implemented by management	Ensure that all deviations approved are in accordance with applicable legislation and justifiable.	CFO and Manager SCM and Expenditure	Monthly with effect from 2025/01/31	Approved deviation motivation and Council resolution
					CFO and Manager SCM	Monthly with effect from 2025/01/31	MPAC investigation reports
				The irregular expenditure register and the relevant note to the financial statements should be adjusted accordingly.	CFO, Manager AFS and Manager SCM and Expenditure	30-Nov-24	Updated Irregular expenditure register

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Procurement and contract management	CoAF 79 - SCM Quotations: Reasons for not obtaining at least three quotations not documented	It was noted during the audit of procurement and contract management that at least three written price quotations were not obtained for the following payments and the reasons were not recorded and approved by the CFO or an official designated by the CFO: EF008634-0001 Majavu Inc Majavu Inc 181 736,67 EF008358-0001 PHELANG MATJHABA TRADING PROJE 153 759,20 EF009172-0001 Qhalasi Qhalasi 46 400,00 IN121408 TRI- LECTRO ELEKTRISE KO 116 380,55	The evaluation committee did not detect the shortcomings in the procurement documentation to prevent non-compliance.	Management should further investigate the matter reported and update disclosure of irregular expenditure in the AFS.	CFO, Manager AFS and Manager SCM and Expenditure	30-Nov-24	updated Irregular expenditure register
					CFO and Manager SCM	Monthly with effect from 2025/01/31	MPAC investigation reports

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Expenditure Management	CoAF 86 - Expenditure management: UIFW expenditure not prevented	<p>During the audit, it was noted that unauthorised, irregular, fruitless and wasteful expenditure incurred were disclosed in the current year AFS submitted for audit:</p> <ul style="list-style-type: none"> • Note 55 Unauthorised expenditure amounting to R33 970 179 • Note 56 Fruitless expenditure amounting to R13 641 644 • Note 57 Irregular expenditure amounting to R39 561 577 <p>Similar items were reported in the prior year and management have not been able to reduce the amounts disclosed</p>	This is due lack of consequence management and proper steps in place to ensure that there is prevention of unauthorised, irregular, fruitless and wasteful expenditure	Management should implement control measures to ensure proper steps are in place to ensure that there is prevention of unauthorised, irregular, fruitless and wasteful expenditure.	Accounting Officer	30-Mar-25	MPAC investigation reports

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Property, Plant and Equipment	CoAF 5 -BP Capital assets: incorrect recognition of assets	The following issue was identified through risk assessment procedures: 1. It was noted that the capital project was incorrectly capitalised from WIP register to fixed asset register as a "completed" asset: Project name: The Construction of 2KM Paved-road & stormwater, Tikwana/Hoopstad Amount capitalised to "completed" assets in the FAR: R607 328 Depreciation for the year: R 8	Incorrect application of GRAP accounting requirements by the preparer of the AFS	Management should visit the population of assets that were transferred from WIP to ensure that assets were only capitalised to fixed asset register when they are complete and ready for use.	CFO and Manager Assets	31-Jan-25	Updated Asset and WIP Register
				The annual financial statements should be adjusted where applicable to ensure fair presentation.	CFO and Manager AFS.	30-Nov-24	Adjusted annual financial statements and supporting file

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		<p>453 Status of project on WIP register: WIP Total expenditure to date on the WIP register: R17 168 495. 31 Contract value as per commitment register: R17 300 000 It was also confirmed through enquiry with management that the project was still in progress at year-end resulting in overstatement of additions and understatement of asset under construction (WIP) 2. Further to the above, we identified that an asset whose condition was verified as "very poor" was not valued at its recoverable amount as there was no evidence that the</p>		<p>Management should ensure that assets that are beyond economic repair are identified and impaired for external financial reporting purposes.</p>	<p>CFO and Manager Assets</p>	<p>31-Mar-25</p>	<p>Updated asset register and asset losses report</p>

