

2022-2023

MATJHABENG LOCAL MUNICIPALITY



Office of the Municipal Manager
Strategic Support Services
Room 209 Second Floor
Corner Ryk and Stateway Street
Welkom
9460
Tel: 057 391 3711
Fax: 057 357 4393

DRAFT ANNUAL REPORT

VOLUME I



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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

Section 46 of the Municipal Systems Act, Act 32 of 2000, compels local government to prepare for each financial year an Annual Performance Report. The objective of the Annual Performance Report is to provide a credible, reliable, and accurate assessment of the Municipality’s progress in achieving its targets and goals as set out in the Integrated Development Plan (IDP) and Service Delivery Budget Implementation Plan (SDBIP) for the financial year under review.

The report outlines our successes and shortcomings as they relate to our legislated mandate as local government and can be regarded as a performance dashboard in the interest of transparency and accountability to the community, stakeholders, consumers, and rate payers. It must also reflect 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.

The vision of Matjhabeng Local Municipality is to be a benchmark developmental Municipality in service delivery excellence. Our objective therefore remains to build a Municipality that is efficient, effective, and responsive; that strengthens accountability, promotes corrupt-free operations; accelerates service delivery, and supports the vulnerable. Further, to promote economic and social development and to foster development partnerships and social cohesion. We have been striving to improve service delivery despite the challenges, especially the infrastructure decay and lately water shedding implemented by Bloemwater. Our consistent engagement with residents through Mayoral Imbizo assisted in keeping residents informed about challenges and plans to resolve them. The Minister of Water & Sanitation’s intervention on our sewer networks has normalized the situation. In the next financial year, the appointed contractors will repair the damaged pump stations and Wastewater Treatment Plants. We are grateful for this assistance to the community of Matjhabeng.

Several measures that were put in place to ensure a financially viable and service delivery-orientated Municipality started to show positive results. These are driven by the governance vision of the Office of the Executive Mayor as supported by the Council, i.e.

- Building in-house capacity and reducing costly outsourcing.
- Quality service delivery.
- Professionalized service delivery and a de-politicized Administration.
- Reduction in overtime and more productive output during working hours.
- Financial stability and good governance/oversight.
- Consequence management.

I herewith present the Annual Performance Report for the 2022-2023 financial year on behalf of Matjhabeng Local Municipality. Numerous challenges that we encountered during the 2022-2023 financial year are now being addressed even though we are not yet out of the woods. Deliberate sabotaging and vandalism of municipal property and resources remains a challenging, costly factor. The daily challenges with ageing and poor infrastructure, linked with limited financial and human resources, continue to place strain on the ability of Matjhabeng Local Municipality to provide and improve service delivery. Regardless of these challenges, every effort is being made to improve service delivery performance.

Matjhabeng Local Municipality remained resilient – and continues to do so - towards achieving its planned goals to ensure that the community is provided with service delivery.

The municipality is doing everything to attract investors who will create job opportunities. Moving from the concept of mine closure to mine transformation – considering the environmental as well as societal and economic effects of mining – provides new opportunities to fill the economic and governance vacuum of mines closing, easing the traumatic transition for affected communities, and contributing to securing resilient future livelihoods. Matjhabeng Local Municipality is aggressively pursuing new opportunities. In responding to the socio-economic and development challenges facing us, several activities are in progress to attract new investment to our area. We hosted the successful Safety & Security Summit, Economic Summit, and Investment Summit to lay the foundation as we endeavor to improve economic capacity as a municipality.

Our financial situation is not looking good, and this is due to non-payment of municipal services. We are planning to install smart meters starting in areas that are not paying for services in the next financial year, this will ensure that residents can pay in advance for the services they receive. Mayoralimbizos are used to explain to residents the importance of paying for services as a revenue-generating tool for funding service delivery. Tightening the municipal budget also resulted in a reduced capital development programme in funding the financial year under review and capital investment is now reliant on grant funding.

Other strategies focusing on performance management were also put in place and consequence management was introduced. We need to tirelessly seek and find improved mechanisms to strengthen the accountability and discipline of officials in their daily work, both to each other and to political principals.

Most critical vacant posts were filled in the financial year under review, mostly in the Directorate Infrastructure and Technical Services, to fast-track service delivery of water, electricity, and sewer services. Anti-fraud and corruption measures will be followed up with fraud risk assessments. Service Delivery Fleets such as Tipper Trucks, Compactor Trucks, Cherry Pickers, TLB, Graders, Bakkies, and Fire Engines were purchased during the year under review to improve service delivery. We are going to improve controls to better manage the fleet of the municipality.

The structures of governance at Matjhabeng Local Municipality are intact and functional. Besides the Council and the Mayoral Committee, both of which meet regularly, a functional Audit Committee and Municipal Public Account Committee (MPAC) is in place. The Executive Mayor introduced a Governance Steering Committee on accounting and compliance that complements the work, of the Auditor General and monitors the implementation of recommendations by the Auditor General on a fourth nightly basis. I want to assure the community and stakeholders that Matjhabeng Local Municipality is committed to building a Municipality that is efficient, effective, accountable, and responsive in accelerating service delivery and supporting vulnerable communities by promoting local economic development and social development.

CLLR T.D. KHALIPHA
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

Following the new Political Administration, the Matjhabeng Local Municipality developed and approved a new Integrated Development Plan (IDP) for the next five years (2022 to 2027). Our bold, new vision is to be a benchmark developmental municipality in service delivery excellence”.

The Municipality is committed to partnering with communities, despite the prevailing challenges of the day, to create a thriving municipality with a growing economy and improved dignity for all. This Service Delivery and Budget Implementation Plan (SDBIP) guides the implementation of the IDP for the first year of its lifespan. Irrespective of the prevailing economic decline within the municipality, the fundamentals of service delivery must still be achieved as required by the constitutional mandate.

The SDBIP is supported by a robust budget, aligned with our priorities, that offers residents, investors, businesses, and visitors hope. Among the priorities, we intend to refurbish our wastewater treatment plants, and water infrastructure, enhance crime prevention interventions, clean up our public spaces, release more land for economic growth and special economic zones, and develop smart cities through Vision 2050. We care deeply about the most vulnerable residents in our municipality. Hence, the SDBIP includes a significant social package of relief for indigent residents. Community wealth is achieved through sound financial management and the safeguarding of infrastructure, property, and assets. The implementation of our capital budget commitments will ensure that the municipality protects and grows the community's wealth through infrastructure replacement, renewal, and enhancement to ensure resilience and sustainability in Matjhabeng's local municipality.

Delivering on the commitments reflected in the IDP and the SDBIP is critical. I implore all employees of the municipality to be result-driven and focused on outcomes, to embrace collaboration, and to be committed to openness and transparency. This must be done effectively and efficiently within the bounds of the relevant legislation. The municipality has zero tolerance for corruption, fraud, non-compliance, and unethical practices.

The service delivery mechanisms taken by the administration are open to scrutiny and critique and as such public accountability is the order of the day and most welcome. As the Accounting Officer of Matjhabeng Local Municipality, I can confirm that we will do the fundamentals correctly to ensure every resident and visitor to Matjhabeng local municipality has an empowering experience and that we remain accountable.

INTRODUCTION TO BACKGROUND DATA

Matjhabeng Local Municipality is an administrative area in the Lejweleputswa District of the Free State in South Africa, that includes the city of Welkom. The name is a Sesotho word meaning "where nations meet". It is derived from the migrant Labour system where people from various countries like Lesotho, Mozambique, etc. meet to work in the mines of the Goldfields.

The municipality covers an area of 5,155 square kilometers (1,990 sq mi) in the goldfields of the central Free State, north of Bloemfontein and south of Kroonstad. According to the 2011 census, it has a total population of **406 461** people, of which 87,7% are black African. The coloured population makes up 2,1%, and 9,6% are white.

Matjhabeng Local Municipality has six major towns which are Allanridge, Hennenman, Odendaalsrus, Ventersburg, Virginia, and Welkom.

In the western part of the municipality, there is a string of mining towns that runs from northwest to southeast: Allanridge with a population of **19 337**, Odendaalsrus with a population of **63 743**, Welkom with a population of **220 209**, Virginia with a population of **67 191**. Further to the east are the agricultural towns of Hennenman with a population of **24 721** and Ventersburg with a population of **11 260**.

According to the 2016 Community Survey Report, the population increased to **429 113** people, of which 88.9% are black. The coloured population makes up 2.4%, the Indian population makes up 0.3% and 8.5% are white.

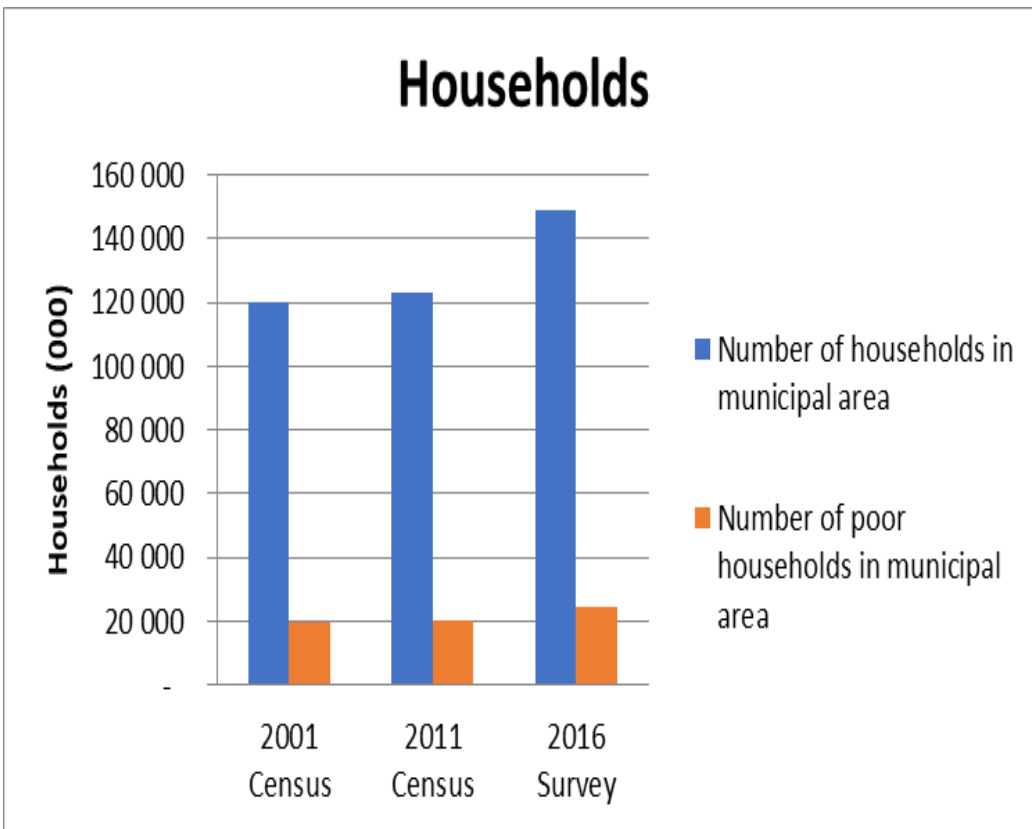
Whilst the population size of the Municipality showed increases during the community survey results, this trend has brought tremendous pressure on the Municipality to deliver more services at increased costs due to the affordability levels of beneficiaries. As a result, more services due to communities become difficult to provide. With increased population size, there is also pressure to create employment and hence the figure for the economically inactive population stood at 42% during the 2011 population census in the Municipality. In other words, we have people who are looking for work but cannot find such work opportunities.

This is further made complex by the reality that people are not educated enough to seize opportunities made available by businesses located in the area. It should therefore become a priority for the Municipality to create menial job opportunities for possible job creation to boost the economy which should effectively absorb some unemployed people in badly affected towns in the Municipality.

POPULATION DETAILS

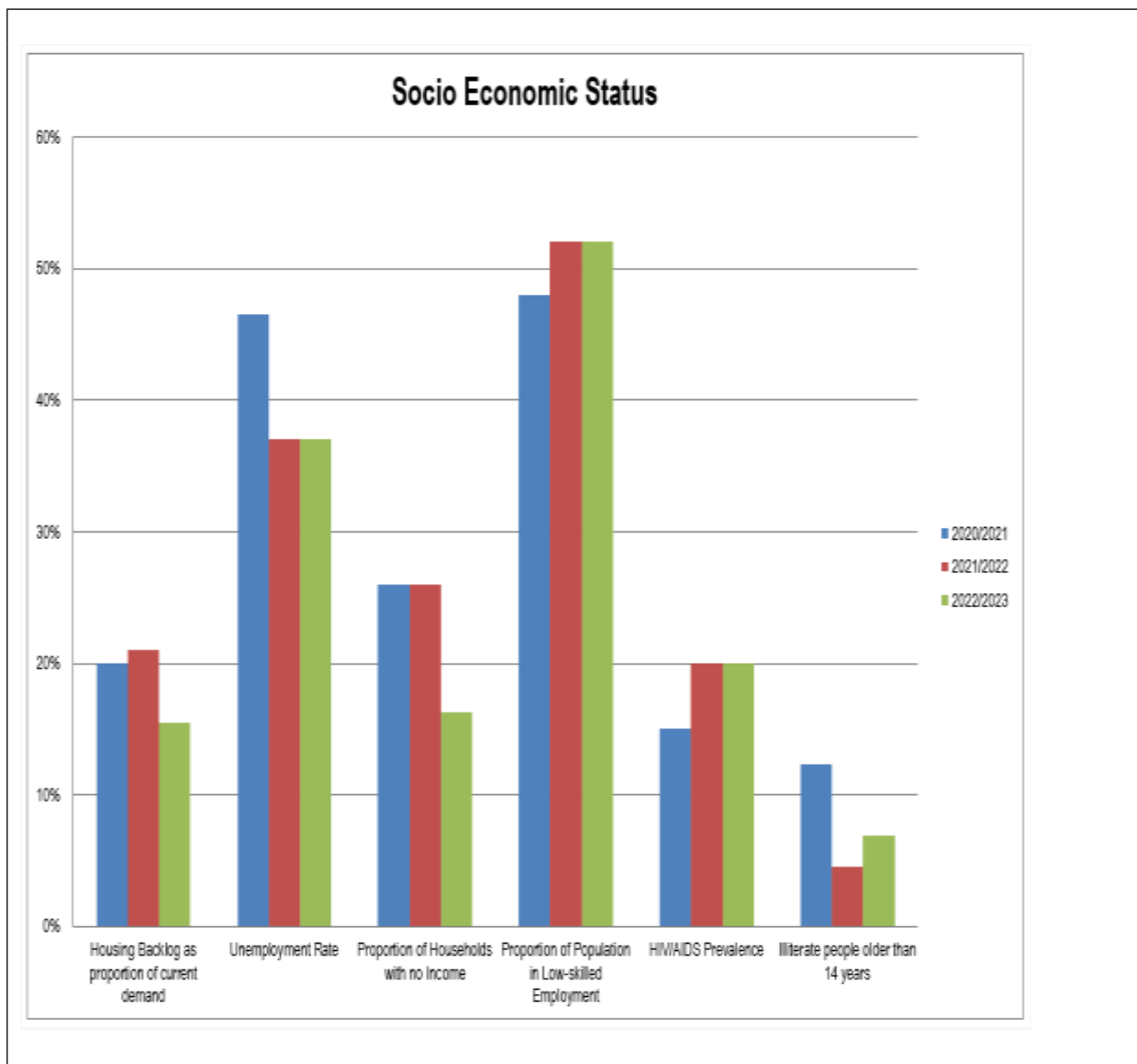
Population Details									
Age	Year 2020-2021			Year 2021-2022			Year 2022-2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 14	52 507	54 651	107 158	52 507	54 651	107 158	52 507	54 651	107 158
Age: 15 - 64	141 026	146 783	287 809	141 026	146 783	287 809	141 026	146 783	287 809
Age: 65+	16 732	17 414	34 146	16 732	17 414	34 146	16 732	17 414	34 146

Source: Statistics SA (2016 Community Survey)



Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2020/2021	20%	47%	26%	48%	15%	12%
2021/2022	21%	37%	26%	52%	20%	5%
2022/2023	16%	37%	16%	52%	20%	7%

Source: Statistics SA



Overview of Neighbourhoods within Matjhabeng Local Municipality		
Settlement Type	Households	Population
Towns		
Allanridge	1 027	2 493
Hennenman	1 551	4 004
Odendaalsrus	3 752	9 916
Riebeeckstad	4 567	11 896
Ventersburg	446	1 369
Virginia	8 126	24 101
Welkom	23 005	67 704
Sub-Total	42 474	121 484
Townships		
Hani-park	6 148	16 770
Kutlwanong	15 982	48 485
Meloding	13 999	39 575
Mmamahabane	3 108	8 888
Nyakallong	4 099	15 144
Phomolong	6 189	18 669
Thabong	40 628	112 415
Sub-Total	90 153	259 947
Informal settlements		
Hani-park	1 127	3 076
Kutlwanong	2 932	8 894
Meloding	2 568	7 259
Mmamahabane	570	1 630
Nyakallong	752	2 778
Phomolong	1 135	3 425
Thabong	7 452	20 621
Sub-Total	16 536	47 682
Total	149 163	429 113

Source: Statistics SA(Community Survey 2016)

Natural Resources	
Major Natural Resource	Relevance to Community
GOLD	There are a number of active mines which employ residents of Matjhabeng. New gold mining development is planned in areas within the Municipality.
NATURAL GAS	The 'new gold' has been discovered here in Matjhabeng – the natural gas! The Virginia Gas Project discovered and operated by Tetra4, which is owned by Renergen, will surely change the face of the economy in this area. This Virginia Gas Project covers over 187 000 Hectors around Welkom, Virginia, and Theunissen. This gas find therefore represents an opportunity for creation of hundreds of jobs in the downstream economies.

COMMENT ON BACKGROUND DATA:

Matjhabeng Local Municipality has two (2) Major Natural Resources – Gold and Natural Gas Reserves. There are several active mines that employ residents of Matjhabeng. New gold mining development is planned in areas within the Municipality.

Given the current employment trends, the Municipality has created an opportunity for investors to locate businesses in less attractive areas to boost the economic situation there. Areas such as Virginia and Odendaalsrus are receiving special attention as they once played an economic role in the economy of the region when mining activities were at their peak.

Matjhabeng Local Municipality held investment summits from 2021 with the sole purpose of marketing the Municipality and encouraging local and foreign direct investment in the municipality. The municipality is open for business and investors with a keen interest in development can approach the Municipality on a variety of issues including land availability agreements, available investment incentives and other opportunities to be offered in the coming special economic zone to allow and enable immediate investment and commitments on industries of interest by investors.

1.3. SERVICE DELIVERY OVERVIEW

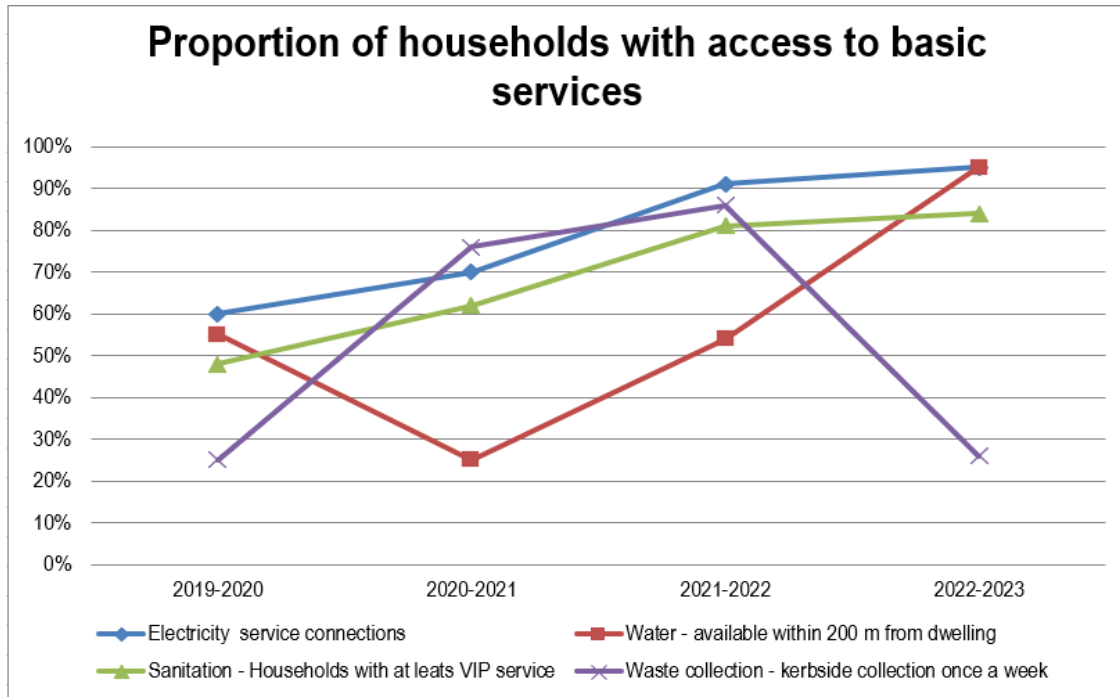
SERVICE DELIVERY INTRODUCTION

In terms of the legislation, the municipality's mandate is to provide the following basic services to the communities it serves:

- Water
- Sanitation
- Electricity
- Refuse Removal

In addition to these basic services, the Member of the Executive Council in the Province responsible for Corporative Governance and Traditional Affairs can promulgate powers and function to a municipality as envisaged by section 84 of the Local Government: Municipal Structures Act, 117 of 1999.

Proportion of Households with minimum level of Basic services				
	2019-2020	2020-2021	2021-2022	2022-2023
Electricity service connections	60%	70%	91%	95%
Water - available within 200 m from dwelling	55%	25%	54%	95%
Sanitation - Households with at least VIP service	48%	62%	81%	84%
Waste collection - kerbside collection once a week	25%	76%	86%	26%



COMMENT ON ACCESS TO BASIC SERVICES:

We have been constantly faced with continuous sewer blockages, especially in greater Thabong which falls within wards 12, 13, 14, 15, 16, and 17 on the main.

Service delivery is hampered by the following challenges:

- 1.3.1 Ageing Road Infrastructure
- 1.3.2 Aging and vandalism of street lighting infrastructure
- 1.3.3 Availability of residential sites for low- and high-income housing
- 1.3.4 Low economic growth and high unemployment rate particularly among the youth
- 1.3.5 High levels of crime
- 1.3.6 Decaying water infrastructure resulting in high water loss.

Amidst all the challenges, the municipality showed resilience to positively respond deftly in addressing these challenges. A total of 76 service delivery vehicles have been procured and 2 were donated by the Department of Forestry.

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL HEALTH OVERVIEW

The municipality's total revenue for the period under review was projected at R 3 677 668 639, and the actual revenue accrued was R 2 918 295 515, which translates to a total of 79% actual revenue received.

This amount of R 2 918 295 515 includes the grand funding of R 636 814 500, taxes, levies, and tariffs of R 1 823 813 761, and other revenue of R 457 667 254.

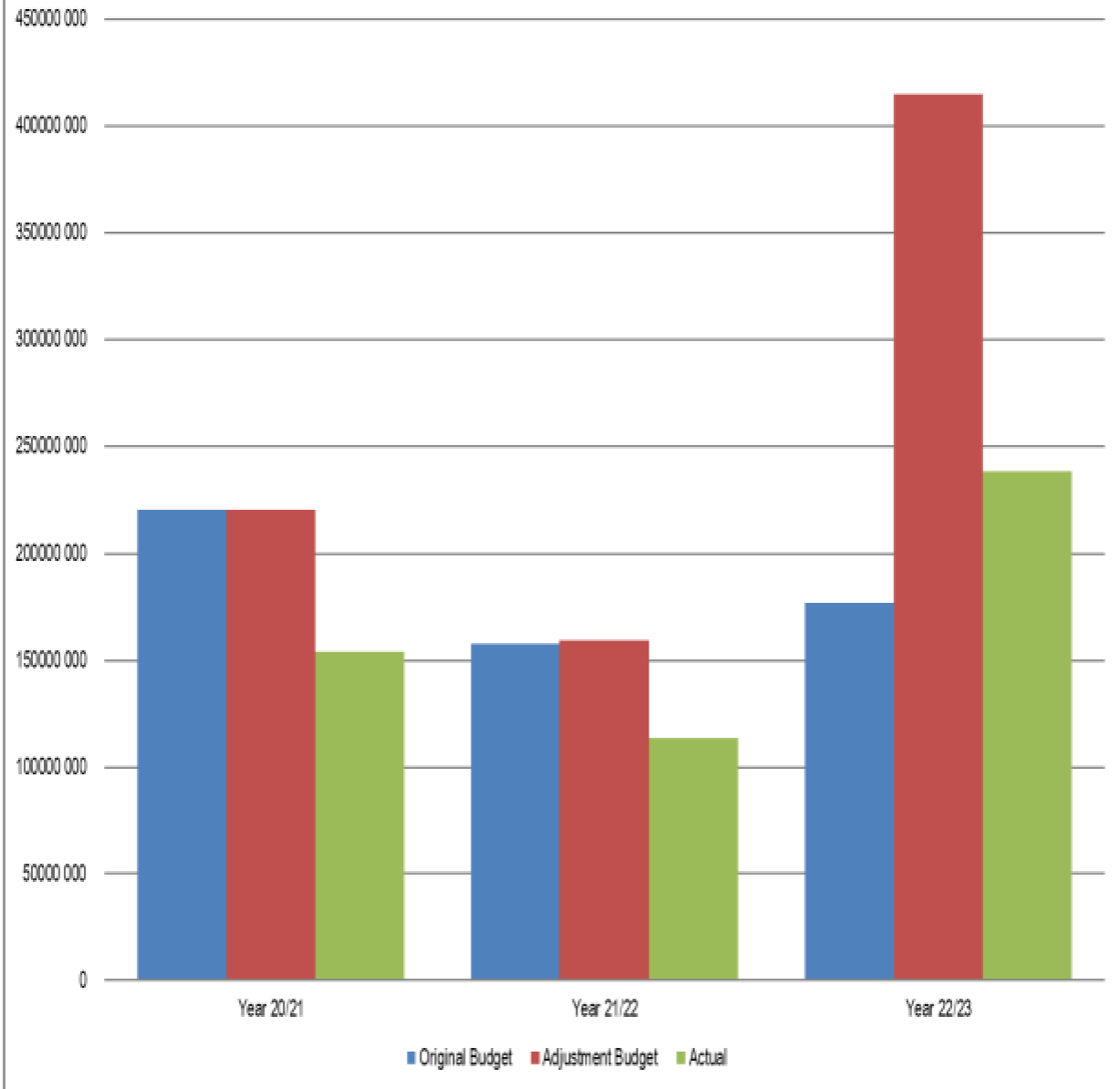
The expenditure was budgeted at R 3 581 346 778 and the actual expenditure was R 4 290 332 372, which is an underspending of R 708 985 594.

Financial Overview: Year 22/23			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	636,814,000	636,814,000	636,814,500
Taxes, Levies and tariffs	2,168,624,104	2,168,624,104	1,823,813,761
Other	872,468,738	872,230,535	457,667,254
Sub Total	3,677,906,842	3,677,668,639	2,918,295,515
Less: Expenditure	3,677,445,860	3,581,346,778	4,290,332,372
Net Total*	460,982	96,321,861	-1,372,036,857
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	23%
Repairs & Maintenance	0%
Finance Charges & Impairment	33%
T 1.4.3	

Total Capital Expenditure: Year 20/21 to Year 22/23			
Detail	Year 20/21	Year 21/22	Year 22/23
Original Budget	220 615 001	157 832 518	176 809 000
Adjustment Budget	220 615 001	159 213 435	414 938 335
Actual	154 084 142	113 508 981	238 335 114

Total Capital Expenditure



1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The generic performance management cycle is the cycle of activities that recur in any social system that is serious about improving itself and how it works within the external environment, whether the system is an employee, team, recurring process in the organization, or the organization itself. The cycle clarifies the purpose of the system, its goals in working toward the purpose, and how those goals will be achieved. As it works to achieve them, it continually evaluates its progress and makes any necessary changes to improve its progress. In an overall organization, the organizational performance management cycle includes three highly integrated phases including:

- Performance planning
- Performance appraisal
- Performance improvement

Significant organizational activities occur within each of the three phases, including:

- Strategic planning to clarify the purpose, goals, and strategies to achieve the goals (performance planning).
- Adopting the necessary organizational structures as a strategy to achieve the goals (performance planning).
- Guiding the necessary organizational behaviours, including the necessary nature of its leadership and management, as a strategy to achieve the goals (performance planning).
- Organizational evaluations/diagnoses to monitor progress toward the goals (performance appraisal).
- Organizational changes to achieve goals even better (performance improvement).

Each of these significant activities is also a cycle of highly integrated activities. The way that a social system does an organizational cycle depends on its culture, its current life cycle, and the expertise of the leaders and managers in the system. The same is true for an individual, depending on his or her personality, maturity, and expertise in leading and managing oneself. However, the nature of the generic performance management cycle is changing as the world around us is changing. This affects performance management in organizations, teams, and employees.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 2022-2023

AUDIT OF THE FINANCIAL STATEMENTS. The municipality received a qualified audit opinion for the 2022/2023 audit of financial statements, the basis for a qualified opinion is Service Charges and Payables.

AUDIT OF THE ANNUAL PERFORMANCE REPORT: The municipality received an unqualified audit opinion for the 2022/2023 audit of the performance report.

1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 2022-2023 Annual Report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
9	Auditor General audits Annual Report including Annual Financial Statements and Performance data	September - October
10	Municipalities receive and start to address the Auditor General's comments	November
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	
13	Oversight Committee assesses Annual Report	
14	Council adopts Oversight report	December
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	January

COMMENT ON THE ANNUAL REPORT PROCESS:

Previously, the municipality has complied with the set timeframes, and the Annual Report and Annual Financial Statements were submitted by 31 August to AGSA. Commencement of draft budget and IDP for the next financial year started within the prescribed timeframes.

Local government in South Africa is mandated by legislation to develop an Integrated Development Plan (IDP) and a performance management system to direct and ensure the delivery of services to the communities that the municipalities serve. The performance management system is a tool that can monitor, review, and improve the implementation of the IDP. Given that the performance management system and IDP are complementary systems, they must be aligned.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance comprises all the processes of governing, whether by the government of a state, by a market, or by a network over a social system, formal or informal organization, territory or across territories, and whether through the laws, norms, power, or language of an organized society. It relates to "the processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions".

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political Governance in layman's terms, could be described as the political processes that exist in and between formal institutions. A variety of entities (known generically as governing bodies) can govern. The most formal is a government, a body whose sole responsibility and authority is to make binding decisions in a given geopolitical system (such as a state) by establishing laws. Other types of governing include an organization (such as a corporation recognized as a legal entity by a government), a socio-political group (chiefdom, tribe, gang, family, religious denomination, etc.), or another, informal group of people.

Other types of governing include an organization (such as a corporation recognized as a legal entity by a government), a socio-political group (chiefdom, tribe, gang, family, religious denomination, etc.), or another, informal group of people.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

In business and outsourcing relationships, Governance Frameworks are built into relational contracts that foster long-term collaboration and innovation. Governance is the way rules, norms, and actions are structured, sustained, regulated, and held accountable. The 18 degree of formality depends on the internal rules of a given organization and, externally, with its business partners.

As such, governance may take many forms, driven by many different motivations and with many different results. For instance, a government may operate as a democracy where citizens vote on who should govern and the public good is the goal, while a non-profit organization or a corporation may be governed by a small board of directors and pursue more specific aims. Council is the ultimate authority and/or decision-maker as per the provisions of the Constitution of the Republic of South Africa and other applicable laws governing the Local Government sector. A typical political decision-making process usually begins with the Administrative Wing of the Municipality making submissions to the Section 80 Committees for further consideration. As part of a decision-making process, section 79 committees also play a critical role in influencing decisions that are made within the council.

These committees were established during the second meeting of the current council in September 2016. Section 80 Committee was established by the Executive Mayor to assist The Office of the Executive Mayor, the committee recommends to the Executive Mayor and ultimately Council takes a resolution on a matter. Depending on the nature of a Council decision, the general public will be consulted for inputs on the matters discussed by the Council and then the Council will finally ratify a matter under discussion. Public consultation assumes different forms, for example, it can be face-to-face meetings with the general public, a platform can be created for the public to make inputs (written or verbal) and it can be through the sittings of the Ward Committees or even through formal stakeholder engagements.

The municipality has a functioning audit committee that provides opinions and recommendations on financial processes and performance. The audit committee was established in the 2021/2022 financial year.

POLITICAL STRUCTURE

SPEAKER



Mr. Bhekumzi Charles Stofile

MAYOR



Mr. Thanduxolo David Khalipha

CHIEF WHIP



Ms. Maramane Lilian Setabela

MAYORAL COMMITTEE



Mr. Hlobohang Mokhomo
MMC Finance



Ms. Mojabeng Lydia Radebe
MMC IDP&PME



Ms. Kabotsa Moipatle
MMC Sport, Arts &
Culture



Mr. Sankane Ramalefane
MMC Fleet, Disaster
Management & Service
Delivery



Mr. Sabata Moshoeu
MMC Corporate Services
& Good Governance



Ms. Matinte Radebe
MMC Human Settlement,
Land Use Management
& Spatial Planning



Mr. Mojalefa Buti
MMC LED, Small Business,
Agriculture & Tourism



Mr. Kgoarai Flake
MMC Community Services
& Public Safety



Ms. Xolile Masina
MMC Infrastructure &
Technical



Ms. Nomthandazo Monjovo
MMC Special Programs

COUNCILLORS

The municipal council consists of seventy-two members elected by mixed-member proportional representation. Thirty-six councillors are elected by first-past-the-post voting in thirty-six wards, while the remaining thirty-six are chosen from party lists so that the total number of party representatives is proportional to the number of votes received. In the election of 01 November 2021, the African National Congress won a majority of thirty-nine seats in the council. The following table shows the results of the election.

Party Name	Total Valid Votes	Total Valid Votes / Quota	Round 1 Allocation	Remainder	Ranking of Remainder	Round 2 Allocation	Total Party Seats
AFRICAN CHRISTIAN DEMOCRATIC PARTY	913	0.3841	0	0.3841	9	0	0
AFRICAN CONTENT MOVEMENT	560	0.2356	0	0.2356	12	0	0
AFRICAN DEMOCRATIC CHANGE	4,267	1.7951	1	0.7951	3	1	2
AFRICAN NATIONAL CONGRESS	92,640	38.9735	38	0.9735	1	1	39
AFRICAN PEOPLE'S CONVENTION	689	0.2899	0	0.2899	10	0	0
AFRICAN TRANSFORMATION MOVEMENT	1,434	0.6033	0	0.6033	4	1	1
AGENCY FOR NEW AGENDA	211	0.0888	0	0.0888	18	0	0
CONGRESS OF THE PEOPLE	1,117	0.4699	0	0.4699	6	1	1
DEMOCRATIC ALLIANCE	37,654	15.8410	15	0.8410	2	1	16
ECONOMIC FREEDOM FIGHTERS	19,999	8.4135	8	0.4135	7	1	9
FORUM 4 SERVICE DELIVERY	520	0.2188	0	0.2188	13	0	0
INDEPENDENT CIVIC ORGANISATION OF SOUTH AFRICA	291	0.1224	0	0.1224	16	0	0
INDEPENDENT SOUTH AFRICAN NATIONAL CIVIC ORGANISATION	3,571	1.5023	1	0.5023	5	1	2

Party Name	Total Valid Votes	Total Valid Votes / Quota	Round 1 Allocation	Remainder	Ranking of Remainder	Round 2 Allocation	Total Party Seats
INKATHA FREEDOM PARTY	369	0.1552	0	0.1552	15	0	0
PATRIOTIC ALLIANCE	937	0.3942	0	0.3942	8	0	0
PATRIOTIC FRONT OF AZANIA	402	0.1691	0	0.1691	14	0	0
POWER OF AFRICANS UNITY	226	0.0951	0	0.0951	17	0	0
VRYHEIDFRONT PLUS	5,334	2.2440	2	0.2440	11	0	2
Total	171,134		65			7	72

Refer to **Appendix A** where a full list of Councilors can be found and **Appendix B** which sets out committees and committee purposes.

POLITICAL DECISION-TAKING

The council is the ultimate authority and/or decision-maker as per the provisions of the Constitution of the Republic of South Africa and other applicable laws governing the Local Government sector. A typical political decision-making process usually begins with the Administrative Wing of the Municipality making submissions to the Section 80 Committees for further consideration. As part of a decision-making process, section 79 committees also play a critical role in influencing decisions that are made within the council.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

South Africa has made great strides in creating mechanisms for citizens to participate on an ongoing basis and not just during elections. This is evident in the policy and legislative framework and the establishment of numerous statutory bodies, structures, and programmes. The 1997 White Paper on Transforming Public Service Delivery (Batho Pele White Paper) focused on ensuring that government is responsive to the needs of its citizens. Legislation such as the Promotion of Access to Information Act of 2000 and the Promotion of Administrative Justice Act of 2000 are designed to enable citizens to access state information and administrative justice. Participatory governance and advisory structures, consultative forums, and grievance mechanisms have been established to enable citizens to participate in and inform governance processes.

Turning these formal structures into dynamic mechanisms with elicit meaningful community engagement remains a challenge. Participatory processes are often run as isolated events without effective feedback mechanisms or are outsourced to consultants, raising questions about their credibility. There is a perception that the state does not always take these structures seriously. In poor communities, limited resources, social inequality, and prevailing power relations can present obstacles to meaningful citizen engagement. The increase in service delivery protests provides visible evidence that the state is struggling to ensure that poor communities feel that they are being heard. Protests are typically prompted by a range of concerns including access to services, the quality of services, and the perceived non-responsiveness of local government.

The priority is therefore to ensure that mechanisms for promoting participation, accountability, and responsiveness are used effectively. The discussion of public service ethos and culture later in this chapter identifies some of the steps that are being taken to improve public sector responsiveness. Attention needs to be given to improving accountability mechanisms for routine day-to-day interactions between citizens and the state, particularly at the point of delivery. This includes enabling citizens to provide direct feedback on the quality of services through citizen-based monitoring and ensuring that frontline public servants and their managers are given adequate authority to address issues as and when they arise. More emphasis needs to be put on engaging citizens in their own spaces rather than only expecting them to use forums and structures established by the state. At the local government level, there is a particular need to ensure that participation in the integrated development processes is deliberative, with citizens being involved in identifying and resolving trade-offs rather than simply developing shopping lists of needs.

Chapter 4 of the Municipal Systems Act obliges a municipality to create the systems, mechanisms, and enabling conditions for meaningful participation of the community in the affairs of the municipality beyond the IDP process, including monitoring and reviewing municipal performance. The Act requires councillors and officials to play a key role in fostering community participation. However, while structures such as ward committees have been created to enable councillors and officials to engage with communities, these have not worked in the manner intended. Interactions are often formulaic and symbolic rather than meaningful and have generally not helped to strengthen links between communities and councillors.

The Municipal Manager is appointed by Council in terms of Section 82 of the Municipal Structures Act, 117 of 1998, and is designated as the Accounting Officer and the Administrative Head. He is also the Chief Information Officer of the municipality and is responsible for managing the Promotion of Access to Information Act, 2 of 2000 requirements. The responsibilities of the Municipal Manager include the management of financial affairs and service delivery in the municipality. The Municipal Manager is assisted by the Executive Directors, who are heads of seven municipal departments. Municipality has structured its departments in a way that each has an Executive Director appointed under Section 56 of the Municipal Systems Act, 32 of 2000, for its core functions. The alignment of these functions is such that they enable a swift attainment of all our strategic and operational targets.

TOP ADMINISTRATIVE STRUCTURE

TIER 1

MUNICIPAL MANAGER -ADV.LONWABO NGOQO



TIERS 2 AND 3

CHIEF FINANCIAL OFFICER – MR THABO PANYANI



EXECUTIVE DIRECTORS:



**Adv. Laretta Williams –
Community Services**



**Ms. Morakane Mothekhe –
Human Settlement &
Planning**



**Dr. Vuyo Adonis
Corporate Services**



Dr. Sefako Ramphoma
Local Economic Development

ACTING EXECUTIVE DIRECTORS:



Mr. Thabo Mthombeni
Infrastructure



Mr. Mtirara Ntsikelelo
Strategic Support Services

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Cooperative Governance and Intergovernmental Relations (IGR) are important in that they foster relationships among the three spheres of government within the context of a unitary state, and the mechanisms to manage these relationships as legislated (see the Constitution of the Republic of South Africa of 1996, The Intergovernmental Relations Act, and other applicable laws. For the 2022/2023 financial year, the Municipality participated in several meetings convened as planned within our service delivery and budget implementation plan for purposes aimed at advancing cooperative governance and intergovernmental relations, especially at the levels of both the District Municipality and Provincial Government.

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The following intergovernmental structures play an important role in cooperative governance and in shaping policy and resource decisions:

Extended Cabinet

This is made up of National Cabinet Ministers, extended to Provincial Premiers and the Chairperson of South African Local Government Association. It is the highest cooperative governance mechanism, advising the national cabinet when it finalizes the fiscal framework and the division of revenue on which the Medium-Term Expenditure and Revenue Framework budgets are based.

The President's Coordinating Council

The chair of this forum is the President of the country, and it consists of nine provincial Premiers, the Chairperson of the South African Local Government Association, Executive Mayors of Metros, and the National Ministers responsible for cross-cutting functions such as provincial and local government affairs, public service and administration, and finance. Other Ministers may be invited to participate.

The Budget Council and Budget Forum

Established in terms of the Intergovernmental Fiscal Relations Act of 1997. The Budget Council consists of the Minister of Finance and the Members of the Executive Councils responsible for finance in each province. The Budget Forum consists of the members of the Budget Council including the representatives of the South African Local Government Association. It provides a forum for discussing financial matters relating to the local government fiscal framework.

MinMec

These are sectoral fora made up of national ministers for concurrent functions and their provincial counterparts. South African Local Government Association represents local government on a number of these fora.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Over and above the provincial structures as stated above in the province, the following are the ones that the municipality is participating actively in:

- Provincial Waste Management Forum.
- Free State Traffic Management Committee.
- Free State Umbrella Fire Protection Association.
- Provincial Fire and Disaster Advisory Forum.
- Cross Border Crime Prevention Forum.
- Provincial Security Managers Forum.
- South African Emergency Services Institute.
- Provincial IDP Managers Forum.
- Provincial Planning Forum and
- Provincial PMS Forum.

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality does not have a municipal entity.

DISTRICT INTERGOVERNMENTAL STRUCTURES

At the political level, both the Speaker and the Executive Mayor take part in various fora established to ensure improved inter-governance relations. The public participation forum allows the Speakers in the District to discuss a range of issues, including demarcation, public participation, and governance. The forum has helped to eliminate tensions and disagreements over Municipal outer boundaries as consensus gets reached at this level.

The Executive Mayor attends and participates at the political IGR level with other executive mayors and mayors within the district boundary. Issues raised at this level get escalated by the technical wing of the forum which is constituted by Municipal Managers assisted by staff at a technical level. At a technical level, the office of the Municipal Manager participated in quarterly District IGR meetings. These fora help with service delivery through the sharing of best practices and strategies implemented by other Municipalities.

Other forum participation meetings were for the Back to-Basics meetings which were convened to monitor Back to Basics action plans submitted to the council. Related to the above forum/committee participation, the Municipality participates in the Premier's Coordinating Forum where the province's developmental agenda and coordination are points of emphasis. In summary, the following forum formations are some of the areas where the Municipality participated:

- Provincial Municipal Managers' Forum
- District Energy Forum
- District Political Inter-Governmental Relations Forum District Technical Inter-Governmental Relations
- Forum Provincial Performance Management Systems Forum Provincial and District Risk Management Forum
- MECLOGA
- Premier's Coordinating Forum
- District Back to Basics
- Provincial and District Integrated Development Plan Managers' Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The law provides that public representatives must convene ward constituency meetings quarterly to give feedback on the progress and challenges in the Municipality. The Office of the Speaker ensures that ward committees meet and submit reports monthly on issues raised within the wards. The Municipality engages the public via several forum meetings:

IDP/budget representative forum “Ward Constituency meetings and Ward Committee meetings”.

The Office of the Speaker was in charge of ensuring that different constituency meetings were convened in the last financial year. The law allowed for a minimum of at least four meetings to be convened in one financial year. As a precondition to applying and implementing the law and to enhance accountability, the Municipality published documents like the Integrated Development Plan, Budget, and the Annual Report at key strategic points for accessibility.

A public participation programme was developed and implemented with assistance from the Office of the Speaker to ensure that both the integrated development plan and budget, as well as the draft annual report, were presented to communities to receive their input. On the main, communities raised issues of concern in their respective areas for consideration by the Municipality and thereby reconsideration of priority service delivery issues for budget purposes.