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		<p>recoverable value was calculated for the asset. This is an indication that the asset may be carried at an incorrect value. In fixed asset register at year-end. See details of the asset below: Room bar code: R0037 Asset name: Laptop Barcode: 5816 Auditee asset count signed off: 17/04/2024 Condition status in fixed asset register (FAR): Very poor The asset was physically verified, and the auditor could confirm that the condition of the asset is poor.</p>					

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Financial Statements	CoAF 7 - Receivables: High level review (AFS)	Differences were noted under receivable from exchange transaction note resulting in misstatement of receivables in the financial statements	Inadequate review of the financial statements by all participants/role players in the accountability ecosystem	Management should investigate these discrepancies and make the necessary corrections in the financial statements	CFO and Manager AFS.	30-Nov-24	Monthly debtors reconciliations
Accounts Receivable	CoAF 13 - Impairment of debt	During the audit of account receivables, we noted shortcomings in the municipality's methodology for debt impairment which resulted in contravention of the accounting framework (GRAP 104) and the accounting policy contained in the municipality's annual financial statements: Below is an excerpt from your debt impairment methodology:	Inconsistent application of the accounting policy, GRAP standard and debt impairment methodology.	Management should re-assess the account receivable (government debts) values shown in the statement of financial position and discount them using appropriate discount rate to ensure fair presentation of account receivable and debt impairment	CFO and Manager AFS.	15-Aug-25	Annual Financial statements and Debt impairment calculation

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
		<p>“No impairment is applicable to state owned entities, as state owned entities are responsible to settle outstanding balances owed to the municipality in full (as required by the MFMA).”</p> <p>Consequently, we noted through review of the impairment listing that the debts falling under account type “government” were not impaired. We noted from the age analysis that the amount owing for more than 30 days in relation to government debt is R 2 346 113.58 for non-exchange transactions and R 5 923 885.18 for exchange transactions.</p>		<p>in the AFS</p> <p>Management should revise the entire population and consider the government debt account receivables for impairment</p> <p>Revised impairment listing and account receivable schedule (age analysis) should be re-submitted for auditing purposes.</p>	<p>CFO and Manager budget and revenue</p>	<p>15-Aug-25</p>	

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
Revenue Management	CoAF - 23 Understatement of interest received (Property rates)	During the audit of property rates (Interest received), differences were identified	The above was also caused by management not implementing controls to ensure that interest received (Property rates) is calculated accurately. Management did not calculate interest on overdue amounts (Past interest charged) as the system only	Management should implement controls to ensure that the property rates (Interest received) is calculated based on the total outstanding amount in relation to property rates based on the amortised cost	CFO and Manager budget and revenue	Monthly with effect from 2025/01/31	Monthly reconciliations of Property rates

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			calculates interest based on the capital amount of the outstanding amount. This is also a likely financial loss that could result in a material irregularity as defined				
Procurement and contract management	CoAF 29 - SCM Contract management: retention payments	Contracts were identified where retention fee held by the municipality is less than the required percentage and/or retention was paid to the contractor where the project is not complete	This is due to lack of adequate controls over contract management and monitoring	The accounting officer should design and implement contract management and monitoring controls to ensure compliance with relevant laws and regulations	CFO and Manager SCM and Expenditure	Monthly with effect from 2025/01/31	Reviewed retention register

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Expenditure Management	CoAF 39 - Depreciation calculated incorrectly	During the audit of the depreciation account, there were differences that were noted This difference occurred due to the depreciation that was calculated using the useful life before the adjustment, and the useful life after the change in useful life should have been used	The above was caused by a calculation error by the experts calculating the depreciation	Management should implement controls to ensure that depreciation is calculated correctly	CFO, Manager Assets and Manager AFS	15-Aug-25	Updated Fixed Asset register and Annual financial statements
Procurement and contract management	CoAF 40 - SCM contract management: Fruitless and wasteful expenditure	Payments were made to contractors despite evaluation reports indicating that the goods and services received did not meet the expected standards and contained errors	This is due to lack of adequate controls over contract management and monitoring.	Management should enhance internal controls to ensure that payments are made only when goods and services have been received in satisfactory condition, in accordance with the approved purchase/procurement documentation	CFO, Manager SCM and Expenditure	Monthly with effect from 2025/01/31	Bid committee minutes
					CFO, Manager SCM and Expenditure	Monthly with effect from 2025/01/31	MPAC investigation reports