MSA section 17 (2): requires a municipality to establish and organize its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management, and development.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The public participation programme was championed by the office of the Speaker and has always been the office doing the task. All council meetings were advertised as required by law. Under no circumstance would a council meeting go ahead without such communication being publicized. The second form of communication related to forum meetings is the forms of Integrated Development Plan representative forum as well as the imbizo. The Executive Mayor headed both sets of fora. As an exception, the year under review witnessed quite satisfactory attendance in all meetings.

The next avenue the Municipality utilised to share municipal information has been the website. This option was done as per the compliance mandate and following legislative requirements.

The website was changed to: www.matjhabengmunicipality.co.za. All information needed to be shared with the public was placed on the new website. The other areas used were notice boards of the Municipality. The Municipality, in addition, used the community radio station, Lesedi and Gold FM where the leadership of the Municipality had direct communication with the community on development plans, progress, and challenges. Local publications (Free State Sun and The Weekly) were also used in informing the public on Municipal Programmes for the financial year under review.

WARD COMMITTEES

The Municipality has 36 Wards, each with a well-functioning Ward Committee. The work of the ward committees did not proceed as planned and reports were not provided as planned. This was a worrying aspect of service delivery when no information could be provided to update the Municipality on challenges that ward committees faced. The office of the Speaker was charged with assessing the performance of all wards in the Municipality as per the SDBIP relating to the office.

Refer to **Appendix E** which contains further details on ward committee governance and **Appendix F** which contains performance data on a ward-by-ward basis.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Public meetings are held to solicit more views and priorities from community members who attend these meetings. It provides a good platform where discussions are held, and compromises are reached with regards to the importance of projects within the wards, as well as taking into account available resources. Apart from meeting a legal requirement, as far as consulting the public is concerned, meetings held yielded positive outcomes. The general public was able to give inputs into programmes where such were needed, and these contributed significantly to improving the Council's decisions. For example, the IDP and Budget together with other policies approved have public ownership. As a result of these meetings, management was sensitized on urgent community matters that would not reach offices under normal circumstances.

– Key benefits for the municipality and the public from the above-mentioned meetings:

- (i) The Public stays informed on the issues concerning the municipality (such as the low collection rate, projects the municipality will be embarking on, etc.)
- (ii) The public gives support to the municipality especially when they know the challenges that the municipality is facing.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, and output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, and development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they be calculated into a score?	Yes
Does the budget align directly with 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
* Section 26 Municipal Systems Act 2000	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The issues of Corporate Governance include the need to ensure that laws are applied and monitored as required. All relevant positions in the Municipality are charged with the responsibility of ensuring that there is compliance with such laws in the forms of municipal policies and by-laws. In addition, officials are required to observe the application and enforcement of the law. There are other noticeable occupations within the Municipality, that have been established to reinforce application and monitoring of the law.

In the Municipality, we have these positions as they relate to performance monitoring and compliance. Such positions help monitor the implementation of relevant laws but are placed quite lower down the management echelon. These positions include those of officials who deal with Risk Management, Internal Audit, Performance Management & Monitoring and Evaluation.

RISK MANAGEMENT

Risk Management is a management process through which the Municipality identifies, evaluates, and controls significant risks that can result in failure, to attain strategic objectives. The main responsibility of Risk Management is to support the development of an overall Enterprise Risk Management Framework aligned with Municipal Strategy (IDP). A reviewed risk management policy was approved during the Council sitting of 01 December 2022 and was reviewed during the Risk Management Committee held on the 25th April 2023.

The following are the responsibilities of a Risk Management Unit.

1. Develop, implement, and revise the Municipality's Risk Management policies and procedures.
2. Coordinate and facilitate the risk identification and risk assessment processes within the municipality's business units regularly.
3. Developing a Risk Management Strategy and Implementation Plan.
4. Develop a common risk assessment methodology that is aligned with the institution's objectives at strategic, tactical, and operational levels for approval by the Accounting Officer.
5. Assisting Management with risk identification, assessment, and development of response strategies.
6. Ensuring that the Municipality's risk registers are compiled and updated regularly.
7. Monitor and follow up on the implementation of the response strategies instituted by management.
8. Coordinate the Risk Management Committee meetings and serve as secretariat.
9. Assisting in the review of the fraud and corruption strategy and implementation
10. Participate in the development of the combined assurance plan for the municipality, in conjunction with Internal Audit, Auditor-General, and Management.

The role of the Risk Management Unit improved the situation much better than it was the case a year before. The role is envisaged to improve upon approval of the structure which identified the lack of such a unit as a serious risk to Municipal service performance.

The Risk Management Unit is established, fully functional, and capacitated. All vacant posts within the Risk Management Unit are currently filled, i.e. Manager Risk Management, Senior Risk Officer, and three Risk Officers. The Risk Management Committee is fully functional and sits every quarter.

Matjhabeng Local Municipality - Top five risks:

1. Sewer spillage from bulk lines in residential areas
2. Technical distribution losses (water 56% and electricity 24%)
3. Theft and vandalism of the infrastructure
4. Long accumulated UIF expenditure
5. Illegal occupants invading municipal land

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Fraud Prevention Strategy seeks to focus attention at the macro strategic level in the first instance. It then provides a schema for assessing matters and actions to be addressed at the detailed level. The Municipality needs to have a strategy that is highly prescriptive when dealing with issues of fraud and corruption. Matjhabeng Local Municipality must promote a zero-tolerance approach to Fraud and corruption.

The commitment by all officials is to mitigate fraudulent activities and to report when fraud occurs and should be dealt with thoroughly without leniency. During the year under review, the municipality made efforts to educate employees and community members about issues of fraud and corruption that are affecting the Municipality through Public participation and workshops.

All the Unauthorised, Irregular, Wasteful, and Fruitless Expenditure is being dealt with according to Circular 68 and Section 32 of the Municipal Finance Management Act, 56 of 2003. All processes followed is that the register is completed and tabled to the Assets and Liability Committee which then submits its recommendations to the Municipal Public Accounts Committee for investigations and recommendation to the council. The council will then either condone, authorise, recoup, and/or take legal actions against whoever is liable for the allegations.

The municipality's Audit Committee recommendations for the year 2022/2023 are set out in **Appendix G**.

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The municipality ensured that its Supply Chain Management policy was aligned with the Supply Chain Management regulations. The Supply Chain Management policy gets reviewed to consider the revised Preferential Procurement Policy Framework Regulations in each financial year as the budget gets approved. The primary goal of the Municipality's Supply Chain Management system is to find reliable, cost-effective suppliers for the Municipality. It effectively means that acceptable norms and standards of quality, expected service delivery, and technical performance could not be relaxed or compromised while ensuring the promotion of Historically Disadvantaged Individuals in the process.

To address the declining local economy, the Municipality incorporated several local economic development initiatives and projects in the Integrated Development Plan. The Municipality also realized that its Supply Chain Management Policy and practices could play an important role in stimulating local economic growth and development. Policy changes were designed to contribute to the achievement of the Municipality's objectives regarding local economic growth and development. In particular, there is an emphasis on giving 70% of business opportunities to local enterprises to ensure that we sustain local Small and Medium Macro Enterprises.

Referral should be made to the information on long-term contracts which is set out in **Appendix H**.

2.9 BY-LAWS

COMMENT ON BY-LAWS:

The Building By-Law was published in the Free State Sun Newspaper on the 24th November 2022 for public participation, the building by-law was only noted and has not yet been approved by the council. No new by-laws were introduced during the year under review. All municipal by-laws need to be reviewed and those that are not in place need to be developed and approved so that the municipality can be able to govern its area of jurisdiction properly.

2.10 WEBSITES

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's / Entity's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year 2021/2022)	Yes
The annual report (Year 2021/2022) published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2022/2023)	Yes
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2022/2023	Yes

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The municipality has established its website (www.matjhabengmunicipality.co.za), and thus readingly and immediately updates its contents in compliance with the MFMA Act as quoted below; and timelines set out in the Act. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, annual report, the annual budget, adjustments budgets, and budget-related documents and policies.

The website (www.matjhabengmunicipality.co.za) has been configured in compliance to count and report on Visitor counts and has since its inception in November 2022 recorded a total of **15069** online visitors.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

The municipality did not conduct any public satisfactory survey for the year under review, as well as during the prior years

1. Background

1.1 The purpose of the Audit Committee is to exercise oversight over the municipality's:

1.1.1 financial and non-financial performance to the extent that it affects the municipality's exposure to risk and weakens the control environment;

1.1.2 financial reporting process; and

1.1.3 governance, risk management, and internal control processes, and provide independent assurance on the adequacy thereof.

1.2 The importance of the Audit Committee can be summarised as follows:

1.2.1 increasing public confidence in the objectivity and fairness of financial and other reporting;

1.2.2 reinforcing the importance and independence of internal and external audit and similar review processes;

1.2.3 providing additional assurance through a process of independent review; and

1.2.4 raising awareness of the need for adequate internal controls, effective performance, and the implementation of audit recommendations and compliance with laws and regulations.

1.3 The Terms of Reference for the Audit Committee were compiled in accordance with section 166 of the MFMA and the King IV Report on Corporate Governance and are enshrined in the Audit Committee Charter.

2. Audit Committee Members and Attendance

2.1 During the financial year under review, the Audit Committee was fully functional.

2.2 During the 2022/23 financial year, six (6) meetings were held, and the attendance of members was as follows:

Members	18 August 2022	19 August 2022	14 November 2022	24 March 2023	08 May 2023	29 June 2023 (Virtual)
Mr. R. Mabunda (Chairperson)	✓ □	✓ □	✓ □	✓ □	✓ □	✓ □
Mr. M. Mutsi (Member)	✓ □	✓ □	✓ □	✓ □	✓ □	✓ □
Ms. M. Khuse (Member)	✓ □	✓ □	✓ □	✗ □	≡ □	✓ □
Mr. P. Van der Merwe (Member)	✗ □	✓ □	✗ □	✓ □	✓ □	✓ □
Mr. I. Langa (Member)	✗ □	✓ □	≡ □	≡ □	≡ □	✓ □

Legends:

- ✓ – attended the meeting.
- ≡ – attendance through the virtual platform
- ✗ – apology was received.

2.3 The Audit Committee was able to advise the Municipality on the following:

- The adequacy and effectiveness of governance, risk management, and internal control
- The quality of management and monthly/quarterly reports submitted in terms of the Act.
- Performance Management
- Evaluation of Annual Financial Statements

3. Audit Committee Responsibility

3.1 The Audit Committee was established to assist in improving management reporting by overseeing internal and external audit functions, internal controls, the financial reporting process, compliance with accounting policies, legal requirements, internal controls, and other policies within the Municipality.

3.2 The Committee interacts with and evaluates the effectiveness of the external and internal audit processes and reviews compliance with the code of ethics.

3.3 The Audit Committee compiles reports aligned with its responsibilities arising out of Section 166 of the MFMA and Treasury Regulation 27.1.8 and 27.1.10.

3.4 The Audit and Performance Committee adopted formal terms of reference as per the approved Audit Committee Charter and has subsequently regulated its affairs in compliance with the said charter, discharging its responsibilities as contained therein.

3.5 The Audit Committee reviewed and/or performed oversight over:

- i. All the quarterly Interim Financial Statements and unaudited AFS before submission to the AGSA on 31 July 2023;
- ii. Monitoring and implementation of corrective action plans to address AGSA and internal audit findings;
- iii. The appropriateness of the accounting policies, practices, and potential changes;
- iv. The effectiveness of the system of risk management including fraud prevention and anti-corruption strategies;
- v. The process to ensure compliance with relevant laws and regulations;
- vi. In-year monitoring reports on all the Matjhabeng Municipality's operations including the systems of ICT governance;
- vii. The Quarterly PI Reports and the Annual Report before submission to the AGSA and final publication; and
- viii. The plans, work, and reports of the Internal Audit Services and the AGSA.

4. Conclusion

The Audit Committee given the short period in which it has been in operation can confirm the effectiveness and efficiency of the municipality's internal controls as such we shall be able to give an assurance on the fair presentation of the financial statement, validity, accuracy, and completeness of the financial information supporting the figures on the financial statements.

5. Appreciation

The Committee recognises and acknowledges the hard work put in by Matjhabeng Municipality. We believe that Management, under the leadership and guidance of the Municipal Manager will yield the desired level of good governance across the Municipality in the future and that all emerging risks and internal control challenges as reported by assurance providers in their operations during the year under review will be given due care and determination to have them resolved and not become repeat findings.

We wish to express our gratitude to the Council and Matjhabeng Management for their support thus far as well as to the AGSA and Internal Audit Unit for their consistent value-adding contributions. The Audit Committee concurs and accepts the conclusions of the AGSA on the AFS, PI, and Compliance review, and is of the opinion that the audited AFS be accepted and read together with the report of the AGSA.

On behalf of the Committee:

Mr. R.E. Mabunda
Chairperson: Audit Committee

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

The municipality's strategy is to provide water for domestic and industrial use to all the residents in the jurisdiction of Matjhabeng Municipality in line with the National Water Act and the Water Services Act.

Matjhabeng water loss was approximately 15% in 1990. This percentage increased to ± 44% in 2006 and is currently estimated to be ± 56% of all water purchased from the Water Service Provider (Bloemwater).

The potable water tariff from the Water Service Provider is R13.32 p/Kl for the 2022/2023 financial year. If a water loss of 56% is applied to the tariff, the cost can be increased by 56% as revenue cannot be generated from the lost water. It will then be as if the tariff is R20,78 or since the average monthly account of the Water Service Provider is currently ± R55 – R60 million, a reduction in water losses of just 10% will equate to a monthly saving of between R5.5 – R6 million and annually to R66 – R72 million.

The municipal 2022/2023 potable water step tariffs are as follows:

0,00 – 6,00 Kl = R 15.92
6,00 – 50,00 Kl = R 19.27
Above 50 Kl = R 25.53.

The Municipality receives the bulk of its water from the Bloemwater board which is transported by means of pumping from the Balkfontein WTW through bulk water lines to the storage reservoir and distributed through to the internal supply networks until the point of use to the residence. The current daily supply is 142 ML/day from Balkfontein WTW and 65 ML/day from the Virginia WTW.

CHALLENGES

Water losses and the disruption in municipal water supply to consumers are due to the following;

- (i) Failing of the water network due to burst pipes, worn-out water lines, dysfunctional valves & hydrants, leaking water connections and other leaking water infrastructure.
- (ii) The inability of the maintenance teams to repair these leakages within a reasonable time (24 hours) is due to aged infrastructure and limited resources.
- (iii) Metered consumption where indigent consumers use more than 6 Kl free water and cannot pay for the consumption over 6 Kl.

- (iv) Authorized un-metered consumption such as water used for maintenance, service delivery, repairs, firefighting, water used for low-cost housing, communal taps, informal settlement, filling up of tankers, etc.
- (v) Illegal un-metered consumption such as water used in unofficial connections, by-passed meters, tampered meters, illegal use of fire hydrants, etc.
- (vi) Consumer meter inaccuracies e.g. stuck meters, meters that are under register, wrong meter sizing, meter breakages, inaccessible meters, etc.
- (vii) Overflow leakages from storage facilities.

Causes (but not limited to) of high-water losses and disruptions in municipal water supply.

- (i) The emphasis of capital funding projects was put on development rather than on maintenance – or refurbishment projects.
- (ii) Cessation and/or the reduction of capital funds earmarked for the replacement of worn-out water lines lead to a general deterioration of the water network and an increase in water losses and water disruptions.
- (iii) Difficulties to prioritise maintaining the old infrastructure and considering new developments infrastructure.
- (iv) A moratorium was placed on the filling of vacancies until recently and that resulted in a gradual decline in the number of the workforce responsible for maintaining the water network because people who resigned, passed away, or went on pension were never replaced.
- (v) With the closure of the municipal stores, it became a challenge to get sufficient maintenance material to do water pipe repairs in a reasonable time. The tedious procurement processes are also delaying pipe repairs within a reasonable time. To avoid leaving consumers for days without water, water is allowed to run where possible with huge water losses as a result.
- (vi) Aging and poorly maintained vehicles, plants, and equipment have a negative impact on water maintenance.
- (vii) Poorly implemented water projects and poor workmanship resulted in damage to water infrastructure – thus increasing water losses. The water is often left running for days without reporting it. Examples are disconnection projects leaving leaking meters for days, poorly installed water meters that are leaking, road projects that broke water pipes during construction, extension of the water networks without registering new consumers with the Treasury, etc.
- (viii) Water infrastructure theft, theft of air valves, spindles of valves, meter theft, etc. resulting in water loss.

MEASURES TO BE TAKEN TO RESPOND TO CHALLENGES

1. Sufficiently resource the Water maintenance sections to enable them to address all received complaints in less than 24 hours and to do planned maintenance like the repairs/reconditioning of valves and hydrants. Capacity must be such that pipe sections can be replaced instead of just adding more clamps to a dilapidated pipe section.

A properly resourced water maintenance team will consist of:

- (i) A plumber.
- (ii) 3-4 general workers.
- (iii) PPE for all workers.
- (iv) A light delivery van with a trailer to transport material, tools, and equipment.

- (v) A TLB for excavations - especially for large burst pipes, for burst pipes in tar roads, for lifting heavy material and objects like valve slabs, pipes, etc.
- (vi) A dewatering pump.
- (vii) Access to the material to do the repairs.
- (viii) Access to a boilermaker shop where specialized clamps are needed to do repairs.
- (ix) Access to a backfilling team with a grab-truck, fresh soil, tar where needed, small equipment, a compactor, etc.
- (x) Access to a valve repair team to repair and replace faulty valves or hydrants as soon as they are discovered.

2. Ensure that all areas in Matjhabeng are serviced by water maintenance teams in line with the size of the infrastructure.

3. Open the stores (1 main store, with 2 satellite stores - one in the East and one in the West) - stocked to have material available to do all types of water repairs – secured to limit the probability of theft.

4. Put a well-advertised moratorium on disconnections / illegal activities, etc. to allow the public to correct their accounts while Matjhabeng municipality equips the Branch Water Revenue Protection and Water Loss control to act aggressively on perpetrators after the moratorium expires.

In the meantime: The water department will ensure that all water meters are read monthly and water meters are audited. The department will also introduce water management zones and program the billing system to be in line with these zones to determine water loss per zone and reduce water pressure in areas where the water pressure is above 5 bar.

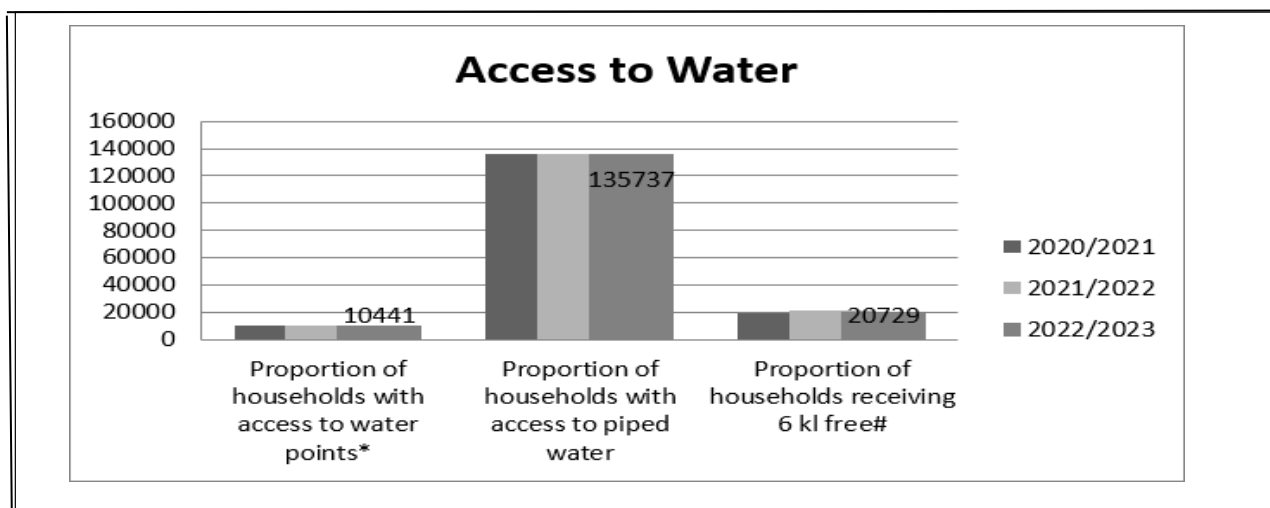
5. Avail sufficient funds annually to replace worn-out water lines to catch up on the backlog of worn-out water lines.

Water Service Delivery Levels				
Description	2019/2022	2020/2021	2021/2022	Households
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	82 039	82 039	82 039	82 039
Piped water inside yard (but not in dwelling)	53 698	53 698	53 698	53 698
Using public tap (within 200m from dwelling)	10 441	10 441	10 441	10 441
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	146	146	146	146
<i>Minimum Service Level and Above Percentage</i>	98%	98%	98%	98%
Water: (below min level)				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)				
No water supply	2 983	2 983	2 983	2 983
<i>Below Minimum Service Level sub-total</i>	3	3	3	3
<i>Below Minimum Service Level Percentage</i>	2%	2%	2%	2%
Total number of households*	149 161	149 161	149 161	149 161
<i>Source - Stats SA 2011</i>				

Access To Water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2020/2021	10441	135737	19664
2021/2022	10441	135737	21052
2022/2023	10441	135737	20729

Source: Stats SA 2011 and Table SA9(indigents)



Financial Performance Year 22/23: Water Services					
Details	Year 21/22	Year 22/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	526,716,048	592,911,582	592,911,582	657,983,879	10%
Expenditure:					
Employees	59,827,937	69,291,843	69,291,843	69,291,809	0%
Repairs and Maintenance	9,356,306	10,613,510	10,613,510	7,204,483	-47%
Other	852,517,441	793,894,987	793,894,987	950,865,211	17%
Total Operational Expenditure	921,701,684	873,800,340	873,800,340	1,027,361,503	15%
Net Operational Expenditure	394,985,636	280,888,758	280,888,758	369,377,624	24%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.1.8

R' 000					
Capital Projects	Year 2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8,553,665	8,553,665	4,389,431	-95%	
ALLANRIDGE REPLACEMENT	56,636	56,636	56,636	0%	
KUTLWANONG REPLACEMENT	8,213,637	8,213,637	4,217,927	-95%	
THABONG: ZONAL WATER METERS & VALVES	283,392	283,392	114,868	-147%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.1.9</i>

INTRODUCTION TO SANITATION PROVISION

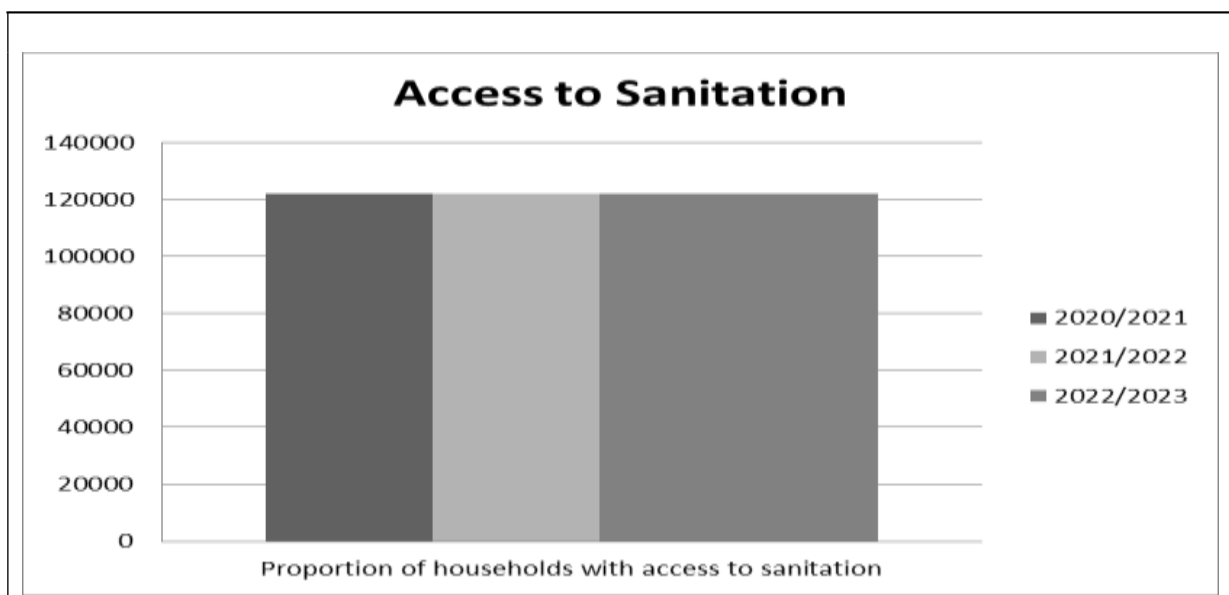
The second generation of Integrated Development Planning in democratic local government was mandated among others to improve levels of sanitation and eradicate the bucket system as a form of sanitation. However, challenges were identified, among others were poor project planning, execution, and reporting. This has led to a particular number of households still not being able to use proper sanitation thus reverting to the old system. Matjhabeng has 11 Wastewater Treatment Works (1 Decommissioned), 57 Pump stations, and 1,501,637 meters of reticulation infrastructure.

More than one-third of the reticulation system is more than 40 years old. Reticulation consists mostly of vitrified clay pipes (prone to root penetration and joint dislocation), and old AC pipes used mainly on rising mains and frequent bursts have been reported. The other challenge that came with the expansion of service has been the capacity of wastewater treatment plants and pump stations. It is also important to note that one of the major challenges is a general decay of infrastructure due to its age, this led to regular sewage spillage due to blockage and pipe brakeage. The municipality is working to have the area declared a national disaster and to get assistance on the issues of sanitation.

The Municipality will put in sanitation plans for this five-year Integrated development planning cycle for the refurbishment of wastewater treatment works to ensure that it provides a clean environment for the people. Our Municipality has consistent challenges of collapsing sewer lines and sewer spillages due to ageing infrastructure. The expectation is that the Municipality plans around the replacement of pump stations throughout the affected areas (almost 4% of households still use buckets as a form of sanitation to the detriment of their livelihoods). These forms of sanitation have long been discarded and we need to fully implement a project for total eradication of this system. There has been a programme to replace asbestos pipes with PVC pipes and the expectation would be to continue replacing them depending on affordability and the acceleration of revenue enhancement strategy to get more resources to enable the implementation of these programmes.

The Regulator has raised concerns about the poor state of wastewater services and the consequential impact on the water resources and required the Municipality to submit detailed corrective plans, The plan included the responsible persons, timelines, and expected improvements as outlined by the Regulator in the Green drop reports. The Regulator has acknowledged the efforts made by the Municipality by increasing internal operational capacity and scientific staff and encouraged the good work that is being done in-house to continue.

Sanitation Service Delivery Levels				
Description	2019/2020	2020/2021	2021/2022	*Households 2022/2023
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	120 973	120 973	120 973	120 973
Flush toilet (with septic tank)	1 193	1 193	1 193	1 193
Chemical toilet	149	149	149	149
Pit toilet (ventilated)	597	597	597	597
Other toilet provisions (above min.service level)	3 282	3 282	3 282	3 282
<i>Minimum Service Level and Above sub-total</i>	126 194	126 194	126 194	126 194
<i>Minimum Service Level and Above Percentage</i>	84,7%	84,7%	84,7%	84,7%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	6 563	6 563	6 563	6 563
Other toilet provisions (below min.service level)	12 530	12 530	12 530	12 530
No toilet provisions	3 729	3 729	3 729	3 729
<i>Below Minimum Service Level sub-total</i>	22 822	22 822	22 822	22 822
<i>Below Minimum Service Level Percentage</i>	15,3%	15,3%	15,3%	15,3%
Total households	149 016	149 016	149 016	149 016
Source Stats SA - 2011				



Financial Performance Year 22/23: Sanitation Services					
R'000					
Details	Year 21/22	Year 22/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	213,339,758	222,239,040	222,239,040	250,880,373	11%
Expenditure:					
Employees	50,251,138	50,359,511	50,359,511	50,359,485	0%
Repairs and Maintenance	124,114,769	12,666,826	12,666,826	3,000,218	-322%
Other	133,182,078	118,655,248	118,655,248	212,764,228	44%
Total Operational Expenditure	307,547,984	181,681,585	181,681,585	266,123,932	32%
Net Operational Expenditure	94,208,226	-	40,557,455	15,243,559	366%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

Capital Expenditure Year 22/23: Sanitation Services					
R' 000					
Capital Projects	Year 22/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	60,777,795	60,777,795	52,609,447	-16%	
MATJHABENG: ALL	-	-	-	0%	
THABONG X15N; X18; X19; X20 (HANI PARK)	6,539,188	6,539,188	6,539,188	0%	
PSE SYSTEM AT AND FROM THERONIA WWTW	-	-	-	0%	
NYAKALONG:WWTP UPGRADE	-	-	-	0%	
T8 PUMP STATION	-	-	-	0%	
UPGRADE OF KUTLWANONG - NEW DEVELOPMENTS	9,119,663	9,119,663	4,632,046	-97%	
UPGRADING OF PHOMOLONG PUMP STATION		-	-	0%	
WHITES: SEPTIC TANK SYSTEM	2,055,109	2,055,109	-	0%	
THABONG: REFURB & UPGR OLD SP & RM	-	-	-	0%	
VIRGINIA/MEL: UPGRADE & REFURB SP	3,336,159	3,336,159	1,710,537	-95%	
RFURB: THABONG WWTISP: INCEP;CONC&VBLTY	39,727,676	39,727,676	39,727,676	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.2.9

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The bulk electrical network and infrastructure are well established around the Matjhabeng Local Municipal (MLM) area. Eskom is the electricity service provider to all mines and all townships in the MLM area and thus there is sufficient bulk infrastructure available to serve the whole area.

The main challenges are however remaining; an aging electrical infrastructure and the inability to increase the Notified Maximum Demands (NMD) to support new development in towns that are in the MLM Licensed Distribution Area. The MLM existing Electrical Infrastructure is on average older than 80 years, which needs to be upgraded and refurbished as a matter of urgency.

However, the change in Governmental subsidization policies has made it very expensive and almost impossible to electrify the previously advantaged areas, rural areas, and these include farms and farming communities which are in desperate need of basic essential services.

Matjhabeng Local Municipality is in the process of developing an Energy Resource Plan to guide and address energy needs and that will be aligned with the national directive. The MLM is striving to support the National Drive to decrease the South African carbon footprint thus moving towards a greeneconomy, energy efficiency, and energy generation technology to boost its capacity.

The eminent National Electricity Crises and Eskom load-shedding have an adverse negative effect on South African residents and the economy. That highlighted how highly reliant communities and the business sectors are on electricity services as a main source of energy.

The National Government has committed to developing measures to promote energy saving, reduce energy costs to the economy, and reduce the negative impact of energy use on the environment.

The statistical information set out in the tables below; illustrates that as a locality we are overly dependent on electricity as a source of energy for lighting, cooking, and heating. The statistics reflect an increase in electricity as a main energy source in that the use of electricity for lighting has since increased as universal access is being reached. In part, this can be attributed to the fact that with the gradual eradication of electrification backlogs through the DMRE household electrification program, the number of people in our electricity networks has increased. On the other hand, this emphasizes the lack of usage of alternative sources of energy to fulfil our general energy needs.

As a direct result of the downscaling of mining-related economic activities in the area, the MLM Electrical Infrastructures are currently stolen and vandalized daily through organized crime activities throughout the Municipal Licensing Area. The MLM endeavors to implement proactive preventative actions to mitigate the risk and effect that theft and vandalism of Electrical Infrastructures are having on service delivery to our communities.

Further, illegal connections and electrical meter bypassing by communities result in existing electrical infrastructure being overloaded and damaged beyond repair; robust revenue protection and enhancement processes are currently implemented by the MLM to mitigate this eminent risk.

Electricity Service Delivery Levels				Households
Description	Year 19/20	Year 20/21	Year 21/22	Year 22/23
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity (at least min.service level)	25 575	25 575	25 575	25 575
Electricity - prepaid (min.service level)	114 481	114 481	114 481	114 481
<i>Minimum Service Level and Above sub-total</i>	140 056	140 056	140 056	140 056
<i>Minimum Service Level and Above Percentage</i>	98,2%	98,2%	98,2%	98,2%
Energy: (below minimum level)				
Electricity (< min.service level)	-	-	-	-
Electricity - prepaid (< min. service level)	2 421	2 421	2 421	2 421
Other energy sources	197	197	197	197
<i>Below Minimum Service Level sub-total</i>	2 618	3	3	3
<i>Below Minimum Service Level Percentage</i>	1,8%	1,8%	1,8%	1,8%
Total number of households	142 674	142 674	142 674	142 674
Source: Stats SA 2011				

Financial Performance Year 22/23: Electricity Services					R'000
Details	Year 21/22	Year 22/23			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	715,417,298	970,593,290	970,593,290	678,359,435	-43%
Expenditure:					
Employees	44,990,396	49,253,169	49,253,169	49,241,336	0%
Repairs and Maintenance	21,705,002	15,251,887	15,251,887	6,549,967	-133%
Other	1,051,828,151	1,000,609,405	1,000,609,405	1,071,341,339	7%
Total Operational Expenditure	1,118,523,550	1,065,114,461	1,065,114,461	1,127,132,642	6%
Net Operational Expenditure	403,106,252	94,521,171	94,521,171	448,773,206	79%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.3.7

Capital Projects	Year 22/23				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	4,713,573	4,713,573	3,103,628	-52%	
WELKOM: BRONVILLE AND EXT. 15 THABONG	-	-	-	0%	
MOTHUSI: MAIN ENTRANCE ROAD 2124.26M	-	-	-	0%	
WELKOM: 20MVA 132KV - URANIA SUBSTATION	4,380,000	4,380,000	2,770,056	63%	
THABONG (2010) 5 HIGH MAST LIGHT	333,573	333,573	333,572	100%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.3.8

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

INTRODUCTION TO WASTE MANAGEMENT

Based on the standards set by the National Environmental Management: Waste Act 59 of 2008 (NEMWA), Matjhabeng Local Municipality (MLM) has derived operational plans to initiate a ward-based waste collection strategy. This is to ensure that every household is serviced in terms of regular waste collection.

Matjhabeng Local Municipality has 36 wards and to maintain a ward-based collection strategy the Municipality has embarked on purchasing an additional fleet in the form of compactor trucks. The success achieved in the waste department includes addressing backlogs within a short turnaround time. Another major success in the Waste Department for the 2022/23 financial year is that an average of 96% collection rate was achieved; According to historical data, this statistic has improved dramatically.

Challenges within the department are insufficient resources (number of compactor trucks and general workers). These challenges have been brought to the attention of the Municipality and will be addressed by filling critical positions and procuring an additional fleet.

The Waste Department currently has four landfill sites and 1 waste transfer station, which aids us in disposing of residential and commercial waste in an environmentally responsible manner.

The Matjhabeng Local Municipality has permanent teams whose sole job is to do street cleaning during the day; in addition, the Waste Department has a night shift team that sweeps the CBD streets. We are also going to receive assistance from DESTEA in the form of approximately 50 warm bodies which will assist with daily cleaning. Lejweleputswa District Municipality will also be assisting with 120 warm bodies which will be utilized within the waste management department for additional town cleansing. The Matjhabeng Local Municipality has appointed a service provider to initiate a waste recycling program at the Virginia Transfer Station. The landfill site located in Odendaalsrus has a fully operational waste reclamation center, which is operated by a service provider. Waste pickers at the Odendaalsrus Landfill Site have also been formalised.

The top three priorities for the Waste Department are as follows: The first priority is committing to achieving and maintaining 100% domestic waste collection. Secondly, ensuring the implementation of the appropriate and environmentally responsible waste practices in accordance with the National standards set out by the National Environmental Management: Waste Act. Thirdly, maintaining cleansing activities to ensure that the health of towns and residential communities is well above the national environmental health and waste standards set out by the national government legislation; this includes planning and implementing cleaning campaigns, environmental education, and awareness programmes. With regards to assisting communities that are living in poverty, the MLM has programmes where residents can apply to be classified as indigent, which will grant them access to municipal services such as waste collection free of charge.

Solid Waste Service Delivery Levels				
Description	Year 19/20	Year 20/21	Year 21/22	Households Year 22/23
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	108 423	108 423	108 423	108 423
<i>Minimum Service Level and Above sub-total</i>	108 423	108 423	108 423	108 423
<i>Minimum Service Level and Above percentage</i>	72,7%	72,7%	72,7%	72,7%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	12 049	12 049	12 049	12 049
Using communal refuse dump	7 052	7 052	7 052	7 052
Using own refuse dump	13 900	13 900	13 900	13 900
Other rubbish disposal	2 326	2 326	2 326	2 326
No rubbish disposal	5 414	5 414	5 414	5 414
<i>Below Minimum Service Level sub-total</i>	40 741	40 741	40 741	40 741
<i>Below Minimum Service Level percentage</i>	27,3%	27,3%	27,3%	27,3%
Total number of households	149 164	149 164	149 164	149 164
Source: Stats SA (Community Survey 2016)				T 3.4.2

Financial Performance Year 22/23: Solid Waste Management Services					
Details	Year 21/22	Year 22/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	145,725,612	154,443,686	154,443,686	154,438,489	0%
Expenditure:					
Employees	82,294,076	79,675,919	79,675,919	79,675,661	0%
Repairs and Maintenance	1,703,432	10,564,205	10,564,205	5,664,487	-86%
Other	208,371,971	42,817,161	42,817,161	118,698,358	64%
Total Operational Expenditure	292,369,479	133,057,285	133,057,285	204,038,506	35%
Net Operational Expenditure	146,643,867	21,386,401	21,386,401	49,600,017	143%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.4.7

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

As implemented by the District Municipality, the Municipality's Rural Road Asset Management System (RRAMS) is in progress. From the study, the Municipality has identified roads needing maintenance and upgrading. The RRAMS also developed a Pavement Management System (PMS) that identified road defects and their remediation.

The Municipality used the data acquired to apply for funding to upgrade the current 300km of gravel roads and repair and reseal the tarred roads. The top 3 road service delivery priorities are 1. Repairing of potholes 2. Blading/re-graveling of gravel roads 3. The rehabilitation of tarred roads.

Roads in the municipality remain a concern as raised by a consistent number of people. Challenges range from potholes, resealing of roads, the need for paving, tarred roads, and mostly blading and graveling of streets. Naming and renaming of streets are an issue also needing urgent attention. In 2023/2024, the municipality has planned to patch 15 800m² of potholes for all wards in Matjhabeng and blade/re-gravel 60km of roads for all wards in Matjhabeng.

3.5 ROADS

INTRODUCTION TO ROADS

The municipality has a well-established road network. Over the years, the main challenge has been maintaining the infrastructure due to budgetary constraints and high end-of-design-life costs escalated by poor maintenance efforts.

Our Municipality Road network consists of the following types of roads, broken down as follows:

Central (Welkom Area)

- Tarred roads 684 km
- Brick paved roads 19 km
- Gravel roads 144 km
- Dirt roads 3.24 km (no construction or blading)

East (Virginia, Hennenman and Allanridge)

- Tarred roads 333 km
- Gravel roads 73 km
- Dirt roads 83 km (No construction or blading)

West (Odendaalsrus and Allanridge)

- Tarred roads 201 km
- Gravel roads 76 km
- Dirt roads 49 km (No construction or blading)

A maximum of the roads in town are surfaced, and most of the roads in the townships are either dirt or gravel. However, the township roads are being upgraded to tarred or paved surfaces through external funding (i.e., Municipal Infrastructure Grant and Public Works funds).

The Municipality has an agreement with the local mines that use our road network to upgrade our specific roads. This process started in the previous financial year, and we are looking to build on it for future developments.

Gravel Road Infrastructure				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2020-2021	156,00	0	0	99,41
2021-2022	156,13	0	0	25,11
2022-2023	293,00	136,87	0	45,13

Tarred Road Infrastructure					
	Total tarred roads (Kilometers)	New tar roads (Kilometers)	Existing tar roads re-tarred (Kilometers)	Existing tar roads re-sheeted (Kilometers)	Tar roads maintained. (Square meters)
2020-2021	1218	0	17,9	0	4144
2021-2022	1218	0	1,9	0	31030
2022-2023	1218	0	0	0	12805

Road Service Policy Objectives Taken From IDP							
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2021-2022		2022-2023		2023-2024	
		Target	Actual	Target		Actual	Target
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)
Service Objectives							
Resurface 25km of all streets every year according to PMS or Municipal priority list such that the use full life expectance of roads are extended but operations are safe.	25km	25km	1,447km	25 km	25km	0km	25 km
Patch 15 800 m2 of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m²).	15 800 m²	15800m²	31 030m²	15800m²	15800m²	12804,5m²	15 800 m²
Blade and re-gravel 60km of gravel and dirt roads to enhance driving comfort.	60 km	60km	40,764km	60 km	45km	60 km	60 km

Financial Performance Year 22/23: Road Services						R'000
Details	Year 21/22	Year 22/23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	7,574,702	8,187,551	8,187,551	8,186,151	0%	
Repairs and Maintenance	16,431,695	14,670,005	14,670,005	-445,669	3392%	
Other	122,189,569	43,442,111	43,442,111	119,292,712	64%	
Total Operational Expenditure	146,195,966	66,299,667	66,299,667	127,033,194	48%	
Net Operational Expenditure	-	-66,299,667	-66,299,667	-127,033,194	48%	

Capital Expenditure Year 2022/2023: Road Services					
R' 000					
Capital Projects	Year 22/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	64,607,666	64,607,666	16,814,942	-284%	
THABONG EXT 22 TANDANANI	2,054,728	2,054,728	1,218,297	-69%	
NYAKALLONG CONSTRUCTION OF 3KM ROADS	20,674,193	20,674,193	7,866,120	-163%	
MMAMAHABANE CONSTRUCTION OF 3KM ROADS	29,252,222	29,252,222	3,400,493	-760%	
KUTLWANONG CONSTRUCTION OF 3KM ROADS	12,626,523	12,626,523	4,330,032	-192%	

3.6 TRANSPORT

INTRODUCTION TO TRANSPORT

The public transport system operating in Matjhabeng is privately owned taxis. The rail network that passes through Hennenman and Virginia is a mainline service linking the Municipality with Gauteng, KwaZulu Natal, Eastern Cape, and the Western Cape. However, there is a local railway network mainly servicing mines. The local railway network remains the property of the municipality. Matjhabeng remains the main route of national bus services, however, no bus services are operating locally in Matjhabeng Municipality except for mine workers' dedicated transport.