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
				and are being utilised			
				Management should investigate whole population related to these contracts and disclose the fruitless and wasteful expenditure	CFO, Manager SCM and Expenditure	Monthly with effect from 2025/01/31	Reviewed performance monitoring reports
Expenditure Management	CoAF 43 - Sandvet creditor: interest incurred due to late payments (possible MI)	The audit team identified that the municipality incurred interest levied by Sand Vet due to late payments made to settle their account with Sand Vet. The interest amount of R2 476 907 was disclosed in the AFS under Fruitless and Wasteful Expenditure, and it was also included in the Fruitless and Wasteful Expenditure	This is due to insufficient controls in place to ensure that payments are made to SandVet within 30 days.	Implement controls over the payment of this creditor to ensure that the creditor is paid in time, and to avoid incurring interest on the balance Enter into a payment arrangement with Sand Vet to reduce	Accounting Officer and CFO	28-Feb-25	Signed payment arrangement

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		register. The municipality did not implement sufficient controls over the payment of this creditor and has a large outstanding balance of R20 692 166 on this creditor at year end		<p>the interest cost incurred.</p> <p>Efficiently manage the resources and cashflow of the municipality to ensure that there are enough resources available to pay Sand Vet when the amount becomes due.</p>			
Property, Plant and Equipment	CoAF 45 - Conditions of assets not properly updated on the asset register	During the audit of property, plant and equipment closing balance, we identified assets for which the conditions recorded in the fixed asset register do not match the actual physical condition of the verified assets	Inadequate review of the fixed asset register to ensure that the condition of assets are updated on a regular basis	Management should strengthen internal controls to ensure that the FAR accurately reflect the conditions of the assets of the municipality	CFO and Manager Assets	15-Aug-25	Updated Asset register

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Procurement and contract management	CoAF 62 - SCM understatement of irregular expenditure	During the audit of SCM the following transactions with value above R200 000 were not procured through a competitive bidding process resulting in a material limitation of scope misstatement: The transaction were further not disclosed as deviations and irregular expenditure	This is due to inconsistent documentation submitted to support the compliance activities of the municipality	Management should ensure that consistent records are maintained for all compliance activities undertaken by the municipality	CFO, Manager SCM and Expenditure	Monthly with effect from 2025/01/31	Quotation register Deviation register Tender documents for all procurement above R200 000
				The irregular expenditure amount should be included in the Irregular expenditure register and be investigated	CFO, Manager SCM and Expenditure	Monthly with effect from 2025/01/31	Irregular expenditure register
Service charges	CoAF 65 - Revenue Service charges: Non billing of some water accounts	During the audit of revenue from exchange transactions on the line-item service charges, we identified customers' accounts that were not billed for water services for parts of the year under audit	This was caused by management not implementing controls to ensure that billing	We recommend to management that the population of the service charges line item be revisited and adjusted for the customer accounts not billed and that	CFO and Manager Budget and Revenue	Monthly with effect from 2025/01/31	Monthly billing reports and reconciliations

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			reconciliation is performed between the active customer accounts and the consumption reports	management engage on a cost exercise and quantify the amount the customer accounts were not billed as we as auditors do not have the meter reading data to determine the billable amount			
Financial Statements	CoAF 89 - Contingent assets do not meet definition and recognition criteria	During the testing of the presentation and disclosure of Contingencies, it was noted that Contingent Assets disclosed do not meet the Definition of the Contingent Assets. There is uncertainty regarding the assumptions used by management to	Management did not review the financial statements to ensure that the accurate contingencies are accounted for so that the	Management should investigate this issue and strengthen the internal controls to ensure that the accurate Contingent assets meet it' disclosed	CFO and Director Corporates	Monthly with effect from 2025/01/31	Contingent Register indicating the possible assets and liabilities