COMPONENT C: ORGANISATIONAL PERFORMANCE (ANNUAL PERFORMANCE REPORT)

KEY PERFORMANCE AREA – BASIC SERVICES

ENGINEERING DEPARTMENT

Basic Services											
Sewer Networks and Wastewater Treatment Works Developmental and Maintenance (PMU PROJECTS)											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS1	Supporting the delivery of municipal services to the right quality and standard	Percentage refurbishment work completed on Kutlwanoong, Wastewater Treatment Works by the 31st of December 2022. (Multi-year project)	80%	69%	100%	79%	100%	Attendance register Progress meeting minutes Payment Certificate Extension of time approval Practical Completion Certificate Signed Progress Reports	TARGET NOT MET	The contractor had cashflow issues which resulted in the non-payment of sub-contractors, late payment of labour, and slow progress on site.	The Contractor was terminated on the 21st of February 2023. The new contractor was appointed to complete the project.
BS2		Percentage refurbishment work completed on Theronia Final Effluent Pipeline (Multi-year project)	100%	0%	63%	0%	100%	Attendance register Progress meeting minutes Payment Certificate Signed Progress Reports	TARGET NOT MET	Delay in Signing Servitude Agreement	The department will schedule a meeting with the Landowners to discuss Servitude Agreements
BS3		Percentage refurbishment work completed on Thabong Wastewater Treatment Works (Multi-year project)	50%	35%	100%	98%	100%	Attendance registers Progress meeting minutes Payment Certificate Practical Completion Certificate Signed Progress Reports	TARGET NOT MET	Delays in manufacturing & delivery of sluice gates due to load-shedding	Material to be delivered in July 2023, the project will be completed in 2023/2024

BS4		Percentage refurbishment work completed on Phomolong, Wastewater Treatment Works (Multi-year project)	100%	0%	25%	0%	0%	Attendance register Progress meeting minutes Payment Certificate Signed Progress Reports	TARGET NOT MET	The project was cancelled	Due to vandalism that occurred and required additional funding before the construction started. The project was then removed from the MIG grant and will be implemented through the Ministerial Intervention grant in the outer years
BS5		Percentage works completed on the refurbishment and upgrading of 2 sewer pumpstations and rising main in Virginia and Meloding by the 30th of June 2023. (Multi-year project)	0%	0%	100%	66%	100%	Attendance register Progress meeting minutes Payment Certificate Practical Completion Certificate Signed Progress Reports	TARGET NOT MET	Consultant terminated	Re-appoint another consultant
BS6		Percentage works completed on installation of sanitation to 617 stands in Thabong X15 and Bronville by 30th of June 2023. (Multi-year project)	0%	0%	100%	77%	100%	Attendance register Progress meeting minutes Payment Certificate Practical Completion Certificate Signed Progress Reports	TARGET NOT MET	Excessive underground water	Subsoil installed to manage underground water

Basic Services											
Water Networks and Maintenance (PMU PROJECTS)											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS7	Supporting the delivery of municipal services to the right quality and standard	Percentage of replaced old, galvanized pipes to UPVC in Kutlwanong (multi-year)	100%	72%	100%	79%	100%	Attendance register Progress meeting minutes Payment Certificate Extension of time approval Practical Completion Certificate Signed Progress Report	TARGET NOT MET	The contractor had cashflow issues which resulted in the non-payment of sub-contractors, late payment of labour, and slow progress on site.	The Contractor was terminated on the 12th of May 2023. The new contractor will be appointed to complete the project

Basic Services											
Roads, Ancillaries and Developmental Maintenance											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS8	Supporting the delivery of municipal services to the right quality and standard	Kilometers portion of James Moroka Road repaired in Thabong to improve traffic flow to be completed by 1st December 2022	0km	0km	0,15km	0km	0km	Official order Progress report Completion Certificate	TARGET NOT MET	The service provider has stopped working due to non-payment for services already rendered	Request the fast-tracking of a meeting between the Finance Department, the Infrastructure Department, and the Service Provider to discuss the work that has been done and the outstanding payment.
BS9		Kilometers portion of Constantia Road repaired between road 200 and Moshoeshoe road in Thabong to improve traffic flow to be completed by 31st March 2023	0km	0km	1,2km	0km	0km	Official order Progress report Completion Certificate	TARGET NOT MET	Bid 15/2022-2023 Rehabilitation of 1.2km of Constantia Road was evaluated on 27 January 2023 but has not been adjudicated and awarded	The department will follow up with the SCM unit to fast-track the Supply Chain Management process. The project will be rolled over to 2023/2024 subject to budget allocation

BS10		Kilometers portion of Constantia Road repaired between Moshoeshoe road and Dr A Phakathi road in Thabong to improve traffic flow to be completed by 1st December 2022	0km	0km	0,065km	0km	0km	Official order Progress report Completion Certificate	TARGET NOT MET	The service provider has stopped working due to non-payment for services already rendered	Request the fast-tracking of a meeting between the Finance Department, the Infrastructure Department, and the Service Provider
BS11		Kilometers portion of Ndaki road repaired in Tandanani (2010) Thabong and Kilometres of stormwater drainage system built to improve traffic flow to be completed by 1st December 2022	0km	0km	0,135km	0km	0km	Official order Progress report Completion Certificate	TARGET NOT MET	The service provider has stopped working due to non-payment for services already rendered	Request the fast-tracking of a meeting between the Finance Department, the Infrastructure Department, and the Service Provider
BS12		Kilometres of streets resurfaced in all wards of Matjhabeng such that the roads useful life are extended and are operationally safe by 30th June 2023	0km	0km	25km	0km	0km	Official order Progress report Completion Certificate	TARGET NOT MET	Bid/11/2022 - 23 The construction of bituminous surfaces, seals and patchwork for roads and pavements was evaluated on 25 January 2023 and is waiting to be adjudicated and awarded to service providers.	The department will follow up with the SCM unit to fast-track the Supply Chain Management process. The project will be rolled over to 2022/2023 subject to budget allocation

Basic Services											
Roads, Ancillaries and Developmental Maintenance											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS13	Supporting the delivery of municipal services to the right quality and standard	Number of reports on patching of potholes in all wards of Matjhabeng to reduce deterioration and ensure safe usage thereof monthly	12	12	12	31	36	Job cards Progress reports	TARGET MET	The reports on patching of potholes were not consolidated hence the over-achievement, each section submitted its reports.	N/A – Target met
BS14		Number of reports on gravelling of un- designed Gravel roads constructed per annum to enhance accessibility and driving safety, especially during raining seasons monthly	12	12	12	0	36	Job cards Progress reports	TARGET NOT MET	Appointment of Consultants was made for the design to upgrade gravel roads to concrete paved roads.	The Project will be implemented by PMU during the 2023/2024 financial year (subject to budget availability)
BS15		Number of reports on gravelling roads bladed and re-gravelled to enhance driving comfort monthly	12	12	12	21	36	Job cards Progress reports	TARGET MET	The reports on gravelling roads bladed and re-gravelled were not consolidated hence the over-achievement, each section submitted its reports.	N/A – Target met

BS16		Kilometres of stormwater drainage pipes constructed in Ward 16 at Setshabelo school by 1 st December 2022	0km	0km	0,208km	0km	0km	Official order Progress report Completion certificate	TARGET NOT MET	Official order no.0001065751 was issued in January 2023 but the service provider has not delivered the material. A request to cancel the official order has been sent to the SCM department	The project will be implemented during the 2023/2024 financial year subject to budget availability
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Basic Services											
Roads, Ancillaries and Developmental Maintenance											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS17	Supporting the delivery of municipal services to the	Kilometres of stormwater drainage repaired at the entrance of Thabong in Ward 30 by 1 st December 2022	0km	0km	0,11km	0km	0km	Official order Progress report Completion certificate	TARGET NOT MET	80% of the materials were delivered, the Service provider asked for interim payment in order to deliver the outstanding materials	The project will be implemented internally subject to budget allocation
BS18	right quality and standard	Kilometres of stormwater drainage repaired at Mxi retention dam in Ward 29 by 1 st December 2022	1,22km	0km	0,22km	0km	0km	Official order Progress report Completion certificate	TARGET NOT MET	Official order no.0001065782 was issued in January 2023 but the service provider has not delivered the materials. A request to cancel the official order has been sent to the SCM unit	The project will be implemented during the 2023/2024 financial year subject to budget allocation

BS19		Kilometres of Stormwater drainage to drain stormwater away from houses opposite Nkoane road by 30 th June 2023	0km	0km	0,135km	0km	0km	Official order Progress report Completion certificate	TARGET NOT MET	Bid/13/2022-2023 Construction of 150m long stormwater drainage including block paving in Las Vegas at roads THB 07 was evaluated on 27 January 2023 but is still waiting for adjudication and appointment of service provider	The project will be implemented internally subject to budget allocation
BS20		Number of reports on lined stormwater canals cleaned by 30 th June 2023	0	0	12	18	36	Job cards Progress reports	TARGET MET	The reports were not consolidated hence the over-achievement, each section submitted its reports.	N/A – Target met
BS21		Number of reports on unlined stormwater canals cleaned by 30 June 2023	0	0	4	17	36	Job cards Progress reports	TARGET MET	The reports were not consolidated hence the over-achievement, each section submitted its reports.	N/A – Target met
BS22		Number of reports on existing stormwater drainage pipes cleaned and maintained by 30 June 2023	0	0	4	0	4	Job cards Progress reports	TARGET NOT MET	Shortage of resources	In the process of hiring or purchasing Jet blaster

Basic Services											
Electrical Distribution											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS23	Supporting the delivery of municipal services to the right quality and standard	Percentage Progress on the provision and installation of 40MVA 132KV Transformer at Urania Substation by 30 th June 2023	0	0	100%	5%	100%	Progress reports	TARGET NOT MET	The 100% was based on Phase 1 and not the entire project.	2023/2024 SDBIP Targets will be adjusted to take into account the target for the entire project and not phases.
BS24		Number of reports on streetlights repaired and maintained by the 30 th of June 2023	12	12	12	12	12	Progress reports Job cards Planning report	TARGET MET	N/a – Target met	N/a – Target met
BS25		Number of reports on high mast lights repaired and maintained by the 30 th of June 2023	12	12	12	12	12	Progress reports Job cards Planning report	TARGET MET	N/a – Target met	N/a – Target met

COMMUNITY SERVICES

Basic Services											
Cemeteries, Parks, Sport and Recreation											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS26	Supporting the delivery of municipal services to the right quality and standard	Number of reports on street trees planted by 30 th June 2023	0	0	3	0	0	Annual plan and job-cards. Report	TARGET NOT MET	No street trees were planted, due to the following reason: Requisitions for purchasing of trees was not finalized by Supply Chain Management.	Follow up with the SCM department on the issuing of the order. A request was submitted to Dept of Forestry, Fisheries & Environment for trees planned to be planted.
BS27		Number of reports on urban parks developed by 30 th June 2023	0	0	2	0	0	Project Report	TARGET NOT MET	The appointment of the panel of Contractors was not finalized.	The department will be appointing a contractor from the Panel of Contractors
BS28		Number of reports on trees cared for by 30 th June 2023	0	0	2	4	125	Annual plan and job-cards. Report	TARGET MET	At the time of planning the unit did not have capacity, however, the unit was able to build the capacity	N/a – Target met

BS29		Number of reports on sport facilities refurbished by 30 th June 2023	0	0	3	0	0	Project Report	TARGET NOT MET	The department did not have sufficient capacity	The department will be appointing a contractor from the Panel of Contractors.
BS30		Number of reports on recreation facilities refurbished by 30 th June 2023	0	0	2	0	0	Project Report	TARGET NOT MET	The department did not have sufficient capacity	The department will be appointing a contractor from the Panel of Contractors
BS31		Number of reports on ablution blocks and guardhouses refurbished by 30 th June 2023	0	0	2	0	0	Project Report	TARGET NOT MET	The department did not have sufficient capacity	The department will be appointing a contractor from the Panel of Contractors

Basic Services											
Waste Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS32	Supporting the delivery of municipal services to the right quality and standard	Number of skip bins procured by 30 th June 2023	0	0	50	0	50	Bid document and Delivery Note	TARGET NOT MET	Submissions were generated but the procurement process was not finalized due to budget constraints	The department will ensure that the project is budgeted for in 2023/2024 and included in 23/24 SDBIP
BS33	Supporting the delivery of municipal services to the right quality and standard	Number of street pavement bins procured by 30 th June 2023	0	0	60	0	0	Bid document and Delivery Note	TARGET NOT MET	Submissions were generated but the procurement process was not finalized due to budget constraints	The department will ensure that the project is budgeted for in 2023/2024

Basic Services											
Traffic Management and Security											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS34	Supporting the delivery of municipal services to the right quality and standard	Number of reports on the installation of electronic security system in the Municipal Buildings quarterly	0	0	4	2	0	Advert and Appointment letters	TARGET NOT MET	Due to financial constraints, the department only maintained the cameras that had already been installed.	The project will be carried over to the 2023/2024 financial year
BS35		Number of security officers appointed by the 31 st of December 2022	70	0	160	149	0	Advert and Appointment letters	TARGET NOT MET	8 Officers shortlisted had criminal records and could not be appointed. Other 2 Officers declined the offer due to the package and 1 officer's contract was terminated	The municipality will ensure that the verification process is done before shortlisting

Basic Services											
Fire Services and Disaster Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS36	Supporting the delivery of municipal services to the right quality and standard	Number of Fire Officers appointed by the 31 st of December 2022	24	8	16	0	0	Advert and Appointment letters	TARGET NOT MET	Due to financial constraints, the municipality could not hire fire officers in the 22/23 FY	The appointment of the fire officer will be prioritised in the 2023/2024 FY
BS37		Number of Fire Engines and Hazmat unit vehicles procured by the 30 th of June 2023	1	0	2	1	2	Official Order and delivery note	TARGET NOT MET	Due to financial constraints, the submission could not be processed in the current year	The procurement of the fire engines and hazmat unit will be carried over to the 2023/2024 financial year

Basic Services											
Fleet Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS38	Supporting the delivery of municipal services to the right quality and standard	Number of reports on mechanical stores opened by the 30 th of June 2023	1	0	1	0	0	Report	TARGET NOT MET	The department has not yet been able to open the stores due to budget constraints.	The department is in the process of procuring various vehicle components through the competitive bidding process. The Welkom Workshop's Storeroom has been cleaned in preparation for the stock.

HUMAN SETTLEMENT

Basic Services											
Human Settlement											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS39	Supporting the delivery of municipal services to the right quality and standard	Number of reports on sites submitted to the conveyancers quarterly	0	0	4	2	0	Reports on sites submitted to the conveyancers Acknowledgment letter from conveyancers or Listings submitted to the conveyancers	TARGET NOT MET	Q1 - A list of sites was submitted in May 2022 to the conveyancers and Q4 was submitted in July	The KPI has been removed from the 2023/2024 SDBIP, the department has not control over the achievement of the target as the process of approval does not lie within the HS section. The KPI will be reported on operation plans.
BS40		Number of reports on the distribution of title deeds quarterly	0	0	4	4	0	Acknowledgement of receipt Report on the distribution of title deeds	TARGET MET	N/a – Target met	N/a – Target met
BS41		Number of reports on abandoned sites identified and repossessed quarterly	0	0	4	2	0	Report on abandoned sites identified and repossessed	TARGET NOT MET	The list of sites received from the Cllr were private properties (Q3) &(Q4)	Councillors are to be provided with SOPs for abandoned sites.

Basic Services											
Development Control											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS42	Supporting the delivery of municipal services to the right quality and standard	Number of Municipal Planning Tribunal meetings held quarterly	4	5	4	4	4	Minutes of Meetings	TARGET MET	N/a – Target met	N/a – Target met
BS43		Number of reports on Notice letters (illegal land use) issued quarterly	4	4	4	4	0	Notice letters issued Report on notice letters issued	TARGET MET	N/a – Target met	N/a – Target met
BS44		Number of policies on restrictive security areas by the 30th of June 2023	0	0	1	0	0	Council approved policy	TARGET NOT MET	Draft Policy/guidelines to undergo Public Participation	Policy to be finalised and taken to council after public participation process
BS45		Number of draft policy document on compliance and contravention of illegal land use by 30th of June 2023	0	0	1	0	0	Council Approved policy	TARGET NOT MET	The policy is already superseded by the approved Matjhabeng By-law on Municipal Land Use Planning, 2015, and Matjhabeng Land Use Scheme 2022. The land Use Scheme was prioritised.	The policy will not be applicable for 2023-2024, the unit will adopt the By-Laws and Land-Use Scheme. The SDBIP for 2023-2024 will be updated and will exclude the draft policy on compliance and contravention of illegal land use.

Basic Services											
Building Control											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS46	Supporting the delivery of municipal services to the right quality and standard	Number of Building Regulations and Building Standards policies, reviewed and approved by the 31 st of May 2023	0	0	2	0	0	Council resolutions Policies	TARGET NOT MET	The Mayoral Committee requested the Department to workshop councillors therefore the policy was not approved	A letter requesting a workshop for Councillors has been sent to the Office of the Executive Mayor.
BS47		Number of reports on inspections conducted quarterly	4	4	4	4	4	Inspection Forms Report on inspections conducted	TARGET MET	N/a – Target met	N/a – Target met
BS48		Number of reports on Notice letters (non-compliance) issued quarterly	20	2	4	4	4	Report on notice letters issued Notice letters issued	TARGET MET	N/a – Target met	N/a – Target met

Basic Services											
Development Planning											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
BS49	Supporting the delivery of municipal services to the right quality and standard	Number of approved Spatial Development Frameworks by the 31st of May 2023	2	1	1	1	1	Council Approved SDF	TARGET MET	N/a – Target met	N/a – Target met
BS50		Number of Township establishment application for Allanridge Ext 2 approved by 30 th June 2023	0	0	1	0	0	MPT Resolution Township establishment application	TARGET NOT MET	The focus was on Ext 3 which has been completed.	The unit has requested HDA to assist with the process for Ext 2.
BS51		Number of Township establishment application for farm Doornpan 772, Ventersburg (Gugulethu) by 30 June 2023	0	0	1	0	0	MPT Resolution Township establishment application	TARGET NOT MET	The HDA hasn't submitted the application yet.	There are ongoing continuous follow-ups with the HDA.

KEY PERFORMANCE AREA – LOCAL ECONOMIC DEVELOPMENT

Local Economic Development											
Small Medium Micro Enterprise and Investment											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
LED1	Creating a conducive environment foreconomic development	Number of investment incentive scheme developed and approved by the 30th of June 2023	1	0	1	1	0	Council Resolution Approved plan (Investment incentive scheme developed and approved)	TARGET MET	N/a – Target met	N/a – Target met
LED2		Number of exhibitions conducted in the first, and fourth quarter	1	1	2	3	2	Exhibition Reports Attendance report Photos	TARGET MET	Exhibitions for Q4 were done in Q2. The project is funded by outside stakeholders	N/a – Target met
LED3		Number of Youth Business Corners developed by the second and third quarter	3	3	2	1	0	Lease agreements photos	TARGET NOT MET	Containers still not electrified.	Request was made to both Lejweleputswa District Municipality and the Department of Small Business Development, The district municipality agreed to fund and install electricity following their internal supply chain process, and DSBD funded the basic equipment to the beneficiaries

Local Economic Development											
Agriculture, Welkom Airport											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
LED4	Creating a conducive environment for economic development	Number of commonage maintained/improved in the second and third quarter	0	0	3	1	0	Pictures of before and after	TARGET NOT MET	Procurement request declined due to cash flow challenges	Improve revenue through commonage revenue streams. Project to be executed in phases in the coming financial years.
LED5		Percentage Progress on refurbishment of Welkom airport includes a security system upgrade by the 31st of March 2023	0	0	100%	0%	0%	Progress report	TARGET NOT MET	Waiting for the supply chain to process payment of invoice for payment	A request was sent to Community Service, and a verbal response from the Director (CS) was that there was a shortage of security personnel.
LED6		Number of Aerodrome license applications submitted to South African Civil Association for approval by the 31st of March 2023	0	0	1	0	0	Reports	TARGET NOT MET	Waiting for the supply chain to process payment of invoice for payment	Arrange the meeting between CFO, SCM Manager and LED Director to discuss the expenditure process.

Local Economic Development											
Tourism Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
LED7	Creating a conducive environment for economic development	Number of Tourism Marketing Plan developed and approved by the 30 June 2023	1	0	1	0	0	Council resolution Approved plan	TARGET NOT MET	Procurement request declined due to cash flow challenges	Strategy to be Developed in the coming 23/24 financial year
LED8		Number of tourism awareness and education programs materialised in the first quarter	4	0	4	2	0	Invitation Photos Awareness & educationreport	TARGET NOT MET	Budget constraints	Get sponsors to assist with awareness and education programs

KEY PERFORMANCE AREA – INSTITUTIONAL CAPACITY

Institutional Capacity											
Human Resource Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
IC1	Building institutional resilience and administrative capability	Number of approved organisational structure by 31st May 2023.	1	0	1	0	1	1 approved organisational Structure Council Resolution	TARGET NOT MET	MLM has been selected to be part of the pilot Prototype Staff Establishment Project by the National CoGTA. The design of the new staff establishment for Matjhabeng Local Municipality was kept in abeyance until the finalisation of a credible prototype organisational structure.	The municipality is in the process of effecting changes on the staff establishment, changes will be aligned to the Staff Establishment Guidelines as articulated in the Regulations and Council Policy.
IC2		Number of reports on critical positions filled in accordance with approved organisational structure by 30th June 2023.	20	20	1	2	0	Report on critical positions filled in accordance with approved organisational structure	TARGET MET	Two reports were prepared in Q3 and Q4 on the positions filled	N/a – Target met

IC3		Percentage of new employees inducted by 30th June 2023	30	30	100%	100%	100	Attendance registers of induction workshop	TARGET MET	N/a – Target met	N/a – Target met
IC4		Number of approved human resource plan by 31st May 2023	1	0	1	0	1	Approved human resource plan	TARGET NOT MET	HR Plan to be finalised by August 2023	Draft plan already in place
IC5		Number of employment equity plan reviewed and approved by 31st May 2023	1	0	1	0	1	Approved employment equity plan	TARGET NOT MET	Part of HR Policies to be submitted to Council.	Item to serve in council for approval on the 28th of August 2023
IC6		Number of human resource policies approved by 31st May 2023	0	0	10	0	1	Approved HR policies Council Resolution	TARGET NOT MET	Item served on the MAYCO of 28 June 2023, MAYCO approved the policies for submission to Council	Item to serve in council for approval on the 28th of August 2023

Institutional Capacity											
Employee Wellness											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
IC7	Building institutional resilience and administrative capability	Number of revised wellness plan approved by 31 st May 2023	1	0	1	1	1	Approved Wellness plan	TARGET MET	N/a – Target met	N/a – Target met
IC8		Number of reports on pauper burials service to the destitute quarterly	0	0	4	4	4	List of beneficiaries Progress report	TARGET MET	N/a – Target met	N/a – Target met

Institutional Capacity											
Labour Relations Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
IC9	Building institutional resilience and administrative capability	Number of LLF meetings held monthly	12	2	12	4	12	Attendance registers Minutes of meetings Agenda	TARGET NOT MET	Agendas were not distributed as the Chairperson of the LLF did not want to sign the LLF Notice until all outstanding reports had been submitted. It was a collective decision of SAMWU	Engagement with SAMWU delegation regarding the non-sitting of LLF

Institutional Capacity											
Occupational Health and Safety											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
IC10	Building institutional resilience and administrative capability	Number of reports on safety inspection conducted quarterly	4	4	4	4	4	Safety inspection report.	TARGET MET	N/a – Target met	N/a – Target met

Institutional Capacity											
Council Administration & Document Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
IC11	Supporting the delivery of municipal services to the right quality and standard	Number of Council and related committee meetings held by 30 th June 2023.	70	72	40	42	75	Agenda/Minutes/Resolutions/attendance registers	TARGET MET	Special meetings	N/a – Target met

Institutional Capacity											
Customer Services											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
IC12	Supporting the delivery of municipal services to the right quality and standard	Number of electronic customer care management system developed, installed and functional by the 30th of June 2023	0	0	1	0	0	Electronic Customer care management system.	TARGET NOT MET	EXCO did not finalise the appointment of the Service Provider.	The matter is to be Re-submitted to EXCO for a decision.

KEY PERFORMANCE AREA – FINANCIAL MANAGEMENT

Financial Management											
Asset Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
FM1	Ensuring sound financial management and accounting	Number of Complaint Assets register as per GRAP and mSCOA requirements by the 30 th of June 2023	1	1	1	0	1	1 Asset Register	TARGET NOT MET	The assets department is not fully capacitated and does not have a manager. Therefore, due to the capacity issue in the department, compliant registers could not be submitted on time, and compliant registers will only be submitted with the annual financial statement in August 2023	To capacitate the department of the assets in the 2023/24 financial year
FM2		Number of report on verifications conducted on the asset register by the 30 th of June 2023	1	0	1	1	1	1 Report of Verified Assets	TARGET MET	N/a – Target met	N/a – Target met
FM3		Number of reconciliations completed between the fixed asset register and general ledger monthly	12	11	12	0	12	12 Reconciliation Reports	TARGET NOT MET	The assets department is not fully capacitated and does not have a manager. Therefore, due to the capacity issue	To capacitate the department of the assets in the 2023/24 financial year

										in the department, Reconciliation of the fixed asset registers could not be done monthly.	
FM4		Number of asset management policy reviewed and approved by the 30th of September 2022	1	1	1	1	1	Council Resolution	TARGET MET	N/a – Target met	N/a – Target met
FM5		Number of updates completed on the Asset Register quarterly	0	0	4	0	0	Asset management policy approved	TARGET NOT MET	The assets department is not fully capacitated and does not have a manager. Therefore, due to the capacity issue in the department, the Assets could not be updated on a quarterly basis.	To capacitate the department of the assets in the 2023/24 financial year

Financial Management

Budget and Reporting

Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
FM6	Ensuring sound financial management and accounting	Number of Draft annual financial statements submitted to auditor general by 31 August 2022	1	1	1	1	1	Submission of Draft AFS to AG	TARGET MET	N/a – Target met	N/a – Target met

FM7		Number of action plans and related policies communicated with stakeholders by 31 st August 2022	0	0	1	1	0	Action Plan	TARGET MET	N/a – Target met	N/a – Target met
FM8		Percentage progress of a municipality's capital budget actually spent on capital projects identified for 2022/2023 in terms of the approved IDP by the 30 th of June 2023	100%	75%	100%	73%	100%	Grant Register	TAREGT NOT MET	The rollover of R48m was approved therefore 72.58% spent was for the current financial year projects and rollover projects	Ensure that the actual spending is aligned to 2023/2024, the budget is made available to all departments
FM9		Number of Budget timelines submitted to Council by 31 August 2022	0	0	1	1	1	Council Resolution Budget Timeliness	TARGET MET	N/a – Target met	N/a – Target met
FM10		Number of section 71 Reports submitted	12	12	12	12	12	12 monthly reports, 4 quarterly and 1 midyear reports.	TARGET MET	N/a – Target met	N/a – Target met
FM11		Number of Section 52 Reports Prepared and submitted	4	4	4 quarterly reports	4	4	Council Resolution Quarterly report	TARGET MET	N/a – Target met	N/a – Target met
FM12		Number of Mid-year Budget and Performance Assessment report submitted	1	1	1 mid-Year Report	1	1	Council Resolution Mid-year budget and performance assessment report	TARGET MET	N/a – Target met	N/a – Target met

FM13		Number of Draft budgets to be tabled in Council by 31 March 2023	2	2	2	2	2	Council Resolution Draft Budget	TARGET MET	N/a – Target met	N/a – Target met
FM14		Number of budget related policies approved by 31 May 2023	12	12	1	1	1	Council Resolution Budget Related Policies	TARGET MET	N/a – Target met	N/a – Target met
FM15		Percentage progress on reduced percentage of AG audit queries by 31st August 2022	0	0	100%	59%	100%	Audit Action Plan	TARGET NOT MET	Some of the findings can't be resolved to 100% as there still needs to be procurement and implementation of smart meters. E.g., Findings on Estimates There are also issues of compliance that can only be resolved once the AG audit compliance matters.	The political Audit Steering committee sits every second week to deal with the issues raised by AGSA. Additionally, Managers are tracking the findings in the Audit Action Plan Portal.
FM16		Number of reports on positive cash and cash equivalent balance at year end	0	0	1	1	1	Bank Statement	TARGET MET	N/a – Target met	N/a – Target met

Financial Management											
Supply Chain Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
FM17	To practice sound and sustainable financial management personnel	Number of review Supply Chain Management policy submitted and approved by the 30th of June 2023	1	1	1	1	1	Council Resolution	TARGET MET	N/a – Target met	N/a – Target met
FM18		Number of updates of progress on audit action plan by the end of Quarter 1	0	0	1	1	0	Supply Chain Management Policy	TARGET MET	N/a – Target met	N/a – Target met
FM19		Number of supply chain management deviation reports submitted quarterly	4	4	4	4	4	Audit Action Plan	TARGET MET	N/a – Target met	N/a – Target met
FM20		Number of quarterly supply chain management contracts register updated	12	12	4	4	0	4 Deviation Reports	TARGET MET	N/a – Target met	N/a – Target met

FM21		Number of procurement plan developed and approved	1	0	1	1	1	4 Contract Register	TARGET MET	N/a – Target met	N/a – Target met
FM22		Number of reports on performance on contractors quarterly	4	1	4	3	0	Approved Procurement Plan	TARGET NOT MET	The performance officer has not been appointed yet.	SCM to arrange a meeting with PMU to discuss the progress of the projects from the start date up until the project is completed.

Financial Management											
Revenue Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
FM23	To practice sound and sustainable financial management personnel	Number of reports on billing conducted monthly	12	12	12	12	12	12 Billing Reports	TARGET MET	N/a – Target met	N/a – Target met
FM24		Percentage Implementation of valuation roll quarterly	100%	100%	100%	100%	0%	System	TARGET MET	N/a – Target met	N/a – Target met
FM25		Number of supplementary valuation roll implemented quarterly	4	1	4	4	4	Valuation Roll	TARGET MET	N/a – Target met	N/a – Target met

Financial Management											
Credit Control Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
FM26	To practice sound and sustainable financial management personnel	Percentage Progress on collection rate quarterly	65%	54%	75%	78%	70%	4 Quarterly Collection Rate Report	TARGET MET	Management embarked on Operation Patala and Kwala which led to an improved collection rate.	N/a – Target met
FM27		Number of indigent households registered quarterly	20 729	20 729	20 000	21 786	20 000	4 Registered Indigents Report	TARGET MET	Ward committee and Mayoral imbizos meetings led to an increase of indigents applications.	N/a – Target met
FM28		Number of revenue management related policies approved by the 30 June 2023	2	2	3	3	2	Council Resolution Revenue Management Related Policies	TARGET MET	N/a – Target met	N/a – Target met
FM29		Number of Revenue Enhancement Committee Meetings (Operation Patala) Monthly	4	4	12	12	0	Attendance Register / Minutes	TARGET MET	N/a – Target met	N/a – Target met

Financial Management											
Expenditure Management											
Item no		Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
FM30		Number of reports on the creditors paid within 30 days Monthly	12	0	12	12	12	Creditors Reconciliation	TARGET MET	N/a- Target met	N/a- Target met
FM31		Number of reports on the actual amount of cash on hand in terms of cash flow forecast Monthly	12	12	12	12	12	12 Cash Flow Statement	TARGET MET	N/a- Target met	N/a- Target met
FM32		Percentage of reconciled creditors Monthly	100%	100%	100%	100%	100%	Creditors Reconciliation	TARGET MET	N/a- Target met	N/a- Target met
FM33		Number of Insurance reports generated monthly and reported to council	12	12	12	12	0	12 Insurance Reports Council Resolution	TARGET MET	N/a- Target met	N/a- Target met
FM34		Number of section 32 reports submitted Monthly	12	0	12	12	12	12 Reports	TARGET MET	N/a- Target met	N/a- Target met

Financial Management											
Information Communications Technology											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
FM35	Grouping all the network Cables to protect them from damage and to hide unsightly cables from view.	Number of Assessed Reports on network performance quarterly	4	2	4	4	0	Network Report	TARGET MET	N/a – Target met	N/a – Target met
FM36	Setup a full replica of critical data from headquarters by creating a duplicate of the original business site situated in Main building in ICT with full computer systems as well as near-complete backups of user data.	Percentage work done on the installations and configuration of the Bandwidth manager devices quarterly	100%	0%	100%	80%	0	Bandwidth manager devices Report	TARGET NOT MET	No Service Provider could be identified to provide the licenses required.	A new mechanism will be deployed to replace this. The new mechanism will be to move the network monitoring and control to a centralized system, as the previous mechanism was distributed at sites

FM37	Restoring all telephone lines, the municipality	Number of emergency lines installation quarterly	5	5	36	10	0	Telephone lines Report	TARGET NOT MET	Emergency lines that could be identified are for Fire Stations, as such about 4 had been installed, there was an overestimation	This target will have to be revised after consultation with the Service Provider (i.e. even identifying the original SOW)
FM38	Replace all network switches in municipality	Percentage work done on the main router and replacement of switches quarterly	100%	0%	100%	100%	0	Switches Report	TARGET MET	Procurement of Switches is at the Service Provider identifying and appointment stage with the SCM Unit	Follow up with the SCM department as to how far the procurement process is.

KEY PERFORMANCE AREA – GOOD GOVERNANCE, TRANSPARENCY & ACCOUNTABILITY

Good Governance, Transparency and Accountability											
Communications											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
GGTA 1	Promoting good governance, transparency, and accountability	Number of communication policy approved by 31 st of May 2023	1	1	1	0	1	Council resolution Approved Policy	TARGET NOT MET	Ordinary council meetings were not held in June and July.	The policy will only be taken to council on the 29 August 2023
GGTA 2		Number of reports on press publication published per quarter	4	4	4	4	4	Newspaper articles Quarterly Reports	TARGET MET	N/a – Target met	N/a – Target met

Good Governance, Transparency and Accountability											
Performance Management Systems											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
GGTA 3	Promoting good governance, transparency, and accountability	Number of SDBIP developed and approved by the Executive Mayor by the 28th of June 2023	1	1	1	1	1	Approved SDBIP	TARGET MET	N/a – Target met	N/a – Target met
GGTA 4		Number of adjusted SDBIP developed and approved by council 28th of February 2023	1	0	1	1	1	Council minutes and Resolution Adjusted SDBIP	TARGET MET	N/a – Target met	N/a – Target met

GGTA 5		Number of performance agreements coordinated and signed by the 30th of June 2023	7	7	8	8	8	Performance Agreements	TARGET MET	N/a – Target met	N/a – Target met
GGTA 6		Number of performance assessment for Section 57 managers held per quarter	4	0	4	1	4	Report on performance appraisal	TARGET NOT MET	The unit was unable to meet its target due to the availability of other panel members	Have a plan in place and communicate the performance assessment dates on time with the panelists.
GGTA 7		Number of annual reports developed, submitted to AGSA, and tabled to council for approval by the 31st of March 2023	1	1	1	1	1	AGSA Acknowledgement and Council resolution Annual Report	TARGET MET	N/a – Target met	N/a – Target met
GGTA 8		Number of quarterly reports developed and submitted to council	4	4	4	3	4	Quarterly reports and Council resolution	TARGET NOT MET	Ordinary council meetings were not held in June and July.	Quarter 4 will be tabled to council on the 29 August 2023
GGTA 9		Number of Mid-year Budget and performance reports developed and submitted to council by the 31st of January 2023	1	1	1	1	1	Mid-year report and Council resolution	TARGET MET	N/a – Target met	N/a – Target met

GGTA 10		Number of Annual Performance Report developed and submitted to AG by the 31st of August 2022	1	1	1	1	1	Annual performance report	TARGET MET	N/a – Target met	N/a – Target met
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Good Governance, Transparency and Accountability											
Internal Audit											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
GGTA11	Promoting good governance, transparency, and accountability	Number of internal audit reports compiled quarterly	3	0	4	3	4	Final Internal Audit Reports	TARGET NOT MET	Due to capacity issues, the unit was unable to meet the target	The unit has been resourced and the strategic plan has been developed for the 23/24 FY, covering all the quarters
GGTA12		Number of Follow-up Internal Audit Reports by the 2nd and 4th quarter	0	0	2	2	4	Follow-up Internal Audit Report	TARGET MET	N/a – Target met	N/a – Target met
GGTA13		Number of internal audit findings control registers compiled quarterly	1	0	4	3	0	Audit Committee Charter Council Resolution	TARGET NOT MET	Due to capacity issues, the unit was unable to meet the target for Q1.	The unit has been resourced and the strategic plan has been developed for the 23/24
GGTA14		Number of audit committee charter approved by council by the 31st of August 2022	1	0	1	1	1	Quarterly Internal Audit Findings Register	TARGET MET	N/a – Target met	N/a – Target met

GGTA15	Internal audit charter approved by audit committee by the 31st of August 2022	1	0	1	1	1	Internal Audit Charter	TARGET MET	N/a – Target met	N/a – Target met
GGTA16	Number of internal audit strategic plan approved by audit committee by the 31st of August 2022	1	0	1	1	1	Internal Audit Strategic Plan Minutes of Audit Committee Meetings (Resolutions) Attendance Register	TARGET MET	N/a – Target met	N/a – Target met
GGTA17	Number of internal audit procedural manual approved by audit committee by the 31st of August 2022	1	0	1	1	1	Internal Audit Manual Minutes of Audit Committee Meetings (Resolutions) Attendance Register	TARGET MET	N/a – Target met	N/a – Target met
GGTA18	Number of resolution registers compiled and submitted to audit committee quarterly	1	0	4	3	0	Quarterly Submission of Audit committee Resolution register	TARGET NOT MET	The minutes were not approved by the AC and had to be rectified.	The minutes will be typed by Internal Auditors
GGTA19	Number of audit committee reports submitted to council by the 2nd,3rd and 4th quarter	1	0	3	3	0	Three (3) Audit Committee Reports Council Resolution	TARGET MET	N/a – Target met	N/a – Target met

Good Governance, Transparency and Accountability											
Risk Management											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
GGTA20	Promoting good governance, transparency, and accountability	Number of Risk Management policy approved by the 30th of June 2023	7	0	1	0	1	Risk Management Policy EXCO attendance register and minutes APRC attendance register and minutes Council Resolution	TARGET NOT MET	The Risk management policy for 2023-2024 was recommended for approval by the RM committee however the policy was only submitted to the MAYCO for noting and recommendation to the Council in June 2023.	The risk management policy will be approved in the first Council meeting of the 2023/2024 financial year.
GGTA21		Number of Risk Management Strategy approved by the 30th of June 2023	0	0	1	0	1	Risk Management Strategy EXCO attendance register and minutes APRC attendance register and minutes Council Resolution	TARGET NOT MET	The Risk management strategy was recommended for approval by the RM committee, and the policy was submitted to the MAYCO for noting and recommendation to the Council in June 2023.	The risk management strategy will be approved in the first Council meeting of the 2023/2024 financial year.
GGTA22		Number of Risk Management Implementation Plan Approved by the 30th of June 2023	0	0	1	1	1	EXCO attendance register and minutes APRC attendance register and minutes Risk Management Implementation Plan signed by the MM	TARGET MET	N/a – Target met	N/a – Target met

GGTA23		Number of Anti-Fraud and Anti-Corruption Policy approved by the 30th of June 2023	0	0	1	0	1	Anti-Fraud and Anti-Corruption Policy EXCO attendance register and minutes APRC attendance register and minutes Council Resolution	TARGET NOT MET	The Risk Management Committee resolved that the management needs to establish an internal anti-corruption committee and pave the way forward before resubmission of the revised fraud documents.	The matter will be addressed during the first quarter of the 2023-2024 financial year.
GGTA24		Number of Anti-Fraud and Anti-Corruption Strategy approved by the 30th of June 2023	0	0	1	0	1	Anti-Fraud and Anti-Corruption Strategy EXCO attendance register and minutes APRC attendance register and minutes Council Resolution	TARGET NOT MET	The Risk Management Committee resolved that the management needs to establish an internal anti-corruption committee and pave the way forward before resubmission of the revised fraud documents.	The matter will be addressed during the first quarter of the 2023-2024 financial year.
GGTA25		Number of Fraud Prevention Plan approved by the 30th of June 2023	0	0	1	0	1	EXCO attendance register and minutes APRC attendance register and minutes Fraud Prevention Plan signed by the MM	TARGET NOT MET	The Risk Management Committee resolved that the management needs to establish an internal anti-corruption committee and pave the way forward before resubmission of the revised fraud documents.	The matter will be addressed during the first quarter of the 2023-2024 financial year.
GGTA26		Number of Whistle-Blowing Policy approved by the 30th of June 2023	0	0	1	0	1	Whistle-Blowing Policy EXCO attendance register and minutes APRC attendance register and minutes Council Resolution	TARGET NOT MET	The Risk Management Committee resolved that the management needs to establish an internal anti-corruption committee and pave the way forward before resubmission of the revised fraud documents.	The matter will be addressed during the first quarter of the 2023-2024 financial year.

GGTA27		Number of Risk Assessments conducted 1st, 3rd and 4th quarter	4	0	3	3	2	Invitation Attendance registers Risk assessment reports	TARGET MET	N/a – Target met	N/a – Target met
GGTA28		Number of Risk Management Committee Charter approved by the 30th of June 2023	1	0	1	1	1	RMC charter/APRC Charter EXCO attendance register and minutes APRC attendance register and minutes Council Resolution	TARGET MET	N/a – Target met	N/a – Target met
GGTA29		Number of Risk Management Committee meetings held quarterly	0	0	4	3	4	APRC invitation/agenda APRC attendance register and minutes Quarterly Risk Management Report	TARGET NOT MET	The risk Management Committee could not sit on Q1 since the Chairperson was only appointed towards the end of Q1 (07 th September 2022) and they have not had a meeting as yet.	Risk Management Committee meetings will sit on a quarterly basis for the 2023/2024 financial year, as per the RMC charter.
GGTA30		Number of Fraud Prevention awareness campaigns conducted quarterly	0	0	4	2	2	Invitation Attendance Registers Presentations	TARGET NOT MET	The unit was unable to hold fraud prevention campaigns due to capacity issues experienced in the first and third quarters.	The matter will be addressed during the first quarter of the 2023-2024 financial year.
GGTA31		Number of Risk Registers developed and updated (Strategic, Operational, Fraud, ICT and Media) by the 30th of June 2023	4	0	5	4	5	Risk Registers EXCO attendance register and minutes APRC attendance register and minutes	TARGET NOT MET	The Media Risk register was not developed for the 2022/2023 financial year due to the unavailability of Communications managers.	The media risk register will be developed in the 2023- 2024 financial year

GGTA32		Number of progress reports against the Risk Management Implementation plan prepared quarterly	0	0	4	4	4	Risk Management Progress report EXCO attendance register and minutes APRC attendance register and minutes	TARGET MET	N/a – Target met	N/a – Target met
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KEY PERFORMANCE AREA – PUBLIC PARTICIPATION

Public Participation Office of Speaker											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
PP1	Putting people and their concern first	Number of ward plans produced by the 31st of December 2022	1	0	36	0	36	Ward plans	TARGET NOT MET	Ward Councillors and Ward Committees are still to be trained to be able to produce ward plans	Ward Councillors and Ward Committees are still to be trained to be able to produce ward plans
PP2		Number of reports on community meetings held by a ward councillor to address community programmes/developmental matters quarterly	0	0	144	89	144	Reports on community meetings held Attendance register Minutes	TARGET NOT MET	Late submission of minutes to Office of the Speaker	Provide training to Councillors on how to prepare minutes and submit to the Office of the Speaker on time
PP3		Number of reports from ward committees produced and submitted quarterly	0	0	144	140	144	Invite Attendance register Minutes Reports from ward committees produced and submitted	TARGET NOT MET	Ward Councillors failed to convene the meeting due to non-attendance	The Speaker verbally warned the Ward Councillors and made them aware that is mandatory to hold monthly meetings

Public Participation											
Office of the Executive Mayor											
Item no	Objectives	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
PP4	Putting people and their concern first	Number of bursaries awarded by the 31st of March 2023	10	0	10	0	0	Completed Application forms, short list and final list of applicants Bursary Award Letter	TARGET NOT MET	Due to financial constraints the bursaries were not awarded in Q3. The council resolved that the bursaries not to be awarded in Q3 for cost containment.	The municipality is encouraging the learners to apply for NSFAS.
PP5		Number of Executive Mayors Imbizos held quarterly	4	4	20	29	72	Invitations Attendance Registers	TARGET MET	The office had to put more focus on the actual demand of community engagement per ward and communities requested meetings & engagements with the newly elected mayor	N/a – Target met
PP6		Number of forums established or revived quarterly	0	0	8	7	0	Notices Pictures	TARGET NOT MET	Due to budget constraints	Engaging with external stakeholders to assist with reviving some of the forums
PP7		Number of recreational games for senior citizens held by the 31st of December 2022	0	0	1	0	0	Report and Pictures Attendance Register	TARGET NOT MET	The games were postponed due to Minister's visit.	In July 2023, the office held a sports day in which all individuals participated

PP8		Number of recreational games for people with disabilities held By the 31st of December 2022	0	0	1	0	0	Notices, Attendance registers, Pictures	TARGET NOT MET	The games were postponed due to Minister's visit.	In July 2023, the office held a sports day in which all individuals participated
PP9		Number of Moral Regeneration Movement established or revived quarterly	0	0	6	2	0	Notices, Attendance registers, Pictures	TARGET NOT MET	Budget constraints	Engaging with external stakeholders to assist with reviving the Moral Regeneration Movement Forums
PP10		Number of campaigns held (i.e., HIV&AIDS, Drugs & Substance abuse, Covid-19 etc.) quarterly	0	0	6	5	0	Notices, Attendance registers, Pictures	TARGET NOT MET	Budget constraints	The office is in the process of preparation, the AIDS council will also be a major stakeholder in partnership and would therefore like to induct and orientate first all awareness progress.
PP11		Number of Matjhabeng Local Municipality Arts and Culture Festival hosted by the 31st of December 2022	0	0	1	0	0	Notices, Attendance registers, Pictures	TARGET NOT MET	The festival was cancelled due to service delivery priorities.	The Office of the Mayor is to source funding/sponsorship in order to host such events
PP12		Number of choral competitions held quarterly	0	0	6	0	0	Notices, Attendance registers, Pictures	TARGET NOT MET	Budget constraints	The Office of the Mayor is to source sponsorship in order to partake in choral competitions.

PP13		Number of National Days' activities hosted (i.e., Mandela Day, Human Rights Day, Women's Day Heritage Day, Reconciliation Day, World AidsDay etc.) quarterly	0	0	7	8	5	Notices, Attendance registers, Pictures	TARGET MET	Hosted more activities in August as part of the Women's Day celebration	N/a – Target met
PP14		Number of Youth Programmes held (Including Youth Month Celebrations) quarterly	0	0	24	15	10	Notices, Attendance registers, Pictures	TARGET NOT MET	The budget was reallocated to the Imbizos as the community demanded more Imbizos than planned.	The KPI was rolled over to 2023-2024
PP15		Number of Mayoral Games held by the 31st of December 2022	0	0	1	1	0	Notices, Attendance registers, Pictures	TARGET MET	N/a- Target met	N/a – Target met
PP16		Number of 16 Days of Activism against abuse of women & children activities held	0	0	1	1	0	Notices, Attendance registers, Pictures	TARGET MET	N/a- Target met	N/a – Target met

Public Participation											
Integrated Development Plan											
Item no	Objective	Key Performance indicator	2021/2022		2022/2023		2023/2024	Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target				
PP17	Putting people and their concerns first	Number of Integrated Development Plan Review Process Plan Developed and Adopted by the 31st of August 2022	1	1	1	1	1	Adopted Integrated Development Planning Process Plan	TARGET MET	N/a- Target met	N/a – Target met
PP18		Number of Draft Integrated Development Plan Document Developed, Reviewed by the 31 st of March 2023	1	1	1	1	1	Adopted Draft Integrated Development Plan Document Council Resolution	TARGET MET	N/a – Target met	N/a – Target met
PP19		Number of Integrated Development Plan Document Developed, Adopted by the 31st of May 2023	1	1	1	1	1	Adopted Integrated Development Plan Document Council Resolution	TARGET MET	N/a – Target met	N/a – Target met

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

INTRODUCTION

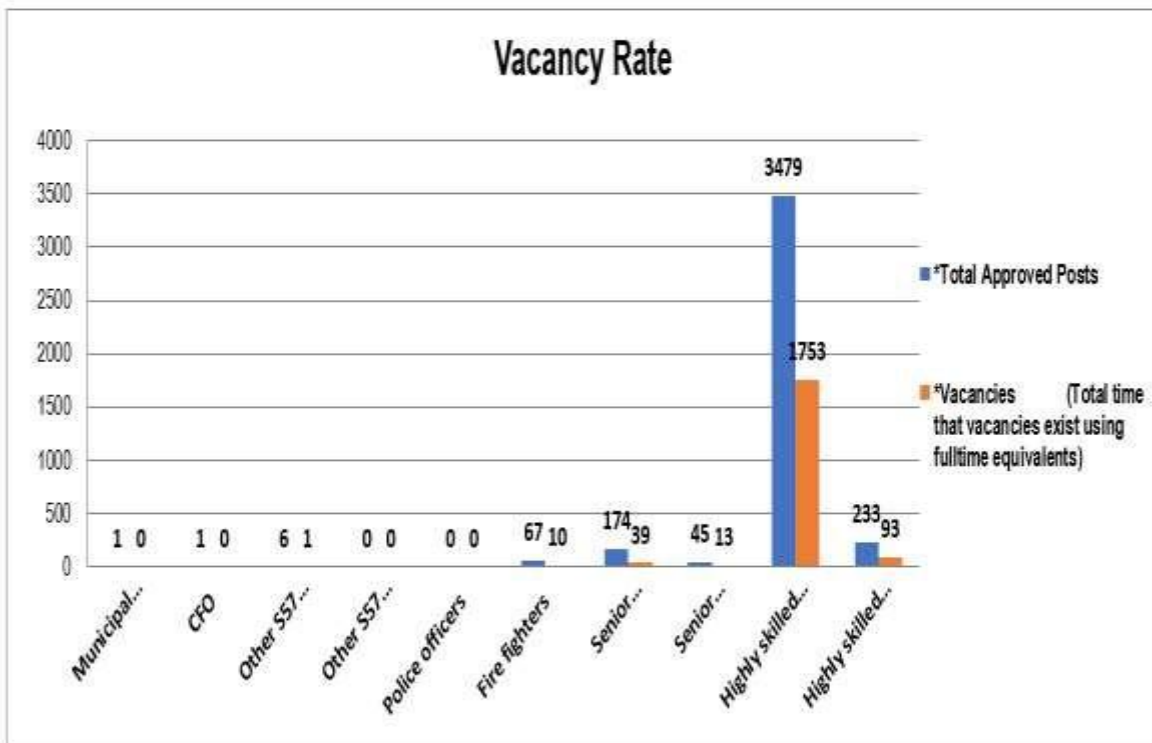
The municipality is embarking on a process of reviewing the organisational structure so that it can meet the current challenges and adhere to the legislative requirements. This process will need numerous engagements with unions, staff, and Councillors after which the Municipal Manager will approve the structure and table it to the council for notification as required by legislation. The review process as started will have to be concluded by the end of June to comply with the new staff regulations that come into effect as of the 1st of July 2022.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	2021-2022	Year 22-23			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	135	265	132	133	50%
Waste Water (Sanitation)	212	343	208	135	39%
Electricity	89	178	93	85	48%
Waste Management	293	495	285	210	42%
Housing	26	117	37	80	68%
Waste Water (Stormwater Drainage)	117	130	35	95	73%
Roads		297	70	227	76%
Transport	9	114	19	95	83%
Planning	11	18	7	11	61%
Local Economic Development	18	22	36	-14	-64%
Planning (Strategic & Regulatory)				0	
Community & Social Services	16	299	230	69	23%
Environmental Protection	2			0	
Health				0	
Security and Safety	259	622	408	214	34%
Sport and Recreation	327	739	284	455	62%
Corporate Policy Offices and Other	393	367	253	114	31%
Totals	1907	4006	2097	1909	48%

Vacancy Rate: Year 2022-2023			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0,00
CFO	1	0	0,00
Other S57 Managers (excluding Finance Posts)	6	1	16,67
Other S57 Managers (Finance posts)	0	0	
Police officers	0	0	
Fire fighters	67	10	14,93
Senior management: Levels 13-15 (excluding Finance Posts)	174	39	22,41
Senior management: Levels 13-15 (Finance posts)	45	13	28,89
Highly skilled supervision: levels 9-12 (excluding Finance	3479	1753	50,39
Highly skilled supervision: levels 9-12 (Finance posts)	233	93	39,91
Total	4006	1909	47,65



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2020-2021	36	97	4,75%
2021-2022	144	219	11,17%
2022-2023	267	121	6,35%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

The turnover rate is due to resignations as employees feel that they are overworked. In order to retain staff, the structure is currently under review, job descriptions are also being reviewed and the performance management system will also be implemented to motivate and retain staff.

In order to also attract potential candidates, the recruitment processes have also been analysed to find areas of improvement.

There is only one vacant Section 57 post – Executive Director (Infrastructure), the post was re-advertised on 27 July 2023.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The municipality has engaged the Trade Unions through the Local Labour Forum and agreed on a range of issues regarding the management of the workforce. The Human Resource manual on policies has been tabled in all governance structures. A code of conduct has been approved which guides the conduct of all employees. Employees have been workshopped on all governance policies and the municipality continues to do this occasionally.

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action			
2	Attraction and Retention			
3	Code of Conduct for employees	100%	A16/2006	27/11/2007
4	Delegations, Authorisation & Responsibility	100%	26/11/2005	25/04/2006
5	Disciplinary Code and Procedures	100%		Disciplinary Procedure Collective Agreement has been extended to 31/1/2025 as per Circular 14/2022 from SALGA.
6	Essential Services	100%		Main Collective Agreement has been extended to 30/6/2023; negotiations on amendments are still in progress
7	Employee Assistance / Wellness			
8	Employment Equity			
9	Exit Management			
10	Grievance Procedures	100%		Main Collective Agreement has been extended to 30/6/2023; negotiations on amendments are still in progress
11	HIV/Aids			
12	Human Resource and Development			
13	Information Technology			
14	Job Evaluation			
15	Leave			
16	Occupational Health and Safety			
17	Official Housing			
18	Official Journeys			
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime			
21	Organisational Rights	100%		Main Collective Agreement has been extended to 30/6/2023; negotiations on amendments are still in progress
22	Payroll Deductions			
23	Performance Management and Development	100%		Not approved, to be tabled to council 29/08/2023 (2023-2024 FY)
24	Recruitment, Selection and Appointments			
25	Remuneration Scales and Allowances	100%		Adopted on 25/11/2003
26	Resettlement			
27	Sexual Harassment	100%		Adopted on 22/7/2008.
28	Skills Development	100%		Adopted on 30/4/2002
29	Smoking			
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing			
33	Other:			

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Applicable Labour Relations Policies and Procedures have been developed as per above. Main Collective Agreement negotiations are in progress.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

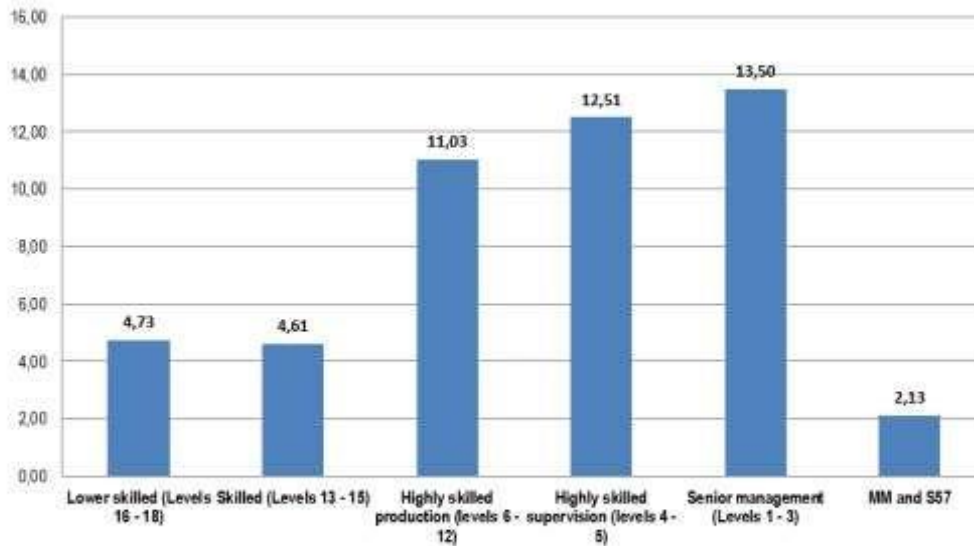
Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	1031	21	2%	206	0
Temporary total disablement					
Permanent disablement					
Fatal					
Total	1031	21	2%	206	0

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* (1/7/2022) No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 16 - 18)	5113	4%	441	1082	4,73	
Skilled (Levels 13 - 15)	309	3%	31	67	4,61	
12)	7057	6%	539	640	11,03	
Highly skilled supervision (levels 4 - 5)	713	10%	62	57	12,51	
Senior management (Levels 1 - 3)	729	4%	38	54	13,50	
MM and S57	17	6%	3	8	2,13	
Total	13938	5%	1114	1908	7,31	0

* - Number of employees in post at the beginning of the year
 *Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

Average Number of Days Sick Leave (excluding IOD)



COMMENT ON INJURY

The steps taken to reduce incidents or accidents occurrence by far are incident investigation (annexure 1 of incident reporting form to compensation fund), this investigation entails how and when the accident occurred, what were the influencing factors (e.g. negligence, unsafe work environment, unsafe work practices, insufficient/inadequate Safe protective equipment or natural disaster) then remedial actions are formulated to ensure that reoccurrence of a similar incident is prevented. It is worth noting that not all incidents were sufficiently investigated and followed up due to few OHS officials available whilst the municipal staff complement is escalating, therefore the ratio of safety officers against the Matjhabeng staff complement is insufficient. The following are the interventions taken per incident. (Will highlight only 3 of them by far)

1

- The incident of two officials at the Electrical department who got burned while working on a substation in March 2023, got medical attention, recovered, and returned to work.

STEPS TAKEN: Annexure 1 was filled, post-incident interviews were conducted, and a return to duty report was generated.

REMEDIAL ACTION: Safe working procedures to be formulated, (2) Employees to be inducted/ in-serviced on the SOPs (3) Management to ensure the appointment of Health & safety representatives and subsequently establish Health and Safety Committee.

2

- The incident of three officials working at Witpan water treatment plant who got held hostage at gunpoint for hours by copper thieves who had managed to bypass security on the 16th of May 2023. The employees were not physically harmed, they received post-traumatic therapy, recovered, and returned to duty.

STEPS TAKEN: An intervention meeting was held between the affected employees, Chief OHS, Wellness personnel, and Union representatives. After the meeting a walk-through inspection was done on-site (Witpan treatment plant) and a return to duty report was generated.

REMEDIAL ACTION: Access control to be strengthened, a backup generator to be serviced and tested regularly to ensure uninterrupted power supply even during load shedding, and employees to be provided with torches specifically head torches to avoid using cellphone flashlights as torches at night.

3

- In the incident, eleven officials working at community safety as security personnel were involved in a car accident on their way to report for duty using a municipal minibus driven by one of the officials.

STEPS TAKEN: A post-incident meeting was held between the affected officials, the Manager in community safety, Wellness personnel, and the Chief OHS. It was established that the vehicle involved was unsafe and even other cars used to transport employees are unsafe.

REMEDIAL ACTION: Community safety management to ensure that all vehicles used to fire employees are road-worthy and safe. A pre-trip checklist is to be formulated and all officials are to be informed about the checklist. Management to ensure the appointment of health and safety representatives and the establishment of a Health and Safety committee.

The Municipal Doctor is not available at Matjhabeng Municipality to monitor sick leave. Records of sick leave are kept in leave files.

COMMENTS ON SICK-LEAVE

Based on the above table on sick leave it is evident that the following levels have a high rate of sick leave. These percentages can be the cause of Psycho-Social, and work-related issues which lead to financial challenges.

Employee levels	Cause of problem	Problem Status	Remedy/ Action taken	Recommendation
MM & Section 57	Based on the table, the sick leave is at a nominal stage.	The status quo is normal as far as sick leave is concerned.	No remedial action is needed.	Encouragement on the maintenance of lower sick leave status (Door to Door Awareness Campaign).

Senior Management Level (1-3)	<p>According to the above table, the sick leave rate is high.</p> <p>Possible contributing factors: pending DC, Grievances; decision making; Lack of support; Victimization from Unions and Seniors.</p>	This is a very serious challenge that needs to be taken care of.	<p>The employee Wellness team has implemented a substance abuse in the workplace awareness campaign with managers and supervisors across various units within the municipality.</p> <p>Team buildings: Employee Wellness has embarked on a team building program in mitigation.</p>	<p>Provide executive coaching services to the senior management delegates.</p> <p>It is recommended that this level be advised to attend Management and Leadership courses that may empower them with all necessary skills.</p>
Highly skilled Supervision (4-5)	This is the next level that needs to be protected from the upper level and employees in general. They tend to be receivers of Managers and senior managers pressing pressure.	This level also needs a serious intervention, if not addressed it will surely impact negatively on production. Furthermore, it will bear more financial implications on the institution (continuous acting).	<p>One-on-one assessment/ therapeutic sessions were conducted by social workers.</p> <p>Team building in three directorates was conducted.</p>	<p>Provide executive coaching services to the senior management delegates.</p> <p>Training on supervision and management.</p>
Highly Skilled Production (6-12)	Based on the table above, it can be deduced that this level may be the reflection of the negative impact of the high percentage rate of sick leave (level 1-4).	Employees may be overburdened by the increased workload by their superiors. This causes dissatisfaction amongst employees when certain delegates are nominated for acting in positions.	We have embarked on several awareness campaigns, e.g. Financial awareness and Know Your Wellness programmes.	Conduct more awareness campaigns that address the needs of the employees as far as sick leave is concerned.
Skilled (13-15)	Sick leave at this level can be caused by the shortage of transport fees to work and lack of promotion.	Overtime and Acting allowances are the biggest instigators of this challenge.	Continuous financial awareness and life skills activities were conducted.	It is recommended that these employees be given a chance to develop in the system.

Lower Skilled level (16-18)	Based on the table above, it can be deduced that this level may be the reflection of the negative impact of the high percentage rate of sick leave. It is normal for this level to be the lowest of them all. They experience only two challenges financial and family problems. With less work challenges.	Overtime and Acting allowances are the biggest instigators of this challenge.	Continuous financial awareness and life skills activities were conducted.	Conduct more awareness campaigns that address the needs of the employees as far as sick leave is concerned. It is recommended that these employees be given a chance to develop in the system.
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SUMMARY

STEPS TAKEN TO ADDRESS SICK LEAVE AND FOLLOW-UP ACTION

- 1) Cases referred to Employee Wellness concerning sick leave were attended by Employee Wellness Social Workers. A psychosocial supportive regime was rendered through the following services:
 - Counseling Therapeutic services to address sick leave-absenteeism
 - Work-life balance skills regime
 - Re-integration to work

- 2) **AWARENESS CAMPAIGNS**

The following awareness campaigns were conducted to raise awareness among employees about wellness services including Sick Leave - Absenteeism versus Presenteeism.

- Know your Wellness
- Substance Abuse Roadshow
- Team Building Programme – Group Cohesion

- 3) **FUTURE MECHANISMS TO ADDRESS HIGH RATE OF SICK LEAVE**

- Ongoing Awareness drives to address Sick Leave to all Matjhabeng employees will take place in collaboration with HR & OHS.
- Formation of a forum comprising Wellness, Personnel, OHS & Labour Union stakeholders to identify the sick leave/leave patterns if they are co-related due to work-related issues, physical, social, and psychological issues.
- Proactive measures are to be encouraged for the Municipality's employees to be referred to Employee Wellness when early identification of a sick leave pattern is noted.

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
Senior Manager Legal Services and Labour Relations	The allegation of misconduct was not specified in the suspension letter	27/7/2022	An employee approached the High Court. On 23/8/2022 the High Court ruled that the suspension of the Applicant by the Respondent on 27/7/2022 is declared to be illegal, unlawful, and <i>void ab initio</i> . The Respondent is interdicted from taking any further disciplinary steps/actions without following appropriate processes	23/8/2022 as per High Court Order
Manager PMU	Poor spending of MIG project funding constituting poor performance; submission of MIG Implementation plan by due date	26/9/2022; 26/12/2022 suspension was extended; 26/3/2023 suspension was uplifted	Disciplinary action was instituted. Disciplinary hearing pending	Pending
General Workersx4; Artisan Aidx2	The alleged theft of electrical cables at 49 Nyala Street, Doorn Welkom	16/11/2022; 16/2 suspension lapsed; 8/3/2022 suspension uplifted but employees suspended again, criminal case was registered with SAPS	Disciplinary action was instituted. Disciplinary hearing pending	Pending
Senior Manager Public Safety and Transport	Sexual Harassment	16/11/2022; 20/3 suspension extended, memo to MM's office to approve upliftment of suspension as the 6 months have been exhausted in terms of the DPCA	Disciplinary action was instituted. Disciplinary hearing pending	Pending
Superintendent Investigations	Failure to disclose that there was a criminal case against him when he applied for the position of Superintendent at the Municipality	8/11/2022; 29/3/2022 suspension extended; memo to MM's office to approve the upliftment of suspension as the 6 months have been exhausted in terms of the DCPA	Disciplinary action was instituted. Disciplinary hearing pending	Pending

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
General Workersx4; Artisan Aidx2	The alleged theft of electrical cables at 49 Nyala Street, Doorn Welkom - R30 000	Disciplinary hearing scheduled	Pending
Cashier	The alleged theft of R300 from a member of the public	A disciplinary hearing has been approved	Pending
1x cashier, 1x general worker	Alleged gross dishonesty relating to money that was handed to the employees where it is believed that they took money for personal gain. R1800-00	A disciplinary hearing has been approved	Pending
1x Snr Manager Fleet 1x Snr/Chief Admin Officer 1x PA to MM 1x Snr Chief/Admin Officer 1xSnr Chief Accountant	Accepted irregular appointments whilst aware that proper procedures were not followed.	Disciplinary action was instituted. The matter was before the PO to argue on legal representation as the Employer appointed Qwelane Attorneys to represent the Municipality. PO made a ruling to allow legal representation based on the complexity of the matter. Union took the matter on review. Messrs Qwelane Theron opposed the review application. Messrs Qwelane is of the view that Union dragging the matter. DC is to be set down	Pending

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

Suspensions General Workers, SMPS&T, Superintendent Investigations lapsed. Awaiting instructions from MM regarding the upliftment of suspensions.

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

In 2022/2023, the municipality did not reward performance.

Chapter 4 (performance management and development system) of the Municipal Staff Regulation is effective from 1 July 2023.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality has HRD Policy that is aligned with MSA (Staff Regulations), the HRD policy has been developed to ensure capacity building in the municipality.

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2023	Number of skilled employees required and actual as at 30 June 2023											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year 2021/2022	Actual: End of Year 2022/2023	Year 2022/2023 Target	Actual: End of Year 2021/2022	Actual: End of Year 2022/2023	Year 2022/2023 Target	Actual: End of Year 2021/2022	Actual: End of Year 2022/2023	Year 2022/2023 Target	Actual: End of Year 2021/2022	Actual: End of Year 2022/2023
MM and s57	Female	2	2	0	0	0	0	0	0	0	0	2	0	2
	Male	2	2	0	2	0	2	2	0	0	0	2	2	2
Councillors, senior officials and managers	Female	41	3	3	3	0	5	13	11	10	27	14	18	43
	Male	79	5	4	4	0	13	5	26	24	45	31	41	54
Technicians and associate	Female	64	5	1	1	3	4	12	4	0	0	12	5	13
	Male	68	1	2	2	4	5	29	7	0	0	12	7	31
Professionals	Female	17	2	2	2	4	3	27	4	0	0	10	5	29
	Male	39	7	7	7	19	19	53	3	0	0	29	26	60
Sub total	Female	124	11	6	8	7	12	54	19	10	27	37	28	89
	Male	188	16	13	18	23	40	92	36	24	45	75	76	155
Total		312	27	19	26	30	52	146	55	34	72	112	104	244

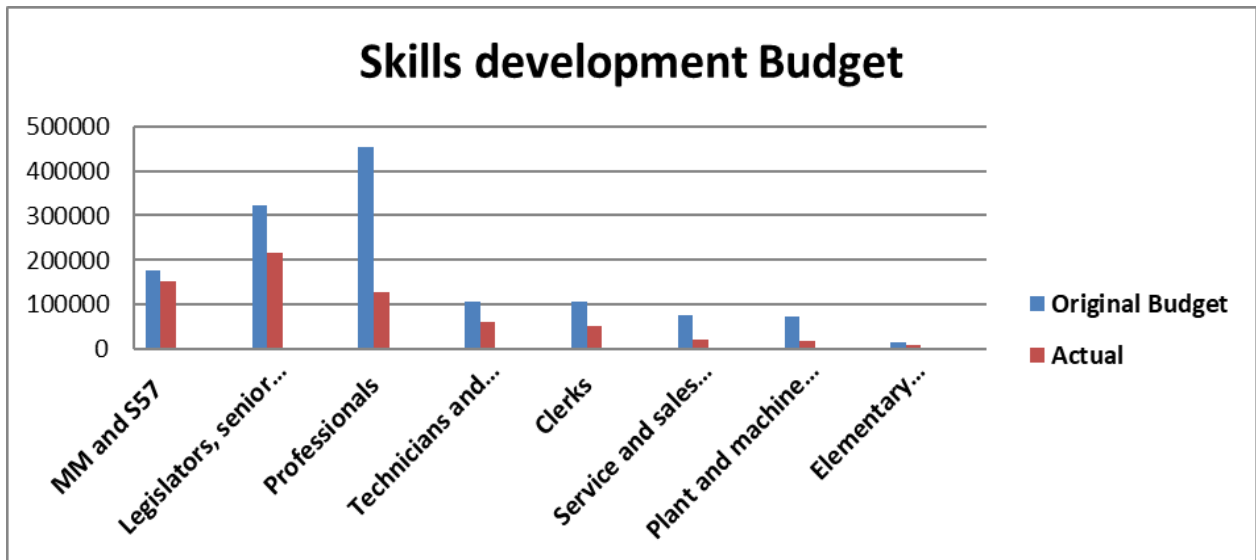
*Registered with professional Associate Body e.g CA (SA) T 4.5.1

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	2	0	2	2	2	2
Any other financial officials	27	0	27	24	0	24
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	31	0	31	28	4	28

* This is a statutory report under the National Treasury, Local Government, MFMA Competency Regulations (June 2007)

T 4.5.2

Skills Development Expenditure				
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development	
			Total	
		No.	Original Budget	Actual
MM and S57	Female	2	R176 500,00	R151 114,00
	Male	2		
Legislators, senior officials and managers	Female	4	R322 484,00	R217 642,00
	Male	11		
Professionals	Female	8	R453 302,00	R129 613,00
	Male	15		
Technicians and associate professionals	Female	0	R105 360,00	R62 098,00
	Male	1		
Clerks	Female	15	R107 404,00	R52 137,00
	Male	14		
Service and sales workers	Female	3	R77 790,00	R21 842,00
	Male	8		
Plant and machine operators and assemblers	Female	0	R72 281,00	R19 215,00
	Male	4		
Elementary occupations	Female	1	R14 626,00	R9 142,00
	Male	14		
Sub total	Female	34		
	Male	69		
Total		103	R 1 153 247,00	R511 689,00



COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

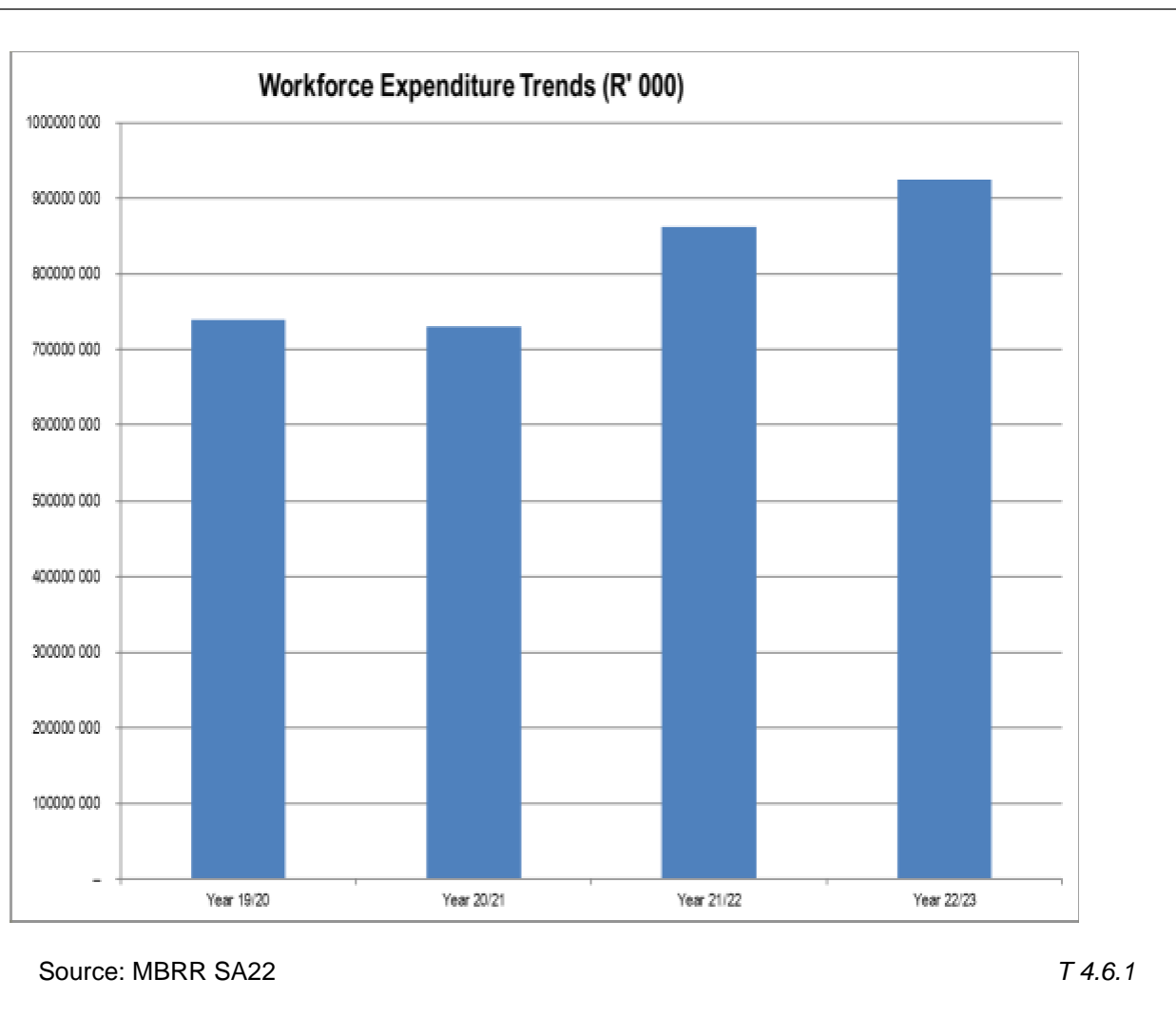
Budgeting is not done at the management level. Implementation is to be improved through the appointment of a Panel of Skills Development Providers.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

It's important to ensure that employees are aligned with the municipality's vision. It cuts costs and improves productivity. Vacant posts which are on the approved establishment are being budgeted for. The municipality obtains value for money by being compliant with applicable legislation by also tracking attendance registers and all overtime worked.

4.6 EMPLOYEE EXPENDITURE



Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
Political Office	5/4	01/06/2023	1	After careful consideration of the need for the coordination of investment in the municipality. This need also emanated from the Investment Summit which called for an appointment of an Investment Coordinator and Facilitator for efficient effective, and sustainable marketing of the municipality to the international community. This led to the appointment of an incumbent whose duties are to market and liaise with the global community.
Community Services	3	15/05/2023	1	Due to the growing population and demands of the community of Matjhabeng, the municipal manager deemed it fit to increase the scope of waste management by adding another leg of waste management to cope with the inundated demand for the collection of solid waste. The division was then divided into two, East and West to manage the overwhelming challenge hence the appointment of Manager: Waste Management.
Infrastructure	2	03/01/2023	2	The post of Manager: Integrated Engineer was created to design electronic software and help in the reconfiguration of the electricity regime in the municipality. An amended structure to this effect was signed off by the former Municipal Manager in 2022.

DISCLOSURES OF FINANCIAL INTERESTS

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in **Appendix J**.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of four components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Cash Flow Management and Investment
- Component D: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Note: Statements of Revenue Collection Performance by vote and by source are included in **Appendix K**.

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description R thousands	Year 22/23						Year 21/22								
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustment s budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	440,185	-	440,185	-		440,185	410,716,551		29,469	93%	93%				443,993
Service charges	1,723,844	-	1,723,844	-		1,723,844	1,380,167,686		343,676	80%	80%				1,350,662
Investment revenue	4,595	-	4,595	-		4,595	10,318		(5,724)	225%	225%				10,318
Transfers recognised - operational	636,814	-	636,814	-		636,814	638,536		(1,722)	100%	100%				571,343
Other own revenue	872,469	-	872,231	-		872,231	636,074,509		236,156	73%	73%				507,447
Total Revenue (excluding capital transfers and contributions)	3,677,907		3,677,669			3,677,669	3,075,813		601,856						2,883,763
Employee costs	906,572		936,245			936,245	986,888		(50,643)	105%	109%				866,689
Remuneration of councillors	39,972		11,042			11,042	35,639		(24,597)	323%	89%				33,687
Depreciation & asset impairment	100,000		80,621			80,621	230,685		(150,064)	286%	231%				230,005
Finance charges	109,579		35,228			35,228	334,356		(299,128)	949%	305%				173,475
Materials and bulk purchases	1,463,080		1,380,439			1,380,439	1,250,446,211		129,993	91%	85%				1,251,709
Transfers and grants	828		753			753	765,139		(764,386)	101550%	92436%				670,606
Other expenditure	1,057,415		1,137,018			1,137,018	780,047		356,971	69%	74%				909,463
Total Expenditure	3,677,446		3,581,347			3,581,347	4,383,200		(801,853)	122%	119%				4,135,634
Total Expenditure	3,677,446		3,581,347			3,581,347	4,383,200	-	(801,853)	122%	119%				4,135,634
Surplus/(Deficit)	461	-	96,322			96,322	(1,307,387)		1,403,709						(1,251,871)
Transfers recognised - capital	166,810		282,756			282,756	191,708		91,048	68%	115%				85,083
Contributions recognised - capital & contributed assets			-			-	-			0%	0%				-
Surplus/(Deficit) after capital transfers & contributions	167,271	-	379,078			379,078	(1,115,680)		1,494,758	-294%	-667%				(1,166,788)
Share of surplus/ (deficit) of associate	-	-	-			-	-			0%	0%				-
Surplus/(Deficit) for the year	167,271	-	379,078			379,078	(1,115,680)		1,494,758	-294%	-667%				(1,166,788)

Financial Performance of Operational Services						
						R '000
Description	Year 21/22	Year 22/23			Year 22/23 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	898,732	1,263,849	873,800	921,274	-37.18%	5.15%
Waste Water (Sanitation)	343,269	266,897	222,879	296,446	9.97%	24.82%
Electricity	1,107,892	761,937	1,065,114	1,115,150	31.67%	4.49%
Waste Management	289,502	184,460	133,057	204,149	9.64%	34.82%
Housing	21,204	22,996	23,793	21,150	-8.73%	-12.50%
Component A: sub-total	2,660,598	2,500,138	2,318,644	2,558,169	2.27%	9.36%
Waste Water (Stormwater Drainage)					0.00%	0.00%
Roads	147,747	52,865	66,300	127,073	58.40%	47.83%
Transport	-	-	-	-	0.00%	0.00%
Component B: sub-total	147,747	52,865	66,300	127,073	58.40%	47.83%
Planning	38,488	79,328	75,442	45,968	-72.57%	-64.12%
Local Economic Development					0.00%	0.00%
Component B: sub-total	38,488	79,328	75,442	45,968	-72.57%	-64.12%
Planning (Strategic & Regulatory)	-	-	-	-	0.00%	0.00%
Local Economic Development	-	-	-	-	0.00%	0.00%
Component C: sub-total	-	-	-	-	0.00%	0.00%
Community & Social Services	103,426	159,566	123,578	107,723	-48.13%	-14.72%
Environmental Protection					0.00%	0.00%
Health	10,248	17,205	11,666	10,220	-68.34%	-14.15%
Security and Safety	100,523	113,837	104,192	101,800	-11.82%	-2.35%
Sport and Recreation	66,626	85,429	75,107	57,708	-48.04%	-30.15%
Corporate Policy Offices and Other	965,507	669,078	806,417	1,281,670	47.80%	37.08%
Component D: sub-total	1,246,329	1,045,114	1,120,961	1,559,122	32.97%	28.10%
Total Expenditure	4,093,163	3,677,446	3,581,347	4,290,332	14.29%	16.53%

5.2 GRANTS

Grant Performance						
Description	R' 000					
	Year 21/22	Year 22/23			Year 22/23 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	669,236	803,624	852,424	765,139		
Equitable share	561,610,705	628,523,000	628,523,000	628,523,500	0.00%	0.00%
Expanded Public Works Programme Integrated Grant (EPWP)	2,964,000	5,191,000	5,191,000	5,191,000	0.00%	0.00%
Local Government Financial Management Grant (FMG)	3,100,000	3,100,000	3,100,000	3,100,000	0.00%	0.00%
Municipal Disaster Relief Grant					0.00%	0.00%
Integrated National Electrification Programme Grant (INEP)		4,380,000	4,380,000	3082475.23	29.62%	42.09%
Municipal Infrastructure Grant (MIG)	84,263,537	136,630,000	185,430,000	114,627,938	16.10%	61.77%
Water Services Infrastructure Grant (WSIG)	15,000,000	25,800,000	25,800,000	8,893,526	65.53%	190.10%
Sector Education and Training Authority (SETA)				1,721,058	0.00%	-100.00%
Energy Efficiency and Demand Side Management Program (EEDG)	2,297,451				0.00%	0.00%
Provincial Government:	-	-	-	-		
Health subsidy	-	-	-	-	0.00%	0.00%
Housing	-	-	-	-	0.00%	0.00%
Ambulance subsidy	-	-	-	-	0.00%	0.00%
Sports and Recreation	-	-	-	-	0.00%	0.00%
Human Settlement	-	-	-	-	0.00%	0.00%
District Municipality:	-	-	-	-		
Other grant providers:	44,552	-	-	-		
	44,552					
Total Operating Transfers and Grants	713,788	803,624	852,424	765,139		
<p><i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i></p>						
						T 5.2.1

INTRODUCTION TO ASSET MANAGEMENT

The municipality has a Finance Department which is responsible for Asset Control. The Finance Department- Asset Control

- (a) Shall ensure that complete records of asset items are kept, verified, and balanced regularly,
- (b) Shall ensure that all departments are doing annual asset verification. The results of this verification must be reported to the Municipal Manager or Council.
- (c) Shall ensure that the Asset Register is balanced annually with the general ledger and the financial statements.
- (d) Shall ensure adequate bar codes and equipment to exercise the function relating to asset control are available at all times.
- (e) Provide the Auditor-General or his personnel, on request, with financial records relating to assets belonging to the Council as recorded in the Asset Register.
- (f) Ensure that all audit queries are resolved promptly.

A municipality may alienate any other capital asset but provided.

- (a) The council, in a meeting open to the public, has first determined that the asset is not required to provide a minimum level of basic municipal services, and
- (b) The council has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

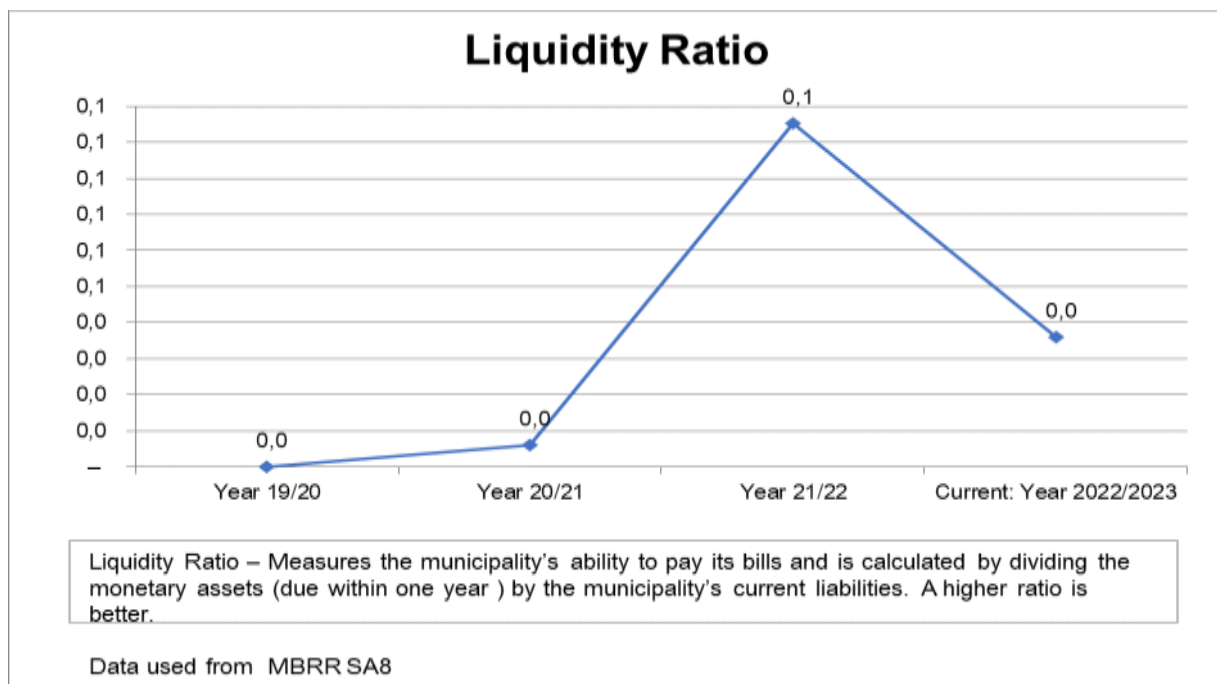
TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2019/20					'000
Asset 1					
Name	REAFURBISHMENT OF THERONIA WWTW				
Description	WASTE WATER TREATMENT PLANT				
Asset Type	INFRASTRUCTURE ASSET - SEWERAGE				
Key Staff Involved	PROJECT MANAGEMENT UNIT SECTION				
Staff Responsibilities	PROJECT MANAGEMENT AND MONITORING OF PROJECT PROGRESS				
Asset Value	Year 19/20	Year 20/21	Year 21/22	Year 22/23	
	-	4,221	27,648	51 205	
Capital Implications	N/A				
Future Purpose of Asset	SERVICE DELIVERY				
Describe Key Issues	N/A				
Policies in Place to Manage Asset	MATJHABENG LM – ASSET MANAGEMENT POLICY				
Asset 2					
Name	REAFURBISHMENT OF NYAKALLONG WWTW				
Description	WASTE WATER TREATMENT PLANT				
Asset Type	INFRASTRUCTURE ASSET - SEWERAGE				
Key Staff Involved	PROJECT MANAGEMENT UNIT SECTION				
Staff Responsibilities	PROJECT MANAGEMENT AND MONITORING OF PROJECT PROGRESS				
Asset Value	Year 19/20	Year 20/21	Year 21/22	Year 22/23	
	17,735	30 694	37 204	37 534	
Capital Implications	N/A				
Future Purpose of Asset	SERVICE DELIVERY				
Describe Key Issues	N/A				
Policies in Place to Manage Asset	MATJHABENG LM – ASSET MANAGEMENT POLICY				
Asset 3					
Name	CONSTRUCTION OF MMAMAHABANE CEMETARY				
Description	FENCING, PAVED ROAD, HIGHMAST LIGHT AND TOILETS				
Asset Type	INFRASTRUCTURE ASSET – COMMUNITY SERVICE				
Key Staff Involved	PROJECT MANAGEMENT UNIT				
Staff Responsibilities	PROJECT MANAGEMENT AND MONITORING OF PROJECT PROGRESS				
Asset Value	Year 19/20	Year 20/21	Year 21/22	Year 22/23	
	-	2 595	6 649	29 715	
Capital Implications	N/A				
Future Purpose of Asset	SERVICE DELIVERY				
Describe Key Issues	N/A				
Policies in Place to Manage Asset	MATJHABENG LM – ASSET MANAGEMENT POLICY				
				T 5.3.2	

COMMENT ON ASSET MANAGEMENT:

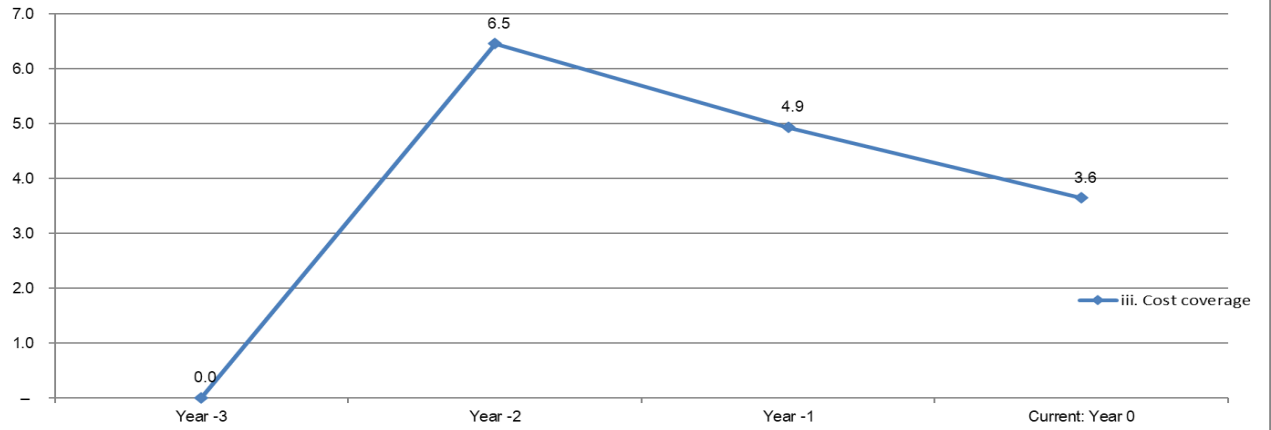
Financial data regarding asset management is sourced from MBRR Table A9

Repair and Maintenance Expenditure: Year 22/23				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	302,693,771	189,194,840	40,239,911	86.71%
<i>T 5.3.4</i>				