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		<p>determine the reasonable estimate of the contingent assets disclosed as there were no legal representation for the cases.</p> <p>As such the 2 cases without legal Counsel should have been disclosed as part of Fruitless and Wasteful Expenditure as the prospects of recovering the amounts are remote. This is due to amounts that were paid for projects not completed as this amounts fruitless and wasteful expenditure as expenditure was incurred for projects where services were not obtained</p>	<p>financial statements are represented fairly. Management did not disclose contingent assets and contingent liabilities separately</p>	<p>Management should adjust the corresponding figure for contingencies to ensure that it is correctly and accurately disclosed and accounted for.</p>	<p>CFO and Manager AFS.</p>	<p>15-Aug-25</p>	<p>Reviewed AFS and supporting file</p>

FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	REMEDIAL ACTION TO ADDRESS THE AUDIT FINDING	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
Procurement and contract management	CoAF 72 - SCM Deviations goods and services were not procured at a reasonable price	Through inspection of invoices for nature and description of goods/services, The assessment was done at a high level and based only on the auditors knowledge and information that is available, it was identified that there were transactions where goods/services were not obtained at a reasonable price	This was caused by administrative errors and oversight by management to detect and prevent shortcomings in the procurement process. There is also inadequate controls between the official that certifies that the work was done and the official that actually verifying the extent and	Management should investigate the matter reported and update disclosure of irregular expenditure	CFO, Manager SCM and Expenditure	Monthly with effect from 2025/01/31	Irregular expenditure register
				Management should also identify the reasons for deficiencies in the procurement process and implement controls to ensure that similar findings do not occur			MPAC investigation reports

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			nature of the work done				
Financial Statements	CoAF 74 - Going concern narrative	During the audit of the going concern disclosure in the AFS for the year ended 30 June 2024, the auditor identified discrepancies in the information disclosed by management on the indicators identified which may indicate that a material uncertainty may exist on the Municipality's ability to operate as a going concern. Furthermore, management has disclosed ratios that were calculated during the assessment of going concern however the auditor	Management did not perform adequate reviews to ensure that accurate information is disclosed in the AFS.	Management should ensure that the AFS are properly reviewed to ensure accurate disclosures	CFO and Manager AFS.	15-Aug-25	Management review report/notes

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		recalculated these ratios and identified differences					
Procurement and contract management	CoAF 77 - SCM Quotations: specific goals and RFQ not submitted	The request for quotations documentation (RFQ) was not submitted for payments, which are necessary to confirm the applicable preferential point system for specific goals for which a point may be awarded, and the number of points that may be awarded to each goal and proof of the claims related to those goals	The evaluation committee did not detect the shortcomings in the procurement documentation to prevent non-compliance.	Management should implement controls to ensure compliance with procurement processes.	CFO and Manager Supply chain and Expenditure	Monthly with effect from 2025/01/31	Evaluation sheets for quotations indicating the preferential point system has been applied attached to the relevant payment voucher.

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				Management should further investigate the matter reported and update disclosure of irregular expenditure in the AFS	CFO and Manager Supply chain and Expenditure	Monthly with effect from 2025/01/31	Updated Irregular expenditure register
Financial Statements	CoAF 80 - Contingent assets and contingent liabilities set-off against each other	During the testing of the presentation and disclosure of Contingencies, it was noted that Contingent Liabilities and Contingent Assets were offset against each other. There is no indication in the GRAP standards where it is stated that Contingencies can be offset against each other	Management did not review the financial statements to ensure that the accurate contingencies are accounted for so that the financial statements are represented fairly. Management did not	<p>Management should ensure that the accurate contingent liabilities and contingent assets are separately disclosed</p> <p>Management should adjust the corresponding figure for contingencies to ensure that it is correctly and accurately disclosed and accounted for</p>	CFO and Manager AFS.	25-Aug-25	<p>Contingent Register indicating the possible assets and liabilities</p> <p>Reviewed annual financial statement and supporting file</p>

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			disclose contingent assets and contingent liabilities separately				
Financial Statements	CoAF 81 - Internal control deficiency: Revenue property rates incorrect GL used response	Internal control deficiency: For revenue from non-exchange transactions- property rates, the four property types are incorrectly mapped under property type -Agricultural properties GL account.	Management did not implement controls to ensure that revenue from property rates is mapped to the correct GL account per property type.	Management should ensure that revenue amounts are mapped to the correct property type in the GL account.	CFO Manager AFS	15/08/2025	Review of AFS and supporting file