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



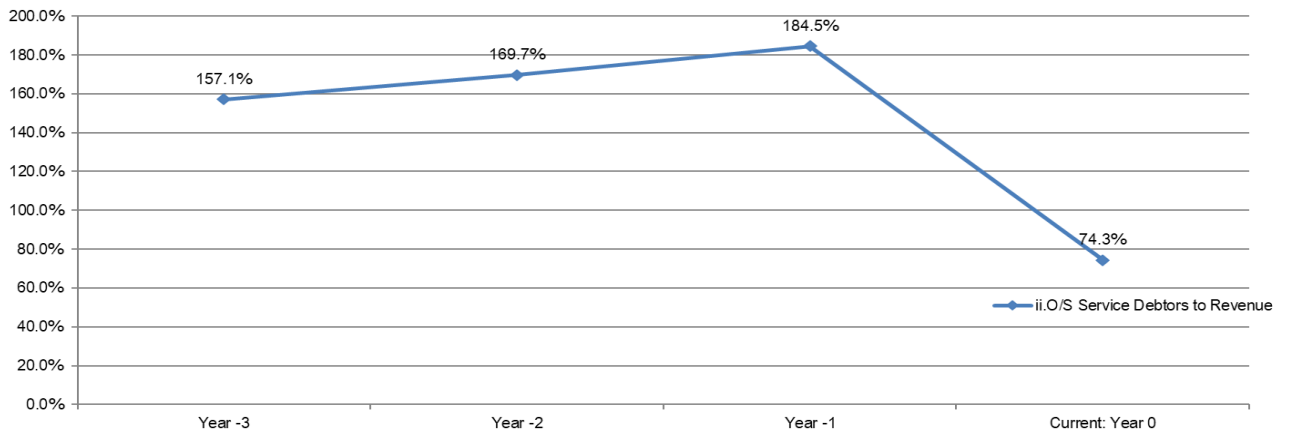
Cost Coverage



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

Data used from MBRR SA8

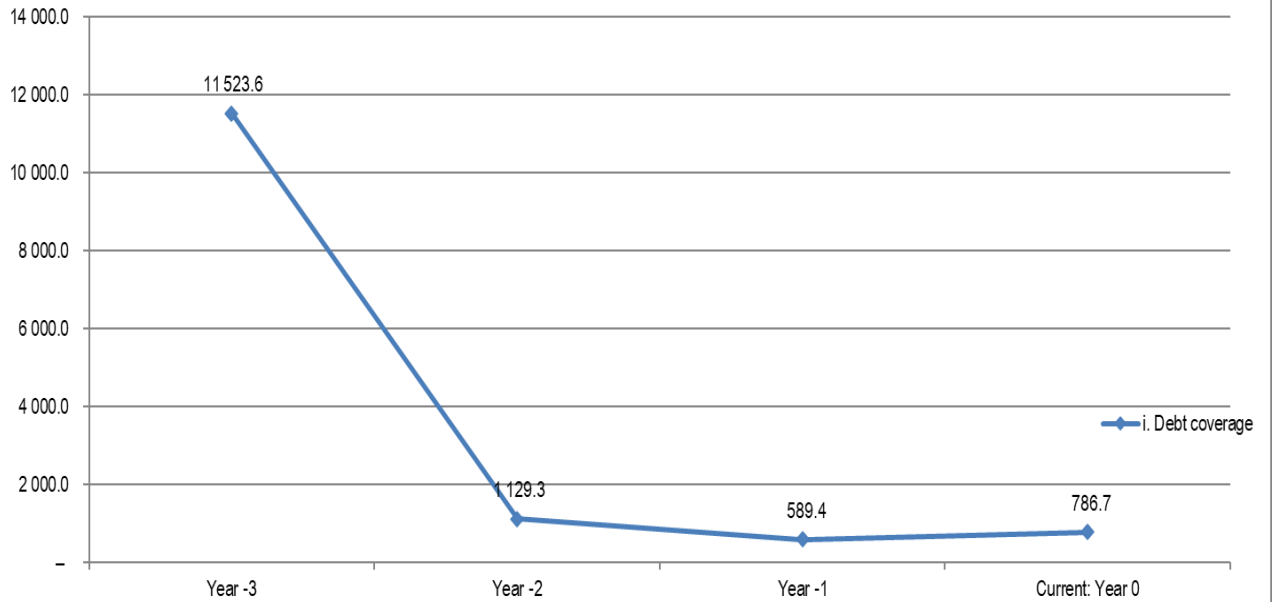
Total Outstanding Service Debtors



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

Data used from MBRR SA8

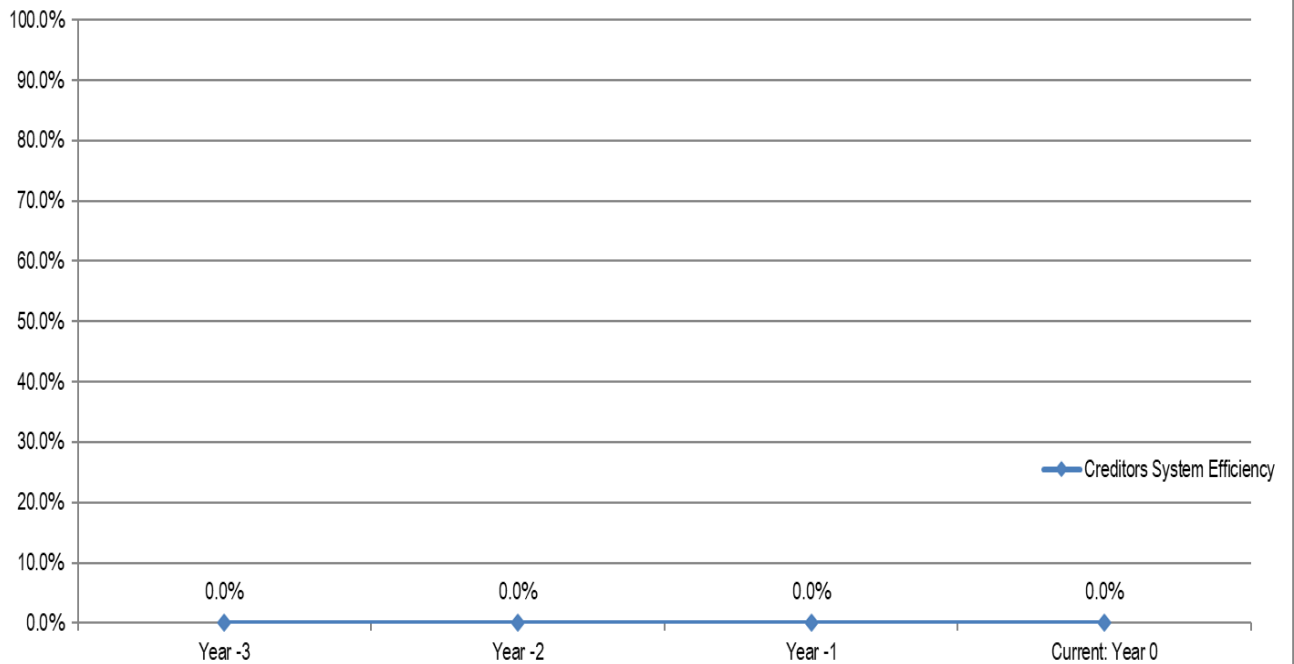
Debt Coverage



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

Data used from MBRR SA8

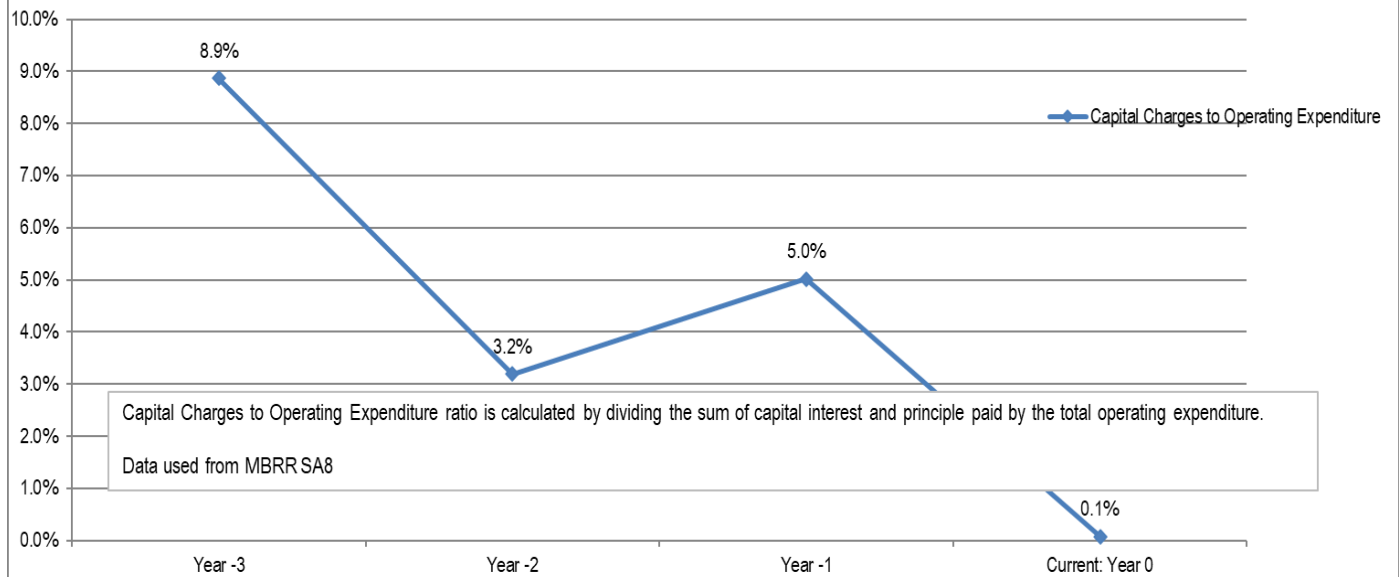
Creditors System Efficiency



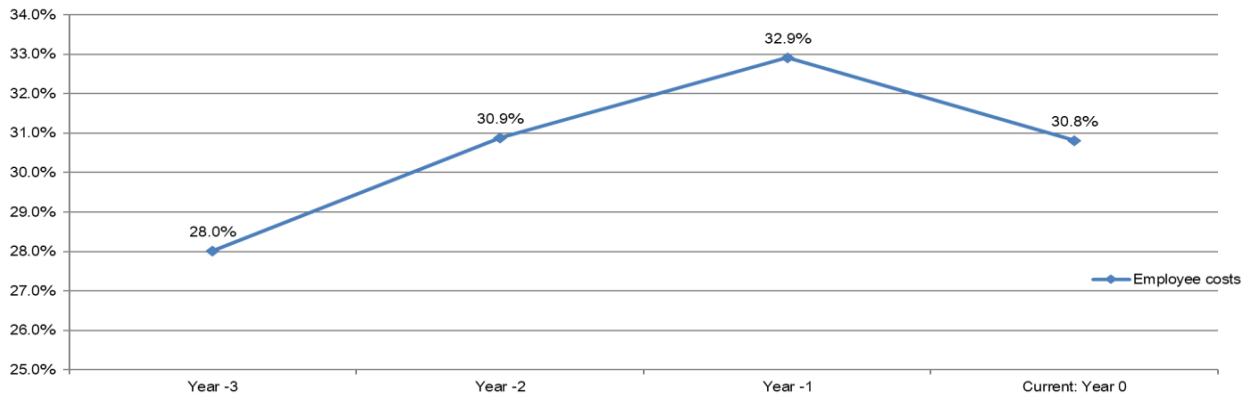
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

Capital Charges to Operating Expenditure

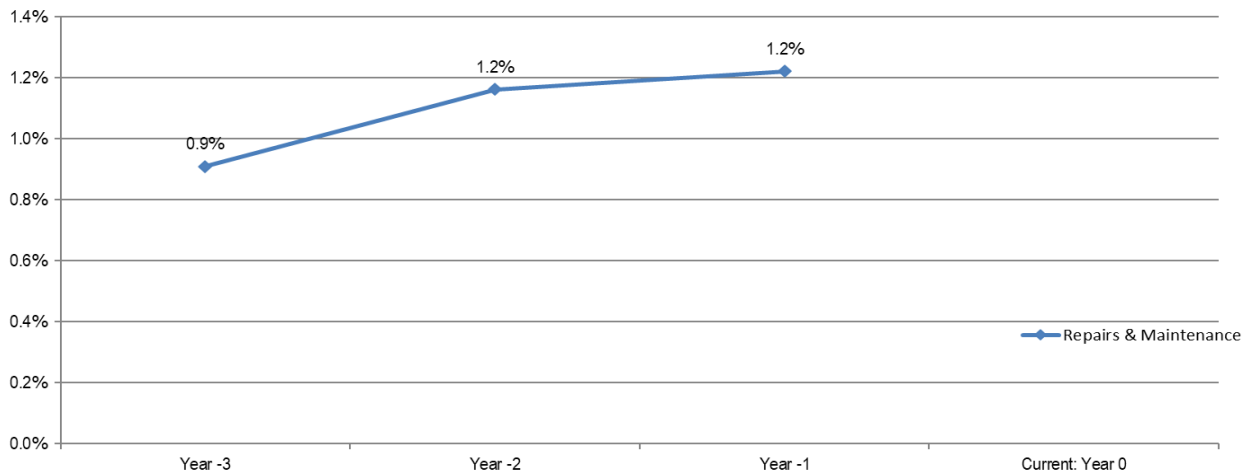


Employee Costs



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

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.
Data used from MBRR SA8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

Capital Expenditure - Funding Sources: Year 21/22 to Year 22/23							
R' 000							
Details		Year 21/22	Year 22/23				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	0	0	0	0	0.00%	0.00%
	Public contributions and donations	0	0	0	0	0.00%	0.00%
	Grants and subsidies	825,408,938	803,624,000	919,570,000	760,861,397	14.43%	-5.32%
	Other	0	0	0	0	0.00%	0.00%
Total		825408938	803624000	919570000	760861397	14.43%	-5.32%
<i>Percentage of finance</i>							
	External loans	0.0%	0.0%	0.0%	0.0%	0.00%	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.00%	0.0%
	Grants and subsidies	100.0%	100.0%	100.0%	100.0%	0.00%	100.0%
	Other	0.0%	0.0%	0.0%	0.0%	0.00%	0.0%
Capital expenditure							
	Water and sanitation	64606834	132,577,142	188,550,373	100,787,173	42.22%	-23.98%
	Electricity	1873869	4,380,000	11,727,377	6,541,064	167.75%	49.34%
	Housing	0	0	393002	130400	0.00%	0.00%
	Roads and storm water	17610127	0	69,222,599	9,848,008.42	69222599	0
	Other	71,787,325	39,851,858	151,080,797	123,580,739	279.11%	210.10%
Total		155878155	176,809,000	420,974,148	240,887,385	6922260389.07%	235.46%
<i>Percentage of expenditure</i>							
	Water and sanitation	41.4%	75.0%	44.8%	41.8%	0.00%	-0.101836172
	Electricity	1.2%	2.5%	2.8%	2.7%	0.00%	0.209543491
	Housing	0.0%	0.0%	0.1%	0.1%	0.00%	0.0%
	Roads and storm water	11.3%	0.0%	16.4%	4.1%	0.00%	0.0%
	Other	46.1%	22.5%	35.9%	51.3%	0.00%	89.2%

5.6 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 22/23			Variance: Current Year 22/23	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
NYAKALLONG CONSTRUCTION OF 3KM ROADS	20,674,193	20,674,193	7,866,120	62%	0%
MMAMAHABANE CONSTRUCTION OF 3KM ROADS	29,252,222	29,252,222	3,400,493	88%	0%
RFURB: THABONG WWTISP: INCEP;CONC&VBLTY	39,727,676	39,727,676	39,727,675	0%	0%
SPECIALISED VEHICLES WASTE MANAGEMENT	16,625,699	16,625,699	15,544,081	7%	0%
KUTLWANONG CONSTRUCTION OF 3KM ROADS	12,626,523	12,626,523	4,330,032	66%	0%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A	NYAKALLONG CONSTRUCTION OF 3KM ROADS				
Objective of Project	FIXING THE ROAD				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - B	MMAMAHABANE CONSTRUCTION OF 3KM ROADS				
Objective of Project	FIXING THE ROAD				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - C	RFURB: THABONG WWTISP: INCEP;CONC&VBLTY				
Objective of Project	FIXING THE ROAD				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - D	SPECIALISED VEHICLES WASTE MANAGEMENT				
Objective of Project	SOLID WASTE DISPOSAL				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - E	KUTLWANONG CONSTRUCTION OF 3KM ROADS				
Objective of Project	FIXING THE ROAD				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				

Municipal Infrastructure Grant (MIG)* Expenditure Year 22/23 on Service backlogs						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport	-	69,222,599.00	17,119,297.02	0%	0%	
<i>Roads, Pavements & Bridges</i>	-	64,889,091	17,009,312	0%	0%	
<i>Storm water</i>	-	4,333,508	109,985			
Infrastructure - Electricity	4,380,000.00	11,727,377.00	6,541,064.20	-49%	-49%	
<i>Transmission & Reticulation</i>	4,380,000	11,727,377	6,541,064	-49%	-49%	
Infrastructure - Water	10,802,998.00	20,351,291.00	7,422,950.32	31%	31%	
<i>Reticulation</i>	10,802,998	20,351,291	7,422,950	31%	31%	
Infrastructure - Sanitation	121,774,144.00	168,199,082.00	87,010,012.44	29%	29%	
<i>Reticulation</i>	27,691,255	26,160,475	22,083,268	20%	20%	
<i>Sewerage purification</i>	94,082,889	142,038,607	64,926,744	31%	31%	
Infrastructure - Other	23,703,551.00	925,729.00	-	100%	100%	
<i>Waste Management</i>	23,703,551.00	925,729.00	-	100%	100%	
<i>Transportation</i>						
<i>Gas</i>						
Other :	16,148,307.00	150,548,070.00	122,794,061.19	-660%	-660%	
Total	176,809,000.00	420,974,148.00	240,887,385.17	-36%	-36%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash Flow Outcomes				
R'000				
Description	Year 21/22	Current: Year 22/23		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts	1,439,544	3,026,184	3,142,130	1,844,435
Ratepayers and other	1,282,987	2,217,940	2,217,940	1,041,021
Government - operating	21,064	641,194	641,194	638,536
Government - capital	133,069	162,430	278,376	154,560
Interest	2,390	4,595	4,595	10,318
Dividends	34	26	26	
Payments	553,071	2,341,103	2,341,103	1,732,468
Suppliers and employees	553,071	2,341,103	2,341,103	1,732,467
Finance charges	–			1
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	886,473	685,081	801,027	111,967
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	63,600	63,600	–
Decrease (Increase) in non-current debtors	–			41
Decrease (increase) other non-current receivables		464	464	–
Decrease (increase) in non-current investments		323	323	–
Payments				
Capital assets	(113,878)	(176,809)	(348,814)	(184,569)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(113,878)	(112,422)	(284,427)	(184,528)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–			
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	64,292	89,749	89,749	
Employee benefit obligation payments				
Payments				
Repayment of borrowing		–		
NET CASH FROM/(USED) FINANCING ACTIVITIES	64,292	89,749	89,749	–
NET INCREASE/ (DECREASE) IN CASH HELD	836,887	662,408	606,349	(72,561)
Cash/cash equivalents at the year begin:	65,219			198,251
Cash/cash equivalents at the year end:	902,106	662,408	606,349	125,689
Source: MBRR A7				T 5.9.1

Municipal and Entity Investments			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	64 292 000	129 368 024	114 442 659
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	64 292 000	129 368 024	114 442 659
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	64 292 000	129 368 024	114 442 659
			<i>T 5.10.4</i>

COMPONENT D: OTHER FINANCIAL MATTERS

GRAP COMPLIANCE

The municipality has successfully complied with the GRAP Standard in 2022/2023.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2021/2022

6.1 AUDITOR GENERAL REPORTS YEAR 2021/2022 (PREVIOUS YEAR)

Report on the audit of the financial statements is a Qualified Opinion

Auditor-General Report on Financial Performance: Year 2021/2022	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
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, and disclosure items, identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.	Monthly GL reviews are conducted, wherein assertions are tested.
Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	Measures are being taken to maximize the collection of revenue (Operation Patala) as well as the monitoring of the payment of suppliers to aid in the 30-day compliance.
An adequate management, accounting, and information system was not in place which recognized expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.	Monthly GL reviews are conducted, wherein assertions are tested.
Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R307 922 701, as disclosed in note 50, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulations.	MPAC is currently underway as scheduled to investigate UIFW matters.
Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R180 736 297, as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest paid due to late payment of suppliers.	MPAC is currently underway as scheduled to investigate UIFW matters.
Reasonable steps were not taken to prevent unauthorised expenditure amounting to R1 474 880 000, as disclosed in note 48 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 the approved budget.	MPAC is currently underway as scheduled to investigate UIFW matters.

An effective system of internal control for revenue and debtors was not in place, as required by section 64(2)(f) of the MFMA.	Have weekly internal audit meetings to discuss revenue challenges and find ways to remedy these challenges.
Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as bid documents were not submitted. A similar limitation was also reported in the prior year.	Management has implemented measures to ensure that supporting documentation is available within the required amount of time. The following measures are currently underway: - Document audit of supporting documentation. - Accounting services have been dedicated to assist in ensuring that supporting documentation is provided to the auditors within the required amount of time.
Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service (Sars) to be in order, in contravention of SCM regulation 43. A similar non-compliance was also reported in the prior year	Bidder tax compliance status is being checked and printed before awards are made.
The preference point system was not applied to the procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000.	The preference Points System is being applied for goods or services above R30k, the department has appointed more personnel to ensure that the awards follow a proper SCM process.
Sufficient appropriate audit evidence could not be obtained for commodities designated for local content and production that invitations to tender for procurement stipulated the minimum threshold, such commodities were procured from suppliers who submitted a declaration and who met the prescribed minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulations 8(2) and 8(5). A similar limitation was also reported in the prior year.	Management has implemented measures to ensure that supporting documentation is available within the required amount of time. The following measures are currently underway: - Document audit of supporting documentation. - Accounting services have been dedicated to assist in ensuring that supporting documentation is provided to the auditors within the required amount of time.
Some of the 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.	MPAC is currently underway as scheduled to investigate UIFW matters.
Irregular 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.	MPAC is currently underway as scheduled to investigate UIFW matters.
Some of the 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.	MPAC is currently underway as scheduled to investigate UIFW matters.
An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.	Accounting Services has conducted asset verifications and is updating the registers regularly.
An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.	Accounting Services has conducted asset verifications and is updating the registers regularly.

Auditor-General Report on Service Delivery Performance: Year 2021/2022

Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
The local community was not invited to submit representations in connection with the 2020-21 annual report, as required by section 127(5)(a)(ii) of the MFMA.	A Public Notice on the adoption of the Annual Report has been published in the Local Newspaper (Free State Sun, The Weekly, and Vista). The Newspapers will be available on 23 February 2023. The Public Notice invites the Local Community to comment on the Annual Report. The Public will have from 23 February to 24 March 2023 to submit their comments to MM.
The council failed to adopt an oversight report containing the council's comments on the 2020-21 annual report, as required by section 129(1) of the MFMA.	MPAC has deployed different managers to be part of MPAC meetings when evaluating the Annual Report to evaluate the AR on time and submit the Oversight Report within the legislated timeframes.
The oversight report adopted by the council on the 2020-21 annual report was not made public, as required by section 129(3) of the MFMA.	MPAC has deployed different managers to be part of MPAC meetings when evaluating the Annual Report to evaluate the AR on time and submit the Oversight Report within the legislated timeframes.
The performance management system and related controls were inadequate due to the significant internal control deficiencies identified resulting in usefulness and reliability findings on indicators and targets, as required by municipal planning and performance management regulation 7(1).	The PMDS Policy Framework was reviewed and submitted to the council on 28 March 2023 for noting. PMDS Policy Framework will be sent back to council on the 29 August 2023 for approval.
<i>AGSA procedures performed in 2021/2022 did not examine whether the actions taken by the municipality enabled service delivery.</i>	

COMPONENT B: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2022/2023

6.2 AUDITOR GENERAL REPORT YEAR 2022/2023

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Matjhabeng Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Matjhabeng Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for qualified opinion

Service charges

3. I was unable to obtain sufficient appropriate audit evidence for the sale of electricity and sale of water included in service charges in note 18 to the financial statements due to the status of the accounting records. I was unable to confirm the sale of electricity and sale of water by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the sale of electricity and sale of water included in service charges, stated at R1 119 943 891 (2022: R1 091 621 490) in note 18 to the financial statements.

Payables from exchange transactions

4. The municipality did not correctly account for trade payables in accordance with GRAP 1, *Presentation of financial statements* due to the municipality not recording the supplier's invoices in the accounting records of the municipality for the corresponding period. Consequently, the corresponding figure of trade payables disclosed in note 13 to the financial statements was understated by R49 167 522. Additionally, there was also an impact on the accumulated deficit.

Context for opinion

5. 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.

6. 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.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.
9. Note 45 to the financial statements indicates that the municipality incurred a net loss of R1 115 679 647 during the year ended 30 June 2023 and, as of that date, the municipality's total liabilities exceed its total assets by R4 197 678 664 whilst the total current assets cover only 21% of its total current liabilities. In addition, the municipality owed Eskom for R5 630 675 806 (2022: R4 763 669 846) and Bloem Water for R5 436 424 698 (2022: R4 897 035 157). These events or conditions, along with other matters as set forth in note 45, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

11. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Material impairment

12. As disclosed in notes 5 and 6 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R4 495 085 681 (2022: R3 766 745 685) and R677 315 986 (2022: R557 408 294).

Material losses

13. As disclosed in note 34 to the financial statements, material electricity losses of R89 357 033 (2022: R127 890 866) were incurred due to the status/condition and age of the network, weather conditions, and load on the system as well as non-technical losses such as theft and vandalism. In addition, material water losses of R239 831 884 (2022: R323 991 257) were incurred due to metering inefficiencies, ageing pipeline infrastructure, burst water pipes, leakages and unmetered connections.

Underspending and withholding of conditional grants

14. As disclosed in note 15 to the financial statements, the municipality materially underspent the conditional grants by R118 957 275 (2022: R191 001 126). As disclosed in note 26 to the financial statements, the National Treasury withheld R75 100 000 (2022: R25 000 000) equitable share from the municipality due to an arrangement with the National Treasury for repayment of unspent conditional grants.

Material uncertainty relating to claims against the municipality

15. With reference to note 41 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result was made in the financial statements.

Unauthorised expenditure

16. As disclosed in note 47 to the financial statements, the municipality incurred unauthorised expenditure of R1 067 576 615 (2022: R1 474 880 001), due to overspending of the budget.

Fruitless and wasteful expenditure

17. As disclosed in note 48 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R339 841 917 (2022: R180 736 298), mainly due to interest and penalties on late payments to suppliers.

Irregular expenditure

18. As disclosed in note 49 to the financial statements, the municipality incurred irregular expenditure of R146 754 378 (2022: R336 297 196), mainly due to non-compliance with supply chain management regulations (SCM).

Other matter

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

Unaudited disclosure notes

20. 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

21. 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.

22. 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

23. 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.

24. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

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

26. I selected the following KPA presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a KPA that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

KPA	Page numbers	Purpose
Basic services	xx	Supporting the delivery of municipal services to the right quality and standard.

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

28. 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.

- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and 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 what was committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

30. I did not identify any material findings on the reported performance information for the KPA.

Other matter

31. I draw attention to the matter below.

Achievement of planned targets

32. The annual performance report includes information on reported achievements against planned targets and provides explanations for over-and underachievement.

33. The municipality plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicator not achieved	Planned target	Reported achievement
Sewer networks and Wastewater Treatment Works developmental and maintenance (PMU projects) <i>Targets achieved: 53.33%</i> <i>Budget spent: 91,33%</i>		
Percentage refurbishment work completed on Kutlwanong, Wastewater Treatment Works by the 31st of December 2022. (multi-year project)	100%	79%
Percentage refurbishment work completed on Theronia final effluent pipeline. (multi-year project)	63%	0%

Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage refurbishment work completed on Thabong Wastewater Treatment Works. (multiyear project)	100%	98%
Percentage refurbishment work completed on Phomolong, Wastewater Treatment Works. (multiyear project)	25%	0%
Percentage works completed on the refurbishment and upgrading of 2 sewer pumpstations and rising main in Virginia and Meloding by the 30th of June 2023. (multi-year project)	100%	66%
Percentage works completed on installation of sanitation to 617 stands in Thabong X15 and Bronville by 30th of June 2023. (Multi-year project)	100%	77%
Water networks and maintenance (PMU Projects)		
<i>Targets achieved: 79.00%</i>		
<i>Budget spent: 91,33%</i>		
Percentage of replaced old, galvanized pipes to UPVC in Kutlwanong (multi-year)	100%	79%
Roads, ancillaries and developmental maintenance		
<i>Targets achieved: 26,67%</i>		
<i>Budget spent: 91,33%</i>		
Kilometres portion of James Moroka road repaired in Thabong to improve traffic flow to be completed by 1st December 2022	0,15 km	0 km
Kilometres portion of Constantia road repaired between road 200 and Moshoeshoe road in Thabong to improve traffic flow to be completed by 31st March 2023	1,2 km	0 km
Kilometres portion of Constantia road repaired between Moshoeshoe road and Dr A Phakathi road in Thabong to improve traffic flow to be completed by 1st December 2022	0,065 km	0 km
Kilometres portion of Ndaki road repaired in Tandanani (2010) Thabong and kilometres of stormwater drainage system built to improve traffic flow to be completed by 1st December 2022	0,135 km	0 km
Kilometres of streets resurfaced in all wards of Matjhabeng such that the roads useful life are extended and are operationally safe by 30th June 2023	25 km	0 km
Kilometres of stormwater drainage pipes constructed in Ward 16 at Setshabelo school by 1st December 2022	0,208 km	0 km
Kilometres of stormwater drainage repaired at the entrance of Thabong in ward 30 by 1st December 2022	0,11 km	0 km

Key service delivery indicator not achieved	Planned target	Reported achievement
Kilometres of stormwater drainage repaired at Mxi retention dam in ward 29 by 1st December 2022	0,22 km	0 km
Kilometres of stormwater drainage to drain stormwater away from houses opposite Nkoane road by 30th June 2023	0,135 km	0 km
Electrical Distribution <i>Targets achieved: 5%</i> <i>Budget spent: 8,33%</i>		
Percentage progress on the provision and installation of 40MVA 132KV transformer at Urania substation by 30th June 2023	100%	5%

Report on compliance with legislation

34. 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.
35. 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.
36. 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.
37. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

38. 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 and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

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

40. Reasonable steps were not taken to prevent irregular expenditure amounting to R146 754 378 as disclosed in note 49 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 the SCM regulations.
41. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R339 841 917, as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged on overdue accounts.
42. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R1 067 576 615, as disclosed in note 47 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 approved budget.

Revenue management

43. An effective system of internal control for revenue and debtors was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

44. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Strategic planning and performance management

45. The integrated development plan (IDP) did not reflect the key performance indicators and targets, as required by sections 26(i) of the Municipal Systems Act 32 of 2000 (MSA) and municipal planning and performance management regulation 2(1)(e).

Procurement and contract management

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. A similar non-compliance was also reported in the prior year.
47. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and 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. A similar non-compliance was also reported in the prior year.
48. Sufficient appropriate audit evidence could not be obtained that invitations to tender for procurement of commodities designated for local content and production, stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulations 8(2). A similar limitation was also reported in the prior year.

Consequence management

49. Some of the unauthorised expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
50. 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.

Other information in the annual report

51. 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 the selected KPA presented in the annual performance report that have been specifically reported on in this auditor's report.
52. My opinion on the financial statements, the report on 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.
53. 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 KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
54. 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

55. 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.
56. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
57. Management did not implement daily and monthly processing and reconciling of transactions to ensure that trade payables, service charges, unauthorised and irregular expenditure were accurately updated on a regular basis.
58. Management did not implement adequate controls to ensure that records were accurate and complete resulting in material corrections to the financial statements.

59. Management did not implement appropriate controls to timeously identify non-compliance in applicable laws and regulations resulting in recurring material non-compliance findings. There was an inadequate implementation of investigation by leadership on the transgressions of laws and regulations.

Material irregularities

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

Material irregularities identified during the audit

61. The material irregularities identified are as follows:

Pollution of water resource not prevented – Witpan Wastewater Treatment Works

62. The Witpan wastewater treatment works has totally collapsed and has not been operating effectively. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Sand river and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring, as required by section 28(1) of the National Environmental Management Act 107 of 1998 (NEMA) and section 19(1) of the National Water Act 36 of 1998 (NWA). The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

63. The accounting officer was notified of the material irregularity on 13 February 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity. I am in the process of referring the material irregularity for investigation to a public body as provided for in section 5(1A) of the PAA.

Status of previously reported material irregularities

Late payment of employee taxes

64. The municipality did not pay over money deducted from employees within seven days after the end of the month during which the amounts were deducted or withheld from employees in respect of their liability for normal tax, as required by section 2(1) of the fourth schedule of the Income Tax Act 58 of 1962. The late payment resulted in a material financial loss for the municipality due to interest of R650 640 and penalties of R1 881 783 incurred for the period 1 April 2019 to 30 June 2020.

65. The accounting officer was notified of this material irregularity on 15 April 2021. The accounting officer did not take appropriate action to address the material irregularity as adequate steps were not taken to prevent further losses. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 14 July 2023:

- Appropriate action should be taken to develop and to commence with the implementation of a financial recovery plan as approved by council, to address the financial problems of the municipality that are preventing it from paying Sars within seven days, as required by section 2(1) of the Fourth Schedule of the Income Tax Act. The financial plan should include realistic timeframes and milestones to be achieved and include, as a minimum, strategies to:

(a) enhance the existing *Revenue enhancement and debt collection plan* with the intention to increase revenue; and

(b) efficiently manage the available resources of the municipality to optimise and reduce costs by eliminating wastage whilst obtaining value in respect of all costs incurred.

66. The accounting officer has not adequately implemented the above recommendations. I notified the accounting officer on 9 November 2023 of the following remedial actions to address the material irregularity, which must be implemented by 9 April 2024 with a progress report after two months:

- Appropriate action must be taken to formalise and commence with the implementation of the financial recovery plan. The financial recovery plan must be approved by Council and must address the financial problems of the municipality that are preventing it from paying SARS within seven (7) days, as required by Section 2(1) of the Fourth Schedule of the Income Tax Act 58 of 1962. The financial recovery plan must include realistic timeframes and milestones to be achieved.

67. I will follow up on the implementation of the remedial action after the due date.

Eskom not paid within 30 days

68. The accounting officer did not take all reasonable steps to ensure that amounts due to Eskom or the bulk purchase of electricity were paid within 30 days of receiving the relevant invoice or statement, as required by section 65(2)(e) of the MFMA. As a result of the late payment, the municipality incurred interest of R255 516 913 for the financial year ended 30 June 2019. The interest incurred is likely to result in a material financial loss for the municipality due to the liability to pay the interest to Eskom.

69. The accounting officer was notified of the material irregularity on 4 May 2020. The accounting officer did not take appropriate action to address the material irregularity. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 30 June 2024 with progress reports every 2 months:

(a) Appropriate action should be taken to commence with implementation of the financial plan to address the financial problems of the municipality that are preventing it from paying Eskom within 30 days, as required by MFMA section 65(2)(e). The financial plan should include realistic timeframes and milestones to be achieved and include as a minimum strategies to:

- Increase revenue;
- Increase the collection of revenue;

- Efficiently manage the available resources of the municipality by accurate budgeting, budget management and cost cutting;
- Reduce electricity distribution losses; and
- Negotiate a reasonable payment arrangement with Eskom and properly budget for the amounts to be paid.

70. I will follow up on the implementation of the remedial action after the due date.

Payment for attenuation dam not constructed at Nyakallong storm water system phase 1

71. On 12 April 2017, the municipality awarded a contract of R13 744 408 for the construction of the Nyakallong storm water system to a contractor. Two variation orders amounting to R3 268 705 were approved in 2017 and 2019. Payments estimated at R7 214 719 were made for an attenuation dam after the consulting engineer certified it had been completed. However, during a site visit, the auditors confirmed that the project was incomplete, the attenuation dam had not been constructed, the contractor had abandoned the project site and the work performed was not of the required quality. This contravened section 65(2)(a) of the MFMA, as an effective system of expenditure control for the approval and payment of funds was not maintained. The overpayments made on the project are likely to result in a material financial loss for the municipality, if not recovered.

72. The accounting officer was notified of the material irregularity on 5 May 2020. The accounting officer could not provide sufficient and appropriate evidence of the actions that had been taken in response to being notified of the material irregularity. On 9 June 2021, I referred the material irregularity to the Directorate for Priority Crime Investigation (the Hawks) for investigation, as provided for in section 5(1A) of the PAA. The current progress with the investigation is that three individuals were arrested and appeared in court. The investigation is ongoing.

Pollution of water resource not prevented – Henneman Wastewater Treatment Works

73. The Henneman wastewater treatment works has totally collapsed and has not been operating effectively. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Rietspruit and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resource from occurring, continuing or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

74. The accounting officer was notified of the material irregularity on 7 December 2022 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity. I am in the process of referring the material irregularity for investigation to a public body as provided for in section 5(1A) of the PAA.

Pollution of water resource not prevented – Phomolong Wastewater Treatment Works

75. The Phomolong wastewater treatment works has totally collapsed and has not been operating effectively. This resulted in continued spilling and discharge of raw/untreated sewage into the

adjacent environment, including the groundwater, Slootspruit, and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resource from occurring, continuing or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

76. The accounting officer was notified of the material irregularity on 7 December 2022 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity. I am in the process of referring the material irregularity for investigation to a public body as provided for in section 5(1A) of the PAA.

Other reports

77. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
78. There was an ongoing investigation by the Directorate for Priority Crime Investigation (DPCI) into the allegation of payroll fraud as the IP address of the official was compromised and unauthorised access was obtained, which resulted in the alteration of the banking details of various employees. The investigation covers the specific incident that occurred on 22 January 2020. The outcome was unknown at the date of this auditor's report as the investigation was in progress.
79. There was an ongoing investigation by the DPCI into the allegation that a contractor claimed and was paid for goods and services not delivered. The last payment occurred on 3 August 2018. The outcome was unknown at the date of this auditor's report as the investigation was in progress.
80. There was an ongoing investigation by the South African Police Service (SAPS) into the allegation of unauthorised amendments to the supplier's banking details on the municipality's accounting system. The investigation covers the specific incident that occurred on 13 May 2016. The outcome was unknown at the date of this auditor's report as the investigation was in progress.
81. There was an ongoing investigation by the AGSA into procurement and contract management that the executive mayor requested the AGSA to perform. The outcome was unknown at the date of this auditor's report as the investigation was in progress.

82. There was an ongoing investigation into allegations of forgery of a signature of a municipal official that resulted in a payment being made without a service having been rendered to the municipality. This investigation is being conducted by the South African Police Service (SAPS) and covers a specific incident that occurred on 11 November 2015. The outcome was unknown at the date of this auditor's report as the investigation was in progress.

Auditor - General

Bloemfontein

30 January 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 the selected key performance area 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 to 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	Section 1 - Paragraphs (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 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), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 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, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
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)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a) Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a) Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b) Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c) Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43 Regulations 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), 29(3)(b), 34(a), 34(b) Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a) Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 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	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) Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” 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 “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report is 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 the council or a provincial or national executive.
Baseline	The 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 is necessary to ensure an acceptable and reasonable quality of life for 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 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 “ <i>what we use to do the work</i> ”. 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:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided</i>

for the appropriation of money for the different departments or functional areas of the municipality; and
b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance				
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance
	FT/PT			%
Stofile B	FT	Speaker	ANC	100%
Setabela ML	FT	Chief Whip	ANC	100%
Khalipa TD	FT	Mayoral Committee (Executive Mayor)	ANC	100%
Helepi AB	PT	Community Services	ANC	90%
Khepeng MA	PT	Infrastructure	ANC	73%
Xaba-Monjovo	FT	MMC: Special Programmes	ANC	81%
Sotenjwa V	PT	Special Programmes	ANC	63%
Ramalefane SJ	FT	MMC: Fleet Disaster & Service Delivery	ANC	100%
Tsunke SE	FT	MMC:Lejweleputswa	ANC	72%
Moshoeu ZS	FT	MMC: Corporate Services	ANC	81%
Thelingoane TJ	FT	Rules Committee	ANC	100%
Moopela RH	PT	housing	ANC	90%
Motlatsi SH	PT	Finance	ANC	90%
Molula IP	PT	Housing	ANC	100%
Kalipa T	PT	Dispute Resolution	ANC	90%
Maruping II	PT	Special Programmes	ANC	81%
Ramatisa PT	PT	Housing	ANC	90%
Montoele DB	PT	LLF	ANC	81%
Ntoni KM	PT	MPAC	ANC	90%
Makaliane CL	PT	Finance	ANC	100%
Tlake KR	FT	MMC: Community Services & Public Safety	ANC	90%
Mphikeleli MA	PT	Corporate Services	ANC	90%
Mokhothu SM	PT	Community Services	ANC	90%
Mosia TJ	PT	MPAC	ANC	73%
Nkone NP	PT	Housing	ANC	81%
Mokhomo HA	FT	MMC: Finance	ANC	63%
Hanisi C	PT	MPAC	ANC	81%

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Radebe MC	FT	MMC: Human Settlement	ANC	90%
Twala MJ	PT	Community Services	ANC	45%
Moipatle KSV	FT	MMC: Sports, Arts and Culture	ANC	90%
Masina XN	FT	MMC: Infrastructure	ANC	90%
Radebe ML	FT	MMC: IDP, Performance & Evaluation	ANC	90%
Mohapi LA	PT	MPAC	ANC	81%
Nthuba PV	PT	IDP	ANC	81%
Mphore IP	PT	MPAC	ANC	36%
Buti MP	FT	MMC: LED, SMME's Agriculture & Tourism	ANC	90%
Manese SD	PT	Finance	ANC	81%
Maile PE	PT	Community Services	ANC	72%
Molefi M	PT	Municipal Public Accounts	ANC	63%
Badernhorst MJ	PT	Rules Committee	DA	72%
Du Plessis JM	PT	Infrastructure	DA	54%
Van Rooyen JM	PT	Corporate Services	DA	36%
Botha GP	PT	Rules Committee	DA	82%
Steyn R	PT	Dispute Resolution	DA	63%
Malherbe C	PT	Human Settlement & Spatial Planning	DA	82%
Van Rensburg WHJ	PT	Community Services	DA	45%
Scheurkogel IS	PT	Housing	DA	73%
Botha PF	PT	Finance	DA	90%
Manenye AJ	PT	Housing	DA	27%
Badenhorst HS	PT	Finance	DA	45%
Lethake TW	PT	MPAC	DA	90%
Schoeman A	PT	Sports, Arts And Culture	DA	45%
Presente LN	PT	Community Services	DA	90%
Nel J	PT	Special Programmes	DA	100%
Khetsi LE	PT	Municipal Public Accounts	EFF	54%
Dyantyi A	PT	Finance	EFF	82%
Sithole AM	PT	Housing	EFF	64%
Seane LI	PT	MPAC	EFF	73%
Letsele-Setlhabi SV	PT	Community Services	EFF	81%
Jama BL	PT	Finance	EFF	73%
Hess S	PT	Sports, Arts And Culture	EFF	64%
Moalosi TE	PT	Infrastructure	EFF	81%
Phiri EP	PT	Special Programmes	EFF	63%
Taljaard SDM	PT	Finance	FF	54%
Pretorius HS	PT	MPAC	FF	82%

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Tshabangu SE	PT	Rules Committee	ADC	63%
Maile LJ	PT	Special Programmes	ADC	90%
Tau RD	PT	Housing	ATM	73%
Nqeobo ME	PT	Rules Committee	COPE	81%
Rantsho	PT	Community Services	ISANCO	73%
Jacobs AJ	PT	MPAC	DA	63%
Mahlaku	PT	Finance	ISANCO	54%

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees		
Municipal Committees	Purpose of Committee	Administrative Members
Finance Committee	The committee shall provide political guidance on the fiscal and financial affairs of the municipality, including the budget process and the priorities that must guide the preparation of the budget.	Cllr. Hlobohang Mokhomo Chairperson Cllr. S. Manese General whip Cllr. M. Moeti ANC Cllr. B. Helepi ANC Cllr. T. L. Makaliane ANC Cllr S. Motlatsi ANC Cllr. P.F. Botha DA Cllr. M.J. Badenhorst DA Cllr. A. Dyantyi EFF Cllr. B. Jama EFF Cllr. S. Taaljaard FF+ Cllr. M.E. Mahlaku
Infrastructure & Technical Services Committee	The key role of the project steering committee is to oversee the implementation of the project in line with the objectives of the project.	Cllr. Xolile Masina Chairperson Cllr. N. Moopela General whip Cllr. A. Khepeng ANC Cllr. P. Nthuba ANC V. Cllr. M. Mokhothu ANC Cllr. V. Sotenjwa ANC Cllr. J.M. Du Plessis DA Cllr. A. Schoeman DA Cllr. S. Taljaard VF+ Cllr. T. Moalosi EFF Cllr. M.E. Mahlaku
Human Settlement, Spatial Planning and Land Use Committee	Housing committees can play an important role in community-based approaches to local housing needs. These groups, whether they are formal municipal committees, informal citizen discussion groups, or anything in between, can document existing housing stock, assess housing gaps, and influence local policy.	Cllr. Matinte Radebe Chairperson Cllr. P. Ramatisa General Whip Cllr. M. Twala ANC Cllr. I. Molula ANC Cllr. R. Moopela ANC Cllr. N. Nkone ANC Cllr. A.J. Manenye DA Cllr. I.S. Scheurkogel DA Cllr. R. Tau ATM Cllr. B. Jama EFF Cllr. A. Sithole EFF

APPENDICES

<p>Corporate Services & Good Governance Committee</p>	<p>In addition to oversight of the central administrative functions of the municipality, it also provides secretarial services and guidance to the council and other governance structures of the municipality.</p>	<p>Cllr. Sabata Moshoeu Chairperson Cllr. M. Mphikeleli General whip Cllr. A. Khepeng ANC Cllr. P. Maile ANC Cllr. M.S. van Rooyen DA Cllr. A. Schoeman DA Cllr. A. Dyantyi EFF Cllr. M.E. Mahlaku ISANCO</p>
<p>MPAC</p>	<p>The purpose of the Municipal Public Accounts Committee is to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources.</p>	<p>Cllr T. Thedingoane – Chairperson ANC Cllr. J. Mosia ANC Cllr. C. Hanisi ANC Cllr. P. Mphore ANC Cllr. K. Ntoni ANC Cllr. L. Mohapi ANC Cllr. T. Letlhake DA Cllr. E.J. Jacobs DA Cllr. M. Nqeqobo COPE Cllr. I. Seane EFF Cllr. M. Pretorius VF+</p>
<p>Community Services & Public Safety Committee</p>	<p>The Community Services Committee ensures that people in their areas have at least the basic services they need. There are a large number of services that are provided. These services have a direct and immediate effect on the quality of the lives of the people in that community.</p>	<p>Cllr. Rubben Tlake Chairperson Cllr. M. Mokgothu General whip Cllr. M. Twala ANC Cllr. B. Helepi ANC Cllr. P. Maile ANC Cllr. M.J. Rantso ISANCO Cllr. W. Janse Van Rensburg DA Cllr. L.N. Presente DA Cllr. S. Setlhabi EFF</p>
<p>LED, Small Business, Agriculture and Tourism Committee</p>	<p>LED provides support in the following areas: Providing direct and hands-on support to local government; Management of the Local Economic Development Fund; Management and Technical Support to Nodal Economic Development Planning; Facilitating coordinating and monitoring of donor programmes</p>	<p>Cllr. Mojalefa Buti Chairperson Cllr. L. Makaliame General Whip Cllr. M. Mokhothu ANC Cllr. I. Maruping ANC Cllr. SH. Motlatsi ANC Cllr. T. Kalipa ANC Cllr. H.S. Badenhorst DA Cllr. J. Nel DA Cllr. S. Setlhabi EFF Cllr. S. Taaljard VF+ Cllr. M.J. Rantso</p>

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LLF Committee	The purpose and objectives of the LLF are to provide for and regulate organization rights for the organized labour within the Local Government sector.	Cllr. S. Moshoeu MMC Cllr. H. Mokhomo MMC Finance Cllr. D. Montoeli ANC Cllr. M. Mphikeleli ANC Cllr. N.Nkone ANC Cllr. M.J. Badenhorst DA
Special Programs Committee	To accelerate a municipal response towards issues of the vulnerable groups; To mainstream issues of the vulnerable groups into all municipal processes and programmes.	Cllr. Nomthandazo Monjovo-Xaba Chairperson Cllr. V. Sotenjwa General whip Cllr. I. Maruping ANC Cllr. J. Nel DA Cllr. P. Phiri EFF Cllr. M.J. Rantso ISANCO Cllr. L. Maile ADEC
Sports, Arts & Culture Committee	The Sports, Arts and Culture Portfolio Committee is responsible for oversight of Sports, Arts and Culture in local municipalities	Cllr. Kabotsa Moipatle Chairperson Cllr. I. Molula General whip Cllr. P. Maile ANC Cllr. D. Montoeli ANC Cllr. C. Malherbe DA Cllr. J.M. Du Plessis DA Cllr. S. Hess EFF
Fleet, Disaster Management & Service Delivery Committee	This committee is responsible for the management of the vehicles of the municipality, including the safeguarding, repair, and maintenance of vehicles. To facilitate the development, assessment, and implementation of multi-sectoral disaster risk reduction frameworks and plans and promote education, training, and public awareness among role-players and communities to ensure disaster risk avoidance and build community resilience.	Cllr. Jimmy Ramalefane Chairperson Cllr. N.P. Nkone General whip Cllr. T. Kalipa ANC Cllr. D. Montoeli ANC Cllr. P. Ramatisa ANC Cllr. G.P. Botha DA Cllr. I.S. Scheukogel DA Cllr. S. Taljaard VF+ Cllr. L. Khetsi EFF Cllr. S. Tshabangu
IDP, Performance, Monitoring and Evaluation Committee	The IDP fulfils the planning stage of Performance Management and Performance Management fulfils the implementation management, monitoring, and evaluation of the IDP process. The Performance Monitoring System serves to measure the performance of the municipality in meeting its Integrated Development Plan.	Cllr. Mpolaille Radebe Chairperson Cllr. M. Twala General whip Cllr. S.Manese ANC Cllr. P. Nthuba ANC Cllr. I.S. Scheurkogel DA Cllr. G.P. Botha DA Cllr. L. Khetsi EFF

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<p>Dispute Resolution Committee</p>	<p>This is an Appeal Committee, appointed by the Council, on a standing basis (subject to annual review), to adjudicate any disputes which the Executive Committee has been unable to resolve</p>	<p>Cllr. P. Ramatisa – Chairperson ANC Cllr. V. Sotenjwa ANC Cllr. S. Motlatsi ANC Cllr. T. Kalipa ANC Cllr. M. Drossy ANC Cllr. M. Mokhothu ANC Cllr. A. Khepeng ANC Cllr. M.S. van Rooyen DA Cllr. R. Steyn DA Cllr. B. Jama EFF Cllr S. Taaljard VF+ Cllr. M E Mahlaku ISANCO Cllr. R. Tau</p>
<p>Rules Committee</p>	<p>The Rules Committee shall have final decision-making power on the following matters: 1. The power to determine privileges and benefits of and use of facilities by members of the Council within the policy framework determined by the Council.</p>	<p>Cllr. B. Stofile – Chairperson ANC Cllr. R. Moopela ANC Cllr. I. Molula ANC Cllr. M. Twala ANC Cllr. P. Maile ANC Cllr. N. Nkone ANC Cllr. S.H. Badenhorst DA Cllr. R. Steyn DA Cllr. S.V. Letsele-Sethabi EFF Cllr. H. Pretorius VF+ Cllr. S. Tshabangu ADEC</p>
<p>Standing Committee of Chairpersons</p>	<p>It is responsible for policies relating to local government.</p>	<p>Cllr.P. Nthuba - Chairperson ANC</p>

APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
All Section 57 Manager/Directors have been accommodated in Chapter 2	
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	No
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	No
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	Yes
Fencing and fences	Yes
Licensing of dogs	No
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	No
Pounds	Yes

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Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

APPENDICES

APPENDIX E – WARD REPORTING

Functionality of Ward Committees				
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time
1	Pelokgolo Mphore (Ward Councillor) Ward Committee Member Puleng Hlaoli	Yes	8	9
2	Nthuba PV (Ward Councillor) Ward Committee Member Thandiwe Mpindo	Yes	7	5
3	Maxi Bardenhorst (Ward Councillor) Ward Committee Member Louanne Daffue	Yes	9	11
4	Mohapi L (Ward Councillor) Ward Committee Motapanyane OJ	Yes	8	5
5	Bassie Helepi (Ward Councillor) Ward Committee Member Precious Thibile	Yes	10	11
6	Khepeng MA (Ward Councillor) Ward Committee Member Nthabiseng Gloria Guga	Yes	6	9
7	Nomthandazo Xaba-Monjovo (Ward Councillor) Ward Committee Member Thabo Sipheka	Yes	9	8
8	Veronica Sotenjwa (Ward Councillor) Ward Committee Member EN Makape	Yes	7	11
9	JM Du Plessis (Ward Councillor)	Yes	6	8
10	Ramalefane SJ (Ward Councillor) Ward Committee Member Thozamile Makoti	Yes	8	16
11	Sipho Tsunke (Ward Councillor) Ward Committee Member Sandra Oosthuizen	Yes	10	12

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12	Sabata Moshoeu (Ward Councillor) Ward Committee Member Ndade Noto	Yes	8	4
13	TJ Thelingoane (Ward Councillor) Ward Committee Member Sipho Maposse	Yes	9	10
14	Moopela RH (Ward Councillor) Ward Committee Member Naledi Mseti	Yes	12	16
15	Motlatsi Sechaba (Ward Councillor) Ward Committee Member Mhlongwe RN	Yes	9	11
16	Itumeleng Molula (Ward Councillor) Ward Committee Member Buti Mdlantombi	Yes	10	17
17	Thandisa Kalipha (Ward Councillor) Ward Committee Member Tumelo Thaisi	Yes	8	10
18	Itumeleng Maruping (Ward Councillor) Ward Committee Member Modiehi Motaung	Yes	9	7
19	Ramatisa PT (Ward Councillor) Ward Committee Member Maga MP	Yes	8	25
20	Drossy Montoeli (Ward Councillor) Ward Committee Member	Yes	7	10
21	Khulukazi Ntoni (Ward Councillor) Ward Committee Member Seipati Lekoala	Yes	9	11
22	Makaliane CL (Ward Councillor) Ward Committee Member Tlalenyane Leteane	Yes	8	9
23	Tlake RK (Ward Councillor) Ward Committee Member Nombulelo Sekate	Yes	10	12
24	Manene Mphikeleli (Ward Councillor) Ward Committee Member Mogoaladi Isaac	Yes	8	14
25	Mary Van Rooyen (Ward Councillor) Ward Committee Member Tshidi Mokhoke	Yes	7	10
26	Mpho Mokhothu (Ward Councillor) Ward Committee Member Mzimkulu Mtimkulu	Yes	8	9

APPENDICES

27	Gerhard Botha (Ward Councillor) Ward Committee Member Joy Makhathe	Yes	9	11
28	Mokhomo HA (Ward Councillor) Ward Committee Member Mokiri Modiehi	Yes	10	8
29	Ntebaleng Nkone (Ward Councillor) Ward Committee Member Laiza Mokoena	Yes	7	10
30	Moeti Molefi (Ward Councillor) Ward Committee Member Nelson Chabare	Yes	10	7
31	Hlobohang Abel Mokhomo (Ward Councillor) Ward Committee Member Mokiri Modiehi	Yes	8	14
32	Steyn R (Ward Councillor) Ward Committee Member Matlapane Koto	Yes	5	8
33	Coreen Malherbe (Ward Councillor) Ward Committee Member Claudie Doig	Yes	7	6
34	J Van Rensburg (Ward Councillor) Ward Committee Member Letlala Mapitso	Yes	4	8
35	Scheurkogel IS (Ward Councillor) Ward Committee Member Mildred Faro	Yes	8	8
36	Clement Hanisi (Ward Councillor) Ward Committee Member Isaac Velebani	Yes	8	13

APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward Number 31				
Capital Projects: Five Largest in the Year 2022/2023				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
1	Thabong Waste Water Treatment Works	01/03/2022	30/03/2023	64 245 884,29

Ward Title: Ward Number 11				
Capital Projects: Five Largest in the Year 2022/2023				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
2	Thabong/Bronville Extension 15: Provision of sanitation for 617 stands	01/04/2022	20/06/2023	24 900 356,09

Ward Title: Ward Number 4				
Capital Projects: Five Largest in the Year 2022/2023				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
3	Virginia/Meloding: Refurbish and upgrade 2 sewer pump stations and rising main	01/04/2022	20/01/2023	24 892 878,02

Ward Title: Ward Number 10,18,20,21,22				
Capital Projects: Five Largest in the Year 2022/2023				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
4	Kutlwanong: Upgrading of Waste Water Treatment Works phase 2	12/06/2020	30/03/2023	73 126 797,47

Ward Title: Ward Number 18,20,21,22				
Capital Projects: Five Largest in the Year 2022/2023				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
5	Kutlwanong: Replacement of old galvanized water pipes with uPVC pipes	30/06/2021	30/05/2023	32 788 281, 44

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2022/2023

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during the Year 2022/2023	Recommendations adopted (enter Yes) If not adopted (provide explanation)
2022-2023	<p>2022-23 Whistle Blowing Policy</p> <p>The policy was endorsed with the following recommendations:</p> <p>The municipality must establish and activate those channels where people can phone and drop emails anonymously or openly.</p> <p>The municipality must consider the use of a presidential hotline and fraud email in dealing with issues of whistle-blowing.</p> <p>Appointment of Forensic Investigators</p> <p>AC RESOLVED: The Audit Committee endorsed the Whistle-blowing Policy with the above-mentioned recommendations.</p>	Yes
2022-2023	<p>Procurement of Internal audit and Risk Management Software</p> <p>AC RESOLVED: The Audit Committee recommended that both Internal audit and Risk Management must make use of automated systems to carry out their day-to-day activities.</p>	No – In the process of procuring.
2022-2023	<p>Appointment of Independent Chairperson: ICT</p> <p>The ICT manager explained that the ICT committee has been established but the committee is still in need of an independent chairperson.</p> <p>AC RESOLVED: The Audit Committee resolved that the municipality must appoint an independent ICT Committee Chairperson.</p>	No – The department is in the process of appointing. The Chairperson might be appointed by 22 August 2023
2022-2023	<p>Internal Audit: Vacant Positions</p> <p>AC RESOLVED: The Audit Committee resolved that all vacant posts within the internal audit unit must be filled and considering the creation of the Chief Audit Executive position.</p>	No – The posts were Advertised.

APPENDICES

	<p>Establishment of a Compliance Committee with management</p> <p>AC RESOLVED:</p> <p>The Audit Committee resolved that the municipality must establish the Compliance Committee.</p>	
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APPENDICES

APPENDIX H – LONG-TERM CONTRACTS

Long-Term Contracts (Largest Contracts Entered into during Year 2022/2023)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	The expiry date of the Contract	Project manager	Contract Value
MCC & BERENG JV	Upgrading of Multipurpose Sports Complex at Meloding (Virginia)	18-Nov-22	03-Dec-23	M Molefe	R152 747 28.44
1. Bereng Logistics Solutions, 2. Mmabasotho Consultant, 3. On-Time On Point (Pty) Ltd 4. Shoba Projects (Pty) Ltd 5. Vusi Mkhulu Investment Holdings	Appointment of service providers for the supply and delivery of LV and MV electrical cables for a period of three (3) years from the date of award	19-Jan-23	18-Jan-26	M Molefe	Panel
1. Mathope Holdings 2. Shoba Projects (Pty) Ltd	Appointment of service providers for the supply and delivery of mini-substations for the period of three (3) years from the date of award	19-Jan-23	18-Jan-26	M Molefe	Panel
WW Civils Tj Renekhumo	The upgrading of the 3km gravel roads to surfaced roads in Matjhabeng LM: Nyakallong – Ward 36	23-Mar-23	2023-10-30	M Molefe	R26 466 524,00
Poloko Trading 634 CC	The upgrading of the 3km gravel roads to surfaced roads in Matjhabeng LM: Kutlwanong – Ward 18	24-Mar-23	2023-10-30	M Molefe	R26 564 331,00
Just Right Trading (Pty) Ltd	Provision of bulk sewerage handling infrastructure in Matjhabeng LM: Whites	24-Mar-23	30-Oct-23	M Molefe	R3 172 449,00
Lateral Unison Insurance	Short-term insurance for three (3) years	24-Mar-23	23-Mar-26	M Molefe	R7 332 660,28
1. Eshybrand (pty) ltd 2. Fort Hare Solutions (pty) Ltd 3. Keitshepile trading institute 4. Thabomeleng training institute	Appointment Of Skills Development Providers/Consultants (SDPs) To Facilitate Skills Development In Matjhabeng Local Municipality For Three (3) Years	24-Mar-23	23-Mar-26	M Molefe	Panel
Matsapa Trading 725	INSTALLATION OF 400 WATER METERS IN KUTLWANONG	1-Jun-23	SLA	M Molefe	R1 385 516,00

APPENDICES

1. KKMT Construction (Pty) Ltd, 2. Manxiwa Group, 3. Practicon Trading Enterprise 4. Rhuone Projects	Supply & Delivery of General Electric Material	30-May-23	29-May-26	M Molefe	Panel
Multiple successful bidders	Pool of consultants	30-May-23	29-May-26	M Molefe	Panel
Multiple successful bidders	Appointment of a panel of contractors [Civil, Mechanical, Electrical, Structural, and other related engineering works]	1-Jun-23	31-May-26	M Molefe	Panel
POWER HOUSE STRATEGIES	PREPARATION AND IMPLEMENTATION OF MATJHABENG VISION 2050 AND ESTABLISHMENT OF A PROGRAMME MANAGEMENT OFFICE	1-Jun-23	SLA	M Molefe	R3 439 355,00
1. Mathope Holdings 2. Shoba Projects (Pty) Ltd	Appointment of service providers for the supply and delivery of transformers for period of three (3) years from date of award	19-Jan-23	18-Jan-26	M Molefe	Panel
Navmatics Solutions (Pty) Ltd	Upgrading of ICT Server Room	21-April-23	29-Feb-24	Mr Rampheng	R7 000 000,00
Ideal Prepaid (Pty) Ltd	Online vending system and 3rd-party vending system including value-add system	01-August-23	01-August-31	Mr Pobe	6% of revenue collected monthly

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of the Year 2022/2023		
Position	Name	Description of Financial Interests* (Nil / Or details)
Municipal Manager	Adv. Lonwabo Mninawa Ngoqo	Nil
Chief Financial Officer	Thabo Christian Panyani	Nil
Other S57 Officials	Adv. Laurreta Van Wyk Williams	Nil
	Dr. V Adonis	Nil
	Thabo Mthombeni	Nil
	Morakane Motselisi Grace Mothekhe	Nil
	Dr. Sefako Samuel Ramphoma	Nil
	Ntsikelelo Mtirara	Nil

** Financial interests are to be disclosed even if they are incurred for only part of the year.*

APPENDICES

APPENDIX K – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I) – REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	Year 21/22	Current: Year 22/23			Year 22/23 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - COUNCIL GENERAL	632,590,543	867,224,000	983,170,000	763,418,439	-14%	-29%
Vote 2 - OFFICE OF THE EXECUTIVE MAYOR	0	0	0	0		
Vote 3 - OFFICE OF THE SPEAKER	0	0	0	0		
Vote 4 - COUNCIL WHIP	0	0	0	0		
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	-13,587	0	0	16,618	100%	100%
Vote 6 - CORPORATE SERVICES	0	238,203	0	0		
Vote 7 - FINANCE	548,171,984	955,838,650	955,838,650	510,262,898	-87%	-87%
Vote 8 - HUMAN RESOURCES	0	0	0	0		
Vote 9 - COMMUNITY SERVICES	148,588,409	172,096,116	172,096,116	156,487,266	-10%	-10%
Vote 10 - PUBLIC SAFETY AND TRANSPORT	10,222,696	33,079,986	33,079,986	10,552,507	-213%	-213%
Vote 11 - ECONOMIC DEVELOPMENT	243,325	0	0	481,230	100%	100%
Vote 12 - ENGINEERING SERVICES	0	3,766,470	3,766,470	5,046		
Vote 13 - WATER/ SEWERAGE	740,055,806	815,150,622	815,150,622	908,864,252	10%	10%
Vote 14 - ELECTRICITY	715,417,298	970,593,290	970,593,290	678,359,435	-43%	-43%
Vote 15 - HOUSING	20,013,065	26,729,505	26,729,505	20,668,868	-29%	-29%
Total Revenue by Vote	2,815,290	3,844,717	3,960,425	3,049,117	-26%	-30%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

APPENDICES

APPENDIX K (II) – REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	Year 21/22	Year 22/23			Year 22/23 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	443,340	440,185	440,185	408,090	-8%	-8%	
Property rates - penalties & collection charges							
Service Charges - electricity revenue	687,515	956,873	956,873	643,783	-49%	-49%	
Service Charges - water revenue	412,093	450,993	450,993	481,074	6%	6%	
Service Charges - sanitation revenue	164,664	189,349	189,349	174,579	-8%	-8%	
Service Charges - refuse revenue	98,561	126,629	126,629	105,970	-19%	-19%	
Service Charges - other							
Rentals of facilities and equipment	19,885	26,588	26,588	20,624	-29%	-29%	
Interest earned - external investments	2,390	4,595	4,595	10,318	55%	55%	
Interest earned - outstanding debtors	254,827	242,759	242,759	400,236	39%	39%	
Dividends received	34	26	26	41	37%	37%	
Fines	8,224	26,683	26,683	1,993	-1239%	-1239%	
Licences and permits	183	205	205	256	20%	20%	
Agency services							
Transfers recognised - operational	569,972	636,814	636,814	636,814	0%	0%	
Other revenue	24,699	512,608	512,370	34,458	-1388%	-1387%	
Gains on disposal of PPE	48	63,600	63,600	58	-109155%	-109155%	
Environmental Protection							
Total Revenue (excluding capital transfers and contributions)	2,686,436	3,677,907	3,677,669	2,918,296	-26.03%	-26.02%	
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>							T K.2

APPENDICES

APPENDIX M – CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (I) – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*								R '000
Description	Year 21/22	Year 22/23			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Infrastructure - Total	111,547	118,404	138,355	63,770	-	-	-	
Infrastructure: Road transport - Total	16,709	-	68,877	16,861	-	-	-	
<i>Roads, Pavements & Bridges</i>	9,742,834	0	65,537,854	16,861,027				
<i>Storm water</i>	6,965,929	0	3,339,420	0				
Infrastructure: Electricity - Total	1,906	4,380	4,714	3,104	-	-	-	
<i>Generation</i>								
<i>Transmission & Reticulation</i>	1,852,203	4,380,000	4,380,000	2,770,056				
<i>Street Lighting</i>	54,072	0	333,573	333,572				
Infrastructure: Water - Total	10,277	10,803	20,324	13,777	-	-	-	
<i>Dams & Reservoirs</i>								
<i>Water purification</i>	10,277,179	10,802,998	20,324,291	13,777,161				
<i>Reticulation</i>								
Infrastructure: Sanitation - Total	53,386	79,517	43,514	30,028	-	-	-	
<i>Reticulation</i>		25,800,000	32,339,188	25,395,674				
<i>Sewerage purification</i>	53,386,446	53,717,393	11,174,772	4,632,046				
Infrastructure: Other - Total	25,324	23,704	926	-	-	-	-	
<i>Waste Management</i>								
<i>Transportation</i>								
<i>Gas</i>								
<i>Other</i>	25,324,389	23,703,551	925,729	0				
Community - Total	3,944	6,148	11,027	9,756	-	-	-	
Parks & gardens								
Sportsfields & stadia								
Swimming pools								
Community halls								
Libraries								
Recreational facilities								
Fire, safety & emergency								
Security and policing								
Buses								
Clinics								
Museums & Art Galleries								
Cemeteries	277,445	0	1,271,044	0				
Social rental housing								
Other	3,666,324	6,148,307	9,755,649	9,755,649				

Table continued next page

Capital Expenditure - New Assets Programme*								R '000
Description	Year 21/22	Year 22/23			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Heritage assets - Total	-	-		-	-	-	-	
Buildings								
Other								
Investment properties - Total	-	-		-	-	-	-	
Housing development								
Other								
Other assets	-	10,000	161,476	124,226	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment			17,310,522	10,570,362				
Computers - hardware/equipment		0	3,959,229	1,853,414				
Furniture and other office equipment		0	2,441,134	1,381,701				
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other		10,000,000	137,765,396	110,420,515				
Agricultural assets	-	-		-	-	-	-	
List sub-class								
Biological assets	-	-		-	-	-	-	
List sub-class								
Intangibles	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
Total Capital Expenditure on new assets	115,491	134,552	310,858	197,751	-	-	-	

APPENDICES

APPENDIX N (I) – CAPITAL PROGRAMME BY PROJECT YEAR 22/23

Capital Programme by Project: Year 22/23					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
REPLACEMENT OF FLEET	121,139,697	121,139,697	94,876,435	-28%	-28%
IT EQUIPMENT ACQUISITION	3,959,229	3,959,229	1,722,698	-130%	-130%
MACHINERY AND EQUIPMENT	15,568,972	15,568,972	12,311,912	-26%	-26%
OFFICE FURNITURE - MULTIPLE	2,438,134	2,438,134	1,381,701	-76%	-76%
MUNICIPAL BUILDINGS	4,988,612	4,988,613	1,634,096	-205%	-205%
TOTAL FLEET	148,094,644	148,094,645	111,926,842	-32%	-32%
			-	0%	0%
MMAMAHABANE: NEW DEVELOPMENT	1,271,044	1,271,044	0	0%	0%
TOTAL CEMETRIES	1,271,044	1,271,044	0	12710439900%	12710439900%
MELODING: UPGRADE	9,755,649	9,755,649	9,755,649	0%	0%
			-	0%	0%
TOTAL SPORTS	9,755,649	9,755,649	9,755,649	0%	0%
WELKOM LANDFILL SITE	925,729	925,729	-	0%	0%
TOTAL LANDFILL SITE	925,729	6,170,625	5,573,186	-11%	83%
THABONG EXT 22 TANDANANI	2,054,728	2,054,728	1,218,297	0%	0%
NYAKALLONG CONSTRUCTION OF 3KM ROADS	20,674,193	20,674,193	7,866,120	0%	0%
MMAMAHABANE CONSTRUCTION OF 3KM ROADS	29,252,222	29,252,222	3,400,493	-760%	-760%
KUTLWANONG CONSTRUCTION OF 3KM ROADS	12,626,523	12,626,523	4,330,032	-192%	-192%
TOTAL ROADS	64,607,666	64,607,666	16,814,942	-284%	-284%
MELODING: ROADS; SIDEWALKS & STORMWATER	930,188	930,188	46,085	-1918%	-1918%
MATJHABENG ROADS	63,900	63,900	63,900	0%	0%
TOTAL STORMWATER	994,088	994,088	109,985	-804%	-804%

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ALLANRIDGE/ NYAKALLONG REPLACEMENT OLD GALVANIZED STEEL PIPES WITH UPVC PIPES	56,636	56,636	56,636	0%	0%
KUTLWANONG REPLACEMENT	8,213,637	8,213,637	4,217,927	-95%	-95%
THABONG X20 (HANI PARK): 180 STANDS				0%	0%
THABONG: ZONAL WATER METERS & VALVES	283,392	283,392	114,868	-147%	-147%
TOTAL WATER	8,553,665	8,553,665	4,389,431	-95%	-95%
SPECIALISED VEHICLES WASTE MANAGEMENT	16,625,699	16,625,699	15,544,081	-7%	-7%
MATJHABENG: ALL	-	-	-	0%	0%
THABONG X15N; X18; X19; X20 (HANI PARK)	6,539,188	6,539,188	6,539,188	0%	0%
UPGRADE OF KUTLWANONG - NEW DEVELOPMENTS	9,119,663	9,119,663	4,632,046	-97%	-97%
WHITES: SEPTIC TANK SYSTEM	2,055,109	2,055,109	-	0%	0%
VIRGINIA/MEL: UPGRADE & REFURB SP REFURB: THABONG WWTISP: INCEP;CONC&VBLTY	3,336,159	3,336,159	1,710,537	-95%	-95%
REFURB: OD WWTW-HUMAN SETTLEMENT	62,000,000	62,000,000		0%	0%
PSE SYSTEM AT AND FROM THERONIA WWTW	25,800,000	25,800,000	18,856,487	-37%	-37%
TOTAL SEWER	165,203,494	165,203,494	87,010,012	-90%	-90%
WELKOM: 20MVA 132KV - URANIA SUBSTATION	4,380,000	4,380,000	2,770,056	-58%	-58%
WELKOM: 20MVA 132KV - URANIA SUBSTATION 18/19			-	-	-
WELKOM: FIVE (5) HANI PARK; BRONVILLE			-	-	-
THABONG (2010) 5 HIGH MAST LIGHT	333,573	333,573	333,572	0%	0%
TOTAL ELECTRICITY	4,713,573	4,713,573	3,103,628	-52%	-52%

VOLUME II

VOLUME II: AUDITED ANNUAL FINANCIAL STATEMENTS

AUDITED ANNUAL FINANCIAL STATEMENTS

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Matjhabeng Local Municipality
Annual Financial Statements

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.
The following is included in the scope of operation	Area FS184, as a high capacity local municipality, as demarcated by the Demarcation Board and indicated on the demarcated map published for FS184.
Executive Mayor	TD Khalipha
Members of the Mayoral Committee	TD Khalipha - Executive Major HA Mokhomo - Finance M Buti - LED, SMME's Agriculture & Tourism MC Radebe - Human Settlement X Masina - Infrastructure ML Radebe - IDP, Performance & Evaluation KR Tlake - Community Services & Public Safety T Monjovo-Xaba - Special Programmes KV Moipatle - Sports, Arts & Culture S Moshoeu - Corporate Services and Good Governance S Ramalefane - Fleet Disaster & Service Delivery
Councillors	Refer to councillors' note for detail
Grading of local authority	Local High Capacity Municipality (Grade 5)
Chief Finance Officer (CFO)	TC Panyani
Accounting Officer (MM)	Adv. LMR Ngoqo
Registered office	Civic Centre 319 Stateway Welkom Free State 9460
Postal address	P O Box 708 Welkom Free State 9460
Bankers	ABSA Bank Limited
Attorneys	Full list available at the municipal offices in Welkom
Enabling legislation	Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) Municipal Structures Act, 1998 (Act No. 117 of 1998) Municipal Structures Act, 1998 (Act No. 117 of 1998) Municipal Structures Act, 1998 (Act No. 117 of 1998) Municipal Structures Act, 1998 (Act No. 117 of 1998) Municipal Systems Act, 2000 (Act No. 32 of 2000)
Website	www.matjhabeng.co.za

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

Accounting officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 4 to 92, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2023 and were signed on its behalf by:



Adv. LMR/Ngoqo
Accounting Officer

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	125,689,425	198,250,543
Inventories	4	4,841,445	6,102,175
Other receivables	7	30,052,992	34,596,206
Receivables from non-exchange transactions	6	289,941,408	261,784,999
VAT receivable	8	968,241,561	920,598,594
Receivables from exchange transactions	5	1,122,194,190	1,004,765,994
		2,540,961,021	2,426,098,511
Non-Current Assets			
Investment property	10	2,072,608,999	1,955,032,015
Property, plant and equipment	11	3,877,490,369	3,955,939,108
Heritage assets	12	7,077,539	7,077,539
Other financial assets	9	474,015	415,803
Receivables from non-exchange transactions	6	6,656,453	6,559,477
Receivables from exchange transactions	5	3,024,690	5,338,280
		5,967,332,065	5,930,362,222
Total Assets		8,508,293,086	8,356,460,733
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	11,991,073,576	10,640,096,578
Consumer deposits	14	43,478,153	37,934,903
Employee benefit obligation	16	12,680,586	11,085,932
Unspent conditional grants and receipts	15	118,957,275	191,001,126
		12,166,189,590	10,880,118,539
Non-Current Liabilities			
Employee benefit obligation	16	429,455,009	458,133,543
Provisions	17	110,327,151	105,446,786
		539,782,160	563,580,329
Total Liabilities		12,705,971,750	11,443,698,868
Net Assets		(4,197,678,664)	(3,087,238,135)
Accumulated deficit		(4,197,678,664)	(3,087,238,135)
Total Net Assets		(4,197,678,664)	(3,087,238,135)

* See Note 44

Matjhabeng Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	1,380,167,686	1,350,662,382
Rental of facilities and equipment	19	20,824,594	19,885,345
Commissions received	21	17,214,328	16,424,132
Other income	23	23,113,739	15,578,816
Interest received	24	410,560,083	275,029,590
Dividends received	24	40,753	33,570
Total revenue from exchange transactions		1,851,921,183	1,677,613,835
Revenue from non-exchange transactions			
Taxation revenue			
Availability charges	22	41,198,475	38,774,090
Property rates	25	410,716,551	443,993,025
Transfer revenue			
Government grants and subsidies	26	765,139,497	670,606,123
Public contributions and donations	27	4,217,105	44,551,882
Fines, penalties and forfeits	20	2,619,796	8,224,288
Total revenue from non-exchange transactions		1,223,891,424	1,206,149,408
Total revenue		3,075,812,607	2,883,763,243
Expenditure			
Employee related costs	28	(986,887,805)	(866,689,478)
Remuneration of councillors	29	(35,638,877)	(33,686,836)
Depreciation and amortisation	30	(230,684,529)	(230,005,217)
Finance costs	32	(334,355,678)	(173,475,381)
Debt impairment	33	(1,116,245,618)	(850,074,718)
Bulk purchases	34	(1,250,446,211)	(1,251,708,707)
Contracted services	35	(125,721,941)	(183,332,854)
General expenses	36	(289,509,905)	(481,673,539)
Repairs and maintenance	37	(13,709,294)	(64,987,557)
Total expenditure		(4,383,199,858)	(4,135,634,287)
Operating deficit		(1,307,387,251)	(1,251,871,044)
Loss on disposal of assets and liabilities		-	(36,645,149)
Fair value adjustments	38	117,635,196	109,770,456
Actuarial gains	16	99,108,346	18,683,622
Impairment loss	31	(25,035,938)	(6,726,159)
		191,707,604	85,082,770
Deficit for the year		(1,115,679,647)	(1,166,788,274)

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 1 July 2021	(1,929,853,822)	(1,929,853,822)
Changes in net assets		
Correction of errors - Note 44	9,403,961	9,403,961
Net income (losses) recognized directly in net assets	9,403,961	9,403,961
Surplus for the year	(1,166,788,274)	(1,166,788,274)
Total changes	(1,157,384,313)	(1,157,384,313)
Restated* Balance at 1 July 2022	(3,154,075,128)	(3,154,075,128)
Changes in net assets		
Other changes	72,076,111	72,076,111
Total changes	(1,043,603,536)	(1,043,603,536)
Balance at 30 June 2023	(4,197,678,664)	(4,197,678,664)

* See Note 44

Matjhabeng Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		972,705,200	1,087,544,187
Grants		793,095,646	670,606,123
Interest income		10,318,303	2,390,350
Other receipts		68,315,671	59,502,378
		<u>1,844,434,820</u>	<u>1,820,043,038</u>
Payments			
Employee costs		(1,006,342,784)	(825,229,576)
Suppliers		(726,124,169)	(728,486,732)
Finance costs		(605)	(18,922)
		<u>(1,732,467,558)</u>	<u>(1,553,735,230)</u>
Net cash flows from operating activities	52	111,967,262	266,307,808
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(184,569,133)	(124,892,042)
Other cash item		40,753	33,570
Net cash flows from investing activities		(184,528,380)	(124,858,472)
Net increase/(decrease) in cash and cash equivalents		(72,561,118)	141,449,336
Cash and cash equivalents at the beginning of the year		198,250,543	56,801,207
Cash and cash equivalents at the end of the year	3	125,689,425	198,250,543

The accounting policies on pages 15 to 35 and the notes on pages 36 to 92 form an integral part of the annual financial statements.

* See Note 44

Matjhabeng Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Final approved budget	Shifting of funds	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of financial performance						
Revenue						
Revenue from exchange transactions						
Service charges	1,723,844,116	-	1,723,844,116	1,380,167,686	(343,676,430)	Note 1
Rental of facilities and equipment	26,587,765	-	26,587,765	20,824,594	(5,763,171)	Note 2
Licenses and permits	205,198	-	205,198	-	(205,198)	Note 3
Commissions received	63,600,000	-	63,600,000	17,214,328	(46,385,672)	
Other income	512,608,264	-	512,608,264	23,113,739	(489,494,525)	
Interest received - trade and investment	247,353,322	-	247,353,322	410,560,083	163,206,761	Note 5
Dividends or similar distributions received	25,633	-	25,633	40,753	15,120	Note 6
Total revenue from exchange transactions	2,574,224,298	-	2,574,224,298	1,851,921,183	(722,303,115)	
Revenue from non-exchange						
Taxation revenue						
Property rates	440,185,484	-	440,185,484	410,716,551	(29,468,933)	
Surcharges and Taxes	-	-	-	41,198,475	41,198,475	
Transfer revenue						
Government grants & subsidies	636,814,000	-	636,814,000	765,139,497	128,325,497	Note 7
Public contributions and donations	-	-	-	4,217,105	4,217,105	Note 8
Fines, Penalties and Forfeits	26,683,060	-	26,683,060	2,619,796	(24,063,264)	Note 9
Total revenue from non-exchange transactions	1,103,682,544	-	1,103,682,544	1,223,891,424	120,208,880	
Total revenue	3,677,906,842	-	3,677,906,842	3,075,812,607	(602,094,235)	
Expenditure						
Employee related costs	(906,572,359)	-	(906,572,359)	(986,887,805)	(80,315,446)	
Remuneration of councilors	(39,971,641)	-	(39,971,641)	(35,638,877)	4,332,764	Note 10
Depreciation and amortization	(100,000,000)	(25,500,328)	(74,499,672)	(230,684,529)	(156,184,857)	Note 11
Finance costs	(109,578,924)	(31,119,000)	(78,459,924)	(334,355,678)	(255,895,754)	Note 13
Debt Impairment/ Irrecoverable debts written off	(544,010,123)	-	(544,010,123)	(1,116,245,618)	(572,235,495)	Note 14
Bulk purchases and inventory consumed	(1,463,080,375)	(8,771,312)	(1,454,309,063)	(1,250,446,211)	203,862,852	Note 15
Contracted Services	(211,541,513)	31,666,815	(243,208,328)	(125,721,941)	117,486,387	Note 16
General expenditure	-	-	-	(289,509,905)	(289,509,905)	Note 17
Repairs and maintenance	-	-	-	(13,709,294)	(13,709,294)	Note 18
Operational costs	(301,864,171)	26,494,000	(328,358,000)	-	328,358,000	Note 17
Transfers and subsidies	(827,754)	111,000	(939,000)	-	939,000	Note 17
Total expenditure	(3,676,619,106)	(7,118,825)	(3,670,328,113)	(4,383,199,858)	(712,871,748)	-
Operating deficit	460,982	(7,117,825)	7,578,490	(1,307,387,251)	(1,314,965,741)	
Fair value adjustments	-	-	-	117,635,196	117,635,196	Note 22
Actuarial gains/losses	-	-	-	99,108,346	99,108,346	Note 17
Impairment loss	-	-	-	(25,035,938)	(25,035,938)	Note 12
				191,707,604	191,707,604	
Deficit before taxation	460,982	7,117,508	7,578,490	(1,115,679,647)	(1,123,258,137)	
Actual Amount on comparable Basis as Presented in the Budget and Actual Comparative Statement						

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	182,486,073		182,486,073	4,841,445	(177,644,628)	Note 19
Other receivables	873,433,234		873,433,234	30,052,992	(843 374 251)	Note 17
Receivables from non-exchangetransactions	-		-	289,941,408	289,941,408	Note 17
VAT receivable	-		-	968,241,561	968,241,561	Note 17
Consumer debtors	2,216,592,088		2,216,592,088	1,122,194,190	(1,094,397,898)	Note 20
Cash and cash equivalents	6,156,111,369	183,092,000	6,339,203,369	125,689,425	(6,213,513,944)	Note 21
	9,428,622,764	183,092,000	9,611,714,764	2,540,961,021	(7,070,747,752)	
Non-Current Assets						
Investment property	1,108,320,053		1,108,320,053	2,072,608,999	964,288,946	Note 22
Property, plant and equipment	2,749,317,644	103,859,184	2,853,176,828	3,877,490,369	1,024,313,541	Note 23
Heritage assets	-		-	7,077,539	7,077,539	Note 17
Other financial assets	322,828		322,828	474,015	151,187	Note 17
Receivables from non-exchangetransactions (non-current)	-		-	6,656,453	6,656,453	Note 17
Receivables from exchange transactions (non-current)/ Long-term receivables	464,175		464,175	3,024,690	2,560,515	Note 17
Other non-current assets	7 531 000		7 531 000	-	7 531 000	Note 17
	3,865,955,310	103,859,184	3,969,814,884	5,967,332,065	1,997,517,18	
Total Assets	13,294,578,074	286,951,184	13,581,529,258	8,508,293,086	(5,073,236,172)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	12,455,046,000	115,946,000	12,570,991,517	11,991,073,575	(579,917,942)	
Consumer deposits	89,749,375		89,749,375	43,478,153	(46,271,222)	Note 24
Employee benefit obligation	-		-	12,680,586	12,680,586	Note 17
Unspent conditional grants and receipts	-		-	118,957,275	118,957,275	Note 17
Provisions	454,109,108		454,109,108	-	(454,109,108)	Note 17
	12,998,904,000	115,946,000	13,114,850,000	12,166,189,589	(948,660,411)	
Current Liabilities						
Employee benefit obligation	-		-	429,455,009	429,455,009	Note 17
Provisions	-		-	110,327,151	110,327,151	Note 17
	-		-	539,782,160	539,782,160	
Total liabilities	12,998,904,000	115,946,000	13,114,850,000	12,705,971,750	(408,878,251)	

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net assets						
Net assets attributable to owners of controlling entity						
Reserves						
Accumulated deficit	167,271,000	123,064,000	290,334,000	(4,197,678,663)	(4,488,012,663)	Note 17

Matjhabeng Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Final approved budget	Shifting of funds	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash flow statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	1,444,795,627	-	1,444,795,627	972,705,200	(472,090,427)	Note 1
Property rates	330,139,000	-	330,139,000	-	(330,139,000)	Note 17
Grants	803,624,000	115,946,000	919,570,000	793,095,646	(126,474,354)	Note 25
Interest income	4,594,504	-	4,594,504	10,318,303	5,723,799	Note 5
Dividends or similar distributions received	25,633	-	25,633	-	(25,633)	Note 6
Other receipts	443,004,911	-	443,004,911	68,315,671	(374,689,240)	Note 8
	3,026,183,675	115,946,000	3,142,129,675	1,844,434,820	(1,297,694,855)	
Payments						
Suppliers and employee costs	(2,341,102,914)	-	(2,341,102,914)	(1,732,466,953)	608,635,961	Note 17
Employee costs				(1,006,342,784)		
Suppliers				(726,124,169)		
Finance costs	-	-	-	(605)	(605)	Note 13
	(2,341,102,914)	-	(2,341,102,914)	(1,732,467,558)	608,635,356	
Net cash flows from operating activities	685,080,761	-	801,026,761	111,967,262	(689,059,499)	
Cash flows from investing activities						
Proceeds on disposal of property, plant and equipment	63,600,000	-	63,600,000	-	-	Note 17
Decrease (increase) in non-current receivables	464,000	-	-	-	-	Note 17
Decrease (increase) in non-current investments	323,000	-	-	-	-	Note 17
Purchase of investment property	(176,809,000)	172,005,000	(348,814,457)	(184,569,133)	(183,188,216)	Note 17
Other cash item	-	-	-	40,753	40,753	Note 17
Net cash flows from investing activities	(112,422,000)	172,005,000	(285,214,457)	(184,569,133)	(183,188,216)	
Cash flows from financing activities						
Increase in consumer deposits	179,499,000	-	179,499,000	-	-	Note 17
Net cash flows from financing activities	179,499,000	-	179,499,000	-	-	
Net increase/(decrease) in cash	752,157,761	(56,059,000)	695,311,304	(72,561,118)		
Cash and cash equivalents at the beginning of the year	-	-	-	198,250,543	198,250,543	Note 17
Cash and cash equivalents at the end of the year	752,157,761	(56,059,000)	695,311,761	125,689,425	(402,652,946)	

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Variance of above 10% between the budgeted amount and the actual are due to the following:

Note 1 – Increased measures actual readings instead of making use of estimates resulted in less service charges than budgeted for.

Note 2 – Financial constraints to the public resulted in less events that necessitated the rental of facilities and equipment than budgeted for.

Note 3 – Item not being part of the core mandate of the municipality resulted in it not budgeted for.

Note 4 – No asset sales, reduction in funerals as well as reduced disconnection fees owing to increased public awareness on the importance of paying municipal services resulted in less other income than budgeted for.

Note 5 – Increase in overdue customer accounts as well as the reduction of provisions estimate resulted in more income received than what was anticipated.

Note 6 – Positive financial results resulted in more dividends being distributed to the municipality than what was anticipated.