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Procurement and contract management	CoAF 17 - SCM control deficiencies	<p>A) The following deficiencies/gaps were identified on the SCM policy:</p> <p>Ø Par.15 did not specify the limiting the number of petty cash purchases or the maximum amounts per months for each manager;</p> <p>Ø Par.15 did not indicate types of expenditure</p>	This is due to lack of proper record keeping to ensure that complete, relevant and accurate information is accessible and available to support	Management should implement proper record keeping to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	CFO and Manager AFS.	31-May-25	Updated SCM Policy

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		<p>excluded from petty cash purchases;</p> <p>Ø Updated policy approved after 14 December 2023 did not exclude regulation 16;</p> <p>Ø Par.43 states that no award above R30 000 may be made to a person whose tax matters have not been declared by the South African Revenue Service to be in order. The amount should be R15 000</p> <p>B) B) The municipality did not keep a register of all contract amendments/extensions, therefore we could not confirm that all contract extensions were submitted for council approval:</p>	financial and performance reporting	Management should ensure that contract extensions/variations are approved by delegated official	Accounting Officer	Monthly WEF 2025/01/31	Reviewed contract register that includes variations and extensions. Council resolutions for variations and extensions should also be files

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		<p>Furthermore, through inspection of contract No: SCM/TSW/07/2022 Fencing of WWTP in Tikwana/Hoopstad, contract amount R1 986 976,61, contractor Ramsentik (PTY), identified that the contract time extension was only approved by Mr L Malokase (Director Technical) and not the AO.</p> <p>C) Shortcomings in record keeping for quotation process:</p> <p>Through inspection of the payment voucher EF 008908 amount R8 496 paid to supplier (Office national) and supporting documents, the request for quotation was not attached and therefore could</p>					

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		not confirm: Ø The number of quotations requested and received; Ø Date requested and the closing date for submission of quotes					
Revenue Management	CoAF 67 - Internal control deficiency: Cigicell withholding 50% of daily sales due to	It was noted during the audit of revenue that the service level agreement between the municipality and Cigicell does not address the issue of Cigicell withholding 50% of the daily pre-paid sales revenue when the	Management did not implement controls to ensure that all commission invoices are paid on time	Management should ensure that all invoices are paid on time and that all decisions regarding service organisations are agreed in writing	Accounting Officer and CFO	Monthly WEF 2025/01/31	Cigicell Reconciliation

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	non-payment	municipality has outstanding commission invoices	and that the decision giving Cigicell the right to withhold 50% of the daily prepaid sales revenue to settle overdue commission invoices is agreed in writing. This is an indicator of management override of controls.	and adhered to			
Contract Management	CoAF 34 - Other receivables overstated(not tested for impairment)	During the audit of the other receivables from exchange transactions, we noted that there were no impairment considerations done on this account and determined that	The above was caused by management not assessing the account	Management should implement controls to ensure that impairment testing is done at the end of the year for other	CFO and Manager budget and revenue	15-Aug-25	Annual Financial statements and Debt impairment calculation for

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		<p>the following item should have been impaired due to the fact that this balance have been outstanding from the prior year of assessment: Unathi Civils R 297 640. We noted in the letter to Rampai Attorneys that the Main Contractor, Unathi Civils breached the contract by not paying all the amounts due to the sub-contractor Mpiyakhe & Sons Civils, causing the municipality to have pay the sub-contractor. This amount is therefore still due to the Municipality but there is no documentary evidence that the other receivables were considered for impairment as required by the accounting policy. It also was noted in the letter that Unathi Civils will be</p>	<p>for impairment at year end.</p>	<p>receivables. Adjust financial statements to ensure that the misstatements are corrected.</p>	<p>CFO and Manager AFS.</p>		<p>other debtors</p>