Note 7 – Effectively use of DORA allocations resulted in allocations being awarded to the municipality than what was budgeted for.

Note 8 – Unanticipated donations received resulted in a variation from the budget.

Note 9 – Decrease traffic officials' resulted in less traffic fines being issued than what was budgeted for. (Traffic officers positions are vacant.)

Note 10 - The application of upper limits thresholds resulted in less remuneration for councillors than what was budgeted for.

Note 11 – Increase in assets acquired during the year resulted in more depreciation than what was anticipated.

Note 12 – Increase vandalisms resulted in unanticipated impairment.

Note 13 – Financial constraints resulted in more finance costs being incurred than what was budgeted for.

Note 14 – Unfavourable economic factors resulted in the increase in debtors being unable to meet their obligations resulted in more debt impairment than what was anticipated.

Note 15 – Ageing infrastructure resulted in increased leaks owing to increased losses which resulted in more bulk purchases than what was anticipated.

Note 16 – Application of insourcing with the aim to decrease in reliance on external parties which resulted in less contracted services than what was budgeted for.

Note 17 – Misalignment of budgeted amounts on line items.

Note 18 – Ineffective budgeting resulted in the item not being appropriately budgeted for.

Note 19 - Repositioning of budget to other items resulted in less inventories than budgeted for.

Note 20 - Increase in debt being impaired resulted in less consumer debtors than what was anticipated

Note 21 - Project delays resulted in more cash and cash equivalents being held at year-end than anticipated.

Note 22 - Favourable market conditions resulted in an anticipated increase in the fair value.

Note 23 - Increase in asset base owing to additions resulted in a higher value of property, plant and equipment than

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

anticipated.

Note 24- Economic downturn resulted in fewer customers acquiring properties which necessitated deposits than what was budgeted for.

Note 25- Increase measures in project management resulted in consequences being implemented to non-performing contractors which resulted in project delays, thus increasing unspent conditional grants.

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparations

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

Matjhabeng Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty

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

Significant judgments include:

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgments, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

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

Trade receivables / Held to maturity investments and/or loans and receivables

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The municipality used the prime interest rate at year end to discount future cash flows.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value of tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

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1.4 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of waste and water network and other assets

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

Employee Benefits Obligation

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Provision for Impairment of Receivables

On consumer receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.5 Investment property

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

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

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

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

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

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

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

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1.5 Investment property (continued)

Fair value

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

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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1.6 Property, plant and equipment (continued)

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

Subsequent Measurement :

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	2 - 50 years
Transport assets	Straight-line	4 - 15 years
Infrastructure	Straight-line	3 - 100 years
Other movable assets	Straight-line	2 - 20 years
Landfill rehabilitation assets	Straight-line	8 - 20 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation commences when the asset is ready for its intended use and ceases when the asset is derecognised

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 11).

1.7 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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1.7 Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset, such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.9 Financial instruments

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

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1.9 Financial instruments (continued)

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial assets	Financial asset measured at fair value
Other receivables	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs.

It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

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1.9 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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1.9 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.10 Tax

Value Added Tax (VAT)

The municipality accounts for VAT on a cash basis. The municipality is liable to account for VAT at a standard rate of 15% effective from 1 April 2018 in terms of section 7(1)(a) of the VAT Act in respect of supply of goods and services, except where the supplies are specifically zero rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality account for VAT on a monthly basis.

1.11 Inventories

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

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

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

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

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

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

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

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

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

1.12 Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand and deposits held at call with banks net of bank overdrafts.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Identification

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

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

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

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

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

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1.14 Impairment of non-cash-generating assets (continued)

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

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

Useful life is either:

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

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.15 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or

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Accounting Policies

1.15 Employee benefits (continued)

- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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1.15 Employee benefits (continued)

Other Long term employee benefits

The municipality has an obligation to provide long service benefits to all of its employees. According to the rules of the long service benefit scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long benefits are accounted for through the statement of financial performance.

1.16 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficit.

A Contingent Liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence and nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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Accounting Policies

1.16 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.17 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 Revenue from exchange transactions

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

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

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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Accounting Policies

1.18 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably..

Interest on outstanding customer receivables is calculated when the receivable is more than 30 days at prime rate plus 1% and recognised in surplus or deficit on the time proportionate basis.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.19 Revenue from non-exchange transactions

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

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

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Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Recognition

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

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

Measurement

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Fines, penalties and forfeits

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

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Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Public contributions and donations

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment are brought into use.

Donations are recognised on a cash receipt basis or where the donation is in a form of property, plant and equipment, when such items of property, plant and equipment are available for use.

1.20 Investment income

Investment income is recognised on a time-proportionate basis using the effective interest method.

1.21 Comparative figures

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

1.22 Unauthorised expenditure

Unauthorised expenditure means:

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

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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

1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.25 Segment information

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

A measure of assets and liabilities for each reportable segment has not been disclosed due to the fact that such amounts are not regularly provided to management for decision making purposes.

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1.25 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.26 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2022 to 30/06/2023.

The budget for the economic entity includes all the entities approved budgets under its control.

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

1.27 Related parties

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

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.28 Consumer deposits

Consumer deposits are subsequently recorded in accordance with accounting policy of trade and other payables.

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1.29 Unspent Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Guideline on Accounting for Landfill Sites

The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making.

The municipality adopted the guideline for the first time in the 2022/23 annual financial statements. It is unlikely that the standard will have a material impact in the municipality's annual financial statements.

GRAP 25 (as revised): Employee Benefits and iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans.

The municipality adopted the guideline for the first time in the 2022/23 annual financial statements. It is unlikely that the standard will have a material impact in the municipality's annual financial statements.

iGRAP 21: The Effect of Past Decisions on Materiality

This interpretation explains the nature of past materiality decisions and their potential effects on current and subsequent reporting periods.

The municipality adopted the guideline for the first time in the 2022/23 annual financial statements. It is unlikely that the standard will have a material impact in the municipality's annual financial statements.

GRAP 2020: Improvements to the standards of GRAP 2020

The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making.

The municipality adopted the guideline for the first time in the 2022/23 annual financial statements. It is unlikely that the standard will have a material impact in the municipality's annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply

The municipality adopted the guideline for the first time in the 2022/23 annual financial statements. It is unlikely that the standard will have a material impact in the municipality's annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July 2023 or later periods:

Guideline: Guideline on the Application of Materiality to Financial Statements

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The municipality expects to adopt the guideline for the first time in the 2098/2099 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
 - Loan commitments issued
 - Classification of financial assets
 - Amortised cost of financial assets
 - Impairment of financial assets
 - Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The municipality expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand and advances	9,474	9,474
Bank balances - cashbook	11,237,292	68,873,045
Short-term deposits	114,442,659	129,368,024
	125,689,425	198,250,543

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Figures in Rand	2023	2022
3. Cash and cash equivalents (continued)		
ACB mag tape debit facility	2,000,000	2,000,000
Housing guarantee	20,000	20,000
Fleet card	1,000,000	1,000,000
Credit card facility	300,000	300,000

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Cash and cash equivalents pledged as collateral

None of the cash and cash equivalents were pledged as collateral.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA Primary cheque account Acc no (40-5370-5465)	12,760,185	4,865,806	4,233,609	11,592,498	68,692,434	19,154,571
ABSA Market cheque account Acc no (40-5644-3399)	805,560	806,773	5,800,206	(867,736)	(1,874,579)	(1,770,814)
ABSA Savings account Acc no (90-9461-7107)	1,003	129,314,396	39,401,000	1,000	129,314,396	39,401,000
ABSA Savings account Acc no (91-0668-4115)	114,431,283	49,119	2,506	114,431,283	49,118	2,506
ABSA Savings account Acc no (91-1114-1338)	1,165	1,122	1,113	1,077	1,125	1,112
ABSA Savings account Acc no (91-0668-4238)	1,310	1,262	1,251	1,214	1,266	1,254
ABSA Savings account Acc no (91-0668-4157)	1,102	1,062	1,052	1,018	1,064	1,052
ABSA Savings account Acc no (91-2351-5666)	1,102	1,062	1,052	1,018	1,064	1,052
Total	128,002,710	135,040,602	49,441,789	125,161,372	196,185,888	56,791,733

4. Inventories

Consumable stores	1,876,916	2,680,670
Water for distribution	2,964,529	3,421,505
	4,841,445	6,102,175

Inventories recognised as an expense during the year	9,367,733	4,163,548
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The line item was restated, refer to prior period error note 44 for more details on the error.

Inventory pledged as security

None of the inventory was pledged as security for any financial liability of the municipality.

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Figures in Rand	2023	2022
5. Receivables from exchange transactions		
Current		
Gross balances		
Electricity	538,544,768	469,164,376
Water	2,754,425,203	2,315,186,886
Sewerage	1,156,231,857	973,237,648
Refuse	727,465,199	615,640,797
Other receivables	5,576,594	5,599,289
Rentals	147,386,273	130,150,992
Sundries	174,007,300	154,411,557
Unmetered consumption - Electricity	95,498,086	97,936,315
Unmetered consumption - Water	64,428,051	52,818,434
Less: Non-current consumer receivables (arrangements)	(46,283,460)	(42,634,615)
	5,617,279,871	4,771,511,679
Less: Allowance for impairment		
Electricity	(373,075,236)	(315,496,702)
Water	(2,381,243,893)	(1,984,026,112)
Sewerage	(909,478,533)	(760,953,718)
Refuse	(592,504,452)	(491,542,188)
Rentals	(128,253,014)	(115,080,402)
Sundries	(149,053,875)	(132,240,248)
Other receivables	(4,735,448)	(4,702,650)
Less: Non-current consumer receivables (arrangements)	43,258,770	37,296,335
	(4,495,085,681)	(3,766,745,685)
Net balance		
Electricity	165,469,532	153,667,674
Water	373,181,310	331,160,774
Sewerage	246,753,324	212,283,930
Refuse	134,960,747	124,098,609
Rentals	19,133,259	15,070,590
Sundries	24,953,425	22,171,309
Other receivables	841,146	896,639
Unmetered consumption - Electricity	95,498,086	97,936,315
Unmetered consumption - Water	64,428,051	52,818,434
Less: Non-current consumer receivables (arrangements)	(3,024,690)	(5,338,280)
	1,122,194,190	1,004,765,994
Non-current		
Gross Balance		
Arrangements	46,283,460	42,634,615
Less: Allowance for impairment		
Arrangements	(43,258,770)	(37,296,335)
Net Balance	3,024,690	5,338,280
Total consumer debtors	1,122,194,190	1,004,765,994

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Figures in Rand	2023	2022
5. Receivables from exchange transactions (continued)		
Summary of of debtors by service classification		
Unmetered consumption - Water		
Current (0 -30 days)	64,428,051	52,818,434
Electricity		
Current (0 -30 days)	51,817,850	51,194,663
31 - 60 days	19,287,565	16,439,572
61 - 90 days	15,060,748	13,428,895
91 + days	452,378,605	388,101,246
Less: Impairment	(373,075,236)	(315,496,702)
	165,469,532	153,667,674
Water		
Current (0 -30 days)	52,601,535	50,045,149
31 - 60 days	44,929,843	55,365,538
61 - 90 days	52,987,276	35,514,806
91 + days	2,603,906,548	2,174,261,393
Less: Impairment	(2,381,243,892)	(1,984,026,112)
	373,181,310	331,160,774
Unmetered consumption - Electricity		
Current (0 -30 days)	95,498,086	97,936,315
Sewerage		
Current (0 -30 days)	22,767,906	18,739,696
31 - 60 days	19,772,071	15,888,976
61 - 90 days	19,030,416	15,483,920
91 + days	1,094,661,464	923,125,055
Less: Impairment	(909,478,533)	(760,953,717)
	246,753,324	212,283,930
Refuse		
Current (0 -30 days)	13,857,923	11,338,207
31 - 60 days	11,899,557	9,481,646
61 - 90 days	11,437,613	9,209,252
91 + days	690,270,105	585,612,010
Less: Impairment	(592,504,451)	(491,542,506)
	134,960,747	124,098,609
Rentals		
Current (0 -30 days)	1,493,588	1,461,292
31 - 60 days	1,493,588	1,451,922
61 - 90 days	1,478,282	1,447,731
91 + days	142,920,815	127,362,230
Less: Impairment	(128,253,014)	(116,652,585)
	19,133,259	15,070,590

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Figures in Rand	2023	2022
5. Receivables from exchange transactions (continued)		
Sundries		
Current (0 -30 days)	2,465,242	1,906,044
31 - 60 days	2,457,101	1,358,153
61 - 90 days	1,905,729	1,598,612
91 + days	167,179,229	147,977,312
> 365 days	(149,053,876)	(130,668,812)
	24,953,425	22,171,309
Other		
Current (0 -30 days)	39,925	28,563
31 - 60 days	18,500	11,307
61 - 90 days	12,471	10,150
91 + days	5,505,715	5,549,269
Less: Impairment	(4,735,465)	(4,702,650)
	841,146	896,639

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Figures in Rand	2023	2022
5. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	106,812,638	87,426,639
31 - 60 days	88,636,605	82,325,963
61 - 90 days	91,971,679	64,019,317
91 + days	4,782,896,355	3,694,041,308
	5,070,317,277	3,927,813,227
Less: Allowance for impairment	(4,354,660,643)	(3,096,417,168)
	715,656,634	831,396,059
Business, Industrial and Commercial		
Current (0 -30 days)	55,270,545	50,459,947
31 - 60 days	23,057,524	20,691,317
61 - 90 days	19,580,205	18,398,474
91 + days	968,638,295	705,004,107
	1,066,546,569	794,553,845
Less: Allowance for impairment	(679,933,565)	(498,213,239)
	386,613,004	296,340,606
Farms and agriculture		
Current (0 -30 days)	6,654,921	6,248,319
31 - 60 days	5,080,595	4,508,424
61 - 90 days	4,758,493	4,342,750
91 + days	185,838,002	136,252,129
	202,332,011	151,351,622
Less: Allowance for impairment	(154,054,639)	(119,424,644)
	48,277,372	31,926,978
Total		
Current (0 -30 days)	180,270,974	168,385,799
31 - 60 days	122,090,803	121,726,857
61 - 90 days	122,133,621	96,017,385
91 - 120 days	5,958,992,906	5,096,770,306
	6,383,488,304	5,482,900,347
Less: Allowance for impairment	(5,261,294,114)	(4,478,134,353)
	1,122,194,190	1,004,765,994
Less: Allowance for impairment		
Current (0 -30 days)	(4,495,085,681)	(3,766,745,685)

Receivables from exchange transactions pledged as security

No consumer debtors were pledged as security for overdraft facilities of the municipality.

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
5. Receivables from exchange transactions (continued)		
Receivables from exchange transactions past due but not impaired		
As at 30 June 2023, consumer receivables of R 18 230 276 (2022: R 22 173 107) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	15,152,793	18,490,435
2 months past due	3,077,483	2,950,763
3 months past due	-	731,909
Receivables from exchange transactions		
As of 30 June 2023, consumer debtors of R5 052 086 968 (2022: R 3 905 640 120) were impaired and provided for.		
The line item was restated, refer to prior period error note 44 for more details on the error.		
Reconciliation of allowance for impairment		
Balance at the beginning of the year	(4,361,450,313)	(3,683,674,206)
Contributions to allowance	(1,116,245,618)	(894,299,456)
Debt impairment written off against the allowance	224,710,987	216,523,349
	(5,252,984,944)	(4,361,450,313)
6. Receivables from non-exchange transactions		
Consumer receivables - Rates	864,163,575	716,888,662
Availability charges - Electricity	52,807,549	44,219,049
Availability charges - Water	33,882,067	41,256,573
Allowance for impairment - Rates	(598,555,528)	(478,227,704)
Allowance for impairment - Availability charges - Electricity	(36,573,747)	(30,839,736)
Allowance for impairment - Availability charges - Water	(25,782,508)	(31,511,845)
	289,941,408	261,784,999
Non-current - receivables from non-exchange transactions		
Availability charges - Electricity	17,147,711	15,646,168
Availability charges - Water	5,912,946	7,742,318
Allowance for impairment: Availability charges - Electricity	(11,894,170)	(10,913,846)
Allowance for impairment: Availability charges - Water	(4,510,033)	(5,915,163)
	6,656,454	6,559,477
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Property rates	864,163,575	716,888,662
Less Allowance for impairment: Property rates	(598,555,528)	(478,227,704)
	265,608,047	238,660,958
Total receivables from non-exchange transactions	296,597,862	268,344,476

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6. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Property Rates are levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004 (MPRA), approved Property Rates Policy and by-laws.

Determination of transaction amount

Rates are levied in accordance with the Act (MPRA), abased on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

The municipality differentiates between various categories of property and owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

Interest or other charges levied/charged

Interest accrues from 30 days on unpaid accounts. Interest is levied at a rate of prime rate plus 1%.

Basis used to assess and test whether a statutory receivable is impaired

The municipality assess whether statutory receivables are impaired at the end of every reporting date, in line with Grap 104.

The following factors were considered in determining the impairment:

- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant

Discount rate applied to the estimated future cash flows

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2023, - (2022: -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Reconciliation of provision for impairment for statutory receivables

Opening balance	(4,361,450,313)	(3,683,674,206)
Provision for impairment	(1,116,245,618)	(894,299,456)
Amounts written off as uncollectible	224,710,987	216,523,349
	(5,252,984,944)	(4,361,450,313)

Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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6. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due but not impaired

At 30 June 2023, receivables from non-exchange transactions of R76 378 072 (2022: R72 792 389) were past due but not impaired.

Fair value of receivables from non-exchange transactions

The carrying value of the receivables from non-exchange transactions recorded at amortised cost approximate their fair values.

Receivables from non-exchange transactions impaired:

As of 30 June 2023, receivables from non-exchange transactions of R 897 480 353 (2022: R799 834 408) were impaired and provided for.

7. Other receivables

Accrued interest	322,295	322,295
Deposits	225,850	225,850
Employee benefit receivable	180,000	-
Erf sales - Sanral	1,078,796	1,078,796
Maritz attorneys	16,513,652	16,513,652
Market sales	3,079,836	3,149,576
Market sales - sundries	28,017	6,183
Prepayments	1,131,732	1,131,732
Sundry receivables	57,527	57,527
Trade receivables - double payments	2,690,480	2,690,480
Traffic fines receivable	2,116,172	6,931,772
Welkom Market	2,628,635	2,488,343
	30,052,992	34,596,206

8. VAT receivable

VAT	968,241,561	920,598,594
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VAT is treated on the payment basis. VAT is paid over to SARS on a net basis only when actual payments are received by the municipality and when actual payments are made to suppliers. The balance above is inclusive of accruals and provisions, where applicable.

The line item was restated, refer to prior period error 44 for more details on the error.

9. Other financial assets

Designated at fair value

Unlisted shares	474,015	415,803
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The unlisted shares consist of 17,238 (2022: 17 238) equity shares at R15 each as at 30 June 2023 in Senwes Limited and 26,435 (2022: 26 435) equity shares at R 8.15 each in Senwesbel Limited.

Non-current assets

Designated at fair value	474,015	415,803
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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
9. Other financial assets (continued)		
Financial assets at fair value		
Fair value hierarchy of financial assets at fair value		
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:		
Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.		
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
Level 2		
Class 1 (Unlisted shares)	474,015	415,803

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

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10. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2,072,608,999	-	2,072,608,999	1,955,032,015	-	1,955,032,015

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Closing balance
Investment property	1,955,032,015	117,576,984	2,072,608,999

Reconciliation of investment property - 2022

	Opening balance	Additions	Transfers out	Fair value adjustments	Closing balance
Investment property	1,855,400,000	42,000,000	(52,138,441)	109,770,456	1,955,032,015

Fair value of investment properties 2,072,608,999 1,955,032,015

Pledged as security

There are no contractual obligations on investment property.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
10. Investment property (continued)		
<p>The effective date of the revaluations was 30 June 2023. Fair value determinations were performed by UNIQUECO Properties Pty Ltd. Mr L Nel, who is a registered Professional Property Valuer with the South African Council for the Property Valuer's Profession (registration number 4464/2) and has the appropriate experience in performing valuations of investment properties, was the valuer used to perform the valuations. The valuation for the land portion was based on adapted comparable sales and on replacement costs for for the improvements.</p> <p>These assumptions are based on current market conditions.</p>		
Maintenance of investment property		
The following maintenance costs were incurred:		
Preventative Maintenance incurred on		
Repairs and maintenance	-	140,937
Amounts recognised in surplus or deficit		
Rental revenue from investment property	20,824,594	19,885,345

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Transport assets	187,550,788	(52,408,143)	135,142,645	74,906,922	(38,256,397)	36,650,525
Infrastructure	8,959,518,106	5,514,025,765)	3,445,492,341	9,054,972,382	5,331,256,602)	3,723,715,780
Community assets	224,307,180	(72,481,289)	151,825,891	35,130,003	-	35,130,003
Other movable assets	61,538,408	(36,011,276)	25,527,132	50,534,925	(31,377,892)	19,157,033
Landfill rehabilitation assets	151,831,494	(98,476,051)	53,355,443	149,128,898	(91,354,552)	57,774,346
Land and buildings	128,120,297	(61,973,380)	66,146,917	148,813,724	(65,302,303)	83,511,421
Total	9,712,866,273	(5,835,375,904)	3,877,490,369	9,513,486,854	(5,557,547,746)	3,955,939,108

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Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Transfers IN	Transfers OUT	Depreciation	Impairment loss	Closing balance
Transport assets	36,650,525	112,722,632	-	-	(14,124,581)	(105,931)	135,142,645
Infrastructure	3,723,715,780	84,510,911	209,786,855	(347,818,191)	(199,667,076)	(25,035,938)	3,445,492,341
Community assets	35,130,003	-	198,465,724	-	(81,769,836)	-	151,825,891
Other movable assets	19,157,033	11,736,753	-	-	(5,366,654)	-	25,527,132
Landfill rehabilitation assets	57,774,346	2,702,596	-	-	(7,121,499)	-	53,355,443
Land and buildings	83,511,421	-	-	(13,984,241)	(3,380,263)	-	66,146,917
	3,955,939,108	211,672,892	408,252,579	(361,802,432)	(311,429,909)	(25,141,869)	3,877,490,369

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Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers IN	Transfers OUT	Depreciation	Impairment loss	Closing balance
Transport assets	63,320,094	16,820,927	(36,645,149)	-	-	(6,845,347)	-	36,650,525
Infrastructure	3,815,049,554	89,248,115	-	105,472,594	(105,472,594)	(178,585,193)	(1,996,696)	3,723,715,780
Community	-	-	-	35,130,003	-	-	-	35,130,003
Other movable assets	14,952,772	8,631,501	-	-	-	(4,427,240)	-	19,157,033
Landfill rehabilitation assets	89,264,949	2,793,229	-	-	-	(34,283,832)	-	57,774,346
Land and buildings	73,032,990	6,034,097	-	10,880,000	-	(3,412,650)	(3,023,016)	83,511,421
	4,055,620,359	123,527,869	(36,645,149)	151,482,597	(105,472,594)	(227,554,262)	(5,019,712)	3,955,939,108

Pledged as security

None of these assets were pledged as security.

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
11. Property, plant and equipment (continued)		
Property, plant and equipment in the process of being constructed was halted during the year		
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Electrification of 900 houses in Rheederpark	16,466,910	16,466,910
Installation of zonal water meters	8,179,651	8,179,651
Klippan Pumpstation upgrade	7,165,129	7,165,129
Mmamahabane Taxi Rank	477,699	477,699
Nyakallong Construction of stormwaters	17,461,171	17,461,171
Nyakalong Taxi Rank	377,781	377,781
Replacement of Old Galvanized Steel Pipes with UPVC Pipes: Nyakallong/Allanridge	8,413,854	8,413,854
Roads and stormwater White City (Ward 4)	5,111,155	5,111,155
Thabong (Twenty Ten) Provision and Installation of 5 High Mast Light	1,743,410	1,743,410
Thabong Community Centre parking upgrade	220,493	220,493
Thabong Taxi Rank	2,588,469	2,588,469
Thabong Upgrading and Refurbishment of T8 Sewer Pump station	13,570,402	13,570,402
Upgrading of Kutlwanong Outfall Sewer	22,458,201	22,458,201
Upgrading of seven electrical panels	167,058	167,058
Upgrading of the Urania 132KV 20MA Substation ad 132kV Overhead Line	8,441,708	8,441,708
Welkom Landfill Site	18,110,918	18,110,918
Welkom Regional Taxi Rank	6,741,313	6,741,313
White Septic Tank Welkom	335,631	335,631
	138,030,953	138,030,953

These projects are still in design stage and have been halted by management awaiting capital budget.

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Work in progress	445,740,354	8,434,676	2,938,708	457,113,738

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Other PPE	Total
Work in progress	579,450,974	2,938,708	582,389,682

2023

Transfers

Projects to the value of R209,76,855 were completed and transferred out of Capital work in progress into Infrastructure assets.

2022

Transfers

Projects to the value of R105 472 594 were completed and transferred out of Capital work in progress into Infrastructure assets

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
11. Property, plant and equipment (continued)		
Repairs and maintenance per class of asset:		
Land and buildings	1,610,075	2,985,319
Infrastructure assets	4,737,798	12,324,077
Transport assets	344,034	9,123,994
Other movable assets	459,447	40,551,207
Landfill rehabilitation assets	6,557,941	848,174
	13,709,295	65,832,771

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The line item was restated, refer to prior period error note 44 for more details on the error.

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Figures in Rand

12. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	4,747,835	-	4,747,835	4,747,835	-	4,747,835
Mayoral chains	2,356,514	(26,810)	2,329,704	2,356,514	(26,810)	2,329,704
Total	7,104,349	(26,810)	7,077,539	7,104,349	(26,810)	7,077,539

Reconciliation of heritage assets 2023

	Opening balance	Closing balance
Historical buildings	4,747,835	4,747,835
Mayoral chains	2,329,704	2,329,704
	7,077,539	7,077,539

Reconciliation of heritage assets 2022

	Opening balance	Impairment losses (recognised)/re versed directly in Net assets	Closing balance
Historical buildings	4,747,835	-	4,747,835
Mayoral chains	2,356,514	(26,810)	2,329,704
	7,104,349	(26,810)	7,077,539

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Figures in Rand	2023	2022
12. Heritage assets (continued)		
Pledged as security		
None of these assets were pledged as security.		
A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.		
13. Payables from exchange transactions		
Accrued 13th cheque	21,147,755	11,130,173
Accrued leave pay	105,503,217	96,167,879
Bloem Water	5,436,424,698	4,897,035,157
Deferred income - pre paid electricity	3,700,000	3,700,000
Deposits received - halls and facilities	15,175	15,175
Eskom	5,630,675,806	4,763,669,846
Payments received in advanced from consumer receivables	300,265,223	187,739,462
Rental - Hostels and flats	2,858,273	2,858,273
Retentions	21,253,526	17,234,624
SALGA	16,649,657	13,281,100
Salary control account (3rd parties)	19,948,888	30,704,413
Trade payables	432,631,358	616,560,476
	11,991,073,576	10,640,096,578

The line item was restated, refer to prior period error note 44 for more details on the error

14. Consumer deposits

Electricity and water	42,223,988	36,911,286
Key deposits	1,254,165	1,023,617
	43,478,153	37,934,903

Guarantees held in lieu of electricity and water deposits amounted to R6 067 965 (2021: R6 067 965).

Deposits are paid by consumers on application for new electricity and water connections. The deposits are repaid when the electricity and water connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account balance.

Deposits are paid by lessees on application for new rental properties of the municipality.

No interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximates their fair values.

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	33,778,639	111,349,918
Integrated National Electrification Programme (INEP)	1,297,525	-
Energy Efficiency and Demand side Management Grant (EEDG)	2,549	2,549
Municipal Water Services Infrastructure Grant (MWSIG)	16,906,474	12,502,659
Free State Department of Human Settlements	66,972,088	67,146,000
	118,957,275	191,001,126

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Figures in Rand	2023	2022
15. Unspent conditional grants and receipts (continued)		
The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.		
See note 26 for reconciliation of grants from National/Provincial Government.		
16. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the post-employment medical aid benefit	(385,516,944)	(414,638,472)
Present value of the long service award benefit	(56,619,649)	(54,581,003)
	(442,136,593)	(469,219,475)
Non-current liabilities	(429,455,009)	(458,133,543)
Current liabilities	(12,680,586)	(11,085,932)
	(442,135,595)	(469,219,475)
The fair value of plan assets includes:		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	469,220,473	429,463,845
Net expense recognised in the statement of financial performance	(27,083,880)	39,756,628
	442,136,593	469,220,473
Net expense recognised in the statement of financial performance		
Current service cost	24,781,294	22,427,337
Interest cost	56,189,913	47,540,982
Actuarial gains	(99,108,346)	(18,683,622)
Expected benefits paid	(8,946,741)	(11,529,067)
	(27,083,880)	39,755,630
Calculation of actuarial gains and losses		
Actuarial (gains) / losses – Long service	(6,395,117)	2,299,626
Actuarial (gains) / losses – Medical aid	(92,713,229)	(18,844,250)
	(99,108,346)	(16,544,624)

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16. Employee benefit obligations (continued)

Changes in the fair value of plan assets are as follows:

Post-retirement medical aid plan

The municipality has a post-employment medical aid fund for its pensioners. The post-retirement medical aid is in accordance with Resolution 8 of the South African Local Government Bargaining Council (SALGBC), signed on 17 January 2003, which states that an employee who retires from employment and who immediately prior to his or her retirement, enjoys the benefits of subsidy of his or her medical aid contributions by his or her employer, will continue to receive a subsidy calculated as follows:

- If the employee is 55 years or older on 1 July 2003, his or her subsidy from the employer as at the date of retirement will be 60% to a maximum amount of the norms of the cost of his or her medical aid scheme contributions as at the date immediately prior to the date of his or her retirement; or
- If the employee is 50 years or older on 1 July 2003, his or her subsidy will be 60% to a maximum amount of the norms of the cost of his or her medical aid scheme contributions as at the day immediately prior to the date of his or her retirement.

The municipality makes monthly contributions for the healthcare arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- Discovery
- Key-Health
- LA Health
- Samwumed

Long Service benefits

The municipality's liability for long service benefits relating to vested leave benefits to which employees may become entitled upon completion of five years of service and every five years thereafter. These leave benefits are in accordance with paragraph 11 of South African Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGA which was signed on July 2010.

In accordance with South African Local Government Bargaining Council (SALGBC) issued circular 1 of 2011 (issued 27 June 2011) with an effective date of 1 March 2011), specific bonuses are payable to employees for long service. Bonuses are payable in the following scale:

Years of service completed	Percentage of annual salary as bonus	- Additional Leave days
> 5 Years	2%	- 5 days
> 10 Years	3%	- 10 days
> 15 Years	4%	- 15 days
> 20 Years	5%	- 15 days
> 24 - 45 Years	6%	- 15 days

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Figures in Rand	2023	2022
16. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
CPI (Medical aid)	7.71 %	7.30 %
CPI (Long service award)	5.38 %	6.76 %
Discount rate (Medical aid)	13.70 %	12.27 %
Discount rate (Long service award)	10.73 %	10.93 %
Medical aid inflation rate (Medical aid)	9.21 %	8.80 %
Net discount rate (Long service award)	4.09 %	2.94 %
Net discount rate (Medical aid)	4.11 %	3.19 %
Salary increase rate (Long service award)	6.38 %	7.76 %
Continuation percentage	100.00 %	100.00 %

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

Other assumptions

The effect of one percentage increase/decrease in the net discount rate is as follows for the 2023 financial year:

	One percentage point increase	One percentage point decrease
Employer's accrued liability (Long service awards)	59,928,716	53,594,909
Current service cost (Long service awards)	5,314,926	4,649,900
Interest cost (Long service awards)	6,243,079	5,563,462
Employer's accrued liability (Medical aid)	341,602,725	438,958,561
Current service cost (Medical aid)	21,027,236	28,141,700
Interest cost (Medical aid)	49,501,057	58,180,492

Amounts for the current and previous four years are as follows:

	2023	2022	2021	2020	2019
Defined benefit obligation	(442,136,593)	(469,220,473)	(429,463,845)	(390,465,049)	(448,090,553)

Defined contribution plan

The municipality makes provision for post-retirement benefits to all employees and councilors, who belong to different contribution plans which are administered by various pension funds, provident and annuity funds. These plans are subject to the Pension Fund Act, 1995 (Act No. 24 of 1956) and include defined contribution plans. The municipality is under no obligation to cover any unfunded benefits. The only obligation of the municipality is to make the specific contributions.

The following are the multi-employer funds and are defined contribution plans:

- South African Local Authorities Pension Fund (SALA)
- Free State Municipal Pension Fund (FSMPF)
- Municipal councilors Pension Fund (MCPF)

Sufficient information was not available to use defined benefit accounting for the fund and it was accounted for as a defined

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Contributions due to the following years

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16. Employee benefit obligations (continued)

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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16. Employee benefit obligations (continued)

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers; - One set of financial statements is compiled for all the funds are not for each participating employer; and

- The same rate of contribution applies to all participating employers and no regard is paid to differences in membership distribution of the participating employers.

This is in line with the exemption in GRAP 25 paragraph 31 which state that where information is required for proper defined benefit accounting is not available in respect of the multi-employer and state plan; these should be accounted for as defined contribution plans.

The amount recognised as an expense for defined contribution plans is (27,083,880) 39,755,630

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s):

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Notes to the Annual Financial Statements

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17. Provisions				
Reconciliation of provisions - 2023				
	Opening Balance	Discounting	Movement due to change in net discount rate	Closing balance
Environmental rehabilitation	105,446,786	2,702,595	2,177,770	110,327,151
Reconciliation of provisions - 2022				
	Opening Balance	Unwinding	Movement due to change in net discount rate	Closing balance
Environmental rehabilitation	118,596,762	(15,943,205)	2,793,229	105,446,786
Rehabilitation of landfill sites				
The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No 28 of 2002).				
Management has included the best estimated amount as the actual amount is uncertain. The payment of total closure and rehabilitation dates are uncertain.				
The provision has been determined by an independent firm of consultants through investigation to determine the best estimated rehabilitation cost for the waste disposal sites at the end of its useful lives.				
The municipality has five active landfill sites, as per the asset register:				
Landfill	Estimated remaining useful lives			
Allanridge	2 years (2022: 3 years)			
Henneman (Phomolong)	5 years (2022: 6 years)			
Odendaalsrus	17 years (2022: 18 years)			
Virginia (Transfer station)	5 years (2022: 6 years)			
Bronville (Welkom)	0 years (2022: 0 years)			
Restructuring provision				
A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.				
An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.				
The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.				
18. Service charges				
Refuse removal		133,978,559		123,831,678
Sale of electricity		630,621,168		663,255,438
Sale of water		489,322,723		428,366,052
Sewerage and sanitation charges		202,586,947		196,720,777
Less: Income foregone - indigents		(76,341,711)		(61,511,563)
		1,380,167,686		1,350,662,382

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
19. Rental of facilities and equipment		
Premises		
Rental of living quarters	20,624,338	19,688,503
Facilities and equipment		
Rental of facilities	200,256	196,842
	20,824,594	19,885,345
The line item was restated, refer to prior period error note 44 for more details on the error.		
20. Fines, Penalties and Forfeits		
Traffic fines	2,619,796	8,224,288
21. Commission received		
Market agents	15,447,500	14,589,177
Policy administration fees	1,766,828	1,834,955
	17,214,328	16,424,132
22. Availability charges		
Electricity	35,341,113	33,547,819
Water	5,857,362	5,226,271
	41,198,475	38,774,090
23. Other income		
Application fees - land usage	4,771,045	1,124,931
Cemetery and burial	1,867,170	2,768,139
Clearance certificates	618,378	768,498
Connection fees	175,221	521,720
Disconnection fees	2,571,089	2,322,340
Fire services	6,228,435	1,977,134
Registration fees	279,450	-
Sundry income	2,783,093	5,742,019
Tender documents	1,808,903	354,035
Training	2,010,955	-
	23,113,739	15,578,816

The line item was restated, refer to prior period error note 44 for more details on the error

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Figures in Rand	2023	2022
24. Investment revenue		
Dividend revenue		
Unlisted shares - Local	40,753	33,570
Interest received		
Bank and investments	10,323,986	2,390,350
Interest charged on consumer receivables	400,236,097	256,696,034
Provisions	-	15,943,206
	410,560,083	275,029,590
	410,600,836	275,063,160

The line item was restated, refer to prior period error note 44 for more details on the error.

25. Property rates

Rates received

Commercial	152,774,668	144,580,189
Residential	178,159,464	170,857,254
Small holdings and farms	19,383,777	19,149,886
State	60,398,642	109,405,696
	410,716,551	443,993,025

Valuations

Residential	- 21,555,865,255
Commercial	- 5,096,270,000
State	- 4,251,842,120
Small holdings and farms	- 7,325,161,003
	- 38,229,138,378

Valuations on land and buildings are performed every four years in line with the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA). The last general valuation came into effect on 1 July 2021. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A firm was appointed perform the general valuation and the new valuation roll was implemented on 1 July 2021 for the financial period 2022 to 2027.

Rates are levied in accordance with the Act (MPRA), as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

As allowed for in the Act (MPRA), the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

The first R75,000 of the valuation of residential property is exempted from property rates. Interest shall accrue 30 days from date of account on unpaid accounts. Interest is levied at a rate of prime plus 1%.

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Figures in Rand	2023	2022
26. Government grants & subsidies		
Operating grants		
Equitable share	628,523,500	561,610,705
Expanded Public Works Program (EPWP)	5,191,000	2,964,000
Energy Efficiency and Demand side Management Grant (EEDG)	-	2,297,451
Finance Management Grant (FMG)	3,100,000	3,100,000
Sector Education and Training Authority (SETA)	1,721,058	1,370,430
	638,535,558	571,342,586
Capital grants		
Integrated National Electrification Program Grant (INEP)	3,082,475	-
Municipal Infrastructure Grant (MIG)	114,627,938	84,263,537
Water Services Infrastructure Grant (WSIG)	8,893,526	15,000,000
	126,603,939	99,263,537
	765,139,497	670,606,123

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	136,615,997	108,995,417
Unconditional grants received	553,423,000	536,595,000
	690,038,997	645,590,417

Equitable Share

Current-year receipts as per Government Gazette	628,523,000	561,595,000
Transferred to revenue	(553,423,000)	(536,595,000)
Amount withheld from equitable share	(75,100,000)	(25,000,000)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	111,349,918	83,392,606
Current-year receipts as per Government Gazette	136,630,000	133,069,000
Grants forfeited	(36,976,000)	-
Conditions met - transferred to revenue	(114,627,938)	(84,263,536)
Offset the unspent grant against Equitable Share	(62,597,341)	(20,848,152)
	33,778,639	111,349,918

This grant is used to supplement municipal capital budget to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households.

REPAYMENT ARRANGEMENT OF UNSPENT CONDITIONAL GRANTS

Matjhabeng Local Municipality and National Treasury reached repayment arrangement in terms of section 22(4) of the Division of Revenue Act, 2020 (Act No.4 of 2020) to repay the 2020/21 unspent conditional grants in instalments, starting from July 2022. This pertains to MIG and WSIG unspent conditional grants.

- July 2022: R25 million; and
- March 2023: R75.1 million.

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
26. Government grants & subsidies (continued)		
Finance Management Grant (FMG)		
Current-year receipts	3,100,000	3,100,000
Conditions met - transferred to revenue	(3,100,000)	(3,100,000)
	-	-

The purpose of this grant is to promote and support reforms to financial management and the implementation of MFMA.

Integrated National Electrification Program (INEP)

Current-year receipts	4,380,000	-
Conditions met - transferred to revenue	(3,082,475)	-
	1,297,525	-

This grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure.

Expanded Public Works Programme (EPWP)

Current-year receipts	5,191,000	2,964,000
Conditions met - transferred to revenue	(5,191,000)	(2,964,000)
	-	-

The purpose of this grant is to subsidise municipalities to expand on work creation efforts through the use of labour intensive delivery methods in identified focus areas.

Energy Efficiency and Demand Side Management Program (EEDG)

Balance unspent at beginning of year	2,549	2,300,000
Conditions met - transferred to revenue	-	(2,297,451)
	2,549	2,549

The purpose of this grant is to assist the municipalities to reduce their energy consumption through deployment of electricity and other energy saving measures.

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	12,502,659	16,670,212
Current-year receipts	25,800,000	15,000,000
Conditions met - transferred to revenue	(8,893,527)	(15,000,000)
Offset the unspent grant against Equitable Share	(12,502,658)	(4,167,553)
	16,906,474	12,502,659

The purpose of this grant is to address water and sanitation challenges that occurred with the aging infrastructure.

REPAYMENT ARRANGEMENT OF UNSPENT CONDITIONAL GRANTS

Matjhabeng Local Municipality and National Treasury reached repayment arrangement in terms of section 22(4) of the Division of Revenue Act, 2020 (Act No.4 of 2020) to repay the 2020/21 unspent conditional grants in instalments, starting from July 2022. This pertains to MIG and WSIG unspent conditional grants.

- July 2022: R25 million; and
- March 2023: R75.1 million.

Sector Education and Training Authority (SETA)

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Figures in Rand	2023	2022
26. Government grants & subsidies (continued)		
Current-year receipts	1,721,058	1,370,429
Conditions met - transferred to revenue	(1,721,058)	(1,370,429)
	-	-

The purpose of this grant is to do skills development among employees and improve the auditing skills of the municipality. This is a Mandatory grant that only gets paid once the SETA required documents are submitted, therefore MLM met the conditions as the trances were paid for the current year.

Free State Provincial Department of Human Settlements

Balance unspent at beginning of year	67,146,000	67,146,000
Conditions met - transferred to revenue	(173,912)	-
	66,972,088	67,146,000

EXPEDITION OF TITLE DEED RESTORATION PROGRAMME IN THE FREE STATE

The transferred funds will be utilized solely and strictly for the purpose of resolving disputes amongst erf owners and rectification transfers as a result of implementing the dispute resolution outcome

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 10 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

27. Public contributions and donations

Public contributions and donations	4,217,105	44,551,882
Current-year receipts	(4,217,105)	(44,551,882)
Public contributions and donations	4,217,105	44,551,882
	-	-

Property, plant and Equipment

The Municipality is a beneficiary of the ICT Truck from Harmony Gold Mine.

The Municipality is a beneficiary of a Tipper Truck and a Tractor Loader Backhoe from the Department of Forestry, Fisheries and the Environment

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28. Employee related costs		
Salaries	500,942,029	418,766,742
13th Cheque	44,447,259	32,387,964
Bargaining council levy	273,143	241,195
Employee benefit (medical aid)	35,692,346	32,955,005
Group life insurance	3,138,823	2,369,756
Housing allowances	4,508,626	4,055,177
Leave pay provision charge	19,178,987	8,538,171
Medical aid	58,319,582	47,492,176
Other allowances	22,682,627	30,537,605
Other long term employee benefits	56,189,913	47,541,960
Overtime payments	44,920,348	74,857,894
Pension	81,040,917	68,775,573
SDL	7,447,614	6,864,156
Shift allowance	28,852,484	20,536,044
Standby allowance	16,471,673	18,025,322
Transport allowance	58,483,096	48,747,892
UIF	4,298,338	3,996,846
	986,887,805	866,689,478

Directors Remuneration

30 June 2023	Basic Salary	Car and other allowances	Contributions to Medical and Pension Funds	Backpay / leave payout	Total
Tindleni ZK - Municipal Manager	424,669	44,000	100,681	478,693	1,048,043
Panyani TC - Acting Municipal Manager	90,006	38,612	17,086	-	145,704
Dr Adonis V - Acting Municipal Manager	127,521	-	177	-	127,698
Panyani TC - Chief Financial Officer	720,852	130,990	91,387	274,640	1,217,869
Williams L - Acting Chief Financial Officer	428,524	132,651	85,911	44,006	691,092
Makofane TB - Director Strategic Support Services	1,176,384	-	38,291	-	1,214,675
Thobela MB - Director Infrastructure	159,564	106,450	4,666	222,331	493,011
Mthombeni T - Acting Director Infrastructure	1,038,195	326,571	202,893	-	1,567,659
William Van Wyk LS - Director Community Services	803,379	185,759	235,657	16,344	1,241,139
Dr Ramphoma S - Director LED & Planning	946,724	320,211	172,217	19,457	1,458,609
Dr Adonis V - Director Corporate Services	1,252,967	-	113,666	21,955	1,388,588
Mohekhe MMG - Director Human Settlements and Planning	945,105	234,114	265,237	19,457	1,463,913
Mtirara N - Acting Director Strategic Support Services	122,240	25,460	13,629	-	161,329
	8,236,130	1,544,818	1,341,498	1,096,883	12,219,329

30 June 2022	Basic Allowances	Car and other allowances	Contributions to Medical and Pension Funds	Backpay/leave payout	Total
Tindleni ZK - Municipal Manager	1,274,640	132,000	299,284	200,766	1,906,690
Panyani TC - Chief Financial Officer	997,519	379,272	199,504	268,873	1,845,168
Makofane TB - Director Strategic Support Services	1,183,073	-	29,447	3,000	1,215,520
Olyn D - Acting Director Strategic Support Services	725,167	332,428	174,751	124,037	1,356,383
Thobela MB - Director Infrastructure	939,955	638,699	18,094	3,000	1,599,748
Williams Van Wyk LS - Director Community Services	808,110	180,000	200,528	3,000	1,191,638

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Figures in Rand				2023	2022
28. Employee related costs (continued)					
Dr Ramphoma S - Director LED & Planning	92,921	25,000	-	-	117,921
Pitso G - Acting Director LED & Planning	621,347	181,186	114,471	4,774	921,778
Vanga M - Acting Director LED and Planning	482,562	254,042	117,502	3,000	857,106
Dr Adonis V - Director Corporate Services	133,062	-	-	-	133,062
	7,258,356	2,122,627	1,153,581	610,450	11,145,014

The line item was restated, refer to prior period error note 44 for more details on the error.