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		blacklisted if they do not pay the amount in 7 days, from 10 November 2022 but this was not done management. This could also result in a material irregularity based on qualitative considerations as the financial loss is below the financial loss threshold of R1000 000					
Property, Plant and Equipment	CoAF 36 - PPE WIP additions: differences identified	During the audit of PPE WIP additions, the following differences were identified: 1. Between amount on invoice and amount capitalised 2. Between amount on payment certificate and amount recalculated by the auditor 3. Difference identified because the engineer claimed site fees for January	The cause of the above is lack of management reviews performed to ensure that payments are accurately recorded	Management should implement controls to ensure that payments are made to reflect the accurate amounts due to contractors	CFO and Manager Supply chain and Expenditure	Monthly with effect from 2024/01/31	Monthly WIP reconciliation
				Management should consider adjusting the AFS to ensure that the WIP additions for 2023/24 are not	CFO, Director Technical Services and Manager AFS.	15-Aug-25	Reviewed AFS and supporting file

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		<p>in the month of December</p> <p>4. Difference identified because the engineer claimed site fees for February and March and April in the month of January</p> <p>Further to above, the following internal control deficits relating to the payments were identified:</p> <p>1. Engineer did not certify the value of work done by signing on the payment certificate. A control deficiency will be raised</p> <p>2. Contractor did not sign the payment certificate as a means to certify the value of work done. A control deficiency will be raised</p> <p>3. Cession agreement not authorised by the HoD and engineer</p>		overstated.			

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Property, Plant and Equipment	CoAF 37-PPE Prior year loss on disposal of assets	<p>During the prior year audit, we noted that the municipality had incurred losses on disposal of assets which amounted to R 12 708 229.</p> <p>A finding was raised in the prior year stating the following: The lack of proper management and safeguarding of the assets resulted in the municipality recognising a loss on disposal of assets of R 12 708 229 where management responded that the assets that were written off would be investigated and further adjusted the narration to the disclosure of PPE relating to investigating these assets. Through enquiry with management in the current</p>	The above was caused by lack of controls implemented by management to investigate and conclude on prior year audit findings as committed	Management should implement controls to ensure compliance with legislation in relation to safeguarding of municipal assets.	CFO and Manager Assets	30-Jun-25	MPAC investigation reports

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		audit, we confirmed that these assets are still under investigation with no conclusion to date. Based on the above we could not obtain assurance that management investigated the losses incurred on the disposal of assets and this could result in a likely financial loss.					
Expenditure Management	COAF 73 - Suppliers not paid within 30 days.	During the audit of expenditure, it was noted that the following invoices were not paid 30 days after the receipt date of the invoices/billings/statements resulting in non-compliance with MFMA section 65(2):	This occurred due to inadequate controls in place to ensure that payments to suppliers are made within 30 days.	Management should improve controls to ensure that all invoices and claims are forwarded to the finance department within a specific period of time. The finance department should then have a set timeframe to capture payments to	CFO and Manager Supply chain and Expenditure	Monthly with effect from 2024/01/31	Invoice list vs payment list

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				ensure that payments are within 30 days from receipt of the invoice as required by MFMA regulations.			

23 GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan [IDP]	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service

	rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

24 APPENDICES

APPENDIX A – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEES AND THEIR PURPOSE

MUNICIPAL COMMITTEES	PURPOSE OF COMMITTEE
Finance Committee	Deals with municipal financial management.
Audit Committee	It is independent advisory body to council, municipal manager and management staff on financial controls, risk management, accounting policies, performance management.
Housing & erven	Deals with housing & erven matters within the municipality.
Local Labour Forum [LLF]	Platform were organised labour and the employer negotiates and bargains on issues affecting labour at local level.
Education	Deals with local educational matters.
Sports	Deals with issues affecting all sporting codes.
Agriculture & Rural Development	Deals with all matters pertaining to agriculture and rural development.
Economic Development	Deals with local economic development issues.
Social Development	Deals with social & welfare issues affecting the community.

APPENDIX B – FUNCTIONS OF MUNICIPALITY

MUNICIPAL FUNCTIONS	FUNCTION APPLICABLE TO MUNICIPALITY (YES / NO)
CONSTITUTION SCHEDULE 4, PART B FUNCTIONS	
Air pollution	Yes
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	No
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes

Municipal health services	No
Municipal public transport	No
Storm water management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	No
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	No
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