29. Remuneration of councillors

Executive Mayor and Councillors	35,638,877	33,686,836
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In-kind benefits

The Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has the use of separate Council owned vehicles for official duties, one full time driver and a bodyguard.

The Speaker has the use of separate Council owned vehicles for official duties and one part time driver.

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Figures in Rand	2023	2022			
29. Remuneration of councillors (continued)					
Details of remuneration for the year ended 30 June 2023					
Name of councillor	Annual remuneration	Car allowance	Cellphone allowance	Contributions to SDL, medical aid and pension funds	Total
Badenhorst HS	343,670	7,455	40,800	3,541	395,466
Badenhorst MJ	343,760	7,455	40,800	3,541	395,556
Botha GP	341,275	6,627	40,800	3,683	392,385
Botha PF	309,828	7,455	40,800	37,139	395,222
Buti MP	809,295	16,042	40,800	8,478	874,615
Chaka MS	828	2,485	-	42	3,355
Claasen Malherbe C	343,760	7,455	40,800	3,541	395,556
Danster MP	828	2,485	-	42	3,355
Du Plessis JM	343,760	7,455	40,800	3,541	395,556
Dyantyi A	343,760	7,455	40,800	3,541	395,556
Hanisi C	341,275	6,627	40,800	12,409	401,111
Helepi AB	332,635	6,627	40,800	12,323	392,385
Hess S	341,275	6,627	40,800	3,683	392,385
Jacobs EJ	343,760	7,455	40,800	3,541	395,556
Jama BL	343,760	7,455	40,800	3,541	395,556
Janse van Rensburg WH	341,275	6,627	40,800	3,683	392,385
Kalipa T	332,635	6,627	40,800	12,152	392,214
Khalipha TD	1,073,189	18,323	40,800	28,451	1,160,763
Khepeng MA	341,275	6,627	40,800	3,683	392,385
Khetsi LE	327,946	7,455	40,800	20,405	396,606
Khothule MJ	828	2,485	-	42	3,355
Lesenyehlo ML	769,062	13,742	40,800	48,809	872,413
Lethake TW	316,766	7,455	40,800	30,340	395,361
Letsele Setlhabi SV	341,275	6,627	40,800	3,683	392,385
Liphoko SJ	1,679	5,038	-	85	6,802
Lushaba TB	1,963	5,889	-	85	7,937
Macingwane TM	828	2,485	-	42	3,355
Mafa DM	828	2,485	-	42	3,355
Mafaisa MG	828	2,485	-	42	3,355
Mahlaku ME	341,275	828	40,800	3,625	386,528
Mahlumba BH	1,063	3,189	-	51	4,303
Maile LJ	341,275	6,627	40,800	3,669	392,371
Maile PE	341,275	6,627	40,800	3,683	392,385
Makaliane CL	323,995	6,627	40,800	20,849	392,271
Manenye AJ	343,760	7,455	40,800	3,541	395,556
Manese SD	325,958	12,516	40,800	21,048	400,322
Marais JS	828	2,485	-	42	3,355
Maruping II	341,275	6,627	40,800	3,683	392,385
Masienyane MD	-	7,622	-	87	7,709
Masina XN	788,477	17,515	40,800	45,550	892,342
Mawela VE	1,963	5,889	-	85	7,937
Meli TS	828	2,485	-	42	3,355
Moalosi TE	341,275	6,627	40,800	3,683	392,385
Mohapi LA	325,030	5,591	40,800	20,790	392,211
Moipatle KV	792,559	26,928	40,800	25,860	886,147
Mokhomo HA	756,016	17,759	40,800	73,389	887,964
Mokhothu SM	341,275	6,627	40,800	3,683	392,385
Molefi M	308,172	9,112	40,800	37,143	395,227
Molelekoa PMI	828	2,485	-	42	3,355
Moloja NJ	828	2,485	-	42	3,355
Molula IP	323,995	6,627	40,800	20,963	392,385

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29. Remuneration of councillors (continued)					
Montoli DB	341,275	6,627	40,800	3,569	392,271
Moopela RH	332,023	5,798	40,800	13,591	392,212
Morris VR	1,963	5,889	-	85	7,937
Moshoeu ZS	779,288	13,903	40,800	48,854	882,845
Mosia TJ	326,423	7,455	40,800	20,525	395,203
Motlatsi SH	341,275	6,627	40,800	3,683	392,385
Mphikeleli MA	333,371	8,366	40,800	13,769	396,306
Mphore IP	341,275	6,627	40,800	3,683	392,385
Mthebere NA	828	2,485	-	42	3,355
Nel J	341,275	6,627	40,800	3,683	392,385
Nkone NP	341,275	6,627	40,800	3,683	392,385
Nkonka BB	828	2,485	-	42	3,355
Nqeobo ME	343,760	7,455	40,800	3,541	395,556
Nthako TD	828	2,485	-	42	3,355
Nthuba TD	342,103	5,798	40,800	3,511	392,212
Ntoni KM	323,995	6,627	40,800	20,792	392,214
Ntsebeng MH	828	2,485	-	42	3,355
Ntuli BN	828	2,485	-	42	3,355
Olifant MA	-	828	-	19	847
Petersen SL	-	1,657	-	27	1,684
Phiri EP	341,275	6,627	40,800	3,683	392,385
Phofeli NM	828	2,485	-	42	3,355
Pholo SJ	828	2,485	-	42	3,355
Poo IP	828	2,485	-	42	3,355
Presente LN	343,760	7,455	40,800	3,541	395,556
Pretorius HS	341,896	6,005	40,800	3,511	392,212
Radebe MC	793,487	20,459	40,800	25,814	880,560
Radebe ML	766,077	20,459	40,800	52,339	879,675
Rakaki MM	828	2,485	-	42	3,355
Ramabodu BM	828	2,485	-	42	3,355
Ramalefane SJ	779,763	13,903	40,800	45,496	879,962
Ramatisa PT	325,030	8,905	40,800	20,823	395,558
Ramosie BS	1,243	4,556	-	66	5,865
Rantso MJ	341,275	828	40,800	3,625	386,528
Riet MI	1,112	3,336	-	64	4,512
Scheurkogel IS	341,275	6,627	40,800	3,683	392,385
Schoeman A	343,760	7,455	40,800	3,541	395,556
Seane LI	341,275	6,627	40,800	3,683	392,385
Seate MO	-	1,657	-	27	1,684
Sebotsa MM	-	2,485	-	42	2,527
Senoge MM	828	2,485	-	42	3,355
Setabela ML	-	828	-	19	847
Sithole MA	343,760	7,455	40,800	3,541	395,556
Sotenjwa V	323,995	6,627	40,800	20,792	392,214
Speelman NW	2,617	7,853	-	110	10,580
Steyn R	341,275	6,627	40,800	3,683	392,385
Stofile RB	847,537	20,938	40,800	26,552	935,827
Styger A	828	2,485	-	42	3,355
Taljaard SDM	326,480	7,455	40,800	20,821	395,556
Tau RD	341,275	6,627	40,800	3,683	392,385
Thelingoane NE	828	2,485	-	42	3,355
Thelingoane TJ	793,943	4,349	40,800	8,121	847,213
Tlake KR	791,524	17,883	40,800	25,762	875,969
Tsatsa SJ	828	2,485	-	42	3,355
Tshabangu SE	343,760	7,455	40,800	3,541	395,556
Tshokotshela NJ	828	2,485	-	42	3,355
Tshopo ME	1,963	5,889	-	85	7,937
Tsuinke SE	341,275	6,627	40,800	3,683	392,385
Twala MJ	341,275	6,627	40,800	3,683	392,385

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29. Remuneration of councillors (continued)					
Van Rooyen KV	1,963	5,889	-	85	7,937
Van Rooyen MS	343,760	7,455	40,800	3,541	395,556
Van Schalkwyk HCT	828	2,485	-	42	3,355
Xaba Monjovo NE	792,559	16,848	40,800	25,760	875,967
	30,918,534	769,730	2,937,600	1,012,767	35,638,631

Details of remuneration for the year ended 30 June 2022

Name of councillor	Annual remuneration	Car allowance	Cellphone allowance	Contributions to SDL, medical aid and pension funds	Total
Badenhorst MJ	248,501	82,834	40,800	3,352	375,487
Badenhorst HS	248,501	82,834	40,800	3,352	375,487
Botha PF	215,090	82,834	40,800	36,441	375,165
Botha GP	220,890	-	27,200	2,345	250,435
Buti MP	552,320	19,049	31,630	5,844	608,843
Chaka MS	83,019	29,427	14,494	6,870	133,810
Claasen Malherbe C	248,501	82,834	40,800	3,352	375,487
Danster MP	88,798	29,427	14,494	1,206	133,925
Du Plessis JM	248,501	82,834	40,800	3,352	375,487
Dyantyi A	241,277	82,834	40,800	10,431	375,342
Hanisi C	220,890	-	27,200	2,345	250,435
Helepi AB	200,182	-	27,200	2,345	229,727
Hess S	220,890	2,083	27,200	2,345	252,518
Jacobs EJ	238,388	82,834	40,800	13,263	375,285
Jama BL	241,277	82,834	40,800	10,431	375,342
Janse Van Rensburg WH	220,890	-	27,200	2,345	250,435
Khalipha TD	611,924	-	24,024	13,511	649,459
Kalipa T	220,890	-	27,200	2,345	250,435
Khepeng MA	220,890	-	27,200	2,345	250,435
Khetsi LE	231,164	82,834	40,800	20,222	375,020
Khothule MJ	83,019	29,427	14,494	6,870	133,810
Letlhake TW	232,637	82,834	40,800	19,071	375,342
Letsele Setlhabi SV	220,890	2,083	27,200	2,345	252,518
Liphoko SJ	156,742	56,553	14,494	13,702	241,491
Lushaba TB	204,686	69,740	14,494	8,505	297,425
Macingwane MT	83,019	29,427	14,494	6,870	133,810
Mafa DM	77,661	29,427	14,494	12,236	133,818
Mafaisa MG	77,661	29,427	14,494	12,236	133,818
Mahlaku ME	28,937	-	3,512	307	32,756
Mahlumba BH	101,183	37,764	14,494	14,159	167,600
Maile LJ	220,890	-	27,200	2,345	250,435
Maile PE	220,890	-	27,200	2,345	250,435
Makaliane CL	213,690	-	27,200	9,545	250,435
Manenye AJ	241,277	82,834	40,800	10,431	375,342
Manese SD	414,056	69,740	41,694	22,370	547,860
Maruping II	220,890	-	27,200	2,345	250,435
Marais JS	88,798	29,427	14,494	1,206	133,925
Masienyane MD	219,436	31,736	14,494	23,443	289,109
Masina XN	571,285	173,734	42,253	39,699	826,971
Mawela VE	191,392	69,740	14,495	21,534	297,161
Meli TS	77,661	29,427	14,495	12,236	133,819
Moalosi TE	213,690	-	27,200	2,345	243,235
Mohapi LA	180,616	34,514	27,200	8,036	250,366
Moipatle KV	542,661	35,195	41,359	30,022	649,237
Mokhomo HA	547,977	50,414	42,253	63,150	703,794

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29. Remuneration of councillors (continued)					
Mokhothu SM	220,890	-	27,200	2,345	250,435
Molefi M	266,459	27,611	40,800	40,327	375,197
Molelekoa PMI	83,019	29,427	14,494	6,870	133,810
Moloja NJ	77,661	29,427	14,494	12,236	133,818
Molula IP	212,250	-	27,200	10,985	250,435
Montoeli DB	220,890	-	27,200	2,345	250,435
Moopela RH	184,639	27,611	27,200	10,930	250,380
Morris VR	204,686	69,740	14,494	8,505	297,425
Moshoeu ZS	444,505	136,245	41,359	29,826	651,935
Mosia TJ	231,164	82,834	40,800	20,342	375,140
Motlatsi SH	220,890	-	27,200	2,345	250,435
Mphikeleli MA	277,185	86,084	41,694	12,929	417,892
Mphore IP	220,890	-	27,200	2,345	250,435
Mthebere NA	77,074	27,611	13,600	6,888	125,173
Nel J	220,890	-	27,200	2,345	250,435
Nkone GNP	220,890	-	27,200	2,345	250,435
Nkonka BB	77,661	29,427	14,494	12,236	133,818
Nqeobo ME	241,277	82,834	40,800	10,431	375,342
Nthako TD	83,019	29,427	14,494	6,870	133,810
Nthuba PV	193,279	27,611	27,200	2,290	250,380
Ntoni KM	220,890	-	27,200	9,545	257,635
Ntsebeng MH	77,661	29,427	14,494	12,236	133,818
Ntuli BN	83,019	29,427	14,494	6,870	133,810
Olifant MA	89,461	-	7,359	931	97,751
Petersen SL	55,223	-	6,800	586	62,609
Phiri EP	220,890	2,083	27,200	2,345	252,518
Phofeli NM	83,038	29,427	14,494	6,966	133,925
Pholo SJ	77,661	29,427	14,494	12,236	133,818
Poo IP	77,661	29,427	14,494	12,236	133,818
Presente LN	248,501	82,834	40,800	3,352	375,487
Pretoruus HS	220,890	20,708	27,200	2,304	271,102
Radebe MC	660,511	69,740	42,253	48,647	821,151
Radebe ML	656,046	69,740	42,253	53,023	821,062
Rakaki MM	83,019	29,427	14,494	6,870	133,810
Ramabodu BM	88,798	29,427	14,494	1,206	133,925
Ramalefane SJ	440,041	138,512	41,359	29,781	649,693
Ramatisa PT	260,038	34,514	40,800	39,841	375,193
Ramosie BS	151,862	43,092	23,800	1,969	220,723
Rantso MJ	28,937	-	3,512	307	32,756
Riet MI	130,785	42,614	14,494	1,732	189,625
Scheurkogel IS	220,890	-	27,200	2,345	250,435
Sebotsa MM	77,661	29,427	14,494	12,236	133,818
Seane LI	220,890	-	27,200	2,345	250,435
Seate MO	28,937	-	3,735	308	32,980
Senoge MM	83,019	29,427	14,494	6,870	133,810
Setabela ML	482,824	7,378	27,759	13,693	531,654
Sibeko TS	113,869	13,806	15,724	1,328	144,727
Sithole AM	241,277	84,917	40,800	10,431	377,425
Sotenjwa V	212,250	2,083	27,200	10,985	252,518
Schoeman A	248,501	82,834	40,800	3,352	375,487
Speelman NW	280,595	92,987	14,494	3,633	391,709
Steyn R	220,890	-	27,200	2,345	250,435
Stofile RB	692,608	74,389	38,518	34,999	840,514
Styger A	88,798	29,427	14,494	1,206	133,925
Taljaard SDM	231,221	82,834	40,800	20,632	375,487
Tau RD	220,890	-	27,200	2,345	250,435
Thelingoane NE	77,661	29,427	14,494	12,236	133,818
Thelingoane TJ	475,657	47,843	40,800	12,486	576,786
Tlake KR	559,764	16,826	41,359	31,290	649,239

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Figures in Rand			2023	2022
29. Remuneration of councillors (continued)				
Tsatsa SJ	77,661	29,427	14,494	12,236
Tshabangu SE	248,501	82,834	40,800	3,352
Tshokotshela NJ	83,019	29,427	14,494	6,870
Tshopo ME	204,686	69,740	14,494	8,505
Tsunke SE	220,890	-	27,200	2,345
Twala MJ	220,890	-	27,200	2,345
Van Rooyen KV	210,446	69,740	14,494	2,745
Van Rooyen MS	248,501	82,834	40,800	3,352
Van Schalkvyk HCT	83,019	29,427	14,494	6,870
Xaba Monjovo NE	542,661	35,195	41,359	30,022
	25,307,053	4,246,879	2,976,154	1,217,820
			1,217,820	33,747,906
30. Depreciation and amortisation				
Property, plant and equipment			230,684,529	230,005,217
The line item was restated, refer to prior period error note 44 for more details on the error.				
31. Impairment loss				
Impairments				
Property, plant and equipment			25,035,938	6,699,349
Heritage assets			-	26,810
			25,035,938	6,726,159
The main classes of assets affected by impairment losses are as follows:				
Infrastructure			25,035,938	1,996,335
Land and buildings			-	523,017
Heritage assets			-	26,810
			25,035,938	2,546,162
32. Finance costs				
Trade and other payables			332,177,303	173,456,459
Bank			605	18,922
Provisions			2,177,770	-
			334,355,678	173,475,381
33. Debt impairment				
Contributions to debt impairment provision			1,116,245,618	850,074,718
34. Bulk purchases				
Electricity			626,573,708	643,632,639
Water			623,872,503	608,076,068
			1,250,446,211	1,251,708,707

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Figures in Rand	2023	2022
34. Bulk purchases (continued)		
Electricity losses		
Units purchased (Kw/H)	376,168,220	437,362,652
Units sold (Kw/H)	(286,811,187)	(331,171,702)
Total loss	89,357,033	106,190,950
Rand value of loss:		
Non-technical losses	89,357,033	127,890,866
Percentage Loss:		
Non-technical losses	24 %	24 %
These losses are the result of technical losses caused by the nature of electricity and the manner of its distribution, via the network, status / condition and age of the network, weather conditions and load on the system as well as non technical losses, e.g. theft and vandalism.		
Water losses		
Units purchased (KI)	41,473,651	48,469,518
Units sold (KI)	(22,903,626)	(21,814,540)
Total	18,570,025	26,654,978
Rand value of loss:		
Non-technical losses	239,831,884	323,991,257
Percentage Loss:		
Non-technical losses	45 %	55 %
These losses are predominantly due to metering inefficiencies, unmetered connections, aging pipeline infrastructure, burst pipes, old reticulation networks and other leakages which are by nature regarded as normal production losses.		
35. Contracted services		
Professional services	57,359,563	39,259,766
Outsourced services	501,822	50,048,321
Meter reading services	8,230,931	8,643,596
Legal services	14,653,436	32,054,870
Security services	39,520,016	53,326,301
	120,265,768	183,332,854
Contractors		
Bore Waterhole Drilling	5,456,173	-

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35. Contracted services (continued)		
Contracted services are mandated services in terms of the Local Government: Municipal Structures Act, Act 117 of 1998, a municipal by-law or the Integrated Development Plan (IDP) that the municipality is expected to have the capacity and expertise to deliver, but are being Outsourced instead.		
The line item was restated, refer to prior period error note 44 for more details on the error.		
36. General expenses		
Advertising	6,986,827	9,698,651
Assets expensed	5,347,249	4,074,726
Auditors remuneration	14,551,912	9,945,364
Bank charges	5,475,952	3,626,733
Cleaning	2,800,771	5,984,467
Commission paid	4,496,727	4,991,580
Community development and training	1,887,140	2,723,985
Consumables	27,670,075	33,014,050
Entertainment	167,793	353,801
Fines and penalties	6,069,200	10,463,136
Fuel and oil	38,323,884	29,197,726
Insurance	37,779,494	42,564,760
Medical expenses	-	19,217
Motor vehicle expenses	33,288,294	207,698,383
Postage and courier	1,324,764	5,790,929
Poverty relief	682,300	568,619
Royalties and license fees	13,327,473	16,972,217
Staff welfare	1,660,794	1,658,981
Subscriptions and membership fees	12,038,688	15,400,600
Telephone and fax	24,652,463	23,171,800
Training	60,274	520,486
Travel - local	10,072,981	3,803,119
Uniforms	27,196,756	20,576,797
Ward committee members' remuneration	4,254,000	2,414,000
Other expenses	9,394,094	25,118,821
	289,509,905	480,352,948

The line item was restated, refer to prior period error note 44 for more details on the error.

37. Repairs and maintenance

Repairs and maintenance	13,709,294	64,987,557
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The line item was restated, refer to prior period error note 44 for more details on the error.

38. Fair value adjustments

Investment property (Fair value model)	117,576,984	109,722,016
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	58,212	48,440
	117,635,196	109,770,456

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39. Financial instruments disclosure			
Categories of financial instruments			
2023			
Financial assets			
	At fair value	At amortised cost	Total
Cash and cash equivalents	-	125,689,425	125,689,425
Other financial assets	474,015	-	474,015
Other receivables	-	30,052,992	30,052,992
Receivables from exchange transactions	-	1,125,218,880	1,125,218,880
Receivables from non-exchange transactions	-	296,597,861	296,597,861
	474,015	1,577,559,158	1,578,033,173
Statutory receivables			
	At amortised cost	Total	
VAT receivable	968,241,561	968,241,561	
Financial liabilities			
	At amortised cost	Total	
Consumer deposits	43,478,153	43,478,153	
Trade and other payables from exchange transactions	11,991,073,576	11,991,073,576	
Unspent conditional grants and receipts	118,957,275	118,957,275	
	12,153,509,004	12,153,509,004	
2022			
Financial assets			
	At fair value	At amortised cost	Total
Cash and cash equivalents	-	198,250,543	198,250,543
Other financial assets	415,803	-	415,803
Other receivables	-	34,596,206	34,596,206
Receivables from exchange transactions	-	1,010,104,274	1,010,104,274
Receivables from non-exchange transactions	-	268,344,476	268,344,476
	415,803	1,511,295,499	1,511,711,302
Statutory receivables			
	At amortised cost	Total	
VAT receivable	920,598,594	920,598,594	
Financial liabilities			
	At amortised cost	Total	
Consumer deposits	37,934,903	37,934,903	
Trade and other payables from exchange transactions	10,640,096,578	10,640,096,578	
Unspent conditional grants and receipts	191,001,126	191,001,126	
	10,869,032,607	10,869,032,607	

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40. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	189,451,753	180,694,374
Total capital commitments		
Already contracted for but not provided for	189,451,753	180,694,374

This committed expenditure relates to infrastructure projects and will be financed by funds internally generated and grants received.

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41. Contingencies				
Contingent liabilities				
Several claims are in the process against the municipality, a register containing all the detail is available at the municipal offices and the nature and amount of the different litigations are as follows:				
Nature of litigation	Possible Rand	Possible Rand	Number of	Number of
	value of claim	value of claim	litigations	litigations
	2023	2022	2023	2022
Application to compel	-	-	2	1
Civil litigations	140,698,974	11,900,000	3	4
Claims for services rendered	402,595,458	122,548,048	39	28
Conveyancing	-	350,000	-	3
Interdict application	-	-	3	2
Public liability claim	872,500	872,500	3	3
	544,166,932	135,670,548	50	41

Application to Compel - Maxiprof filed an Application to compel the Municipality inter alia, to provide financial and related documents to enable them to do a "Vat Audit" on behalf of the Municipality i.t.o the agreement between the parties and Royal Haskoningdhv (Pty) Ltd sought for a notice to compel the Municipality to provide evidence for findings.

Civil litigation - Summons were issued against Matjhabeng Local Municipality by various plaintiffs for outstanding rates & taxes, monies owed and compliances in terms of the Deed of Cession.

Claims for services rendered - Various summons have been issued against Matjhabeng Local Municipality by plaintiffs for services that they rendered for the Municipality, but did not receive payment for.

Interdict Application - Matjhabeng Local Municipality has been included as a respondent in matters where privately owned property was illegally occupied, plaintiffs obtained prevention interdicts to stop Matjhabeng from disconnecting water and electricity as well as interdict applications against Union Strikes.

Public liability claim - These are claims that are made for injuries sustained as a result of accidents that occur on property that is open or accessible to the public. The claims briefly relate to the following:
Plaintiff alleged that she slipped and fell on a spinach leave outside Welkom Mini Market and Matjhabeng Local Municipality is responsible for removing rubble and keeping the premises neat and clean, damage to public vehicles due to potholes and a plaintiff suffered damages due to Matjhabeng Local Municipality's irresponsible actions.

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41. Contingencies (continued)

Contingent assets

Several claims are in the process on behalf of the municipality, a register containing all the detail is available at the municipal offices and the nature and amount of the different litigations are as follows:

Claims for services rendered - Relating to various claims from third parties for services rendered, such as providing water and electricity, property rates etc.

Conveyancing - Disputes and Title Deed reversals concerning numerous erf's in and around Matjhabeng Local Municipality

Eviction Notice - Notices to vacate illegal occupiers of land through section 4(2) of the Land Act 19 of 1998.

Interdict Application - Interdict Applications were sought against illegal occupants occupying municipal property.

Setting aside of unlawful appointments - Setting aside of appointments made irregularly.

Nature of litigations	Possible Rand	Possible Rand	Number of	Number of
	value of claim 2023	value of claim 2022	litigations 2023	litigations 2022
Claims for services rendered	2,999,792	2,999,792	2	2
Conveyancing	-	-	3	3
Eviction notice	-	-	6	5
Interdict application	-	-	-	1
Setting aside of unlawful appointments	-	-	1	1
	2,999,792	2,999,792	12	12

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42. Risk management

Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the municipality's objectives, policies and processes for measuring and managing financial risks. The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Payables from exchange transactions	11,991,073,576	-	-	-
At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Payables from exchange transactions	10,640,096,578	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Other financial assets	474,015	415,803
Other receivables	30,052,992	34,596,206
Receivables from non-exchange transactions	296,597,861	268,344,476
Receivables from exchange transactions	1,125,218,880	1,010,104,274
Cash and cash equivalents	125,689,425	198,250,543

43. Related parties

Relationships

Members of key management

Refer to note 28

Members of council

Refer to note 29

During the financial year, there were no members of key management with related party transactions.

Key management and councilors receive and pay for services on the same terms and conditions as other rate payers, these transactions are recorded at arm's length.

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44. Prior-year adjustments

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

A summarised explanation of the prior period errors are as follows:

Cash and cash equivalents was restated due to a correction in unreconciled items

Inventories were restated due to reclassification.

VAT receivables was restated due to cut-off corrections.

Receivables from non-exchange transactions was restated due to the correction of debtors.

Receivables from exchange transactions was restated due to the correction of debtors.

Investment property was restated due to property that was inappropriately classified as investment property.

Property, plant and equipment was restated due to reclassification and correction of depreciation.

Payables from exchange transactions was restated due to corrections to accrual leave, retentions and cut-off corrections.

Services charges was restated due to correction of amounts previously reversed.

Other income was restated due to correction of amounts previously reversed.

Income received was restated due to correction of amounts previously reversed.

Property rates were restated due to a correction of billing.

Employee-related costs was restated due to accrual leave and reclassification.

Contracted services was restated due to cut-off corrections.

General expenditure was restated due to cut-off corrections and reclassification.

Repairs and maintenance was restated due to reclassification.

Depreciation and amortisation was restated due to an understatement of depreciation.

Fair value adjustments were restated due to investment property that was incorrectly classified.

Commitments was restated due to prior year corrections.

Fruitless and wasteful expenditure was restated due to a casting error.

Contingent liabilities were restated due to prior year corrections.

Statement of financial position

2022

	Note	As previously reported	Correction of error	Adjustment 2022	Re-classification	Restated
Inventories	4	6,042,765	-	-	59,410	6,102,175
Cash and cash equivalents	3	203,091,108	(4,840,564)	-	-	198,250,544
Receivables from exchange transactions	5	962,664,504	42,101,490	-	-	1,004,765,994
Receivables from non-exchange transactions	6	259,255,123	2,529,876	-	-	261,784,999
VAT receivable	8	921,211,920	(613,326)	-	-	920,598,594
Investment property	10	2,188,232,016	(233,200,001)	-	-	1,955,032,015
Property, plant and equipment	11	3,898,020,773	54,396,809	-	3,521,526	3,955,939,108
Payables from exchange transactions	13	(10,635,039,581)	(5,056,997)	-	-	(10,640,096,578)
Accumulated surplus		(2,946,136,363)	(9,399,515)	(131,702,257)	-	(3,087,238,135)
		(5,142,657,735)	(154,082,228)	(131,702,257)	3,580,936	(5,424,861,284)

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44. Prior-year adjustments (continued)

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges	18	1,312,985,681	37,676,701	-	1,350,662,382
Other income	23	15,572,012	6,804	-	15,578,816
Interest received	24	272,702,820	2,326,770	-	275,029,590
Property rates	25	441,609,603	2,383,422	-	443,993,025
Employee related cost	28	(869,043,260)	2,385,802	(32,020)	(866,689,478)
Contracted services	35	(178,912,448)	(4,420,407)	-	(183,332,855)
General expenditure	36	(468,162,589)	(10,047,438)	(3,463,512)	(481,673,539)
Repairs and maintenance	38	(65,973,709)	(4,685)	990,837	(64,987,557)
Depreciation and amortisation	30	(234,573,396)	4,568,179	-	(230,005,217)
Fair value adjustments	38	290,880,456	(181,110,000)	-	109,770,456
Deficit for the year		517,085,170	(146,234,852)	(2,504,695)	368,345,623

Disclosure

	As previously reported	Correction of error	Restated
Fruitless and wasteful expenditure	- 311,568,965	1,729,138	313,298,103
Commitments	- 190,344,111	(9,649,737)	180,694,374
Irregular expenditure	- 1,654,315,914	28,374,496	1,682,690,410
Contingent liabilities	- 3,794,159,836	(3,576,511,443)	217,648,393
	- 5,950,388,826	(3,556,057,546)	2,394,331,280

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45. Going concern

Management made an assessment on Matjhabeng Local Municipality's ability to continue as a going concern and whether this set of Financial Statement should be prepared on the going concern basis. Based on the assessment management identified following conditions that may cast significant doubt on MLM's ability to continue as a going concern:

Solvency assessment

We draw attention to the fact that at 30 June 2023:

The municipality had an accumulated deficit of R4 197 678 664 (2022: R3 087 238 135)

The municipality's total liabilities exceed its total assets by R4 197 678 664 (2022: R3 087 238 135). The municipality had a deficit of R1 115 679 647 (2022: R1 166 788 274)

Liquidity assessment

Based on the current assets and current liabilities values on the statement of financial position we calculated the following ratios to assess liquidity of the municipality:

Current ratio: (0,21 : 1) Total current assets cover only 21% of the total current liabilities.

Acid ratio: (0,20 : 1) Quick assets covers only 20% of the current liabilities.

Cash ratio: (0,01 : 1) Cash and cash equivalent can only cover 1% of current asset if they become due.

Creditors days: It takes MLM an average 930 days to pay off its creditors.

In addition to above the municipality owed Eskom R5 630 675 806 (2022: R4 763 669 846)

and Bloem Water R5 436 424 698 (2022: R4 897 035 157) these accounts are long overdue.

Debtors' impairment increased from R894 299 456 at 30 June 2022 to R1 116 245 618 at 30 June 2023.

Notwithstanding the above negative indicators there is an assurance that municipal activities will continue to meet its statutory obligation for the foreseeable future based on the following:

- The municipality will continue to have the power to levy rates in following financial period.

- In the current year the municipality has managed to acquire a huge number of new fleet that is expected to improve service delivery.

- The municipality is in the process of implementing revenue enhancement programs, these revenue enhancement programs "Operation Patala" will include a specific recovery of arrear amounts from clients.

- The DORA allocation for the grants to be received in the 2023/2024:

- Equitable share: R 685 410 000

- EPWP: R3 661 000

- LGFMG : R3 100 000

- INEP: R30 823 000

- The municipality has an improved working capital management manifested by reduction of third-party balances by consistent payments of third parties.

46. Events after the reporting date

The following adjusting events were identified at the time of preparing and submitting the annual financial statement

Debt write-off

In a council meeting held 25 July 2023, council meeting resolved to write-off the following amounts:

1. Municipal debt and indigent debt amounting R300 235 953

2. Registered Public Benefit Organizations debt amounting to R14 584 028

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47. Unauthorised expenditure		
Opening balance as previously reported	2,277,614,175	3,364,533,574
Add: Unauthorised expenditure	1,067,576,615	1,474,880,001
Less: Amount written off - current	(852,914,664)	(2,561,799,400)
Closing balance	2,492,276,126	2,277,614,175

A report was served before council on the 30th May 2023 and it was approved that unauthorised expenditure to the value of R852 914 664 relating to 2021/2022 and 2020/2021 financial years be written-off.

The line item was restated, refer to prior period error note 44 for more details on the error.

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	824,920,351	745,281,377
Cash	242,656,263	729,598,623
	1,067,576,614	1,474,880,000

48. Fruitless and wasteful expenditure

Opening balance	313,298,103	519,966,508
Fruitless and wasteful expenditure	339,841,917	180,736,298
Less: Amount written off - current	(313,298,104)	(387,404,703)
Closing balance	339,841,916	313,298,103

Fruitless and wasteful expenditure includes interest levied for late payment of creditors.

A report was served before council on the 29th of June 2023 and it was approved that fruitless and wasteful expenditure to the value of R313 298 103 relating to 2021/2022 and 2020/2021 financial years be written-off

The fruitless and wasteful expenditure was investigated during the financial period by MPAC and determined to be irrecoverable and no criminal or disciplinary actions were taken.

The line item was restated, refer to prior period error note 44 for more details on the error.

49. Irregular expenditure

Opening balance as previously reported	1,682,690,409	1,346,393,213
Add: Irregular expenditure - current	132,400,248	216,180,180
Add: Irregular Expenditure identified during the audit	14,354,130	91,742,521
Add: Prior period error adjustment	-	28,374,495
Closing balance	1,829,444,787	1,682,690,409

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49. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Non-compliance with the MFMA & Supply Chain Policy	None	146,754,378	307,922,701

Details of investigations performed

Irregular expenditure includes instances of non-compliance with the requirements of MFMA and Supply Chain Management regulations..

The Accounting Officer continues to establish controls to detect and prevent these types of expenditure and the municipality has adopted the use of a centralised database from Treasury.

Detailed particulars of irregular expenditure is contained in the register maintained in terms of the requirements of MFMA Circular No.68

No amount of irregular expenditure was certified by the council to be irrecoverable and to be written-off.

As per updated MFMA circular no.68 issued in October 2021 the amounts disclosed for irregular expenditure are inclusive of VAT.

The total extent of the 2022 financial year's irregular expenditure is under investigation.

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50. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government (SALGA)		
Opening balance	13,281,101	9,035,604
Current year subscription fee	10,118,555	9,297,497
Amount paid - current year	(6,750,000)	(24,000)
Amount paid - previous years	-	(5,028,000)
	16,649,656	13,281,101

Being the subscription fee to the South African Local Government Association (SALGA).

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50. Additional disclosure in terms of Municipal Finance Management Act (continued)

Fraud investigations

The municipality conducted the following fraud investigations for the prior financial year:

- Case number: 527/05/2016
- Case number: 451/02/2016
- Case number: 116/08/2017
- Case number: 406/01/2020

As at 30 June 2023 the following cases were still under investigation:

Case number: 451/02/2016 - Fraud by service provider

The service provider Tiro Ya Nnete Trading and projects was given official orders no. 0001047515 and 0001047593 on the 9th and 19th November 2015 for the supply and delivery of tar for an amount of R154,080.58 respectively, however the services were never rendered to the municipality despite having received payment on the 11th of November 2015 for order no. 0001047515. After a thorough investigation it was found that the service provider forged the signature of Mr. Ewan Eloff on the invoice he submitted at Supply Chain in order to receive payment fraudulently. He later came clear with his actions admitting to the fraud he had committed. The case was reported to Mr. Bokvel Pieterse to investigate and open a criminal case where necessary. It was recommended that all orders issued to this service provider be cancelled and any fraudulent payment done to be recovered from him. The Department of Public Safety and Transport would investigate the matter and open possible criminal cases. It was also recommended that the supplier be permanently removed from the Service Providers database of Matjhabeng.

Case number: 527/05/2016 - Bank details amendments

On the 13th of May 2016 payments were made to suppliers - Circle Tooling, Free State Sun and Ricmisa Trading for a total of R787,779.91. Contrary to the normal payment process, the final payment report pulls through different banking details although the payments were captured correctly on the system (Solar). After a thorough investigation it was found that there is no audit trail on cash focus to indicate that the banking details were changed or amended on ABSA cash focus. Correct banking details also appear on the IF80 report derived from Solar. It was therefore concluded that the changes could have occurred on the Z drive. Therefore it seems the payments were directed to the incorrect payees. The IT department was contacted for investigation but no information could be obtained. This case is still under investigation with the Thabong SAPS branch.

Case number: 116/08/2017 - Illegal sale of erven

During the 2017/18 financial year the Municipal Housing Department discovered that there was a growing number of individuals alleging to have purchased sites from the municipality without council having approved sale of such erven. The municipality launched an investigation to discover that the matter was prevalent and may be intentionally perpetuated by municipal staff. Upon discovery a case was opened with South African Police Services. The case is still under investigation.

Case number: 406/01/2020 - Payroll fraud

On 22 January 2020, 69 bank account numbers of various Matjhabeng Local Municipality employees had been changed to 16 different bank account numbers without consent. Although the bank accounts on the payslips had been verified as correct, the account numbers on the payroll system were altered. After a thorough investigation it appeared that the IP address of the Senior Clerk: Salaries was compromised and unauthorised access had been obtained, which resulted in the alteration of the banking details of various employees. The issue was immediately escalated to the Chief Financial Officer and in turn to the Acting Municipal Manager at that time. A total of R3,508,268.52 had been fraudulently diverted to other individuals. A case has been opened and is still under investigation by the Hawks.

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50. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Opening balance	3,777,425	2,218,431
Current year audit fees	13,186,680	11,437,169
Interest charged	121,470	225,089
Amount paid - current year	(11,996,468)	(8,594,064)
Amount paid - previous years	(3,777,426)	(1,509,200)
	1,311,681	3,777,425
PAYE, UIF and SDL		
Opening balance	18,693,743	30,731,226
Current year payroll deductions and council contributions	146,679,018	139,977,837
Penalties and interest	1,218,680	8,805,376
Adjustments made by SARS	-	(23,024,367)
Amount paid - current year	(147,897,698)	(113,825,931)
Amount paid - previous years	(11,932,915)	(23,970,398)
	6,760,828	18,693,743
Pension and Medical Aid Deductions		
Opening balance	(34,972,656)	41,752,336
Current year payroll deductions and council contributions	146,921,227	129,705,934
Amount paid - current year	(134,215,027)	(206,430,926)
	(22,266,456)	(34,972,656)
VAT		
VAT receivable	968,241,561	920,598,594

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50. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Councillors' arrear consumer accounts		
The following councillors had arrear accounts outstanding for more than 90 days:		
		-
30 June 2023		
		Total
Buti MP		9,159
Helepi AB		108,279
Jansen Van Rensburg WH		6,691
Khalipha TD		7,985
Khepeng MA		21,124
Mahlaku ME		66,284
Masina XN		22,159
Mokhomo HA		56,049
Mphore IP		16,677
Nthuba PV		33,801
Rantso MJ		75,796
Tshabangu SE		46,058
Twala MJ		436,014
Xaba-Monjovo NE		14,981
		921,057
30 June 2022		
		Total
Buti MP		882
Helepi AB		86,725
Janse Van Rensburg WH		1,476
Kalipa T		11,173
Khalipha TD		30,619
Mahlaku ME		20,367
Manenye AJ		53,184
Manese SD		8,592
Mokhomo HA		990
Mphore IP		15,538
Tuba PVC		32,819
Rantso MJ		36,173
Tshabangu SE		70,490
Twala MJ		412,652
Xaba-Monjovo NE		15,700
		797,380

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50. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may deviate from official procurement process in certain circumstances, provided the reasons for any deviations are recorded, reported to Council.

30 June 2023	Strip and quote	Sole suppliers	Emergency	Impractical	
July 2022	-	-	1,043,960	-	-
August 2022	-	-	1,422,990	-	-
October 2022	-	-	268,200	-	-
November 2022	-	-	776,121	-	-
December 2022	-	-	860,000	-	-
January 2023	-	-	432,376	-	-
February 2023	-	-	933,904	-	-
March 2023	-	-	1,175,895	-	-
April 2023	-	-	1,285,999	-	-
May 2023	-	-	1,384,855	-	-
June 2023	-	-	745,000	-	-
	-	-	10,329,300	-	-

30 June 2022	Strip and quote	Sole suppliers	Emergency	Impractical	Total
July 2021	-	-	-	367,208	367,208
August 2021	-	903,000	-	1,846,317	2,749,317
September 2021	-	34,754	-	1,976,591	2,011,345
October 2021	-	-	6,489	779,208	785,697
November 2021	-	-	-	1,826,048	1,826,048
December 2021	-	-	-	2,176,080	2,176,080
January 2022	-	337,097	592,312	1,550,670	2,480,079
February 2022	-	774,356	127,121	2,483,540	3,385,017
March 2022	-	695,652	667,340	1,587,374	2,950,366
April 2022	-	4,930	2,547,887	2,153,052	4,705,869
May 2022	-	392,039	-	1,129,504	1,521,543
	-	3,141,828	3,941,149	17,875,592	24,958,569

51. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The municipality operates throughout the Free State Province in 6 towns. Segments were aggregated on the basis of services delivered.

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51. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Community and public safety

Trading services

Economic and environmental services

Other (fresh produce market and airport services)

Goods and/or services

Community services

Sales of goods and services

Public services

Sales of goods and services

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51. Segment information (continued)

Segment surplus or deficit

2023

	Community and public safety	Trading services	Economic and environmental services	Other	Governance and administration	Total
Revenue						
External revenue from non-exchange transactions	2,619,796	41,198,475	-	-	1,180,073,153	1,223,891,424
External revenue from exchange transactions	10,490,708	1,723,336,874	12,976	252,341	117,828,284	1,851,921,183
Fair value adjustment	-	-	117,635,196	-	-	117,635,196
Actuarial gains	-	99,108,346	-	-	-	99,108,346
Total segment revenue	13,110,504	1,863,643,695	117,648,172	252,341	1,297,901,437	3,292,556,149
Entity's revenue						3,292,556,149
Expenditure						
Total segment expenditure	270,861,807	2,669,204,379	141,876,822	3,659,878	1,297,596,972	4,383,199,858
Impairment loss	-	25,035,938	-	-	-	25,035,938
Total segment expenditure	270,861,807	2,694,240,317	141,876,822	3,659,878	1,297,596,972	4,408,235,796
Total segmental surplus/(deficit)	(257,751,303)	(830,596,622)	(24,228,650)	(3,407,537)	304,465	(1,115,679,647)

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
52. Cash generated from operations		
Deficit	(1,115,679,647)	(1,166,788,274)
Adjustments for:		
Depreciation and amortisation	230,684,529	230,005,217
Gain on sale of assets and liabilities	-	36,645,149
Fair value adjustments	(117,635,196)	(109,770,456)
Interest income	(410,554,400)	(272,236,240)
Dividends or similar distributions received	(40,753)	(33,570)
Finance costs	332,177,303	173,456,459
Impairment deficit	25,035,938	6,726,159
Debt impairment	1,116,245,618	850,074,718
Employee benefit obligations - finance cost	56,189,913	47,540,982
Employee benefit obligations - current service cost	24,781,294	20,408,508
Non-cash donations and other in-kind benefits	(4,217,105)	(44,551,882)
Provision raises/increased - finance cost	(2,702,595)	(15,943,205)
Actuarial loss	(99,108,346)	(18,683,622)
Other non-cash items	5,115,541	-
Changes in working capital:		
Inventories	1,260,730	(974,003)
Other receivables	4,543,214	(610,203)
Consumer debtors	(875,784,939)	(681,934,391)
Other receivables from non-exchange transactions	(132,748,375)	(63,950,919)
Payables from exchange transactions	1,197,494,847	1,296,356,804
VAT	(47,642,967)	(97,661,416)
Unspent conditional grants and receipts	(72,043,851)	88,637,308
Consumer deposits	5,543,250	1,526,752
Employee benefit obligation - expected payments	(8,946,741)	(11,529,067)
	111,967,262	266,307,808